

APPENDIXES

Rwanda Country Program Evaluation
FY09–17

AN INDEPENDENT EVALUATION

March 14, 2019



IEG
INDEPENDENT
EVALUATION GROUP

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Abbreviations

AS	Advisory Services
ASA	Advisory Services and Analytics
CAS	Country Assistance Strategy
CEDP	Competitiveness and Enterprise Development Project
CIP	Crop Intensification Program
CLSG	Community Living Standards Grant
CPE	Country Program Evaluation
CPS	Country Partnership Strategy
DCDP	Decentralization and Community Development Project
DfID	UK Department for International Development
DIME	Development Impact Evaluation
DOL	Division of Labor
DPF	development policy financing
DPO	development policy operation
DRR	demobilization, reinsertion, and reintegration
EARP	Electricity Access Rollout Program
EASSDP	Electricity Access Scale-Up and Sectorwide Approach Development Project
EDPRS	Economic Development and Poverty Reduction Strategy
EDRP	Emergency Demobilization and Reintegration Project
EUCL	Energy Utility Corporation Limited
EWSA	Energy, Water and Sanitation Authority
FARG	Genocide Survivors' Assistance Fund
FIRST	Financial Sector Reform and Strengthening
FSDP	Financial Sector Development Program
GDP	gross domestic product
ICT	information and communication technology
IDA	International Development Association
IEG	Independent Evaluation Group
IFC	International Finance Corporation
IFMIS	integrated financial management information system
IPF	investment project financing
km	kilometer
LWH	Land Husbandry, Water Harvesting, and Hillside
MFI	microfinance institution
MIGA	Multilateral Investment Guarantee Agency
MINALOC	Ministry of Local Government

MTEF	medium-term expenditure framework
MW	megawatt
PEFA	Public Expenditure and Financial Accountability
PER	Public Expenditure Review
PFM	public financial management
PforR	Program-for-Results
PPP	Public-private partnerships
PRSF	Poverty Reduction Strategy Financing
PRSG	Poverty Reduction Support Grant
PSTA	Strategic Plan for Agriculture Transformation
QDSDS	Quality of Decentralized Service Delivery Support
RAB	Rwanda Agriculture Board
RDB	Rwanda Development Board
REG	Rwanda Electricity Group
RFRDP	Rwanda Feeder Road Development Project
RICRP	Rwanda Investment Climate Reform Project
RNFE	Rural nonfarm economy
RPSF	Rwanda Private Sector Federation
RSSP	Rural Sector Support Project
RUDP	Rwanda Urban Development Project
SACCO	savings and credit cooperatives
SEDRP	Second Emergency Demobilization and Reintegration Project
SMART	specific, measurable, achievable, relevant, and time bound
SSP	Sector Strategic Plan
SWG	Sector Working Group
TSDP	Transport Sector Development Project
TVET	technical vocational education and training
VUP	Vision 2020 Umurenge

Appendix A. Energy

Rwanda has set out formal plans to increase access to electricity. In 2009, the government launched its Electricity Access Rollout Program (EARP), intended as the flagship program to realize the primary targets for electricity access in the Economic Development and Poverty Reduction Strategy (EDPRS). EDPRS 2 later updated the targets, seeking 70 percent access by 2018 by both grid and off-grid means. In preparation for the initial EARP, based on a round-table discussion that brought together the Ministry of Infrastructure (whose mandate includes energy) and donor agencies to set common goals for energy sector development, the government had signed a Memorandum of Understanding with donor agencies.¹ A National Electricity Access Program Investment Prospectus was published in March 2009.² The prospectus integrated technical, financing, and implementation planning components, and came to be known as the EARP.³ The EARP was significant in that it helped address the prior lack of credible electricity access plans, which had led to a fragmented and underfunded approach to the sector. In May 2016, the government approved a Rural Electrification Strategy that reframed the 2018 access target by tier level as defined by the Sustainable Energy for All Multi-Tier Framework.⁴

World Bank Group Strategic Objectives

The World Bank has been one of the lead energy sector donor agencies throughout the evaluation period, a role that continued after the Division of Labor was instituted in July 2010. As the lead donor, the projects and activities of the World Bank Group in the energy sector supported the government development objectives articulated in EDPRS and EDPRS 2. The government has set the ambitious target of reaching a universal basic level of access to electricity by 2020. Under the EDPRS 2, the government set targets of increasing electricity generation capacity to 563 megawatts (MW) and expanding access to electricity to 70 percent of households by 2018. The Bank Group objectives in the energy sector during the evaluation period are presented in table A.1.

Bank Group focus during the evaluation period was on increasing generation capacity and access to electricity. Under the FY09–12 Country Assistance Strategy, the World Bank focused on improving access to and quality of key

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economic infrastructure services, including energy, where its specific focus was on reducing unplanned outages and increasing access to electricity in support of the structural transformation and competitiveness of the Rwandan economy. Its focus under the FY14–18 Country Partnership Strategy was similarly on increasing generation capacity and access to electricity. In parallel, the International Finance Corporation (IFC) sought to focus its support on increasing generation capacity, including “green” (hydroelectric and solar) generation. The Multilateral Investment Guarantee Agency (MIGA) also sought opportunities to facilitate foreign direct investment in the energy sector with its political risk guarantees.

Table A.1. World Bank Objectives or Outcomes and Indicators

Objectives or Outcomes Sought	Associated Indicator(s) and Outturn
Improved access to and quality of key economic infrastructure services (FY09–12)	<ul style="list-style-type: none"> • Reduction of unplanned outages: Outages in minutes per month to be reduced from 2,530 (undated baseline) to 1,898 from 2009 onward • Number of households connected to electricity to be increased from 91,332 in 2006 to 120,000 in 2012
Increased generation and access to electricity (FY14–18)	<ul style="list-style-type: none"> • Installed generation capacity (MW) • Baseline (FY13): 110 MW, Target (end FY20): 300 MW • National access to electricity (percent) • Baseline (2013): 18 percent, Target (end FY20): 50 percent (of which 40 percent on-grid and 10 percent off-grid) • Increased hydro power generation capacity • Baseline: 0, Target (end FY20): 49 MW

Note: MW = megawatt.

Instruments Used

During the FY09–17 Country Program Evaluation period, the World Bank assumed the role of trusted adviser in the energy sector—providing financing for energy infrastructures and supporting policy reforms and restructuring of the sector—deploying a wide range of instruments to support the government of Rwanda in realizing its ambitious development agenda for the energy sector. Table A.2 presents the World Bank instruments used during the evaluation

period. The World Bank implemented national and regional investment project financing (IPF) operations, including the FY10 Electricity Access Scale-Up and Sectorwide Approach Development Project (EASSDP) for the construction of physical energy sector infrastructure, while development policy financing operations facilitated policy reform, institution building, and restructuring of key energy sector institutions. As a lead donor, the World Bank provided funding for the implementation of EARP from the start of the program through the EASSDP, for which additional financing was approved in 2013. IFC did not have any major operation in the energy sector in Rwanda during the Country Program Evaluation period. IFC did not provide finance or offer Advisory Services to any independent power producers (IPPs), though it engaged with the original sponsor of the Lake Kivu methane power plant. MIGA underwrote political risk guarantees to facilitate the foreign direct investment in the energy sector. In FY12, MIGA approved a guarantee of \$95.4 million for the construction and operation of a 100 MW power generation facility using methane gas from Lake Kivu, the first industrial-scale methane power plant with in the world.

Budget support operations supported sector reforms. From FY08 to FY12, annual budget support operations under the Poverty Reduction Support Grant / Poverty Reduction Support Financing (PRSF) series supported World Bank engagement in the energy sector, providing financing and supporting policy conditions that encouraged sector reforms. Following a hiatus during FY13–17, World Bank development policy financing support for energy sector reforms resumed with the approval of an energy sector development policy operation (DPO), the first in a three-operation programmatic series, in December 2017.

The World Bank provided comprehensive support to the energy sector with technical assistance and capacity building in addition to financing. The World Bank implemented 10 Advisory Services and Analytics activities during the evaluation period. The Public-Private Infrastructure Advisory Facility released a rapid diagnostic of the electricity sector in June 2011. The primary objective of this diagnostic study was to assist government of Rwanda in prioritizing generation projects to establish a pipeline of commercially sound energy generation investments. The results of the diagnostic study were presented in an Energy Investor Forum held in Kigali in October 2011. It was timely report since the purpose of the investor forum was to attract credible and experienced project

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developers and investors to the country. Among several other stand-alone and embodied technical assistance initiatives, the World Bank’s EASSDP supported the government of Rwanda in restructuring the Energy, Water and Sanitation Authority, which had resulted from a re-merger of the power and water utilities following an initial separation (box A.1).⁵

Results frameworks in relation to the energy sector were generally adequate in measuring achievement of Bank Group objectives. At the overall strategy level, outcome indicators during the evaluation period were appropriate in gauging progress toward the objective under the FY10–13 Country Assistance Strategy of improving access to and quality of key economic infrastructure services and under the FY14–18 Country Partnership Strategy of increasing generation and access to electricity. The indicators in general met the SMART criteria as they were specific, measurable, and time bound.⁶ For example, regarding the objective of increasing installed generation capacity, the World Bank set the specific time-bound target of increasing generation capacity to 300 MW by the end of FY20 in June 2021 from the baseline capacity of 110 MW in FY13. Similarly, results frameworks in World Bank projects were generally adequate, despite some deficiencies in those for the Poverty Reduction Support Grant / PRSF series.

Table A.2. World Bank Instruments Used

Lending Operation	Analytical Work	Nonlending Technical Assistance
Poverty Reduction Support Grant (PRSG 4; P104990; FY08)		
Poverty Reduction Support Grant (PRSG 5–6; P106083, P113241; FY09–10)		
Poverty Reduction Support Financing (PRSF 7–8; P117495, P122247; FY11–12)		
Urgent Electricity Rehabilitation (P090194; FY05)	Rwanda Capacity Filter— Sector Analysis (agriculture, energy and roads) (P124317; FY11)	TF—Lighting Africa with Innovative Design and Dye Sensitized This-film through a business-oriented, sustainable model (P112678; FY09)
Lake Kivu Methane Guarantee (Proposed in FY09, dropped)		

Electricity Access Scale-Up and Sector Wide Approach (SWAp) Development Project (P111567; FY10)	TF—Sustainable Energy Development Project (GEF) (P097818; FY10, FY13)
Electricity Access Additional Financing (P126489; FY13)	TF—Rwanda CFL Energy Efficiency Project (P111331; FY10)
Regional (AF)—Regional and Domestic Power Market Project (P097201; FY07)	TF—Rwanda—Support from Extractive Industries Technical Advisory Facility (P119941; FY10)
Regional (AF)—Additional Financing for the Regional and Domestic Power Market Project (P114782; FY11)	Petroleum Exploration Cap Bldg (P118402; FY10)
Regional (EA)—NELSAP Rusumo Falls MP SIL (P075941; FY14)	TF—BEIA-Promotion of Charcoal Producers’ Organization in Rwanda (P120037; FY11)
Electricity Sector Strengthening Project (P150634; FY16)	Review of RW EngGeneration Investment (p126043; FY14)
Energy DPO (P162671; FY18)	Rwanda SREP (Scaling Up Renewable Energy Program) Investment Plan (P153777; FY17)
	Preparation of action plans for the dvpt of hydropower, solar energy and dissolved methane for electricity generation (P154303; FY17)
IFC Inv—InfraV-LakeKivu 2 (P27281; FY09; Electric Power)	IFC AS—Design of Electricity Generation Plant and Safety Enhancement Facility in Rwanda (P548145; FY07)
[IFC IC: Support to Rwanda Development Board, Rwanda Utilities Regulatory Authority, and MININFRA to strengthen capacity to deal with renewable (Ref. PLR)]	
MIGA—Lake Kivu Methane Guarantee (Proposed in FY09)	
MIGA—Banque Rwandaise de Development S.A. (P765; FY09)	
MIGA—Société Monétique at de Tele-Compensation au Rwanda (SIMTEL) SARL (P764; FY09)	
MIGA—KivuWatt Ltd. (P1081; FY12; Power)	
MIGA—KivuWatt Ltd. (P895; FY12; Power)	

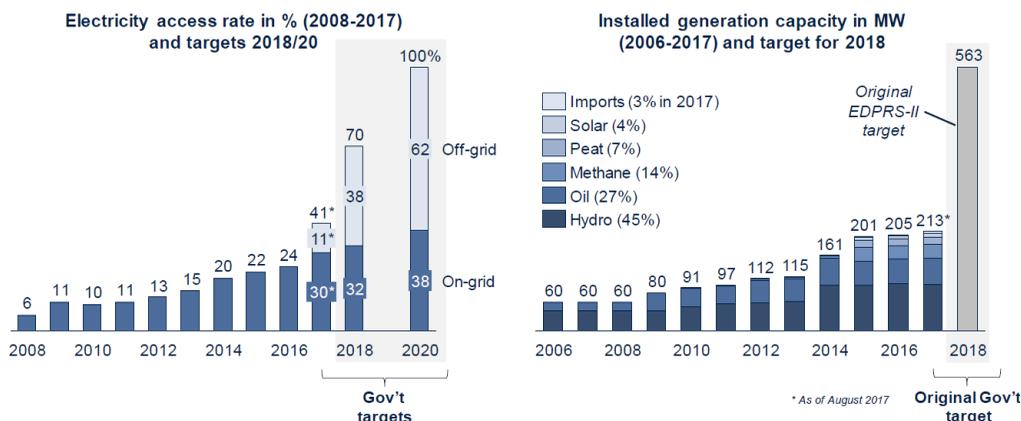
Note: AS = Advisory Services; DPO = development policy operation; IFC = International Finance Corporation; MIGA = Multilateral Investment Guarantee Agency; MININFRA = Ministry of Infrastructure; PLR = Performance and Learning Review; PRSF = Poverty Reduction Support Financing; PRSG = Poverty Reduction Support Grant; TF = trust fund.

Implementation and Results

Power generation has seen very substantial increases. Rwanda's generation capacity roughly tripled from 76 MW in 2010 (which compared with 41 MW in 2004) to 213 MW in June 2017 (figure A.1). Generation is sourced in hydropower at 45 percent, oil (heavy fuel oil and diesel) at 27 percent, peat at 7 percent, solar at 4 percent, lake methane at 14 percent, and imports at 3 percent. New capacity has been financed in large part by the private sector—52 percent of capacity is under private ownership as of 2017. Rwanda has been able to attract direct investment of 29 IPPs. The increase in generation capacity is clearly significant, and there is a strong likelihood of meeting the Bank Group Country Partnership Strategy target of 300 MW by end-FY20.

Increased generation has enabled major increases in access to electricity. In early 2009, Rwanda was one of the least-electrified countries in the world with a national electrification rate of approximately 6 percent on-grid (approximately 110,000 households), but this dropped to 1 percent in rural areas. There were no households connected off-grid. The combination of substantial increases in the generation capacity and investments in grid extensions under the EARP has enabled very substantial increases in electricity connections. Grid connections increased from 6 percent in 2009 to 33 percent at the end of January 2018. Off-grid access has more than doubled since 2016 and is estimated at 12 percent at the end of January 2018. This puts the nationwide electrification rate at 43 percent, up from 6 percent in 2009 (figure A.1). By mid-2017, 100 percent of hospitals, 93.2 percent of health centers, 92.1 percent of administrative offices, and 69.9 percent of primary and secondary schools had access to electricity. Although the pace of increases in access has fallen short of the ambitious EDPRS 2 target, a recent Independent Evaluation Group evaluation has characterized Rwanda's rapid increases in access as a success story (World Bank 2017c), and the new SDG7 tracking report highlights Rwanda as a very robust performer globally and one of the strongest achievers in Sub-Saharan Africa.⁷

Figure A.1. Progress in Electricity Access and Installed Generation Capacity (2008–17)



Source: Ministry of Infrastructure (MININFRA), Rwanda Energy Group (REG).

After some “back and forth” reforms of energy sector institutions, a strong operational framework has been in place since 2014. Successive phases of reforms have aimed at transforming public energy sector institutions to deliver on the electricity access mandate under the EARP. In 2011, the government of Rwanda adopted a law on electricity and gas to establish a transparent regulatory framework and an environment conducive to private sector participation. In 2013, the key institutions were restructured one more time (box A.2) with the aim of strengthening regulatory independence, financial sustainability, and private sector engagement. Under the new structure, the policy-setting mandate lies with MININFRA, while the Rwanda Utilities Regulatory Authority, created in 2001, regulates the sector and approves electricity tariffs. The former Energy, Water and Sanitation Authority was split, with the Rwanda Electricity Group (REG) taking over responsibility for electricity utility functions as well as power sector planning and development functions. Under REG, a holding company, utility operations (performed by the Energy Utility Corporation Limited) were split from energy resource development (performed by the Energy Development Corporation Limited) to allow for clear financial accountability as between the revenue-generating

electricity business and nonrevenue energy asset development. While the government retains ownership of the corporatized entities, its role has been significantly reduced, as the utilities are governed under company law as opposed to public service law. After the appointment of a seasoned expert in the electricity sector from Israel as the chief executive officer of REG in May 2017, REG has made progress in many areas, including reduction of system losses, power outages, and blackouts. REG has also succeeded in reducing the level of corruption in the energy sector, which was rated the second most corrupt sector in 2017 by Transparency International.

Nevertheless, the rapid generation capacity expansions have come at high and increasing costs, which resulted in increasing risks to fiscal sustainability, a challenge that urgently needs to be addressed. This high cost of electricity supply is due mostly to limited availability of domestic low-cost energy resources and high delivery costs deriving from being a landlocked country. It is further exacerbated by expensive IPPs. The revenue gap, despite high tariffs, is also among the top 10.⁸ Unit costs of electricity were approximately \$0.32 per kilowatt hour in FY16/17 (much higher than in neighboring countries), in part because investment planning did not adhere to least-cost principles. Owing partly to difficult political-economic relations in the region, Rwanda has prioritized expensive domestic solutions over cheaper electricity imports from neighboring countries with cheaper supply such as Ethiopia, Kenya or Uganda.⁹ Many new IPPs have been added through bilaterally negotiated deals rather than competitive bidding. In FY15/16, REG spent some \$60 million on power purchases from IPPs, almost 38 percent of its cost structure (figure A.2). As a result, high customer tariffs notwithstanding,¹⁰ REG losses have necessitated fiscal transfers to sustain operations. Under a business-as-usual scenario, budget transfers to the electricity sector—currently at 1.4 percent of gross domestic product¹¹—risk increasing significantly to more than 4 percent by FY20/21, as a number of expensive capital-intensive fossil fuel power plants come on line, according to preliminary results of the draft Least-Cost Power Development Plan commissioned by the government.¹²

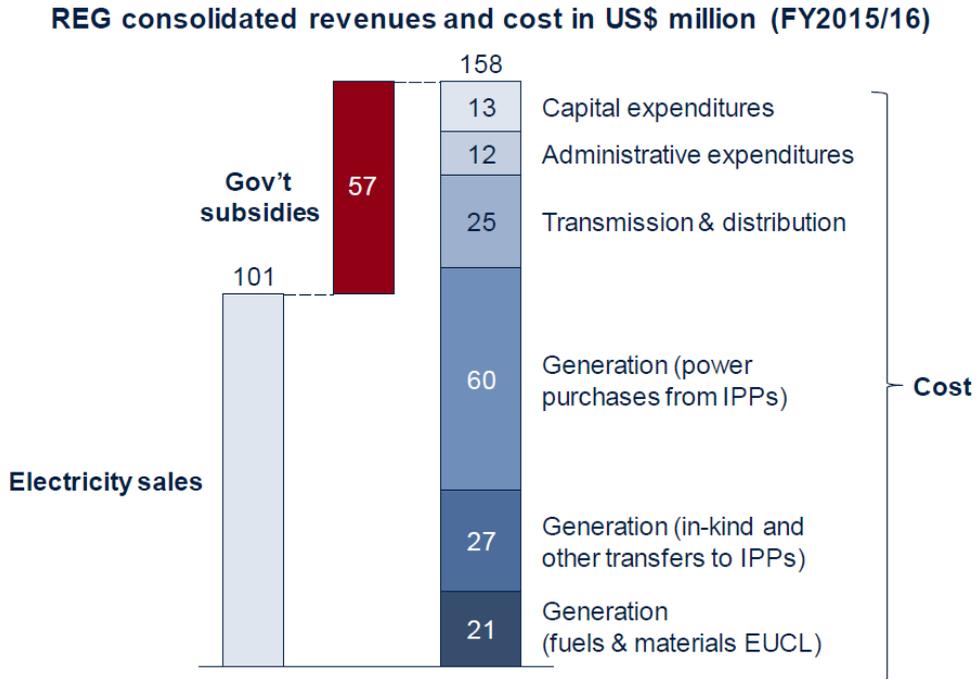
Table A.3. Key Institutional Reforms since 2001

Year Adopted	Key Policy Elements	Issue(s)
2001	The Rwanda Utilities Regulatory Agency was created to regulate public services including power, water, sanitation, and telecommunications	Regulation
2008	ELECTROGAZ was split into RECO and RWASCO	Separation of water and electricity
2010	The National parastatals charged with water and electricity distribution RECO and RWASCO have been merged and given the name (Energy, Water and Sanitation Authority)	Water and electricity back together: ESWA
2011	The law governs the activities of electric power production transmission, distribution and trading both within and outside the national territory of Rwanda. Ministry in charge of electricity the rights to provide Concession Agreements to firms, Rwanda Utilities Regulatory Agency approve and grant licenses for the production, transmission, distribution and sale of electricity, the conditions for licensing, and addresses the rights and obligations of the license holders	Basic law
Since 2014	The Energy, Water and Sanitation Authority is split again. Creation of a holding company REG under which operate: Energy Utility Corporation Limited: Utility operations Energy Development Corporation Limited: Resource development to allow for clear financial accountability as between the revenue-generating electricity business and nonrevenue energy asset development	New restructuring which led to separation of water and electricity with the setup of REG

Source: Rwanda case study.

Note: RECO = Rwanda Electricity Corporation; REG = Rwanda Electricity Group; RWASCO = Rwanda Water and Sanitation Corporation.

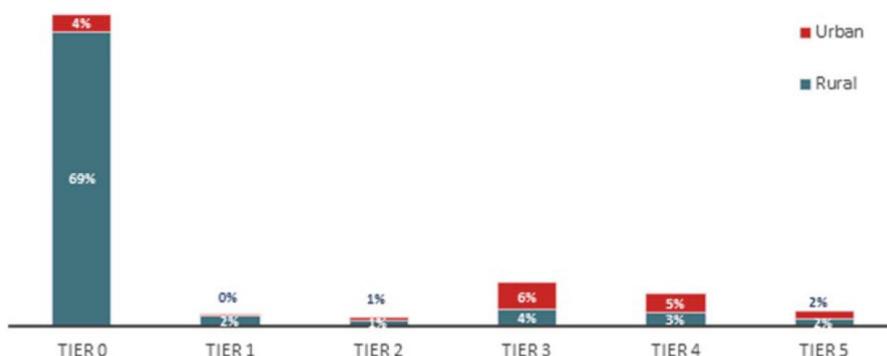
Figure A.2. Cost of Electricity Service and Sales Revenue



Source: Rwanda Electricity Group (from energy development policy operation project document, p. 19).

The high and increasing cost of service poses equity and competitiveness challenges, and the low access to off-grid electricity causes a large rural-urban divide. The high tariff to consumers (\$0.20 per kilowatt hour on average) makes electricity unaffordable for many households and is a source of competitive disadvantage to firms. Even at a subsidized rate, firms pay a higher price for electricity compared with neighboring countries. The electrification rate primarily reflects grid-connected users in urban areas and remains largely concentrated in the two top quintiles, with almost negligible coverage in the bottom 40 percent of the population. Electricity access is primarily a rural challenge with 77 percent of the urban population electrified with their access concentrated in higher access tiers (that is, higher level of services), while 84 percent of the rural population has no access to electricity (Tier 0). Off-grid access to electricity, which is mostly concentrated in rural areas, remains challenging.

Figure A.3. Electricity Access for Rural and Urban Households, by Tier



Source: Rwanda Electricity Group (from Energy development policy operation project document, p. 19) – See endnote * for a definition of access tiers under the Multi-Tier Framework.

Overall Assessment

As the lead donor in energy, the World Bank made important contributions to the progress that has been realized, through its convening role. The July 2008 Memorandum of Understanding designated the World Bank as lead donor representative, and it played a central role in preparing the EARP, establishing and actively participating in the energy Sector Working Group, and reducing fragmentation of donor aid flows (which had produced few results in the field) by promoting and helping to mainstream and finance a sectorwide approach. Under the 2010 Division of Labor, which designated energy as one of its focus sectors, the World Bank continued to assume its leadership role.

Early in the evaluation period, the PRSF operations supported energy reforms and the associated dialogue contributed to building government capacity. The five multisector PRSF operations over 2008–11 supported policy reforms to make the energy sector financially viable. Through policy dialogue, they contributed to raising the awareness and capacity of the government of Rwanda. Key measures supported included preparation and validation of an electricity tariff study and the development of a strategic and costed action plan to maximize local private sector involvement in construction and maintenance of electricity distribution, as well as the adoption of a policy and institutional framework. However, the separation of the electricity and water utilities in 2008 was promptly reversed through a subsequent re-merger of the utilities in 2010 (box A.1). The underlying

electricity cost structure was high owing to the departure from least-cost planning principles, but tariffs could not be set at break-even levels because this would have made electricity wildly unaffordable. Even though regulations were established in law, before 2014 the crisis in energy was hampering implementation and development. Tariff setting was still the responsibility of the national utility rather than that of the regulatory agency, the Rwanda Utilities Regulatory Authority.

After the PRSF series' closure, the World Bank's sustained policy dialogue triggered the new round of structural reforms in the power sector and raised government awareness on fiscal risks.¹³ Through the EASSDP, which closed in FY18, the World Bank financed the preparation of a detailed road map to implement the reforms approved by the government of Rwanda, in particular action plans to establish and strengthen the capacity of the new institutions (REG, Energy Utility Corporation Limited, and Energy Development Corporation Limited).¹⁴ The reforms contributed to an independent off-take for private sector contracts.¹⁵ The Rwanda Energy Sector Strengthening Project (approved in FY16) helped implement the main components of the action plans in the road map and enabled a smooth transition from the access agenda in EASSDP to the comprehensive sector reform supported by the new DPO series.¹⁶ The recently approved first operation in the series is the first and only energy DPO in East Africa to date, and proactively mitigates the medium-term fiscal sustainably risks that may materialize after 2020.¹⁷ The dialogue with the government under the DPO has also helped establish more meaningful guideposts for energy sector development, now reflected in the new National Strategy for Transformation.¹⁸ The DPO also aims to improve affordability of access by institutionalizing least-cost planning and introducing a new connection policy and a life-line tariff.

World Bank IPF was provided steadily through the evaluation period, generally with good results. The FY05 Urgent Electricity Rehabilitation Project contributed to the increase in generation capacity from 41 MW to 75 MW during 2004–10 and to the elimination of load shedding by 2009. Investments under it helped reduce technical system outages and losses from 25 percent to 16 percent over 2004–10. The FY10 EASSDP, which received additional financing in FY13, exceeded its outcome targets on access.¹⁹ It also helped reduce the high unit cost of electricity

connections from \$1,019 at the feasibility stage to \$411.12 at the end of project execution. A recent REG impact evaluation of the EARP and the EASSDP found that electrification has decreased household monthly energy expenditure (excluding electricity) and biomass collection costs and time. It also found that among connected households, there were increases in (i) income and consumption expenditure; (ii) hours worked per day; (iii) number and value of assets and income from assets; (iv) the time children spent on education²⁰ and time used for tutoring children; and (v) the number of people visiting grid-connected health centers, including drastically reduced childbirth-related deaths.

Technical assistance components in IPF operations helped strengthen the capacity of the key institutions in the energy sector. Under the EASSDP, the World Bank financed technical assistance and capacity building for key implementation agencies, including the Rwanda Electricity Corporation (which, after merging with then splitting from water again, became REG). The FY15 Rwanda Energy Sector Strengthening Project had a \$20 million sector capacity strengthening component.²¹ Though still under implementation, the project is strengthening the Energy Utility Corporation Limited's capacity, including through the installation of an integrated business management information system which already has several functions operational.²² These and other technical assistance and capacity building initiatives under World Bank IPF operations contributed significantly to institutional capacity development for key energy sector players.

The World Bank has begun supporting the regional agenda in East Africa, going beyond physical interconnections and generation projects.²³ The World Bank's regional Rusumo Falls Hydroelectric Project, expected to supply electricity to the national grids of Rwanda and others, has the potential to affect Rwanda's energy mix and reduce unit costs. The project was approved in August 2013, but construction only began four years later given the complex multilateral arrangements involved. The World Bank also contributed to institutional strengthening of the East Africa Power Pool and the creation of a market platform to allow countries to trade electricity in short-term markets.²⁴

The Bank Group has also encouraged green energy solutions, though it is too early to assess the full results. Currently, over 50 percent of power generation comes from renewables, and another 25 percent from Lake Kivu gas and

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Rwanda's greenhouse gas intensity is lower than that of most OECD countries. Several World Bank initiatives have helped promote clean energy and eliminate reliance on oil fired power. This has included investments in hydro such as the regional Rusumo Falls project discussed in the previous paragraph. Another initiative has been the Lake Kivu Methane-to-Power project (see next paragraph). The World Bank also promoted solar panels and policy reforms to promote clean energy: the late 2017 DPO began reforming the legal framework for renewable energy generation, developing grid-connected hydropower and solar power and removing barriers for off-grid solar energy. Other World Bank initiatives have also helped promote "green" solutions. With Public-Private Infrastructure Advisory Facility financing, in 2015 the World Bank supported the preparation of action plans to develop hydropower and solar energy in the country. It also actively assisted the government of Rwanda with drafting the Rural Electrification Strategy that reframed the 2018 access target with regard to the tier level of access as defined by the Multi-Tier Framework for Energy Access. In addition, the World Bank also helped the government of Rwanda in the preparation of its Scaling Up Renewable Energy Program Investment Plan (the Renewable Energy Fund financed by Scaling Up Renewable Energy Program through the World Bank is supporting its implementation) and is starting to support its implementation, notably the off-grid programs of the Rural Electrification Strategy. Finally, with Energy Sector Management Assistance Program financing, Rwanda carried out an Multi-Tier Framework survey, the first ever completed in the world, to define priorities for off-grid electrification.²⁵

MIGA contributed to realizing the commercial operation of the innovative Lake Kivu power generation project. IFC had been one of the potential financiers of the original Lake Kivu Methane-to-Power project, which the World Bank had supported with an FY09 partial risk guarantee that was later canceled. The project later took place under a new sponsor. Among several other development partners (including the African Development Bank, the Netherlands, and Belgium) who provided support, MIGA facilitated the innovative transaction with a \$95.4 million political risk guarantee of up to 20 years in FY12.²⁶

Stand-alone Advisory Services and Analytics also represented important World Bank contributions, complementing technical assistance and capacity development initiatives under IPF operations. The World Bank provided

important technical contributions in the lead-up to the EARP. The EARP was a national geospatial access rollout plan that combined geographic, demographic, and technical parameters to scale up access in a least-cost combination of grid and off-grid electrification and in a time-bound manner. The World Bank helped to give the plan many of its good practice features. For example, the plan addressed equity and shared prosperity considerations through policies for keeping connection charges affordable for the poor. A substantial off-grid program gave priority to connecting public facilities (schools, clinics, primary health centers, and administrative centers) so that developmental impacts could be attained even ahead of the progress on household connections.

Finally, although the World Bank clearly contributed to the progress in the energy sector during the period, other partners were also present. Other development partners supporting the EARP have included the African Development Bank, Arab Bank for Economic Development in Africa, Belgium Technical Cooperation, the European Union, the Netherlands, Japan, the OPEC Fund for International Development, and the Saudi Fund. After the World Bank, the Netherlands and African Development Bank were major contributors to the EARP. Over 2009–14, the World Bank was responsible for almost one-third of donor funding (totaling approximately \$396 million) to support EARP implementation, while the Netherlands and African Development Bank contributed 11.2 and 10.6 percent, respectively.

Lessons and Rating

A sectorwide approach based on a sound geospatial plan can facilitate rapid expansions in access to electricity. A credible electricity access expansion plan based on sound geospatial optimization of on- and off-grid expansion in connections provided the basis for structured engagement by the government with donors and private sector partners, attracting significant financing. This sectorwide approach showed better results than could have been achieved using a project-by-project approach. Prioritizing the connection of public facilities (clinics, primary health centers, and so on.) ahead of progress on household connections in the off-grid program helped maximize development impact early on.

Appendix A Energy

Rapid increases in access need to remain sensitive to cost and fiscal sustainability concerns. Despite the surge in generation and the access gains that place Rwanda ahead of many of its peers in Sub-Saharan Africa, average consumption lags because the high cost of electricity, though heavily subsidized, makes it unaffordable to consumers. Households at the bottom end of the income scale are not covered and Rwandan firms lose out on competitive advantage.

Independent Evaluation Group rates the extent to which the Bank Group achieved its energy-related objectives as **satisfactory**.

¹ The Memorandum of Understanding spells out the aim of improving efficiency, effectiveness and impact of the Energy Sector Strategy by increasing transparency on all sides; improving the predictability and allocation of financing and better coordinating the multiple inputs and activities which serve sector objectives. The Memorandum of Understanding provides a sound foundation for scaling up energy sector interventions to achieve the objectives of the Economic Development and Poverty Reduction Strategy.

² The report was called the "Castalia Report –Investment Prospectus: Rwanda Electricity Access Programme."

³ The prospectus also embodied a geographic information system (GIS)-based spatial network plan to optimize expansion in Rwanda through the year 2020 comparing, among others, the costs of electricity supply from alternative sources (grid and off-grid).

⁴ The Sustainable Energy for All Multi-Tier Framework initiative takes into account a multidimensional view of the energy sector by considering various services levels and attributes such as availability, quality, reliability, health/safety, convenience and affordability and it addresses multiple technology options (for example, grid and off-grid). Ratings go from Tier 1 (minimum 12 Wh per day) to Tier 5 (safe/reliable and unlimited 24-hour service from a grid system)

⁵ World Bank support included (i) Energy, Water and Sanitation Authority (EWSA) Financial Performance Review and Outlook; (ii) review of the Kigali City 15KV distribution network investments needs; and (iii) support to EWSA restructuring aimed at improving the utility performance and including review of the EWSA organizational structure, management information system assessment, assets separation and legal services.

⁶ The SMART criteria require indicators to be specific, measurable, achievable, relevant, and time bound.

⁷ <https://trackingsdg7.esmap.org/>

⁸ See “Making Power Affordable for Africa and Viable for its Utilities.”

⁹ See Energy Development Policy Operation (DPO) project document, p. 3, para 7.

¹⁰ A subsistence level of electricity (30 kilowatt hours per month) would be unaffordable for more than three-quarters of those who are still without it.

¹¹ In recent years, fiscal transfers to the energy sector have declined from 2.5 percent of gross domestic product in FY14/15 to 1.4 percent in FY16/17.

¹² See pp. 4–5 of the program document of the First Programmatic Energy Sector Development Policy Financing (FY18).

¹³ In 2013, at the government of Rwanda’s request, the World Bank presented technical options on institutional arrangements to restructure the sector.

¹⁴ Those plans included specific activities aimed at improving the operational performance of the utility Energy Utility Corporation Limited (EUCL) in all business areas to better serve its customers, reduce losses and increase collections in supply, and achieve higher efficiency in management of corporate resources.

¹⁵ 29 IPPs are currently responsible for over half power generation.

¹⁶ The project supported the definition of an optimal organizational structure for EUCL, the competitive appointment of staff in all positions of the structure, and the incorporation of tools (information systems, revenue protection program, and so on.) to support efficient, transparent and accountable execution of operations in all business areas.

¹⁷ The DPO directly reduces these future fiscal risks aiming to cap sector subsidies at 1.4 percent of gross domestic product.

¹⁸ Having National Strategy for Transformation targets in line with realistic sector plans was a trigger in the DPO policy matrix. The government now aims at 100 percent access by 2024 and the objective of having 15 percent reserve capacity over and above growing demand.

¹⁹ The targets set under Electricity Access Scale-Up and Sectorwide Approach Development Project related to number of households connected under the Electricity Access Rollout Program program. The achievement was 810,923 versus a target of 768,000.

²⁰ Number of hours studied at home per day after sunset for children who are in school.

²¹ Subcomponent A-3: Strengthening of Technical Capacity of Key Functions in the EUCL (\$5 million equivalent) sought to support the strengthening of the technical capacity in key functions of the EUCL, namely, operations, commercial services, finance, and corporate services. The technical assistance included but was not limited to (i) coaching, mentoring, and enhancing the capacity of EUCL staff in areas of their technical expertise; (ii) assisting EUCL to develop and document functional processes and operational procedures; (iii) assisting EUCL to implement the management information system and the Revenue Protection Program (components A-1 and A-2); (iv) assisting EUCL to collect and keep data records to be used as baseline data in performance targets setting; and (v) through the assistance of a strategy execution consultant, preparing and implementing a corporate strategic plan and developing a performance-based dashboard.

²² Some of the functions already working include the following: (i) Human Resources module, including payroll, leave administration, performance management, employee self-service, employee records and performance management; (ii) Finance management, including budget and control, treasury management, financial reporting and delivery of annual and other financial reports, cash flow planning and forecasting, and assets register and control; (iii) Procurement, covering the whole procurement cycle; (iv) Inventory management; and (v) Project management.

²³ Ethiopia-Kenya Interconnector; Proposed Tanzania-Zambia Interconnector; Regional Rusumu Falls HPP

²⁴ (Multidonor trust fund, International Development Association grant to Electricity Access Rollout Program in Proposed Tanzania-Zambia Project).

²⁵ See: <https://energydata.info/dataset/rwanda---multitier-framework--mtf--survey>

²⁶ Project Brief for KivuWatt. www.miga.org/projects/

Appendix B. Transport

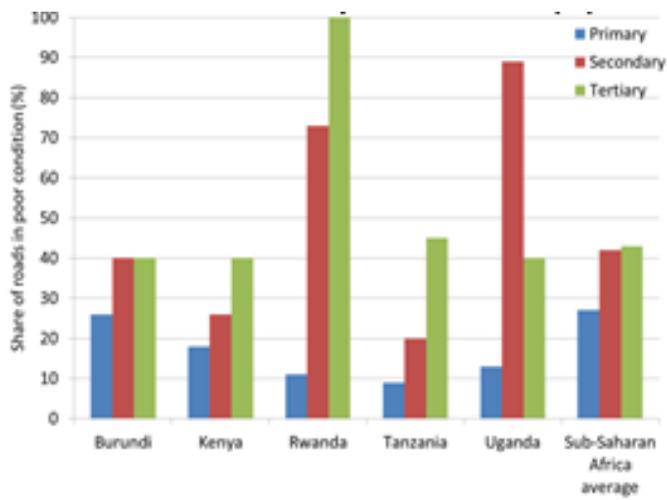
The overarching development goal for the government of Rwanda has been to graduate from low-income status by 2020 to become a lower-middle-income country. Rwanda therefore recognizes the importance of the transport sector, emphasizing the development of transport infrastructure and services, in terms of construction, rehabilitation, and maintenance of transportation networks, aimed at growth and economic development to achieve the objectives of Vision 2020 (Transport Sector Strategic Plan 2013–2018 and National Feeder Roads Policy and Strategy 2017). The transport policy identifies the need to reduce constraints to transport to promote sustainable economic growth and decrease poverty.

Transport infrastructure in Rwanda is composed of (i) Road transport – with a relatively well developed classified road network of approximately 14,400 kilometers (km), which remains the main form of passenger and goods transportation, corresponding to a road density of 0.53 per square km, (ii) Air transport—with one international airport, six aerodromes spread across the country and a new international airport under construction, and (iii) water transport—limited mainly to Lake Kivu. Rwanda does not have a rail transportation system at the moment. Compared with its neighbors, Rwanda has the highest transport costs estimated at 40 percent of value of imports or exports; these costs are approximately 12 percent and 36 percent in Kenya and Uganda respectively.

Rwanda has a road network comprising approximately 30,000 km of classified and unclassified roads.¹ As indicated earlier, approximately 14,400 km is classified, and consists of 2,749 km of national roads as well as 3,848 km and 7,800 km of District Road Class 1 and 2, respectively. Out of these, only 1,250 km of national and 58 km of district roads are paved. By regional standards, road density is high at 18.7 km per 100 square km, though it is concentrated around the capital—Kigali, which has over 100 km of roads per 100 square km. Intensive road rehabilitation works focused primarily on national roads over the last decade, and Rwanda has achieved a notable success in maintaining the national network. Despite these successes, approximately 55 percent of District Road Class 1 are in poor condition. The unclassified roads network, which is estimated

at approximately 16,000 kilometers (km), is also predominantly earth roads of low engineering standard; and more than 70 percent are in dismal state.

Figure B.1. Share of Roads in Poor Condition (percent)



Rwanda is among the six African nations of the “V20” or “Vulnerable 20” group of the top nations from all over the world that are most affected by the catastrophes rooted from climate change. It has committed itself as part of its Intended Nationally Determined Contributions to developing efficient and resilient transport systems by 2030. In particular, the country has pledged this by implementing Standardized Route Optimization planning and implementation, building a 12 km first phase of Bus Rapid Transit corridor and six modern interchanges which will result in greenhouse gas emissions reductions estimated at 1,260,000 tCO₂e; enforcing fleet renewal and scrapping; and setting emission standards (equivalent to the newest Euro V or VI standards) for new vehicles. It also highlighted the importance of increasing investments with climate resilience components by creating affordable, reliable and accessible transport services to the community—particularly roads.

World Bank Group Strategic Objectives

The World Bank Group maintained its engagement in the transportation sector throughout the Country Program Evaluation (CPE) period under both the FY09–12 Country Assistance Strategy (CAS) and the FY14–18 Country

Partnership Strategy (CPS). Bank Group activities in the transportation sector supported the government development objectives articulated in Economic Development and Poverty Reduction Strategy (EDPRS) and EDPRS 2. During CAS period, the World Bank focused its activities on building key infrastructure in energy, transport, and information and communication technology. For the transportation sector, regional connectivity and access to urban infrastructure were main objectives (Objective 2) under the Pillar 1 “Economic Competitiveness and Transformation.” The FY11 CAS Progress Report amended the World Bank’s program and the CAS results framework to align World Bank objectives with the Division of Labor, a new rule set by the government. Along with two other sectors of agriculture and energy, transport was one of the three priority engagement areas for the World Bank under the Division of Labor. The Bank Group objectives in the transportation sector during the evaluation period are presented in table B.1.

In line with the Division of Labor, the FY14–18 CPS sought to support selected objectives of EDPRS 2 for the transport sector after the government of Rwanda asked the World Bank to remain the lead development partner in energy, but not for transport. The emphasis of the World Bank’s engagement in the transport sector has shifted toward improving the conditions of rural feeder roads under the FY14–18 CPS. The overall objectives of the EDPRS 2 were to accelerate private sector–led growth and further reduce poverty, including extreme poverty. One of the four thematic areas under EDPRS 2 was rural development to bring the national poverty rate below 30.² The lack of access to transportation was one of the major constraints for rural development. Around 72 percent of the population of Rwanda depends on agriculture for their livelihoods, but most lack access to rural transport facilities, including feeder roads.³ The government of Rwanda set an ambitious target of bringing a motorable road to within 2 km of all farms in Rwanda.

Table B.1. World Bank Objectives or Outcomes and Indicators

Objectives or Outcomes Sought	Associated Indicator(s) and Outcomes
Improved access to and quality of key economic infrastructure services (CAS FY09–12)	<p>Transport</p> <ul style="list-style-type: none"> • Paved roads in good conditions: Average International Roughness Index less than 3.0 m/km) to reach 50 percent by 2012 from 23 percent in 2007 • Population having access to paved roads: <ul style="list-style-type: none"> (i) Kigali: To be increased from 59 percent in 2005 to 69 percent in 2009 and onward. (ii) Huye (also called Butare): To be increased from 12 percent in 2005 to 22 percent in 2009 and onward
Improved rural roads condition and connectivity to market centers (Country Partnership Strategy FY14–18)	<ul style="list-style-type: none"> • Roads in good and fair condition as a share of total classified road network. Baseline (FY13): 15 percent, Target (end FY20): 43 percent • Share of rural population with all-season access • Baseline (FY13): 15 percent, Target (FY20): 47 percent

Note: CAS = Country Assistance Strategy; km = kilometer; m = meter.

Instruments Used

During the CPE period, the Bank Group engaged with the transportation sector in Rwanda by using national and regional investment project financing (IPF) for the construction and the rehabilitation of rural, urban, and national transportation infrastructure, while development policy financing (DPF) operations supported policy reforms. For upgrading the urban road in three cities including Kigali, the World Bank used an adaptable program loan project. The World Bank's IPF operations supported the government's flagship program to develop feeder roads of Rwanda Feeder Road Development Project (RFRDP). The program RFRDP started in 2011 with support from four development partners: U.S. Agency for International Development, EU, the Netherlands, and the World Bank. The program RFRDP aimed at improving road infrastructure by rehabilitating, upgrading and maintaining rural roads, developing strategies for rural access and transport mobility improvement, and ensuring institutional development and project management. The World Bank's focus on rural feeder roads also supported the government development objectives set out in

EDPRS 2. During the CPE period from FY09 to FY17, the International Finance Corporation (IFC) had limited engagement in the transportation sector. Working with its existing client in the logistics sector, IFC sought to support the privatization of Rwanda's warehouse operator.

To promote trade among the East African Community, the World Bank approved a major regional transportation project, the East Africa Trade and Transport Facilitation Project (P079734), in January 2006. This regional project included three International Development Association credits, and a grant of a combined total of \$199.02 million and Partial Risk Guarantees for up to \$60 million to improve trade and transport services in three Europe and Central Asia member states of Kenya, Tanzania and Uganda as well as in Rwanda. Rwanda sought membership of the community at the time of the approval of this World Bank regional project.⁴ One of the project objectives was to improve efficiency and reliability of transport and logistics services along the key corridors, including the border between Rwanda and the neighboring Europe and Central Asia countries.

For transportation sector related policy reforms, DPFs were the main instrument the World Bank used during the evaluation period. The annual budget support operations under the Poverty Reduction Support Grant (PRSG) or Poverty Reduction Support Financing (PRSF) series supported the Bank Group engagement in the transportation sector. The PRSG/PRSF supported policy and institutional reforms to improve resource mobilization and effective use of resources and to enhance the efficiency of road maintenance and transport sector investments. Prior actions aimed at adopting a road maintenance strategy and gradually increasing the fuel levy. PRSG/PRSF series had one indicator for the transportation sector to increase the percentage of classified district road network in good condition.

The World Bank's engagement in the Advisory Services and Analytics was rather limited. It had only one analytic work and one technical assistance project during the evaluation period as presented in table B.2. Given that weak institutional capacity has been identified as one of the reasons for project implementation delays of World Bank projects, the World Bank could have done more in supporting the institutional building of the transportation sector with additional Advisory Services and Analytics projects. Rwanda Transport Sector

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Development Project was the only IPF project that had a technical assistance component to support the capacity building of the government counterpart.

Table B.2. World Bank Instruments Used

Lending Operation	Analytical Work	Nonlending Technical Assistance
Poverty Reduction Support Grant (PRSG 4; P104990; FY08)		
Poverty Reduction Support Grant (PRSG 5–6; P106083, P113241; FY09–10)		
Poverty Reduction Support Financing (PRSF 7–8; P117495, P122247; FY11–12)		
Regional (AF)—East Africa Trade and Transport Facilitation Project (P079734; FY06)	Rwanda Capacity Filter—Sector Analysis (agriculture, energy and roads) (P124317; FY11)	TF—Rwanda Transport Sector Development Project (P079414; FY08)
Transport Sector Development (P079414; FY08)		
Transport Sector Support Project Additional Financing (P119901; FY11)		
Urban Infrastructure and City Management APL (P060005; FY06)		
Feeder Roads Development (P126498; FY14)		
Regional (EA)—LAKE VICTORIA TRANSPORT PROGRAM—SOP1, RWANDA (P160488; FY17)		
IFC Inv—Intraspeed (P25039; FY07; Transportation and Warehousing)		
IFC Inv—Magerwa 1 (P30381; FY11; Transportation and Warehousing)		

Note: APL = adaptable program loan; PRSF = Poverty Reduction Support Financing; PRSG = Poverty Reduction Support Grant.

The results frameworks of the transport sector during the CPE period are adequate to measure the achievements of Bank Group objectives for investment lending operations and development policy operations. The outcome indicators during the CPE (see table B.1) adequately measure progress toward the objective under the FY10–13 CAS for improving access to and quality of key economic infrastructure services and FY14–18 CPS for improving rural roads condition and

connectivity to market centers. They meet the SMART criteria as they are specific, measurable, and time bound.⁵

Implementation and Results

With respect to the transportation sector, the DPF operations under the PRSG/PRSF series had good results in achieving the objectives of implementing (i) local road maintenance and decentralization strategy, and (ii) the decision to increase the fuel levy that was used for road maintenance. Under the PRSG/PRSF series, the transport sector related policy reforms were included as conditions in one of the five policy areas of improving economic infrastructure. As a prior action for PRSG 5, a road maintenance strategy was adopted. It established a framework for regular maintenance and rehabilitation of the road network, including a framework for maintenance and decentralization of district and rural roads. In terms of fuel levy, a prior action of PRSG 6 of progressively increasing the fuel levy up to the level of 11 cents per liter, was attained over the period June to August 2009. For PRSG 6, signing at least two road maintenance performance contracts was one of the triggers as specified under PRSG 5, but was dropped as a prior action. The DPF operation met the project development objective outcome indicator for the transportation sector. The indicator of PRSG/PRSF series was to increase the share of classified district road network in good condition from 15 percent in 2006 to 37 percent in 2012. The percentage of classified district road network in good condition reached 37.1 percent in FY11/12, above the target of 37.0 percent.

The implementation results of IPF projects have been mixed for achieving three main transport sector objectives of improving (i) regional connectivity, (ii) urban access, and (iii) rural access during the FY09–17 CPE period. The urban infrastructure project had a major success in realizing economic benefits to urban populations in three cities with the construction of new paved roads while the World Bank had mixed results on improving regional connectivity and rural access. All closed and ongoing World Bank transportation projects experienced a certain degree of implementation delays during the evaluation period. The Urban Infrastructure and City Management Adaptable Program Loan Project made substantial contributions to an increase in urban transportation services in Kigali and two secondary cities of Ruhengeri and Butare.⁶ The Implementation

Appendix B Transport

Completion and Results Report Review confirms the high efficacy of achieving the urban transportation objectives and it exceeded the project target in terms of the number of beneficiaries.⁷ Only with minor delays,⁸ the project completed the construction of 22.64 kilometers of asphalted and stone paved roads, which in turn resulted in realizing many economic benefits to the population in these three cities in terms of reduction of the transportation cost, reduced price of staple foods, opening of new businesses, and increased revenues by the rehabilitation of the bus stations.⁹ The Implementation Completion and Results Report Review notes the highly satisfactory performance of two main implementing agencies, Project Coordination Unit and public works contract management agency, Association d'Exécution des Travaux d'intérêt Public, as one of the principal reasons for the project success. Association d'Exécution des Travaux d'intérêt Public delivered timely and quality investments through delegated contract management agreements.

Regional connectivity improved with the completion of the Transport Sector Development Project (TSDP).¹⁰ TSDP facilitated the rehabilitation of 83 km of asphalt road along Kigali-Ruhengiri section. Completion of rehabilitation of this road is of significant functional as well as commercial importance because it is part of the Northern Corridor of the country and it integrates into the transport infrastructure of the East African network. TSDP also financed multiyear maintenance of approximately 277 km of roads and engagement of Local Community Associations which provided employment opportunities to over 3,000 roadside dwellers.

However, low capacity of the implementation agency and the complexity of the regional project resulted in major implementation delays and restructurings of the project. For example, TSDP was restructured five times with a cumulative extension of 30 months. The project closing date was extended from the original date June 30, 2012, to the final closing date of December 31, 2014. The Implementation Completion and Results Report notes that low capacity of the Ministry of Infrastructure and slow implementation of Rwanda Transport Development Agency's capacity building are some of the major reasons for the implementation delay. High staff turnover at the Rwanda Transport Development Agency causes further delays in project implementation.¹¹ East Africa Trade and Transport Facilitation Project failed to establish One-Stop

Border Posts between Rwanda and Uganda at the time of the project closure in 2015 with four-year delay and two major restructuring.^{12, 13} The project delivered some results, including the construction of One-Stop Border Posts between Uganda and Kenya. The Implementation Completion and Results Report Review notes the major problems in implementing projects in multiple countries¹⁴ and the difficulty in coordinating the cross-border activities.¹⁵ At the time of project closure in September 2015, the construction work had not started for two One-Stop Border Posts at Katuna (Uganda/Rwanda) and Gatuna (Kenya/Rwanda) due to delays resulting from environmental difficulties on the Rwanda side.

Initial results from the impact evaluation of the RFRDP that was published in December 2017 indicate that the rural transportation project brought many economic benefits to the rural population.¹⁶ The RFRDP is an ambitious flagship program of the government of Rwanda, in which four donor agencies, the World Bank, the U.S. Agency for International Development, EU, and the Netherlands, have been coordinating to finance a major initiative to improve rural connectivity. RFRDP has been supported also by a \$68 million grant from a multidonor trust fund for upgrading, rehabilitation and maintenance of 750 km of feeder roads in 10 districts. The RFRDP also experienced implementation delays due to the change and the lack of capacity of the implementation agency. The early results of an impact evaluation indicate that improvements in rural transportation infrastructure realized many economic benefits in the districts where the project have been completed with the financing from the European Union and the Netherlands. Key findings of the impact evaluation include (i) households in remote villages see the largest benefits from road rehabilitation, (ii) on average, remote villages are significantly poorer; (iii) road rehabilitation, however, increases income more than 20 percent in remote villages; (iv) the income gain is large enough to close the gap; remote villages fully catch up; and (v) these are short-term impacts; future surveys will show if income gains persist.

IFC's new investment project for the transportation sector with an international logistics company supported the completion of the privatization of Rwanda's largest warehouse operator. IFC's long-term loan for the acquisition financing helped mitigate the political risk of the first investment in Rwanda of the an existing IFC client, an international logistics company. The investment by the international company resulted in the development of a fuel oil bunkering

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facility in Kigali and other potential seaport facilities in Kenya and Tanzania. It also improved the efficiency of the company operations through management and staff capacity building. This IFC investment contributed to the FY09–12 CAS objective of improving access to and quality of key economic infrastructure services since the operation of the largest dry port in Rwanda has improved after the privatization.

The World Bank has increased its focus on the gender dimension in its transportation projects. Under the World Bank's RFRDP, a gender study was planned to understand women's transport needs and to identify ways to address such needs, including during road selection and the impact of the feeder road project on women's livelihoods. This gender study is yet to be completed.

The Independent Evaluation Group rates the extent to which the Bank Group achieved its relevant objectives as **satisfactory**. Although some projects experienced implementation delays, in general the World Bank achieved its transport sector objectives under the CAS and CPS.

¹ Rwanda Transport Sector Engagement Note – November 2017 by the World Bank Rwanda Transport team.

² The corresponding World Bank objective in FY14–18 Country Partnership Strategy was “improving the productivity and incomes of the poor through rural development and social protection (Theme 2).”

³ Impact Evaluation of Rwanda Feeder Roads Development Project, December 8, 2017.

⁴ Rwanda and the Burundi acceded to the East African Community Treaty on 18 June 2007 and became full Members of the Community with effect from 1 July 2007.

⁵ The SMART criteria require indicators to be specific, measurable, achievable, relevant, and time bound.

⁶ Ruhengeri was later named Musanze and Butare was later named Huye.

⁷ Per the Implementation Completion and Results Report, the target number of beneficiaries has been exceeded. In Kigali and Butare, (Huye), 535,580 people have gained access to paved roads, representing 129 percent of the end-of-project target For Ruhengeri (Musanze), 70,258 people have gained access to improved or new social services, representing 195 percent of the target.

⁸ The project experienced a minor implementation delay and the original closing date was extended by nine months to allow full implementation of the activities planned under the adaptable program loan and to consolidate project achievements and ensure sustainability of the developed urban management.

⁹ Economic benefits of the projects include (i) a reduction in transport cost by 60 percent; (ii) a reduction in prices of staple foods by 18 percent (in neighborhoods surveyed) due to the improved accessibility of the vendors; (iii) the reduction in transport time (from three to two hours for the most distant population) in conjunction with Rwanda's reforms in health care system has resulted in a tenfold increase in family planning consultations, an increase in the number of assisted births from 466 in 2008 to 5,130 in 2009, and a reduction by 50 percent in the number of home births, (iv) the opening up of 51 new businesses along the rehabilitated roads in Huye; (v) the rehabilitated bus stations are generating revenues of approximately \$ 40,000 per year in revenues for the districts.

¹⁰ The project closed December 31, 2014. The World Bank provided funding of \$60 million (\$38 million from an Africa Catalytic Growth Fund Grant, \$11 million in grants and \$11 million in credits from the International Development Association) toward the Rwanda Transport Sector Development Project, which closed on December 31, 2014.

¹¹ The project was implementation was initially hampered by the low capacity of the Ministry of Infrastructure in terms of procurement, and contract management. The quality of documents submitted was often weak, and the Ministry of Infrastructure did not systematically follow up on ongoing contracts. In 2011, the Rwanda Transport Development Agency (RTDA) was established with support from the Transport Sector Development Project's additional financing. RTDA inherited a backlog of delayed procurement of the consultancy services. A procurement specialist was finally engaged in 2013 to assist with the remaining procurement activities and to provide on-the-job training. The project also experienced in difficulty in retaining trained Staff by RTDA: Many staff moved from the RTDA to other public and private agencies in search for better paying jobs. As a part of restructuring effort, a Special Project Implementation Unit has been established by RTDA under its restructuring efforts to support all externally funded projects. The establishment of the Special Project Implementation Unit was aimed at improving efficiency of RTDA by attracting experienced staff with improved remuneration packages.

¹² The project was approved on January 24, 2006, and it closed on September 30, 2015, with four-year delay from the original closing date of September 30, 2011.

¹³ The project was approved on January 24, 2006, and became effective on June 5, 2006. The original closing date of September 30, 2011, was extended, first by three years at the 2011 Level I restructuring to provide adequate time to execute the remaining activities,

including the implementation of the expanded resettlement action plan. A second extension of one year was granted at the 2014 level 2 restructuring to enable completion of outstanding activities. The project closed on September 30, 2015. The PRGs are scheduled to close on June 1, 2033.

¹⁴ In Rwanda, the main implementing agency was the RTDA, operating under the auspices of the Ministry of Infrastructure. The Agency suffered from an acute shortage and high turnover of qualified staff. Consequently, decision-making and action regarding the upgrading of the Gatuna border post into a one-stop facility suffered serious delays. Construction had still not begun by closure. Over a quarter of the International Development Association grant to Rwanda could not be spent and had to be canceled.

¹⁵ Cross-border activities initially proved difficult to coordinate, due to the sovereign nature of credit provision which required contracts to be procured and implemented by country and necessitating parallel contracts for singular activities for the establishment of One-Stop Border Posts and the introduction of a regional cargo tracking system.

¹⁶ Rwanda Feeder Roads Development Project Impact Evaluation Report from the 2016 Follow-up Survey, December 8, 2017.

Appendix C. Information and Communication Technologies

World Bank Group Strategic Objectives

The World Bank engaged in the information and communication technology (ICT) sector only during the period of FY09–12 Country Assistance Strategy (CAS). Under the Pillar 1 of Promoting Rwanda Economic Transformation for Sustained Growth, the World Bank’s objective was to improve access and quality of key economic infrastructure services and the ICT was one of the three key infrastructure services along with energy and transport. The World Bank target for the ICT sector during FY09–12 CAS was to increase the ICT composite network coverage from 75 percent in 2006 to 100 percent in 2012 as presented in table C.1.

The relevance of World Bank’s objective and the alignment with the government strategy were high for the ICT sector. In fact, the World Bank engaged with the ICT sector at the request of the government of Rwanda (government of Rwanda). Under the long-term government strategy of Vision 2020, the goal of government of Rwanda was to transform the country from a largely agriculture-based economy to a knowledge-based economy, to become a middle-income country by 2020. The government of Rwanda believed that investment in ICT would be a key driver for this transformation and a vehicle. In June 2005, the World Bank received a request from the government of Rwanda to fund what became known as the e-Rwanda project, a subset of the National Information and Communication Infrastructure II Plan. The e-Rwanda project focused on the core activities in the National Information and Communication Infrastructure II Plan,¹ which included developing government networks, eGovernment platform and eGovernment applications, strengthening public service delivery to the citizens, and increasing ICT skills and awareness. Under the CAS FY09–12, the outcome indicator was to increase ICT composite network coverage from 75 percent in 2006 to 100 percent in 2012.

Table C.1. World Bank Objectives or Outcomes and Indicators

Objectives or Outcomes Sought	Associated Indicator(s) and Outcomes
Improved access to and quality of key economic infrastructure services (Country Assistance Strategy for FY09–13)	Information and communication technology composite network coverage to be increased from 75 percent in 2006 to 100 percent in 2012

Instruments Used

During the CAS period, the World Bank supported ICT development with Advisory Services and Analytics and national and regional investment project financing operations. One of the two main ICT projects of the World Bank was e-Rwanda TAL project (P098926) approved on September 7, 2006, and closed on December 31, 2010. The e-Rwanda project was the first eGovernment project supported by the World Bank in East African countries. The government of Rwanda recognized the World Bank as the top donor in the area of eGovernment.² The objectives of the project were to improve (i) efficiency and effectiveness of some internal processes of the government of Rwanda; and (ii) the delivery of applications and services in selected key sectors to foster better access to information with the use of technology. Another main project was the Phase 2 of the Regional Communications Infrastructure Program for Rwanda, approved on September 30, 2008, and closed on July 31, 2015. The project sought to contribute to lower prices for international capacity and extend the geographic reach of broadband networks in Rwanda. The World Bank’s engagements in the ICT sector included Advisory Services and Analytics, and the World Bank provided technical inputs through telecoms sector policy dialogue (FY09) and Support on public-private partnerships in ICT sector (FY10).

Table C.2. World Bank Instruments Used

Lending Operation	Analytical Work	Nonlending Technical Assistance
e-Rwanda TAL (P098926; FY07)	Rwanda	Telecoms sector policy dialogue (P113720; FY09)
Public Sector CB TAL (P066386; FY05)	Infrastructure Project Diagnostic (P149584, FY15)	Support on Public-Private Partnerships in information and communication technology sector (P117942; FY10)
Regional (AF) – Regional Communications Infrastructure Program (RCIP)—Phase 2—Rwanda Project (P106369; FY09) (listed in Country Assistance Strategy Progress Report)		Rwanda Open Data Workshop and Transform Africa Summit (P147487; FY14)

Implementation and Results

The results of ICT projects were substantial, and the World Bank contributed to the success of these projects by bringing its global experience of implementing similar ICT projects, including eGovernment projects. The World Bank, however, failed to meet fully the CAS outcome target in terms of the ICT composite network coverage in rural areas. The e-Rwanda supported the implementation of new innovative information services, e-Soko, an agriculture market price information system, and ICT buses. The Regional Communications Infrastructure Program helped achieve both the objective of lower prices for international capacity and that of extending the geographic reach of broadband networks in Rwanda. The Implementation Completion and Results Report Review confirmed the substantial cost savings and price reductions in international access as well as internet and broadband services.³ Together, the World Bank ICT projects helped increase the use of ICT services and reduce the digital divide. For example, the number of mobile phone subscriptions in Rwanda jumped to 36 percent in 2012 of population from 3 percent in 2006. The ICT composite network coverage increased from 75 percent in 2006 to 82 percent in 2012 with 100 percent coverage in urban areas. The Country Assistance Strategy Completion Report notes that the improvement in the ICT network coverage, however, was less than expected for rural areas with 79 percent coverage in 2012.

An innovative ICT service, e-Soko, launched in Rwanda in 2009, made it possible for farmers and traders to monitor price changes in commodities by mobile phone, assisting them in determining the right time and location to sell their products. Since more than 75 percent of Rwanda's economically active population earn their living, directly or indirectly, from agriculture and mostly through subsistence farming and the lack of access to pricing information has negatively affected the business success of these farmers, e-Soko was a new information system that helped address this digital divide. When it started, the system covered the prices of 77 commodities in 50 markets across the country. The Implementation Completion and Results Report of the project reported the good uptake of this service.⁴ e-Soko won the Technology in Government in Africa Award which is the highest award by the United Nations Economic

Appendix C Information and Communication Technologies

Commission for Africa in the category of public service delivery to citizens or communities, and other awards according to the local media.

ICT buses were another innovative ICT service that helped tackle the digital divide. ICT buses are mobile telecenters as well as computer labs, more convenient and affordable for farmers, traders, students, women, youth groups, entrepreneurs and other rural based Rwandans to access ICT services as well as training. Four buses are crossing the countryside to take the computing and internet services to remote and underserved areas. In a bid to bridge the digital divide, especially among the rural population, many Rwandans have benefited from the services offered by the Rwanda Development Board mobile ICT buses.⁵

The Independent Evaluation Group rates the extent to which the World Bank Group achieved its relevant objectives in the ICT sector as **satisfactory**.

¹ Aligned with Vision 2020, a five-year implementation plan, called National Information and Communication Infrastructure plans, was established for information and communication technology (ICT) development in Rwanda. Budgeted for \$500 million, the plan was implemented and executed between 2000 and 2005. At the end, the government of Rwanda noted several shortcomings, including a lack of infrastructure.

² The Implementation Completion and Results Report of the project notes that at the time of the appraisal, demand for similar eGovernment projects arose in other countries (Sri Lanka, Ghana, Vietnam, Armenia, and so on.), and the World Bank's comparative advantage in implementing eGovernment projects to improve public sector reforms and service delivery had already been demonstrated.

³ The wholesale price of international capacity link from Rwanda to European hub dropped from \$10,000/mbps at the base line, to \$125/mbps at project closure, as compared with the target of \$4,000/mbps. The retail price of internet services (per/mbit/per month) dropped from \$1,015 at the baseline to \$201.17 at project closure, as compared with the target of \$781. The average monthly price of 128kbit/broadband connections dropped from \$130 at the baseline to \$51 at closure as compared with the target of \$100.

⁴ The system covers prices of 77 commodities in 50 markets across the country. Total inbound and outbound traffic reached 27,293 text messages since the launch of the system in June 2009.

⁵ Four ICT buses each equipped with 20 laptop computers, internet access, overhead projector, large TV monitor, and power generator were acquired to provide opportunity for rural people to become familiar with computers and internet. Since the launch in November 2009, ICT buses have covered 33 out of 49 sectors in four districts and 1,044 rural people visited the ICT buses. Training sessions through the ICT buses enabled participants to obtain basic computer operation skills (such as, typing, composing emails, and browsing websites).

Appendix D. Education and Skills Development

World Bank Group Strategic Objectives

A de facto shift occurred in the focus of World Bank strategic objectives over the evaluation period. Strategic objectives in education and skills development were set out explicitly only in the initial part of the evaluation period covered by the Country Assistance Strategy (CAS) and were cast in terms of strengthening the environment for private sector development (the World Bank's targeting of this latter outcome changed little over the evaluation period); (table D.1.) However, there was a shift in focus from basic education early in the evaluation period toward the more cross-cutting theme of workforce skills development to support growth and structural transformation of the economy, which entailed a focus on technical vocational education and training (TVET).¹ In concrete terms, the catalyst for the shift was the formalization of the Division of Labor (DOL) in 2010, under which general, including basic, education was no longer a focus sector for the World Bank. Nevertheless, as explained further below, the World Bank has very recently engaged in some analytical work covering Rwanda's basic education system.

The strategic objectives had indisputable relevance. The relevance of the strategic objectives and outcomes sought by the World Bank is difficult to challenge: Rwanda's *Vision 2020* identifies the private sector as the engine of growth needed to attain middle-income status, and the two Economic Development and Poverty Reduction Strategies identify the need to address skills shortages to pave the way for increased private sector activity and investment.² The 2016 *Doing Business* report for Rwanda ranked an "inadequately trained workforce" as the second most problematic factor for firms, underscoring the qualitative and quantitative shortcomings of the education and training system in the country.³ Enterprise surveys indicate that 28.4 percent of manufacturing firms identified an inadequately trained workforce as a major constraint in 2011,⁴ up from 16.3 percent in 2006. High returns to higher education reflect acute demand for skilled labor in the country.

Results framework quality was broadly adequate, albeit with caveats. The results chain underlying the education and skills development subpillar (again, this was set out explicitly only in the CAS) was broadly plausible: better education (including postbasic education and training [PBET]) helps deepen and broaden skills availability to prospective employers, thereby relieving a key constraint on private sector development. Nevertheless, the education- and skills-related indicators selected under the CAS and CAS Progress Report, while broadly suitable for gauging improvements in general education access and quality, captured little of the extent to which skills shortages constraints faced by private employers were effectively relieved (in contrast, say, to results of enterprise surveys or of employer satisfaction surveys). And despite the intention signaled in the CAS Progress Report that a skills development indicator was to be determined in subsequent work, no such indicator was carried over into the Country Partnership Strategy.

Table D.1. World Bank Objectives or Outcomes and Indicators

Objectives or Outcomes Sought	Associated Indicator(s) and Targets
Improved environment for private sector development (FY09–12)	<ul style="list-style-type: none"> • Primary school pupil-to-qualified-teacher ratio to be reduced from 73:1 in 2006 to 61:1 in 2012 (from CPAF, see CASPR, p. 15) • Transition from basic education to upper secondary education to be raised from 82 percent in 2006 to 92 percent in 2012 (also from CPAF, see CASPR, p.15) • Skills development indicator to be determined as part of planned economic and sector work and new operation (CASPR, p. 15; disposition unclear)
Improved environment for private sector investments (FY14–18)	No specific indicators on education or skills development (see the Performance and Learning Review), despite CPS document foreseeing Priority Skills for Growth PforR operation under CPS Pillar 1 – accelerating private sector–driven, job-creating growth

Note: CASPR = Country Assistance Strategy Progress Report; CPAF = Common Performance Assessment Framework; CPS = Country Partnership Strategy; PforR = Program-for-Results.

Instruments Used

To make progress toward the strategic objectives and outcomes it sought, the World Bank Group used a blend of national and regional financing instruments and Advisory Services and Analytics. Table D.2 presents the mix of instruments used through the evaluation period, including projects that were approved before it but sought to contribute to Bank Group strategic objectives during the period.

Investment project financing funded general (primary and secondary) education initially, but its focus later shifted to TVET.⁵ During the very early part of the evaluation period (through closing at end-2009), the World Bank concluded the implementation of a Human Resource Development project approved long before the start of the period. The project sought to improve primary and secondary education access and quality, and to build capacity in the broader education sector and the overall economy (including by supporting the provision of focused training in key areas). Consistent with the shift inspired by the DOL mandate, a later investment project financing operation approved in FY11, the Skills Development Project, aimed to improve access to quality, demand-responsive vocational training. Activities funded included construction, rehabilitation, and equipping of vocational training centers, curriculum design and implementation, and a pilot Skills Development Facility to provide subgrants to eligible individuals for skill acquisition in shortage areas. The operation had in fact been planned in the original CAS, and the CAS Progress Report confirmed the intent to proceed with it in response to government demand.

More recently, a regional investment project financing operation sought to support higher education. In May 2016, a regional project (covering Rwanda and several other countries) was approved with the objective of strengthening selected Eastern and Southern African higher education institutions to deliver quality postgraduate education and build collaborative research capacity in the regional priority areas.⁶

Table D.2. World Bank Group Instruments Used

Financing Operation	Analytical Work	Nonlending Technical Assistance
Human Resource Development Project (P045091; FY00)	Education Country Status Report (P111593; FY10)	TF—Human Resources Development Project (P045091; FY08)
Public Sector CB TAL (P066386; FY05; \$20 million)	Multi-Year Education Policy Analysis (P113200; FY11)	IFC AS—Africa Schools Rwanda (P565871; FY09)
Poverty Reduction Support Grant (PRSG 4) (P104990; FY08)	Rwanda Jobs and Employment Study (P151669; FY15)	TF—Education for All—Fast-Track Initiative Catalytic Fund Bridge Grant (P115816; FY10)
Poverty Reduction Support Grant (PRSG 5) (P106083; FY09)	Basic Education in Rwanda: Key Issues and Recommendations (based on <i>Facing Forward: Schooling for Learning in Africa</i> , World Bank Regional Study on Quality of Basic Education) (FY18)	Promoting Economic Empowerment of Adolescent Girls and Women (TF99772; FY12)
Poverty Reduction Support Grant (PRSG 6) (P113241; FY10)		
Poverty Reduction Support Financing (PRSF 7) (P117495; FY11)		
Skills Development Project (P118101; FY11)		
Poverty Reduction Support Financing (PRSF 8) (P122247; FY12; \$125 million)		
Regional (EA)—Eastern and Southern Africa Higher Education Centers of Excellence (P151847; FY16)		
Rwanda Priority Skills for Growth (PSG) PforR (P252350; FY18)		

Note: AS = Advisory Services; PforR = Program-for-Results; PRSF = Poverty Reduction Support Financing; PRSG = Poverty Reduction Support Grant; PSG = Priority Skills for Growth.

Development policy financing (DPF; successive Poverty Reduction Support Financing [PRSF] operations) supported reforms covering notably postbasic education, including TVET. Five operations, Poverty Reduction Support Grant (PRSG 4; approved March 2008) through PRSF 8 (approved November 2011) selectively supported prior actions concerning both general postbasic education and TVET, seeking to develop a strategic and institutional framework to implement reforms in postbasic education and develop demand-responsive TVET.⁷ The measures were, however, largely process-oriented, in part owing to the World Bank's adherence to the Rwandan authorities' request that prior actions as well as indicators of progress toward outcomes sought should be

selected from the Common Performance Assessment Framework in use at the time. Examples of policy actions included publishing a TVET Policy (PRSG 5); revising the Education Sector Strategic Plan to place greater focus on postbasic education costs and links with the labor market and science, technology and innovation (PRSF 7); and publishing the results of a survey on employers' satisfaction with the skills of TVET graduates (PRSF 8). In general, although the underlying results chain was broadly plausible, and the outcome indicators selected were fit for purpose, it was hard to establish a direct "line of sight" between the prior actions and progress as gauged by these indicators.⁸

Most recently (July 2017), a Program-for-Results (PforR) operation was approved to fund TVET reforms. The PforR operation is grounded in and supports certain parts of the government's 2014 National Employment Program,⁹ which *inter alia* aims to operationalize the Economic Development and Poverty Reduction Strategy 2 goal of "200,000 off-farm jobs to be created each year." The operation seeks to help sharpen an already established focus of Rwanda's TVET system on priority economic sectors exhibiting clear skills shortages—specifically energy, transport and logistics, and manufacturing¹⁰—and expanding opportunities for the acquisition of quality, market-relevant skills in these sectors.¹¹ The main results areas targeted by the operation are to reinforce the governance of the skills development system; ensure the provision of quality, market-relevant training; expand opportunities for continuous upgrading of job-relevant skills for sustained employability; and build capacity for implementation. Among other initiatives, the PforR operation will support a revamped Skills Development Facility that builds on the successes of the predecessor fund and factors in lessons learned (for example, on the need for stronger labor market orientation and private sector participation in the fund's governance).

World Bank-administered trust fund financing also supported basic education and skills development for adolescent girls and young women. Aside from direct financing provided by the World Bank, a bridge grant (in the form of a DPF operation that contributed approximately 20 percent of the education budget) from the World Bank-administered Education for All-Fast-Track Initiative (EFA FTI) Catalytic Fund was approved in October 2009. It sought to support improvements in the quality of basic education, focusing on teacher development and management, textbook procurement and distribution

(including decentralization of textbook selection and procurement to schools), and girls' academic performance. The underlying results framework was relatively well thought-out. For example, a prior action involved adopting procedures for the decentralized procurement and selection of textbooks by schools, following the national textbook policy. It sought to help make progress toward an outcome of increasing the percentage of schools that made textbook orders on time. Later, after the World Bank ceased to support general (including basic) education following the DOL, the UK Department for International Development took charge of administering the Education for All program's successor, the Global Partnership for Education, funds made available to Rwanda. An FY12 project under the Adolescent Girls Initiative, a World Bank-administered multidonor trust fund, provided skills development and entrepreneurship support to some 2000 vulnerable girls and young women in selected districts through vocational training centers.

World Bank Advisory Services and Analytics helped track progress and identify challenges and forward-looking priorities to inform government strategy and Bank financing. The 2011 education Country Status Report focused on analyzing the key challenges faced in basic education, including the need to enhance the efficiency of service delivery by ensuring sufficient implementation capacity; improve internal efficiency and quality of education; eliminate disparities in access (particularly among rural/urban and low/high-income children); improve the management and deployment of teachers; and allocate and use resources efficiently. The Country Status Report identified priority actions to confront these challenges. A parallel assessment, dated August 2012, covered PBET. It discussed the rapid change in labor skills needed to support Rwanda's structural transformation toward an export-oriented, knowledge-based economy. To help address the many persistent challenges identified in making progress toward this goal,¹² the report identified a set of priority strategic objectives and actions. These included: further expanding access to PBET and catering to a more diversified student body; increasing the quality and relevance of PBET, including general upper secondary; increasing and diversifying PBET funding and increasing cost-effectiveness; better integrating the PBET system (through a qualifications system to support mobility and lifelong learning as well as better integrating TVET into the PBET decision-making framework); and improving PBET system government and management capacity. The Country Status Report and PBET

reports helped provide input for the Education Sector Strategic Plan 2013/14–2017/18 as well as (in the latter case) analytical underpinnings for World Bank financing.¹³

Very recent World Bank analytical work emphasizes significant progress in access to basic education, but major challenges regarding learning outcomes. The regional study places Rwanda in the second highest of four groups¹⁴ (“emerged” countries), those exhibiting high primary gross enrollment ratios and low rates of out-of-school children, but primary retention rates still below 80 percent. In addition, while Rwanda has not participated in international learning assessments, national-level tests indicate low learning levels.¹⁵ Policy attention therefore needs to focus on improving learning—both for its own sake (a more productive population) as well as for its impact on retention. The study recommends focusing on improving progression and ensuring foundational literacy and numeracy in the early grades (1–4), possibly delaying transition to English as a language of instruction (to grade 4 or even 6), accelerating the transition from grade 6 to grade 7 and ensuring children complete basic education, and actions to strengthen support to and training of teachers and managerial staff, focus budgeting and budget execution on education quality, and augment the capacity of MINEDUC (notably in the use of data to monitor and adapt policy implementation).

Through its continent-wide Africa Schools program, the International Finance Corporation (IFC) sought to support the development of private schools. Through the program, which integrated investment and Advisory Services, IFC provided funding to a risk-sharing facility to allow the Banque Rwandaise de développement to increase loans to schools. Parallel Advisory Services were designed to strengthen Banque Rwandaise de développement capacity for conducting due diligence and portfolio monitoring, as well as to provide direct capacity building support to private schools.

Implementation and Results

With respect to general education, the efficacy of World Bank and World Bank–administered financing in the early part of the evaluation period was mixed. In part because of the Human Resource Development project’s complexity, its implementation encountered several problems (including significant

misprocurement and capacity constraints at the community level), leading to delays that required a 3.5-year extension of the project's closing date. The project was only able to meet most of its objectives to a modest extent. Nevertheless, the EFA FTI Catalytic Fund bridge grant appears to have substantially met its objectives. Although it is difficult to link education sector results directly to the actions it supported,¹⁶ it is likely to have made some contribution to sustaining the momentum of a successful reform program, and it certainly provided important bridge financing for the sector. In terms of World Bank DPF achievements, while the PRSF 4–7 series was assessed as having had substantial efficacy in achieving its education- and skills-related objectives, PRSF 8 was judged to have had only modest efficacy. However, in neither case was it possible to split out progress toward general education-related objectives from progress toward TVET-related objectives. In any case, the causal “distance” between PRSF-supported prior actions and outcome indicators tracked was substantial.

Nevertheless, with respect to more specialized skills development through TVET and higher education, implementation and results were on balance favorable. For the Skills Development Project, minor design deficiencies and some initial implementation (including procurement-related) difficulties led to restructurings aimed notably at revising the project results framework. In spite of the difficulties encountered, the project closed on time and succeeded in substantially meeting its objectives. Implementation of the successor PforR operation is still in its early days, but appears relatively good, despite some delays in meeting disbursement-linked indicators: the latest (April 2018) Implementation Status and Results Report rates both progress toward the operation's development objective and its implementation progress as moderately satisfactory. And while still in its early days, implementation of the regional project on Higher Education Centers of Excellence is currently (April 2018) rated moderately satisfactory on achievement of development objective and on implementation progress (although risks associated with implementation capacity appear significant). The Adolescent Girls Initiative project showed very positive results, based on a before-after tracer study of selected participants. In particular, surveyed girls were 1.5 times more likely to be employed outside of their families/ farms at endline compared with baseline. There were also positive effects *inter alia* on earnings and financial inclusion.

Appendix D Education and Skills Development

Sector indicators point to improvements over time, although always in line with CAS targets. For example, the transition rate from lower to upper secondary increased during the implementation of the series, from the 82 percent baseline in 2006 to 90.2 percent in 2010 to 95.9 percent in 2011 (95.3 percent in 2012), well above the 2012 CAS target of 92 percent in 2012. However, it has since deteriorated again, attaining a value of only 82.8 percent in 2015.¹⁷ Despite meeting the Education Sector Strategic Plan target of 80 percent for 2015/16, this suggests that earlier improvements have not been sustained. The primary school pupil-to-qualified-teacher ratio improved modestly, going from a CAS baseline of 73:1 in 2006 to 62:1 in 2015/16.¹⁸ As indicated earlier, however, significant challenges remain with respect to retention, and especially learning outcomes. In terms of TVET-related outcomes,¹⁹ a natural candidate indicator would appear to be the percentage of employers satisfied with TVET graduates, which stood at 75 percent in 2015/16. Reportedly, however, no other data point exists to provide a basis for comparison over time (although slightly more disaggregated indicators were tracked under the Skills Development Project when it was active). Nevertheless, a tracer study of Skills Development Facility graduates showed that 65 percent of vocational training center students and those benefiting from industry-based training were employed or self-employed six months after training completion. Of those already employed, 93 percent showed posttraining performance improvements, and employer satisfaction was high. Although this suggests that TVET graduates have skills to offer that employers find largely relevant, it says little about whether skills shortages faced by employers are getting better or worse over time.²⁰

Bank Group contributions to the improvement in sector outcomes were likely substantial, although multiple other partners were also involved, and government deserves the primary credit. The World Bank provided significant financial and technical support, both in general education (in the early part of the evaluation period) and in TVET. Nevertheless, other donors were also providing support in the sector. Before the DOL, the Implementation Completion and Results Report Review for the 2009 DPF bridge grant lists the UK Department for International Development, the African Development Bank, Sweden, the Netherlands, and Belgium as providers of budget support to the education sector. The 2010 DOL document, which prescribes a Division of Labor for Economic Development and Poverty Reduction Strategy 2 sectors, enumerates

partners designated to provide support to education (including TVET) as Belgium (silent partner providing budget support), Germany, Sweden, the United Kingdom, the United States, France, Japan (delegated operations), Korea, China (delegated operations), and India—in addition to several UN agencies. The PforR operation project appraisal document (para. 83) cites more than 10 development partners as actively supporting skills upgrading in Rwanda—including African Development Bank, Swiss Cooperation, GIZ, Sweden, and Belgium. However, the most significant factor contributing toward improved sector outcomes is likely to have been the disciplined government-led planning, implementation, and monitoring and evaluation efforts in the sector.

Finally, it is difficult to assess whether outcomes in basic education would have been better (and the associated trade-offs) had the World Bank not discontinued its support as a result of the DOL. In the early years of the evaluation period, World Bank DPF support for basic education (including World Bank–administered EFA FTI funds) appears to have been reasonably effective in fostering favorable outcomes, and some synergies between World Bank and IFC support were apparent, if not explicitly pursued or showcased. Nevertheless, the poor implementation experience under the Human Development Project likely cultivated a less than ideal image of them as an effective development partner in the sector among Rwandan counterparts, leading the latter to designate other partners (including the UK Department for International Development and the U.S. Agency for International Development) to support it. Had the World Bank remained in the sector and continued to provide significant funding, it is certainly possible, if not likely, that some basic education outcomes would have evolved more favorably. However, the trade-offs associated with the reduced World Bank financial and technical support that would have needed to take place elsewhere are virtually impossible to assess with any confidence.

The extent to which the Bank Group achieved its relevant objectives in education and skills warrants a rating of **moderately satisfactory**. Bank Group objectives set out in strategy documents were relevant, and—with some qualifications—its instruments were generally well designed and appropriately blended and sequenced. Although education/skills-related measures supported by PRSF series could have been better focused and incorporated a tighter-knit results framework, its design was largely constrained by the need to conform to the

Common Performance Assessment Framework. The later focus on TVET responded to government wishes, and despite some design issues the World Bank's Skills Development Project substantially met its objectives, although the absence of outcome indicators related to skills in the FY14–18 Country Partnership Strategy weakened the handle on results at the overall program level. The “graduation” to supporting TVET with PforR financing in 2017 was a logical course of action as Rwanda's TVET system—including associated institutional capacity—matured. IFC support appropriately complemented the World Bank's during part of the evaluation period, although synergies were not explicitly sought out or showcased. And finally, the Bank Group paid adequate attention to institutional capacity development and gender in its dialogue and operations.²¹

¹ Technical vocational education and training (TVET) in Rwanda is delivered through technical secondary schools, vocational training centers, and Integrated Polytechnic Regional Centers. As an indication of TVET's prominence in Rwanda's development plans, government objectives include funneling some 60 percent of basic education graduates toward it, and the remaining 40 percent toward continuing general (including university) education.

² EDPRS2 identifies the priority sectors where a building up of skills is needed to support economic transformation to middle-income status as transport, energy, mining, hospitality, IT, and trade logistics.

³ See the project appraisal document for the Priority Skills for Growth Program-for-Results, para. 5.

⁴ The average for Sub-Saharan Africa was 19 percent.

⁵ Components of other investment project financing operations, notably the Public Sector Capacity Building Project and the Governance and Competitiveness Project, sought to strengthen public sector human resource capacity and improve its management, but their initiatives were tangential to the strategic objectives under education and skills development.

⁶ In Rwanda, a 2013 higher education reform initiative consolidated several higher education institutions into the University of Rwanda.

⁷ In fact, some measures also covered general (including basic) education.

⁸ The indicators concerned the transition rate from basic education *tronc commun* (common syllabus) to upper secondary, and the proportion of employers satisfied with the performance of TVET graduates. Poverty Reduction Support Financing 8 added the primary school completion rate. To illustrate the difficulty of establishing a direct line of sight between these indicators and prior actions, the causal relationship between the installation of an education system management information system in all districts (Poverty Reduction Support Financing 8 prior action) and the rate of transition to upper secondary (an indicator of the outcome sought of enhanced population skills) was at best very indirect and distant.

⁹ An apex body known as the Capacity Development and Employment Services Board (CESB), created by the cabinet in 2016 to succeed the Public Sector Capacity Building Secretariat, coordinates (though it does not directly implement) several skills development and employment programs, including the National Employment Program (which runs through 2019/20). The CESB is mandated to report on such programs, and to develop a meta- monitoring and evaluation framework to capture information from different sources. Note that the government has recently begun using a joint performance contract to implement the National Employment Program. The joint performance contract is signed jointly by relevant ministers and specifies performance targets.

¹⁰ In manufacturing, the focus was intended to be on “Made in Rwanda” products such as construction materials, light manufacturing, and agroprocessing.

¹¹ In the energy sector, for instance, the National Commission for Science and Technology led a comprehensive assessment of the workforce skills required to support the increase in power generation capacity consistent with the targeted gross domestic product growth rates. Projections of future skilled employment were based on well-defined current and future public and private investments to develop five energy sources of greatest relevance to Rwanda: hydropower, geothermal, methane, peat, and (on-grid) solar. Following the energy example, the CESB is reportedly undertaking similar assessments in manufacturing and five other sectors (including horticulture, tourism, and meetings, incentives, conferences and exhibitions services), to be completed in 2017.

¹² The challenges included limited enrollment in upper secondary education and limited access to TVET as well as weak quality and relevance of such training.

¹³ An additional (June 2015) report examined shifts in employment, mainly between 2006 (second Living Conditions Survey) and 2011 (third Living Conditions Survey and Establishment Census). It found that agriculture and informality continued to define Rwanda’s jobs landscape in 2011, and that firms (which tended to be located in urban areas and along main roads and were concentrated in the Western Province) were small and informal and accounted for only a small share of overall employment. Nevertheless,

the period between 2006 and 2011 was marked by a firmly positive shift toward nonfarm employment and agricultural wage employment, driven by the youth. It was also marked by an increase in earnings—suggesting that the demand for skills outpaced supply, despite increases in the latter—that was correlated with diversification and the uptake of additional jobs, as well as by solid growth of the formal private sector, albeit from a low base. Looking forward, the report identified a substantial jobs challenge, with an outlook for a continued shift from farm to nonfarm occupations, which was projected to continue to be the main driver of productivity increases. Importantly, further increases in agricultural productivity would be needed to continue the structural employment transitions.

¹⁴ The groups (for 44 Sub-Saharan African countries over the period 2000–13) are established, emerged, emerging, and delayed.

¹⁵ For example, tests conducted in 2011 showed that 30 percent of grade 4 and 47 percent of grade 6 students could read with comprehension grade 2 level text (in Kinyarwanda). In addition, reading comprehension in English was also low: two-thirds of grade 6 students tested on grade 2/3 level text were unable to answer even a single comprehension question.

¹⁶ For example, the gradual decline in the pupil-to-qualified-teacher ratio at the primary level would be difficult to attribute in large measure to the 2009 World Bank–administered development policy financing bridge grant, although it is plausible that World Bank–administered support—among several other factors—contributed to this outcome. The Implementation Completion and Results Report Review for the 2009 bridge grant (which provides the figures cited on pupil-teacher ratios) explains that the drop is likely due to a 2008 capitation funding increase (in the form of capitation grants) to schools—co-financed by an earlier two-year \$70 million grant from the Education for All–Fast-Track Initiative Catalytic Fund—that allowed almost 2000 additional qualified teachers to be contracted. In addition, other donors—the UK Department for International Development, the African Development Bank, CIDA, the Netherlands, and Belgium—were also providing budget support for the education sector.

¹⁷ The 2011, 2012, and 2015 figures are from MINEDUC’s *Education Statistics 2015*, which reports the transition rate to upper secondary (that is, from senior 3 to senior 4). See p. 40.

¹⁸ The 2015/16 ratio is taken from the *2017/18 Forward-Looking Joint Review of the Education Sector*, dated June 2017. The CAS target was 61:1 by 2012. Note that the Country Assistance Strategy Progress Report reported the ratio at 68:1 in 2010. Note also however that MINEDUC’s *Education Statistics 2015* reports the ratio at 59:1 in 2011, suggesting that it improved sharply before deteriorating again.

¹⁹ Enrollment in TVET (at all levels—technical secondary schools, vocational training centers, and technical tertiary) increased very rapidly between 2011 (67,919 students) and 2015 (94,373 students), although the 2015 figure narrowly missed the Education Sector Strategic Plan target. In parallel, TVET centers increased from 251 to 383. Vocational training center ownership was approximately 60 percent private in 2015. Rwanda also saw very rapid growth in the number of higher education graduates during the period 2000–11.

²⁰ The Institute of Statistics Rwanda’s 2015 Integrated Business Enterprise Survey indicates that almost 80 percent of respondents viewed the “availability of skilled or technical labor” as “no problem” (and a further 13 percent as a “minor problem”). However, the question is phrased differently from that in the World Bank’s enterprise survey (cited earlier), and the two cannot be compared directly to infer trends.

²¹ For example, aside from the focus on girls in the Education for All–Fast-Track Initiative Catalytic Bridge Grant and the Adolescent Girls Initiative project, there is gender-disaggregated tracking of the Skills for Growth Program-for-Results indicator for the project development objective of “Expanding opportunities for continuous upgrading of job-relevant skills for improved employability.” The regional Centers of Excellence project similarly tracks gender-disaggregated indicators.

Appendix E. Business Environment

Rwanda is a postconflict country that has achieved rapid economic and social development since the 1994 genocide. Economic growth translated into significant poverty reduction and social improvement. Between 2008 and 2017, real gross domestic product growth averaged 7.4 percent per annum. The national poverty rate dropped from 56.7 percent in 2005/06 to 39.1 in 2013/14, accompanied by a modest decline in inequality—the Gini coefficient decreased from 0.52 in 2006 to 0.49 in 2011.

However, much of growth has been driven by spending related to large aid flows, heavy public investments and agriculture production. The substantial inflow of foreign aid also supported the growth. The net official development assistance is approximately \$1 billion, while it declined from \$1.263 billion in 2011 to \$879 million in 2012.

Diversifying the sources of growth with private sector development has been a priority of the government's development agenda. The government considered that improving the business environment is particularly important to attract investors, as Rwanda has disadvantages including high export costs, the geographically landlocked nature of the country, and small market size.

The country has implemented a number of reforms and significant business environment reforms have led to some positive developments in private investment in recent years. Rwanda now ranks 41 in Doing Business 2018, up from 62 in 2016 and 150 in 2008 (World Bank 2018).¹ On the distance to frontier metric, Rwanda's score increased from 68.63 in Doing Business 2016 to 69.81 in Doing Business 2017.² Substantive improvements during the evaluation period in the local regulatory framework included: starting a business (by improving the online registration one-stop shop and streamlining postregistration procedures), property registration (by introducing effective time limits and increasing the transparency of the land administration system), trading across borders (by removing the mandatory preshipment inspection for imported products), and enforcing contracts (by introducing an electronic case management system for judges and lawyers). The World Economic Forum's recently released its Global Competitiveness Report and it ranked Rwanda as the sixth most competitive

market in Sub-Saharan Africa and among the world's best on indicators such as female participation in the labor force, staff training, and legal rights.

Challenges, however, remain to further promote private sector development. Foreign direct investment net inflows increased by three times from \$119 million to \$315 million in 2014 and \$254 million in 2016 (see appendix P, figure P.6). Yet, the levels of foreign direct investment remain low (3 percent of gross domestic product in 2016) and the contribution of the private sector to Rwanda's economy is still small.

World Bank Group Strategic Objectives

The objectives of improving the environment for private sector development were pursued consistently through the evaluation period FY09–17. Under the FY09–13 Country Assistance Strategy (CAS),³ one of the World Bank Group's main objectives to promote Rwanda's economic transformation and growth was to improve the environment for private sector development (table E.1). In the FY14–18 Country Partnership Strategy (CPS), one of the three main themes was to accelerate economic growth that is private sector–driven and creates job. One of the main objectives under theme was to improve environment for private sector investments.

The Bank Group strategies noted leveraging public-private partnerships (PPP) was a key to achieve private sector development objectives. The CAS FY09–13 noted the importance of International Finance Corporation (IFC) support for the government to enhance PPP to achieve private sector development. The CPS FY14–18 mentioned that a shift from the current growth path, which is led by public investment dependent on high levels of donor financing, to a growth path, that has the private sector at the vanguard of growth. Leveraging of PPP is key to achieve private sector–driven economic growth.

The Bank Group pursued explicit regional integration objectives in country strategies in the latter part of the evaluation period. The CAS FY09–13 discussed facilitating regional integration as key to transforming economy, but it was not raised as a main objective. Nevertheless, the Bank Group was implicitly pursuing such objectives through the implementation of trade facilitation and transport projects.⁴ In the CPS FY14–18, increasing integration into the East African

Community regional markets was one of one of the main objectives under the key theme: accelerating economic growth that is private sector–driven and creates jobs.

Table E.1. Bank Group Strategies Objectives, Outcomes, and Associated Indicators

Objectives or Outcomes Sought	Associated Indicator(s) and Target
Improved environment for private sector development (FY09–12)	<p>Business Environment</p> <ul style="list-style-type: none"> • Number of days required to obtain a construction license to be reduced from 252 days (2007) to 180 by 2012 • Time required to export to be reduced from 60 days (2007) to 40 days in 2012
Improved environment for private sector investments (FY14–18)	<ul style="list-style-type: none"> • Number of secondary cities that have online construction permitting–Baseline (FY13): 1 city Target (end FY18): 7 cities • Reduced inspection costs and increased market share for private sector in telecoms, beverage and construction sectors. Baseline (FY15): Target (FY20): 10 percent (decrease in inspection cost and increase in market share) • Increased number of automated licenses to improve government services delivery. Baseline 2013:1, Target (FY20): 7 • Policy reforms to improve government of Rwanda service delivery and hence improve business environment for private sector. Baseline (2013): 0, Target (FY20): 20 reforms • Increased long-term funding to financial institutions. Baseline 2013: \$17 million Targets by 2018: \$80 million • Strengthened financial sector legal framework – number of new/ updated laws enacted. Baseline (FY16): 2, Target (December 2018): 7 (National Bank of Rwanda Law, Banking Law, Insurance Law, Pensions Law, Deposit Insurance Law, Microfinance Law, Consumer Protection Law) <p>PPP Environment</p> <ul style="list-style-type: none"> • Enhanced Public-Private Partnership environment. Dimensions of PPP environment on which businesses provide e-feedback. Baseline (FY13): 0, Target (FY20): 6 (business registry, work permits, environment, impact assessment, construction services, inspections)

<p>Increased integration into the East African Community regional markets (FY14–18)</p>	<ul style="list-style-type: none"> • Number of visitors from East African Community markets. Baseline (FY12): 362,433, Target (end FY18): 521,904. • Value of goods traded through Rwanda and Democratic Republic of Congo border crossings: a) Petite Barriere; b) Rusizi 1. • Baseline (FY15): a) \$35 million; b) \$27 million. Target (end FY20): a) \$44.5 million; b) \$34.5 million.
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Note: PPP = public-private partnership.

Objectives of improving the business environment for private sector development were highly relevant to the country context and aligned with the priorities set out in Rwanda’s development strategies. Economic growth has been remarkably high over the last decade, however much of it has been driven by spending related to large aid flows, heavy public investments and agriculture production. With this background, private sector-led growth and regional and international economic integration are the key pillars of Rwanda’s long-term Vision 2020 strategy.⁵ The pillar (private sector-led growth) places importance on fostering private sector development by ensuring that human resources and legal frameworks are geared toward stimulating economic activity and growth of private investments. The Vision 2020 also highlights importance of local business development, while encouraging foreign investment. The government aims to promote local business through the introduction of industrial parks and export processing zones in which foreign operators could partner with local businesses. The first Economic Development and Poverty Reduction Strategy (EDPRS) (2008–12) had an overarching priority area on growth and poverty reduction through exports growth, large increase in investments, and job creation. The EDPRS 2 (2013–18) has an overarching priority theme on economic transformation. The key priorities under theme are to transform the private sector by increasing investment in priority areas and to increase the external connectivity of Rwanda’s economy and boosting exports. One of three key interventions proposed in the EDPRS 2 is to significantly strengthen the business environment through tax and regulatory reform to spur medium and large enterprise growth and attract large investors. The EDPRS 2 highlights the importance of strengthening the government’s institutional setup, including PPP, to better manage the investment process.

The results framework was generally adequate, albeit with some shortfalls. There was a sound link in most cases between the interventions designed to be supported by the projects and the expected attainment of the outcomes. Improving the business environment, especially laws, the regulatory framework, and the institutional setup, was a predominant focus of the Bank Group interventions. The outcome indicators include the number of days required to obtain a construction license and time required to export (FY09–12) and policy reforms to improve service delivery, the number of new/updated laws in financial sector enacted and increased long-term funding to financial institutions (FY14–18) (table E.2). In some cases, the outcome indicators address limited dimensions of the interventions. For example, there was only one outcome indicator to measure enabling environment for PPPs (the dimensions of PPP environment on which businesses provide e-feedback), while the Bank Group supported PPPs in much broader areas.⁶ The results framework included only a few quantitative outcome indicators to measure ultimate goals of private sector development or increase in private sector investments. All (two) outcome indicators under the CAS FY09–12 and five out of seven business environment outcome indicators under the Country Partnership Framework FY14–18 captured intermediate outcomes rather than the ones ultimately of interest. The selected indicators could also have included more indicators on the private sector investment response.

Instruments Used

The Bank Group supported the government of Rwanda to implement the agenda to improve business environment mainly through IFC Advisory Services, budget support, investment project financing (IPF), and lending and nonlending technical assistance (table E.2). World Bank support was complemented by IFC investment lending, Multilateral Investment Guarantee Agency guarantees, regional investment projects, and technical assistance/policy dialogue through participating the Sector Working Group on private sector development,⁷ which was cohosted by Ministry of Commerce and the African Development Bank with participation of key development partners.

The World Bank provided support through competitiveness investment projects, focusing on streamlining the business environment and strengthening

institutional capacity over the evaluation period until FY16 (albeit to a lesser extent in recent years). The Competitiveness and Enterprise Development Project (CEDP; IPF approved before the evaluation period in FY01 and closed in FY12, actual disbursement: \$46 million) aimed at promoting a competitive climate by improving the business and legal environment, reducing costs and improving efficiency in selected sectors, promoting a market-based tea industry, and supporting Private Sector Federation. Building on this, the Governance and Competitiveness Technical Assistance Project (lending technical assistance approved in FY12 and closed in FY16, actual disbursement: \$4.8 million) focused on selected institutions and areas to sustain the achievements of the CEDP. It aimed at strengthening institutional capacity to improve competitiveness, though support to priority institutions including the National Agricultural Export Development Board and the Rwanda Development Board (RDB), implementation of the key growth sectors of the National Export Strategy (tourism and horticulture), and public-private dialogue. The African Development Bank–financed CEDP 2 (2008–2012) and support to RDB (operationalization of RDB, strategic investment promotion, and enterprise development). After FY16, there was no IPF as the government designated IFC to provide support for private sector development considering the stage of development, (that is, the progress made on drafting and reforms of major business laws with support from the World Bank), and IFC’s comparative advantages (according to task team leaders interviewed).

Table E.2. The World Bank Group’s Programs and Instruments

Lending Operation	Analytical Work	Nonlending Technical Assistance
Poverty Reduction Strategy Grant (PRSG 4; P104990; FY08)	RW-Investment Climate Assessment (P106972; FY09)*	Policy Guidance via Just-in-Time Policy Notes (P121471; FY11)
Poverty Reduction Strategy Grant (PRSG 5–6; P106083, P113241; FY09–10)	Rwanda #P1 Strengthening Financial Stability–Part1 (P148141; FY14)	RW: Private Sector Working Group (P128585; FY12)
Poverty Reduction Support Financing (PRSF 7–8; P117495, P122247; FY11–12)	Vendor Supplier Diagnostic (P151750; FY15)*	Rwanda Investment Promotion TA (P127091; FY13) (energy forum)
RW–Competitiveness and Enterprise Development (P057295; FY01–12)		Competition Policy Assessment (P147655; FY15)
		PSD Policy Notes (P133236; FY15)
		IFC AS—Rwanda Investment Climate Reform Project (P560665; FY08–11)

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Competitiveness and Enterprise
Development Add Fin SIL
(P106978; FY08–12)

Governance and Competitiveness
TA Project (P127105; FY12–16)

IFC AS—Rwanda Investment Climate
Reform Program II (P576907; FY11–14)

IFC AS—Rwanda Investment Climate
Reform Program III—Transforming
Local Economies (FY15)

IFC AS—Rwanda Investment Climate
Reform Project (RICRP) 3 Sector
competitiveness (P600786; FY15-)

IFC AS—Rwanda IC Improving G2B
services (P600783; FY15)

PPP

- IFC AS—Rw Public Private
Dialogue (; FY08–11)
- Support on PPP in ICT sector
(FY10)
- IFC AS—Kigali Bulk H2O (; FY11–
16/)
- IFC AS—Rwanda Tea PPP (; FY15–
17)
- IFC AS—PPP Training in Rwanda
and Kenya (FY16–16/)
- IFC AS—Water and Sanitation
Corporation (WASAC) Support
(FY16)

- Trade Facilitation—Regional
Integration
- Regional Trade Facilitation
Project – Rwanda (P065788;
FY01–13)
- [under Regional (AF) –
Regional Trade Facilitation
Project I (P063683; FY01–11)]
- Regional (AF)—Great Lakes
Region Trade Facilitation
(P151083; FY16–active)
- IFC—other PSD projects
- IFC Inv—SORWAL/BUTARE
MA (P1028; FY88; Industrial
and Consumer Products)

Skills Development

- IFC AS—Rwanda Entrepreneurship
Development Program (P546965;
FY07)
 - IFC—other PSD AS
 - IFC AS—Rwandair Express (FY06)
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- IFC Inv—IHS Rwanda (P35368; FY00; Professional, Scientific and Technical Services)
 - IFC Inv—TPSR (P26081; FY08; Accommodation and Tourism Services)
 - IFC Inv—BGM Rwanda 2 (P29477; FY10; Food and Beverages)
 - IFC Inv—BP Rwanda (P29948; FY11; Collective Investment Vehicles)
 - IFC Inv—IHS Rwanda (P34454; FY14; Professional, Scientific and Technical Services)
 - IFC Inv—AIFL Rwanda (FY16; Food and Beverages)
 - IFC Inv—Heineken Rwanda (; FY16; Food and Beverages)
 - MIGA—Bakhresa Grain Milling (Rwanda) Limited (; FY12; Manufacturing)
 - IFC AS – Rwanda Air Operations Support (FY14)
 - IFC AS—Rwanda Leasing Program (544984; FY07)
 - IFC AS—CT R-Mille Collines (FY08)
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Note: AIFL = Africa Improved Foods Limited; AS = Advisory Services; IFC = International Finance Corporation; ICT = information and communication technology; Inv. = Investment Services; MIGA = Multilateral Investment Guarantee Agency; PPP = public-private partnerships; PRSF = Poverty Reduction Support Financing; PRSG = Poverty Reduction Support Grant; TA = technical assistance; PSD = Private Sector Development.

In parallel, the Poverty Reduction Support Grant (PRSG) or Poverty Reduction Support Financing (PRSF) sought to improve general business environment as well as priority areas in select sectors. The PRSG 4–7 series,⁸⁹ which were the overall umbrella and policy dialogue for the World Bank support in the implementation of EDPRS 2, sought to promote private sector engagement in the distribution of fertilizer in agriculture sector, to deepen financial sector by enhancing access to finance and credit for the private sector and adopting a Law on microfinance, and to expand private sector participation in infrastructure sector (electricity and gas). The PRSF 8 sought to support the implementation of policies to improve the general business environment, including steps to reduce transaction costs for international trade as well as costs of land transactions. Even though PRSF 9 and 10 did not materialize, the government and the World Bank continued monitoring implementation progress for the triggers and respective development outcomes. One of the triggers for enhancing business climate was

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adoption by Recipient's Cabinet of a PPP Law to create an enabling legal framework for the PPP process and as a critical prerequisite to private investment.

Two regional investment projects also supported improving business environment by facilitating trade. The Regional Trade Facilitation Project (IPF approved before the evaluation period in FY01 and closed in FY13)¹⁰ supported the establishment and funding of a multilateral (regional) trade insurance agency, the African Trade Insurance Agency. The Great Lakes Region Trade Facilitation (approved in FY15, active) sought to facilitate cross-border trade by reducing costs, time and harassment, especially of women, to improve the operating environment at the border for traders in the Great Lakes Region. The outcome indicators allow monitoring of progress of integration into the East African Community regional markets. The outcome indicators include average time for traders to cross target border crossings and value of goods handled through core trade infrastructure.

The World Bank provided a number of Advisory Services and Analytics, including diagnostic reports and technical notes, that complemented and underpinned lending projects as well as government strategies and plans (box E.1). Investment Climate Assessment 2009 and just-in-time policy notes for Private Sector Development were key analytical underpinnings for the PRSF series (project document for PRSF 8, figure E.12) and the Governance and Competitiveness Technical Assistance Project. In particular, the Investment Climate Assessment and the Doing Business reports were instrumental in highlighting areas of weakness and strength in the regulatory environment. The Tourism Value Chain Analysis, the Horticulture Value Chain Analysis, Competition Policy Assessment, and other various analytical notes regarding export diversification and PPP, complemented Bank financing support and development and implementation of Rwanda National Export Strategy.¹¹

Box E.1. Findings and Recommendations from Select Advisory Services and Analytics

Investment Climate Assessment: Strategy for Sustained Employment and Export Growth (2009) —the first ever for Rwanda – provides a crucial diagnostic tool that identifies impediments to growth in the private sector, based on a survey of 340 enterprises in Kigali and Butare that includes micro-enterprises with less than five employees, formal manufacturing firms, retail, construction, hotel and other enterprises. Investment climate assessment suggests addressing business constraints identified by increasing factory floor productivity of Rwandan firms, enhancing investments in new technology and machinery, facilitating export diversification; and encouraging entry of informal firms into the formal sector.

Trends in Rwandan Exports: Signs of Diversification (2014) summarizes key developments in Rwanda’s external markets between 1990 and 2012 based on the analyses of trade orientation, diversification, export sophistication, and firm survival. The note shows that growth in exports of goods is driven by commodities (tea, coffee and minerals) and discusses how moving to specialty and niche markets plays a crucial role in increasing the per unit value of Rwanda’s exports, given high transport costs. The note also highlights the importance of increasing noncommodity exports, starting from neighboring markets to global markets, as well as diversifying export sectors, such as business process outsourcing and value-added horticulture.

Rwanda’s New Companies: An Overview of Registrations, Taxes, Employment and Exports (2014) summarized sectoral trends in business registration between 2008 and 2012, based on the analyses on new company registrations, degree of economic activity within newly registered companies, and their contribution in terms of employment, taxes, and exports. The note shows that the number of registered and active companies increased from 2,700 in 2008 to approximately 12,000 in 2012—a compound annual growth rate of 34 percent, contributing to a 24 percent increase in tax declarations and a 16 percent increase in the number of taxable jobs. The note also shows that new entrants, including Bakhresa (milling company), from across the region boosted noncommodity exports. Noncommodity exports increased by 82 percent in value from \$ 48.4 million in 2011 to \$ 88.0 million in 2012, mainly due to an increase in the export of milling products, beverages, iron, and steel.

Rwanda Vendor Supplier Diagnostic: Design and Strategies for Implementation (2015) identifies promising opportunities to Supplier Development Programs interventions in mining and horticulture based on the analyses on Rwanda’s Revealed Comparative Advantage and firm structure. The Diagnostic emphasizes the importance of linking buyers and suppliers and enabling higher value-added in production to spill over in the local economy, to increase productivity and exports.

Increasing Private Investment in Rwanda: Options for More Impactful Reforms (2014)

asks the critical question: Why has the private sector response to the many reforms implemented recently by Rwanda been relatively weak? The report documented that all available indicators of macroeconomic policy, trade and investment openness, financial sector policy, investment climate reforms, and, to a lesser extent, infrastructure access, consistently point to an impressive and unparalleled track record of policy reforms in Rwanda over recent years. The report identifies the two sets of remaining constraints: *factor markets and infrastructure issues*, including availability and cost of land, access and cost of energy, cost of transportation and skills for both foreign and domestic firms, as well as access to finance principally for domestic firms. The other relates more to the *uncertainty, arbitrariness and unpredictability* that investors face, and that might possibly stem from institutional capacity issues in the implementation and enforcement of regulations. The note argues that addressing these issues head-on should be among the government's priorities. Specific suggestions include enhancing institutional capacity to enforce a level playing field; improving public-private dialogue mechanisms already in place; instituting feedback mechanisms for firms; and promoting competition.

Competition Policy Assessment: Strengthening the Effectiveness of Competition Law and Policy (2015)

was conducted to support the government of Rwanda's effort to strengthen and operationalize the competition policy framework. The note discusses main issues and components in developing an effective competition policy framework, including operational framework, enforcement of competition law, and creation of competition culture. The note provides recommendations, including safeguarding due process in the Authority's decision-making, broadening the scope of the law to ensure it covers all sectors of the economy, and issuing competition regulations and guidelines to increase legal certainty, transparency and predictability.

Rwanda Investment Promotion Technical Assistance: Energy Investor Forum (2012)

discusses that private sector participation should be promoted at all segments of the energy supply industry and asks the government to ensure the speedy structuring and financing of public-private partnership projects in the energy sector, where desirable. It points out the importance of creating a business environment for greater private sector participation.

Source: Independent Evaluation Group.

Over the entire evaluation period, IFC support continued through a series of Investment Climate Reform Advisory Services (AS) with a shift in focus. The Investment Climate Reform AS projects sought to improve the regulatory environment, build institutions, and reduce the cost of doing business in Rwanda. Reforms included enhancing government to business service delivery in business licensing, construction permitting, tax administration, and access to

land through the use of information and communication technology (ICT) and competition, developing special economic zones, and facilitating private-public dialogue. The recent Rwanda Investment Climate Reform Project (RICRP) series and Three Sector Competitiveness project (approved in FY15) aim to attract inclusive private sector investment and enhance overall competitiveness. The activities and select key sectors were complementing the Governance and Competitiveness Technical Assistance Project and the analytical works. RICRP's focus is on providing practical support in specific areas in agribusiness (input markets), horticulture, and tourism, rather than improving general business environment.¹² For example, in horticulture sector, RICRP supports the government in removing remaining barriers identified by existing and potential new investors in the horticulture sector that will lead to at least three new investment commitments and support small and medium enterprises ready for export with new market access. In addition, to support general business environment reforms, IFC provided advisory work directly to select private companies or program.

In addition, IFC provided significant AS for business environment reforms focusing on PPP. IFC supported the government and the Rwanda Private Sector Federation (RPSF)¹³ to operationalize the new public-private dialogue mechanism that can deliver an inclusive, transparent, evidenced-based and demand driven dialogue. After FY11, the support for public-private dialogue was integrated into the Rwanda Investment Climate Reform Program. IFC also supported feasibility studies and strategic works in key sectors and projects to promote PPPs. These included the ICT sector, Kigali Bulk H2O project (a sustainable bulk water supply project), Rwanda Tea PPP, and Water and Sanitation Corporation Support (PPP for rural water systems).¹⁴

IFC and Multilateral Investment Guarantee Agency also supported private sector development through investment projects and guarantees. During FY09–17, the Multilateral Investment Guarantee Agency issued guarantee coverage to five projects with a total gross exposure of \$125.7 million. IFC approved a total net commitment of \$92.3 million for its core business of long-term financing of loans and equity investments for 16 projects. The largest sector in terms of net commitment is Agricultural and Forestry, which accounts for 50.6 percent (US46.7 million).

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The Bank Group collaborated with other development partners to support the government to improve business environment. For example, creation of one-stop shop for business registration was supported by Bank Group, while reform in business taxation and custom from was supported by the UK Department for International Development with advice from International Monetary Fund.

Packaging of instruments was adequate, considering that the targets and support for improving business environment were primarily focusing on policy, institutions, and regulatory framework. The instruments were largely concentrated in IFC AS, technical assistance and analytical works. The World Bank supported drafting and reforms of major business laws and other legal and institutional frameworks and strategies affecting private sector development through lending investment projects and technical assistance. At the same time, the World Bank used development policy financing to proceed critical legal, policy and institutional reforms. IFC provided support to review some of these laws and strategies, institutionalize them and operationalize private sector development reforms through AS.¹⁵ Analytical works were used to identify bottlenecks in private sector development and inform the government in developing regulatory frameworks and strategies (export, tourism, agribusiness, value chain).

Capacity development was an integral part of activities. Under the CEDP, the major activities were to provide technical assistance to strengthen the capacity of the newly established institutions including Investment Promotion Center and RPSF. The major objective of Governance and Competitiveness Technical Assistance Project was to strengthen institutional capacity. Lack of capacity was a challenge especially in the newly established RDB and RPSF, thus capacity building for operational staff was an important part of Bank Group support. Under the IFC Investment Climate AS, improving clients' absorptive capacity (knowledge and skills) to implement projects was essential and capacity building activities were incorporated. Under an infrastructure PPP project, IFC facilitated Public-Private Infrastructure Advisory Facility funding to provide training on PPPs and financial modeling, while AS supported the country's first water PPP project, helping to overcome the government's relatively limited experience in this area.

Gender was integrated only in a few projects in recent years rather than mainstreamed across projects. Among World Bank lending, only two recent projects integrated gender. Governance and Competitiveness Technical Assistance Project integrated gender in project development objective indicator, which monitored the number of direct project beneficiaries and targeted the female ratio at 10 percent. The project made efforts to include gender considerations in developing and implementing the project activities, as the selected interventions in the value chains of horticulture and tourism sectors affected a high proportion of women. Great Lakes Region Trade Facilitation investment project integrated gender in the project development objective and its indicators.¹⁶ Most of the IFC advisory projects in its Investment Climate Reform and PPP business lines did not integrate gender dimensions.¹⁷ There was no Advisory Services and Analytics or IFC AS that focused on gender as a main theme.

Implementation and Results

The Bank Group has made significant contributions to improving the business environment for private sector development, despite delays and remaining challenges. The two key World Bank lending projects, CEDP, which spanned over 10 years with delay in implementation for one year and additional financing to support new activities in financial sector, and Governance and Competitiveness Technical Assistance Project, which was approved in FY12 and closed in FY15 with delay by one year due to procurement issues, largely achieved their objectives of improving the business environment and, concomitantly, the Doing Business indicators, through implementing regulatory reforms, developing institutional capacity, and enhancing competitiveness of selected sectors.¹⁸ Drafting and reforms of 14 major business laws started in early 2006 with support from the World Bank CEDP project.¹⁹ IFC has also provided technical assistance to review some of these laws since 2007. The policy reforms related to business environment, including adoption of laws and regulatory frameworks, contributed to largely achieve subobjectives in key select sectors under the PRSG series and to substantially achieve the subobjective of enhancing business climate under the PRSF 8. Doing Business reforms also helped the government prioritize reforms and create publicity, signaling to investors that Rwanda is open for business.²⁰ The Regional Trade Facilitation Project, which

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spanned over 10 years from FY01 to FY13 with delays due to two restructurings, substantially achieved the objectives of developing and implementing a scheme for the provision of insurance, and promoting trade, investment and other productive activities in Africa.

The significant contributions were made possible with the implementations of a series of investment climate reforms/programs supported by IFC AS, although challenges remain. Investment climate reports and the interview surveys and field visits conducted for Independent Evaluation Group evaluations acknowledge that the project made achievements regarding enactment of laws and streamlining and consolidation of procedures; important contributions toward providing visibility to Rwanda and improving its image as a reformer. They documented the high level of sustainability. For example, reforms aimed at simplifying procedures for business registration, business licensing, international transactions, and the payment of taxes are not only still fully in force, but in several cases government authorities have undertaken steps to deepen or expand the scope of the reform process. However, there have been challenges, such as operationalizing land regulations, that could limit the impact of investments and special economic zones,²¹ reducing electricity cost (appendix A), promoting agriculture business (appendix H), and enhancing skills (appendix D).

IFC played important roles to make substantial progress in PPP and showcase the success, despite difficulties and delays in implementing reforms. During the early part of the evaluation period, IFC supported the government to establish new public-private dialogue mechanism for the government and private sector to address key business and private sector constraints. However, lack of commitment by the government and RPSF during most of the implementation caused some delays and affected the scope of the work. It remains to be seen how the new private-public dialogue mechanism can deliver an inclusive, transparent, evidenced-based and demand driven dialogue. Kigali Bulk H2O project achieved a successful bidding of two bids received and the government's signing of the concession agreement with Metito, the preferred bidder, in 2015 for this first water PPP project in the country (IFC 2015). This was showcased as a landmark transaction, as the first competitively tendered Water Build Operate Transfer Concession in Sub-Saharan Africa (outside of South Africa). However, despite the efforts IFC made, some PPP projects in ICT sector and tea companies

did not materialize. Other Independent Evaluation Group evaluations also noted that the collaboration between the World Bank and IFC on private-public dialogue was less effective.

Table E.3. Commercial Law Reform: World Bank Group–Supported Draft Bills

No.	French Title	English Title
1	Projet de Loi instaurant l’office d’enregistrement	Law establishing Registration Services agency
2	Projet de Loi instaurant les tribunaux de commerce et les lois connexes	Law establishing a commercial Court
3	Projet de Loi sur l’arbitrage, la médiation et la conciliation en matière commerciale	Law on arbitration, Médiation and Conciliation
4	Projet de Loi sur les sociétés commerciales	Trade and business registration Law
5	Projet de Loi sur l’insolvabilité	Bankruptcy law
6	Projet de Loi sur la concurrence et la protection des consommateurs	Law on competition and Consumer protection and the law establishing a competition and consumer protection commission
7	Projet de loi sur les dispositions applicables aux Projets d’infrastructures à financement privé	Law on Privately Financed Infrastructures
8	Projet de loi sur l’enregistrement des activités commerciales	Trade and Business Registration Law
9	Projet de loi sur le code du travail	Labour Law
10	Projet de Loi sur les transactions électroniques	Law on electronic transactions
11	Projet de Loi sur les titres négociables	Law on Négociables Instruments
12	Projet de Loi sur les contrats	Law on Contracts
13	Projet de Loi sur le Condominium	Law on condominiums
14	Projets de loi sur les sûretés commerciales, arrivés dans la cellule en juin 2007	Secured transactions Mortgages and Secure transactions in Movable Property

Source: Note from the World Bank Competitiveness and Enterprise Development Project.

The Bank Group played an essential role on capacity development and institutional building. CEDP was instrumental in fostering the development of several institutions and capacity building. For example, the project funded the Doing Business Reform Unit under RDB to oversee Rwanda’s performance with regard to the Bank Group Doing Business indicators and provided training and advices. Investment Climate Reform AS series also contributed capacity

development at RDB to operationalize Doing Business reforms and implement special economic zone program.

The business environment outcomes targeted in World Bank strategies were achieved and sustained and the progress for FY14–18 is partially on track. The number of days required to obtain a construction license to be reduced from 252 days (2007) to 180 by 2012. The number of days required to obtain a construction permit was 84 in 2012 and 37 in 2016.²² The number of days required to export was 29 in 2012 and 26 in 2015 compared with a 2007 baseline of 60 days and a 2012 target of 40 days.²³ Significant impact of reforms was acknowledged by key counterparts, including RDB and RPSF. According to the latest RDB data, improved business environment among other factors contributed to increased investments levels: Registered investments in Rwanda have jumped from \$800 million in 2007 to \$1.675 billion in 2017. The progress on outcome indicators for improving environment for private sector investments under CPS FY14–18 has been on track (Performance and Learning Review for CPS FY14–18). However, the Performance and Learning Review noted that cases of renegotiation of pre-agreed PPP tender arrangements may impact the effective implementation of a conducive PPP environment and can send the wrong signal to private sector. The progress on outcome indicators for improving environment for private sector investments under Country Partnership Framework FY14–18 has been mostly on track.

Considering the high relevance of objectives and substantial achievement despite some challenges, the Bank Group's contribution to improving business environment is rated moderately satisfactory. The country program objectives were highly relevant to the country context and government strategies throughout the evaluation period. The development objectives were mostly achieved through a number of reforms. The significant improvement of Doing Business indicators as well as increasing trends in key economic indicators, such as foreign direct investment, trade, business registration and a couple of successful PPP award cases, point to substantial achievement in improving the business environment and private sector development. On the other hand, the Bank Group's role in promoting private-public dialogue / PPP in several cases and supporting special economic zones, electricity cost reduction, and agriculture business was less effective.

Overall proposed rating: moderately satisfactory.

¹ The ease of doing business ranking ranges from 1 to 190. The ranking of 190 economies is determined by sorting the aggregate distance to frontier scores.

² The distance to frontier measure shows the distance of each economy to the “frontier,” which represents the best performance observed on each of the indicators across all economies in the Doing Business sample since 2005. An economy’s distance to frontier is measured on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the frontier.

³ The CAS FY09–13 is framed around two strategic pillars: (i) promoting economic transformation and growth; and (ii) reducing social vulnerability.

⁴ Regional integration objectives were more explicitly pursued under the World Bank’s Africa Regional Integration Assistance Strategy and International Development Association regional integration programs.

⁵ The Vision 2020 was built around six pillars (i) good governance and a capable state; (ii) human resource development and a knowledge-based economy; (iii) a private sector–led economy; (iv) infrastructure development; (v) productive and market-oriented agriculture; and (vi) regional and international economic integration. It also emphasizes the importance of progress on four cross-cutting issues: (i) gender equality; (ii) natural resources; (iii) the environment; and (iv) science, technology and information and communication technology.

⁶ “Public-private partnership” as used in the Country Partnership Strategy and in its results framework refers not only to public-private partnerships in the traditional sense (for example, public assets in energy or water managed or co-owned by the private sector) but more generally as well to encompass public-private dialogue and the way the public sector serves and interacts with the private sector.

⁷ It is a main discussion forum for stakeholders, including relevant government agencies, development partners, civil society organizations, and others.

⁸ The program was a programmatic series of four single-tranche development policy operations—Poverty Reduction Strategy Grants 4–6, approved in 2008, 2009, and 2010, respectively, as well as a seventh Poverty Reduction Support Financing operation (a combination of grant and credit financing) approved in 2011. Total program cost was \$372.6 million (out of which \$30.4 million was provided as credit and the rest as grants from the International Development Association) (Implementation Completion and Results Report Review, p. 4).

⁹ The series built on the Poverty Reduction Support Grant 1–3 series, which supported policy measures to improve the investment climate and development of the private sector, with a focus on export promotion.

¹⁰ Actual disbursement: \$137 million for seven sponsoring countries in the region.

¹¹ The strategy, which was finalized in April 2011, provides a five-year framework for viewing the country's export challenges and opportunities, and to provide a platform for various organizations to engage in a joint prioritization process. To guarantee continued and steady growth, and in alignment with Vision 2020 and Economic Development and Poverty Reduction Strategy, the National Export Strategy has taken a comprehensive and coordinated approach toward driving for export growth. The priority sectors for the five-year National Export Strategy in the short and medium term, are the traditional sectors of tea, coffee, and tourism, as well as nascent, nontraditional export sectors of mining, horticulture and business process outsourcing.

¹² The World Bank support is in line with the conclusion of the Independent Evaluation Group evaluation on investment climate reform evaluation (IEG 2015). Improvement in regulatory indicators in Rwanda proved insufficient to guarantee an impact on investment, employment, and growth. The government of Rwanda is broadening the scope of reforms to address other binding constraints to private businesses by focusing notably on special economic zones, trade logistics and regional integration, support to key sectors such as tourism and agribusiness, and greater long-term efforts focused on power generation and transport.

¹³ A professional organization, dedicated to promoting and representing the interests of the Rwandan business community. It was established in 1999, replacing the former Rwanda Chamber of Commerce and Industry.

¹⁴ A company that distributes water in Rwanda.

¹⁵ For example, International Finance Corporation Advisory Services on investment climate reform complements sought to support sustainable growth in private investment and exports in selected high export revenue-generating and high rural revenue impact value chains in Rwanda (agribusiness and tourism) under one of four key Components. This complements Governance and Competitiveness Technical Assistance Project, which provides support for the implementation of the National Export Strategy by providing assistance for the review and development of tourism and horticulture strategies and plans related to competitiveness (Advisory Services Implementation Plan for RI). Please revise this footnote to remove project name since information in the International Finance Corporation's Advisory Services Implementation Plan is considered confidential.

¹⁶ The project development objective is to facilitate cross-border trade by increasing the capacity for commerce and reducing the costs faced by traders, especially small scale and women traders, at targeted locations in the borderlands. The project development objective indicators include Incidence of harassment of small scale traders; incidence of harassment among female traders (percent) and direct project beneficiaries (of which female).

¹⁷ Gender was considered in a very few activities in some projects, such as including gender disaggregate information in surveys and promoting women's participations in trainings and seminars.

¹⁸ A Doing Business unit has been established within the Rwanda Investment and Export Promotion Agency with support from the World Bank. The agency has been integrated within the recently established Rwanda Development Board and will continue to spearhead the implementation of the doing business action plan and other legal reforms affecting private sector development. Finally, the Ministry of Justice is planning to establish a permanent commission for legal reform. The Commission will replace a temporary task force set up within the Ministry to review all the 14 commercial laws (Source: Note from the World Bank Competitiveness and Enterprise Development Project).

¹⁹ Three laws have already been voted (business registration services agency; law establishing commercial courts; and law on arbitration, conciliation and mediation). Validation or legislative process is ongoing for 11 draft bills (companies acts; insolvency; business registration procedures; negotiable instruments; competition and consumer protection; provisions applicable to private financed infrastructure; labor; contract law; secured transaction; condominium; and electronic transactions).

²⁰ Rwanda become a key player in South-South exchange program on this issue and hosted several delegations from Africa to learn from its experience.

²¹ The support for the special economic zone has been less effective. There were a significant number of companies already functioning in the zone while the regulatory framework had been established. The two--implementation of the zone and the regulatory framework (supported by Bank Group) have moved in parallel without the necessary alignment resulting in difficult problems at the moment in trying to reconcile reality and regulatory framework (IEG 2015).

²² Construction license is different from construction permit. Doing Business changed the name of the indicator from license to permit after the approval of the CAS – this indicator should be understood as construction permit.

²³ The data are available only until 2015, as the Doing Business methodology was changed after 2016.

Appendix F. Financial Sector

Rwanda's long-term development plan, as articulated in Vision 2020, seeks to transform Rwanda into a middle-income country and an economic trade and communications hub by the year 2020. An effectively functioning financial sector is essential for achieving this objective. Rwanda seeks to develop a financial sector that is effective through (i) expanding access to credit and financial services; (ii) enhancing savings mobilization, especially long-term savings; and (iii) mobilizing long-term capital for investment.

In a jointly prepared 2005 Financial Sector Assessment Program report, the World Bank and International Monetary Fund made a comprehensive diagnosis of the financial sector, identified many weaknesses in the system, and made a series of sector reform recommendations. The Rwandan government needed a plan for implementing the recommendations in a systematic way. Under the guidance of the central bank and working closely with a national steering committee composed of key stakeholders in the key reform area, the Financial Sector Development Program (FSDP) was prepared to come up with a comprehensive financial sector reform program.

The preparation of the FSDP was financed by the Financial Sector Reform and Strengthening (FIRST) Initiative, a multidonor grant facility managed by the World Bank.¹ A cabinet paper was prepared presenting those elements of the FSDP that represented policy issues and a detailed matrix of actions needed to implement them. The cabinet approved the paper and comprehensive policy program in November 2006 and, in principle, endorsed the detailed action matrix which supports it. FSDP also included the ambitious plans for regional integration and harmonization in the East African Community. A new FSDP II started in 2013 and it was financed by FIRST. During the Country Program Evaluation period, FSDP I and II represented a long-term financial sector development strategy of the country.

World Bank Group Strategic Objectives

Throughout the Country Program Evaluation period of FY09–17, one of the key development objectives of the government of Rwanda and the World Bank Group was to deepen and broaden the financial sector. Under the FY09–12

Country Assistance Strategy (CAS) and FY14–18 Country Partnership Strategy (CPS), the Bank Group engaged in the development of the financial sector in the three main areas of (i) strengthening banking sector in the area of legal and regulatory framework (FY09–12 CAS), (ii) improving financial inclusion and focus on access in rural finance (FY09–12 CAS and FY14–18 CPS), and (iii) developing the capital market (FY14–18 CPS). Under the FY14–18 CPS, the International Finance Corporation (IFC) had a specific ex ante target of raising its financial market commitment volumes to \$80 million through 2017 and to do a local currency bond issue.

The relevance of the Bank Group's objectives to support the development of the financial sector was high and was fully aligned with the development goal of the government articulated in the Economic Development and Poverty Reduction Strategies (EDPRSs). As articulated in Vision 2020, the government of Rwanda sought to transform Rwanda into a middle-income country and an economic trade and communications hub by the year 2020. An effectively functioning financial sector is fundamentally important and essential element for achieving this objective. Specifically, outcome 3.2 of EDPRS 2 was to accelerate structural changes in the financial sector, in particular, measures to increase long-term savings and access to international finance, with the objective of increasing credit to the private sector to 20 percent of gross domestic product by 2017.

Another important financial sector outcome of EDPRS 2 was to increase and sustain graduation from core social protection programs of the poor by connecting them to economic opportunities and financial services (outcome 3.1). The strategy under EDPRS 2 sought to target financial services to the poor, so that they would graduate into using formal financial services. Increasing the reach of financial services and the quality of financial education were identified as key means to reach the country's goal of 100 percent financial inclusion by 2020. The financial inclusion objective supported thematic areas of EDPRS 2 on the economic transformation for rapid economic growth, rural development, and productivity and youth employment. It was also as a priority area in FSDP 2. In December 2013, the government launched its National Financial Education Strategy following the recommendations of the FSDP 2. Given their wide reach in Rwanda and their disproportionately rural and newly banked member base,

the government identified Umurenge savings and credit cooperatives (SACCOs) as critical implementing partners for the delivery of financial education.

The results framework was in general adequate. Outcome indicators were specific and measurable for both World Bank and IFC operations. With respect to the volume target for the agriculture sector, IFC defined its volume target of \$15 to \$10 million for its core business of long-term financing (for example, loans). For financial sector, IFC did not specify whether the volume target of \$80 million was meant only for IFC’s core business of long-term loans and equity investments, or if it included IFC’s short-term guarantees under the Global Trade Finance Program.² Since the lack of access to long-term financing was identified as one of the major obstacles for the development of the financial sector, it may have been preferable to set a specific commitment volume target for long-term financing for the financial sector under FY14–18 CPS.

Table F.1. World Bank Objectives or Outcomes and Indicators

Objectives or Outcomes Sought	Associated Indicator(s) and Outturn
Improved environment for private sector development (FY09–12)	<ul style="list-style-type: none"> • International Financial and Reporting Standards to be implemented by all financial institutions. • Time to process a check to be reduced from three days (2008) to one day in 2012.
Outcome 3: Improved environment for private sector investments (FY14–18).	<ul style="list-style-type: none"> • Indicator 3.4 (International Finance Corporation): Raise Financial Market commitment volumes to \$80 million through 2017.
Outcome 6: Improved access of rural /small farmers to inputs, financing, and markets (FY14–18).	<ul style="list-style-type: none"> • Indicator 3.5 (International Finance Corporation): Local Bond Issue. • Indicator 6.1: Provide \$15 million-\$20 million in agriculture sector loans/financing.

Instruments Used

The World Bank supported the preparation and implementation of FSDP 1 and FSDP 2. The World Bank’s annual budget support operations with development policy financing and Advisory Services and Analytics operations contributed to effecting necessary policy changes and institutional reforms for the development and the deepening of the financial sector. The World Bank also managed the

FIRST Initiative and was responsible for the delivery of an Financial Sector Assessment Program update and other Advisory Services and Analytics projects. Poverty Reduction Support Grant (PRSG) or Poverty Reduction Support Financing (PRSF) series were the main World Bank instruments for policy reforms, and analytical work and technical assistance broadened and deepened the work in the financial sector.³

During the Country Program Evaluation (CPE) period, IFC sought to support the development of Rwanda's financial market through its investment and Advisory Services projects with its client banks and microfinance institutions. IFC intervened through a substantive package in the capital market. This included: (i) technical assistance provided to the government when it issued its sovereign bond; (ii) a regulatory and capacity building program delivered by the IFC Regional Program (ESMID); (iii) issuance of a local \$23 million equivalent bond to set the benchmark on the back of the government and move the yield curve to five years; (iv) issuance of an off-shore local currency bond of \$5 million; and (v) IFC and the Milken Institute, putting together a nine-month Pan-Africa Program co-funded by governments and IFC/Milken institute which provides practical skills to two selected candidates, in addition to offering a Development Assignment to a Central Bank Senior Officer on the IFC trading floor. To address the market failure of the estimated uninsured 7 million smallholder farmers, IFC also worked with the Global Index Insurance Facility and an existing IFC client in the micro insurance sector.⁴ IFC also provided training to improve the capability of key regulatory entities such as the Capital Market Authority through training for senior executives. Considering client demand, IFC anticipated its investments during the CPS period would be concentrated in the financial sector. Neither the CAS nor the CPS, however, elaborated much on what specific synergies would be pursued in the financial sector by the Bank Group and what the expected results would be of such Bank Group collaboration.

As an instrument to encourage necessary policy reforms in the financial sector, the PRSG/PRSF series included policy actions to support regulatory reforms for broadening and deepening of the financial sector. The financial sector was one of the five policy areas under the PRSG/PRSF series, which were the overall umbrella and policy dialogue for the World Bank support in the implementation of EDPRS. The required prior actions included (i) a decision to facilitate

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Financial Sector

expansion in rural credit under the second Rural Investment Facility, (ii) adoption of a Law on microfinance; (iii) strengthening the legal and regulatory framework for national payment systems; (iv) and upgrading/consolidation of the government system of small and medium enterprises support. The performance indicator under PRSG 5 included the completion rate of the FSDP, which was replaced in PRSG 6 and PRSF 7 by the share of credit going to the private sector expressed as a percentage of gross domestic product (GDP). Furthermore, the World Bank's Competitiveness and Enterprise Development Project also sought to support policy actions, including enactment of new or updated laws, to improve service delivery of the financial sector as well as to increase long-term funding to financial institutions under the FY14–18 CPS.

Table F.2. World Bank Instruments Used

Lending Operation	Analytical Work	Nonlending Technical Assistance
Poverty Reduction Support Grant (PRSG 4; P104990; FY08)	FSAP Update Rwanda (P124196; FY11)	FSAP Update (P123287; FY12)
Poverty Reduction Support Grant (PRSG 5–6; P106083, P113241; FY09–10)	Rwanda ICR ROSC (Observance of Standards and Codes) (P125247; FY12)	FIRST #115: Payment systems (P105413; FY09) FIRST #7064: FSDP Implementation TA (P110505; FY10)
Poverty Reduction Support Financing (PRSF 7; P117495; FY11)	Rwanda ROSC A&A 2015 (P154529; FY16)	Rwanda: #10018 Crisis Preparedness Workshop (P121947; FY10)
Competitiveness and Enterprise Development Add Fin SIL (P106978; FY08)	Strengthening Financial Stability-Part1 (P148141; FY14)	Implementing Risk-based On-site Inspection for the Insurance Sector #10071 (P126495; FY13) Supervision of Savings and Credit Cooperatives (SACCOs) #10190 (P128830; FY13) Rwanda #10187 Financial Sector Development Plan II (P129708; FY14) Rwanda Consumer Protection Diagnostic (P143989; FY15) P1 Strength. Fin. Stability-Part2 (P149371; FY17)

	Financial Inclusion Support Framework (FISF) (P151374; FY18)
IFC Inv—GTFP Ecobank Rwa (P29177; FY11; Finance and Insurance)	IFC AS—MicroEnsure LLC (P544984; FY07)
IFC Inv—UOB Rwanda (P29381; FY11; Finance and Insurance)	IFC AS—MicroEnsure LLC (P579267; FY11)
IFC Inv—GTFP BCR RWANDA (P25558; FY12; Finance and Insurance)	IFC AS—Rwanda HF Market Study (P599417; FY13)
IFC Inv—KCB Rwanda LTF (P30385; FY12; Finance and Insurance)	IFC AS—MicroEnsurey (P599796; FY13)
IFC Inv—AB Bank Rwanda (P29680; FY14; Finance and Insurance)	IFC AS—MFS—Urwego Opportunity MFI Bank Rwanda (P599222; FY13)
IFC Inv—AIFL Farmer Fin (P35378; FY15; Finance and Insurance)	IFC AS—MicroEnsure Rwanda Scale-Up (P600122; FY14)
IFC Inv—ABR FMO ROFO (P37265; FY16; Finance and Insurance)	IFC AS—AB Rwanda TA (P577628; FY14)
IFC Inv—ABR RI (P37921; FY16; Finance and Insurance)	
MIGA—Banque Rwandaise de Development S.A. (P765; FY09; Financial Services)	
MIGA—Société Monétique at de Tele-Compensation au Rwanda (SIMTEL) SARL (P764; FY09; Financial Services)	

Note: AIFL = Africa Improved Foods Limited ; AS = Advisory Services; FIRST = Financial Sector Reform and Strengthening; FSAP = Financial Sector Assessment Program; GTFP = Global Trade Finance Program; ICR = Implementation Completion and Results Report; IFC = International Finance Corporation; Inv. = Investment Services; MFI = microfinance institution; MIGA = Multilateral Investment Guarantee Agency; PRSF = Poverty Reduction Support Financing; PRSG = Poverty Reduction Support Grant; ROSC = Report on the Observance of Standards and Codes; SACCO = savings and credit cooperative; TA = technical assistance.

Implementation and Results

The Bank Group's continuous engagement in the financial sector during the CPE period supported the development of Rwanda's banking and microfinance sector. The size of the financial sector, as measured by total assets relative to GDP

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stood at 54.3 percent in June 2017, up from 33.8 percent in June 2010. The total combined bank and microfinance institutions (MFIs) lending to the economy rose from 13 percent of GDP in June 2010 to 24.3 percent of GDP in June 2017. Under the EDPRS 2, the government target was to achieve 30 percent credit to GDP by 2020. This section assesses (i) to what extent the Bank Group contributed to strengthening the legal and regulatory framework and supervisory capacity in the financial sector, (ii) whether the Bank Group contributed to greater financial inclusion for individuals as well as micro-, small-, and medium-size enterprises, including in the rural sector, and (iii) to what extent the Bank Group contributed to developing capital markets.

In working closely with the government of Rwanda, the World Bank helped pave the way for the development of the financial sector. The PRSG/PRSF series was successful in realizing many policy actions and institutional reforms to support the broadening and deepening the financial sector. PRSG 4 supported the development of long-term financing by diversifying the maturity of government bond market. PRSG 4 also helped strengthen MFIs as they accessed the MFI Guarantee and Fund and the MFI Capacity Building Fund. As a prior action for PRSG 5, an Memorandum of Understanding between the National Bank of Rwanda and the Ministry of Agriculture and Animal Resources was executed to support investments in the rural sector under the second Rural Investment Facility. The World Bank's engagement in the financial sector through the PRSG/PRSF series also resulted in the adoption of a comprehensive framework for financial support to small and medium enterprises and the modernization of the payment systems as these were prior actions for Poverty Reduction Support 7. The World Bank also modified its required prior actions, policy matrixes, and target indicators to adjust the progress and the development of the Rwandan financial market. The development objectives and the associated policy matrix under the PRSG 5 were revised to increase access to finance and credit for the private sector. The project development objective performance indicator of the PRSG/PRSF series was the share of credit going to the private sector expressed as a share of GDP. The specific target under this policy objective was met when PRSG operation closed in June 30, 2012. The credit to the private sector increased from 10 percent of GDP in 2006 to 14.5 percent in 2012, exceeding the target of 13.9 percent, indicating significant deepening of the

financial sector. The credit to the private sector increased further and reached 21.2 percent in 2016.⁵

During the CPE period of FY09–17, the World Bank has been an important partner to achieve the stability and the deepening of the financial sector as it supported the preparation and the implementation of FSDP I and FSDP II. The World Bank was the main donor who supported the preparation for and the implementation of FSDP and FSDP II, as recognized in the FSDP II report released in October 2012.⁶ In addition to the World Bank, other donor agencies, including the United Kingdom, the Netherlands, the United States, the International Monetary Fund, and the African Development Bank, supported the implementation of FSDP I and II. In 2013, the government of Rwanda adopted the second phase of the Financial Sector Development Program (FSDP II) as an overall long-term financial sector development strategy. The FSDP II is a seven-year program. The World Bank has been providing comprehensive support toward improving legal and regulatory framework and supervision capacity with the implementation of FSDP II. FSDP II had four main programs of (i) financial inclusion, (ii) developing financial institutions, markets and the supporting infrastructure, (iii) investment and savings to transform the economy, and (iv) protecting consumers and maintaining financial stability.

Results of the PRSG/PRSF series and the comprehensive support toward the preparation and the implementation of FSDP I and II show that the World Bank contributed to the strengthening of the financial sector in terms of the regulatory framework and the supervisory capacity. Financial Inclusion program under FSDP II has resulted in an improved legal and regulatory framework for microfinance and SACCOs, improved credit enhancement and guarantee schemes provided by the Business Development Fund, a new high-level consumer protection framework, the implementation of a newly developed financial education curriculum in 130 SACCOs, and a strengthened oversight framework for credit reporting. With respect to the financial inclusion, the Bank Group contributed to improving financial inclusion with its support to FSDP I and II and through IFC projects. In term of the capital market developments, despite progress made through IFC support, the lack of long-term funding continues to be the major obstacle in the financial sector.

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Midterm assessment of FSDP II confirmed that the World Bank and the donors contributed to some progress in the achievement of four programs under FSDP II. From May to July 2016, the midterm assessment of FSDP II was carried out and the final midterm report was released in August 2016.⁷ As noted in table F.3, the overall progress of the FSDP II was at 43 percent. The midterm assessment report of FSDP II called for the urgent need to fast-track coordination and implementation of key actions identified that will enable successful completion of the FSDP II. The report also suggested that the program management, monitoring and evaluation needed to strengthen its operations as highlighted to ensure timely coordination and efficient systems are in place to detect and address any hindrances encountered during the implementation of the program.

Table F.3. FSDP II Midterm Assessment as of August 2016

FSDP II Programs	Done	Done- Ongoing	Ongoing- Incomplete	Not Done	Not Applicable	Total
Program I: Financial Inclusion ⁸	39	34	43	50	11	177
Program II: Developing financial institutions, markets and the supporting infrastructure ⁹	33	30	13	44	4	124
Program II: Investment and savings to transform the economy ¹⁰	8	9	18	9	8	52
Program IV: Protecting consumers and maintaining financial stability ¹¹	16	18	44	4	2	84
Overall progress	96	91	118	107	25	437
Percentage progress	22	21	27	24	6	100

Note: FSDP = Financial Sector Development Program.

Initial results from impact evaluation on financial education for SACCOs indicate that it helped improve the behavior of SACCO members to take better financial decisions. The government of Rwanda, World Bank, and Innovations for Poverty Action partnered to evaluate the impact of financial education delivered through SACCOs on members' financial knowledge, skills, attitudes, and behavior. A workshop held in Kigali on December 7, 2017, shared the initial results from the

impact evaluation. Key findings from the preliminary results from the impact evaluation are as follows:

- Providing financial education to members of SACCOs and giving the SACCOs more operational autonomy to implement the program, made members more knowledgeable of key financial rules of thumb.
- Members who received financial education were more likely to report financial attitudes that emphasize saving and responsible borrowing, and to report having—and strictly adhering to—a written budget and financial plan.
- Members who received financial education were also more likely to report saving regularly toward financial goals.
- However, no impacts were found on account usage, borrowing behavior, or financial security, highlighting the challenge of translating changes in knowledge and attitudes into behavioral change.

In terms of capital market development, IFC may have had some impact over time to increasing access to a long-term financing. IFC's local currency bond was a landmark transaction as it was the first issuance by a nonresident issuer in the market and helped extend the yield curve from the 3-year to the 5-year point; the yield curve has since progressed to the 15-year point. IFC also issued an off-shore bond of \$5 million. This demonstrated that a foreign investor can channel money to Rwanda in local currency and make a return. Nevertheless, following the issuance of IFC's five-year Rwanda franc 15 billion "Umuganda Bond" (\$23 million equivalent) in May 2014, private entities have yet to issue a corporate bond in the bond market in Rwanda.

The lack of access to long-term funding and the heavily reliance on short-term financing remain the major obstacles of the banking sector in Rwanda per the report of National Bank of Rwanda in August 2017. IFC's commitments to the financial sector during FY14–17 were also predominantly short-term guarantees. As of June 2017, short-term deposits (with maturity of up to 12 months) constituted approximately 85 percent of deposits of banks, while long-term deposits (with maturity above 12 months) account for 15 percent. This deposit structure remains a challenge to banks, as banks lack enough long-term funds to

finance the long-term investment needs. Efforts under way to address this issue include improving financial literacy to enhance the saving culture as well as the development of the capital market as a source of long-term funds for banks. IFC's financing also concentrated on short-term guarantees under the Global Trade Finance Program during the FY14–18 CPS period. Even with those commitment numbers, IFC's total net commitment to the financial sector was \$61.8 million from FY14 to FY17, not meeting the ex ante target of \$80 million through 2017. The majority of IFC's net commitment (90.6 percent)¹² from FY14 to FY17 was short-term trade finance guarantees. IFC only committed \$5.8 million in long-term financing during the same 4-year period.

In the financial sector, using relatively modest means, the Bank Group provided sustained support for reforms, to good effect. Overall, the Independent Evaluation Group rates the extent to which relevant Bank Group objectives were achieved as satisfactory.

¹ Financial Sector Reform and Strengthening (FIRST) has a two-tier decision-making structure: (i) a governing council ("Governing Council"), which provides strategic guidance to FIRST, sets overall policies and priorities and approves large projects, and (ii) the Project Management Unit, which manages day-to-day activities of FIRST and approves all projects in coordination with the Project Approval Committee. Program Management Unit: The World Bank Group manages FIRST's work program on behalf of donors through the Project Management Unit as described in the FIRST Charter. The Project Management Unit is led by the Program Manager, who is internationally recruited by the World Bank Group.

² Bank Group staff have since clarified that the Global Trade Finance Program was counted under International Finance Corporation commitment targets at the time the Country Partnership Strategy was formulated, although this is no longer the practice.

³ The program was a programmatic series of four single-tranche development policy operations, Poverty Reduction Strategy Grants 4–6, approved in 2008, 2009, and 2010, respectively, and the Poverty Reduction Support Financing 7 operation (a combination of grant and credit financing) approved in 2011. Total program cost was \$372.6 million (out of which \$30.4 million was provided as International Development Association credit, while the rest was International Development Association grants) (Implementation Completion and Results Report Review, p.4).

⁴ The Global Index Insurance Facility is a dedicated World Bank Group’s program that facilitates access to finance for smallholder farmers, micro-entrepreneurs, and microfinance institutions through the provision of catastrophic risk transfer solutions and index-based insurance in developing countries. Funded by the European Union, the governments of Germany, Japan, and the Netherlands, Global Index Insurance Facility has facilitated more than 1.5 million contracts, with \$151 million in sums insured, covering approximately 6 million people, primarily in Sub-Saharan Africa, Asia, Latin America and the Caribbean.

⁵ The latest World Bank Data—
<https://data.worldbank.org/indicator/FS.AST.PRVT.GD.ZS>.

⁶ The report recognized the contribution of the World Bank task manager as “We also wish to thank FIRST Initiative for financing the work necessary to produce the Second Financial Sector Development Plan and our task manager, Gunhild Berg of the World Bank who provided overall guidance and support.”

⁷ Midterm Assessment of The Implementation of The Financial Sector Development Program II, August 2016.

⁸ Program one, financial inclusion was the second most progressive program of the Financial Sector Development Program II with at least 41 percent of its planned policy actions completed or going on as of August 2016. Most progress was in the areas of capacity building for savings and credit cooperatives and MFIs and strengthening access to finance programs such as the Association of Microfinance Institutions in Rwanda, planned surveys like the FinScope 2015/16 and considerable advances in the financial education and literacy including the conclusion of the national financial literacy strategy. Program one had 53 percent of its achieved outputs so far ranked above satisfactory as of August 2016.

⁹ Program 2, developing financial institutions, markets and the supporting infrastructure, registered the most progress with at least 51 percent of its planned policy actions completed or ongoing as of August 2016. This was mainly attributed to the advancements realized in the growth of the banking sector, the capital markets—especially in the issuance of government bonds, passing of the pension law, separation of life and nonlife insurance that have contributed to the growth in the insurance sector and achievement of almost all targets in development of the payments systems under the supporting infrastructure subprogram, among others. Program two had 50 percent of its achieved outputs so far ranked above satisfactory as of August 2016.

¹⁰ Program three, investment and savings to transform the economy registered the least progress of all programs with only 33 percent of its policy actions completed or ongoing

as of August 2016. The major challenges in this program included, continued constraints to lending to the private sector including lack of sizable long-term savings available to the banks and limited numbers of bankable projects in the targeted sectors. Program three had 48 percent of its achieved outputs so far ranked above satisfactory as of August 2016.

¹¹ Program four, consumer protection and financial stability was the third most progressive program with 40 percent of its planned policy actions completed as of August 2016. However, it had the least number of policy actions that have not yet been commenced and majority of policy actions that have commenced, are under implementation but have not been finalized. This was mainly because majority of the reforms to the financial sector regulatory framework fall under this program and their finalization is significantly delayed by the overdue enactment of the banking law on which a significant majority of the policy actions are partly or entirely dependent on this law. Program four had 86 percent of its achieved outputs so far ranked above satisfactory as of August 2016.

¹² Commitments for the International Finance Corporation exclude mobilization. The International Finance Corporation began reporting average outstanding short-term commitments (not total commitments) in FY15 and no longer aggregates short-term commitments with long-term commitments.

Appendix G. Urban Development

World Bank Group Strategic Objectives

The government of Rwanda has identified urbanization as one of the key drivers of sustained and rapid growth, and economic transformation. It is premised on the notion that urbanization offers opportunities for increasing off-farm employment consistent with international trends that rapid gross domestic product growth was typically accompanied by urbanization and structural transformation. To emphasize its importance, the government of Rwanda's Economic Development and Poverty Reduction Strategy 2 (EDPRS 2), 2013–18, had added urbanization as a stand-alone sector under its economic transformation thematic strategy. With 85 percent of its population living in rural areas, the country is still predominantly rural. Yet, it has been urbanizing rapidly at an average rate of 6.7 percent annually with increasing level of urbanization from 15.8 percent to 26.5 percent for the same period.¹ The government's EDPRS 2 targets that 35 percent of its population will move to the urban areas in 2020. To transform the economic geography of Rwanda and manage the process of urbanization, EDPRS 2 had identified three objectives: (i) integrated development planning and management (ii) develop secondary cities as poles of growth (iii) develop financing and supply options for affordable housing (see EDPRS 2, pp. 22–23).

The World Bank Group's Country Partnership Strategy (CPS) urban objective (or outcomes per the CPS nomenclature) of "development plans for secondary cities developed" is aligned with the government's EDPRS 2 economic transformation strategic theme. Specifically, it contributes to the first of three objectives of the EDPRS 2 economic transformation theme of integrated development planning and management. The CPS urban objective is also broadly consistent with the government's urban policies and strategies including Rwanda's National Urbanization Policy (2015), National Urban Upgrading strategy (2016), and Rwanda Housing Policy (2015).

However, the CPS urban objective is narrowly focused, and does not match the broad scope of Bank Group interventions. The CPS urban objective as articulated also raises the issue of attribution. The government of Rwanda had already

developed a master plan for Kigali in 2013 and is currently under revision, while the Rwanda Housing Authority is leading the efforts in supporting districts including the six secondary cities to prepare and implement their master plans which are also being revised.² Hence, the master plans and their implementation have been under way long before the Bank Group's sectoral engagement. In this regard, the achievement of the CPS objective as narrowly defined could not be attributed to the Bank Group's interventions. Hence, it is important to revisit the CPS objective to clearly link it to the expected results from the interventions supported by the Bank Group. For instance, the results (outputs and outcomes) of the ongoing Rwanda Urban Development Project (RUDP) and other Bank Group interventions should inform the CPS objective for urban development in the next CPS.

The choice of the CPS urban objective may well reflect the early stage of the Bank Group engagement. However, the objective could have been framed in line with the expected interventions which were already under consideration at the time of the CPS preparation in 2014. At the Performance and Learning Review stage, the Bank Group could have used the opportunity to revise the CPS objective. However, the CPS objective remained unchanged at the Performance and Learning Review stage.

Relevance of Design

The Bank Group interventions (lending and nonlending) could plausibly contribute to the government's EDPRS 2 three economic transformation's objectives. However, the Bank Group interventions, which are broader in scope, are not well aligned with the narrowly defined CPS urban objective, as noted above.

Through its FY16 RUDP operation, the World Bank supports Kigali and six secondary cities with basic infrastructure and technical assistance work.³ Although Kigali is not explicitly included in the economic transformation objective, it is implicit in the EDPRS 2 that it will continue to be supported and developed as a regional hub. The integrated planning and management aspect of the government's economic transformation objective is more broadly addressed through the different technical assistance work supported under RUDP. The

World Bank is also preparing a new operation⁴ that would support the government's objective of developing financing for affordable housing.

Contributions from the International Finance Corporation (IFC) include a study on the viability of mortgage financing in Rwanda. It is also in the process of structuring a partnership with the City of Kigali and Rwanda Security Board with IFC equity to develop a 100 hectare property for affordable housing. Previous attempts to provide housing supply through a Special Purpose Vehicle did not materialize due to financial difficulties of one of the partners, Shelter Afrique.⁵

The World Bank's absence in the sector since 2009 had created knowledge and capacity gaps. In this regard, several analytical and diagnostic work and technical assistance or capacity building had been undertaken to address the knowledge and capacity gaps at the project level. The limited knowledge on both the counterparts and the World Bank contributed to implementation delays. The counterparts have limited knowledge and capacity to implement World Bank-financed operations, and the World Bank's lack of familiarity of the application of the standards of the master plans also contributed to implementation delays. With respect to the knowledge gaps in the sector more broadly, several analytical pieces had been undertaken to build the knowledge base and evidence on the role of urbanization in creating off-farm employment and poverty reduction, and how to leverage the urbanization process to drive growth and poverty reduction.

Quality of Analytical Work

Overall, the quality of the World Bank's analytical work is generally good and highly relevant in addressing the knowledge gaps at the project and sector level. However, the sector Advisory Services and Analytics (ASA) projects were completed between 2015 and 2017 long after the government had issued its national urban policy and strategy in 2015.

Two types of ASA were supported by the Bank Group: (i) analytical work to underpin the preparation for the RUDP; and (ii) analytical work associated with urbanization process and its potential linkages with economic and structural transformation, job creation especially for nonfarm employment and poverty reduction. Given the Bank Group's absence in the sector since 2009, both types of

analytical work were highly relevant and critical to inform and influence the dialogue with the government and to underpin the design of the lending operation and strengthen institutional capacity during implementation. The knowledge gap is particularly wide and deep since the World Bank did not have a long track record of engagement in the urban sector in Rwanda compared with other countries in Sub-Saharan Africa (for instance, Kenya, Tanzania and Uganda). Postgenocide, the World Bank had only one urban project in Rwanda that closed in FY10.⁶ It is to be noted however, that before 2014, urbanization was not a stand-alone sector but as an integral part of the infrastructure agenda. At the project level, several background papers were prepared for RUDP including on secondary cities (local economic development, fiscal and financial management, urban upgrading in Kigali among others).⁷

At the sector level, four critical pieces of ASAs were jointly prepared by two GPs (Poverty and Social, Urban, Rural, and Resilience) to inform the government on the role of urbanization in economic development, job creation and poverty reduction in Rwanda. Together, these analytical pieces provided the basis for the synthesis note on *Rethinking Urbanization in Rwanda: from Demographic Transition to Economic Transformation* (2017). In addition, the World Bank's Employment and Jobs Study (2015) also examined the potential role of the six secondary cities in job creation and poverty reduction. These ASAs were completed between 2015–17,⁸ in parallel with the preparation of the RUDP and overlapped with the government's preparation of major urban policies and strategies. The sector ASA work would have been useful at the time of the preparation of the government's urban development policies and strategies.⁹ However, it was completed after 2015 to effectively inform and influence the government's urbanization policies and strategies which were issued in 2015 and 2016.¹⁰ The timing issue is reflected in the World Bank's recommendations for government to rethink its approach toward urbanization beyond demographic transition.

The government's request to the World Bank to undertake a joint study on the Drivers of Future Growth with the inclusion of urbanization as one of the topics suggest that the government is inclined to reconsider its approach on the urbanization process. The government's intention to revisit and update the master plans for Kigali and secondary cities is another example of the possible influence of the World Bank's work on the government's urbanization approach.

The impact of the joint government of Rwanda and Bank Group Future Drivers of Growth remains to be seen and its potential impact could have a cascading effect on the next generation of Bank Group interventions.

Collaboration within the World Bank

Overall, there is good collaboration and division of labor between IFC and the World Bank. The World Bank is envisaged to support the government in providing options in financing for affordable financing. To that effect, the World Bank has started the preparation of an operation that supports the affordable financing scheme. Interviews from the field suggest that there is divergence of ideas between the World Bank's approach to affordable financing and the government. Several missions had been fielded since September 2017 and a concept note was issued in January 2018. On the supply side, IFC has taken on the role of facilitating the structuring partnerships with the government and private sector to address the supply of affordable housing. However, as noted above there has been some setback in advancing the public-private partnership initiative on housing supply provision given the financing difficulties of the private sector partner. The overall challenge of providing affordable housing is the high cost of financing (due to high cost of housing materials) and limited access to housing finance by target beneficiaries.

Dialogue with the Development Partners

The Bank Group's dialogue with the government and development partners is formalized through the Urbanization and Rural Settlement Sector Working Group (SWG). The SWG is chaired by the Ministry of Infrastructure and cochaired by the World Bank. The SWG members include other donors including the UN Habitat, UNDP, KFW, and so on., academia, and nonprofit organization. It meets twice a year. To date, only the World Bank provides project financing for urban development. The Belgian government has started preliminary discussion to support urban development and other sectors. Interviews from the field suggest that the interaction with donors is primarily through the SWG. In some cases, collaboration with other donors is through the project as in the case of UN Habitat which provides training to local officials on informal settlements, with Global Green Growth Institute on green growth across six secondary cities. There

was also collaboration via analytical work in the case of the International Growth Centre (Future Drivers of Growth).

Summary and Challenges

- In sum, the World Bank's CPS objective is congruent with government objectives, but narrowly focused and do not match the scope of Bank Group interventions. The government objectives are ambitious in the context of the time frame (2020) to achieve those three objectives and the World Bank's recent re-engagement. The target of 35 percent urban population in 2020 is ambitious and misplaced in the context of its ambition to become a middle-income country. The solution is not to move people but to create an enabling environment (infrastructure, rural-urban linkages, agglomeration economies) for job creation in urban areas.
- Costs are associated with being absent in the sector: costs in knowledge of the sector and capacity gaps in implementing World Bank-financed operations. The World Bank had to quickly catch up to build its knowledge base in the sector through a series of ASA, that came late to be able to influence EDPRS 2 and the national urban policies and strategies. Given its long absence, the World Bank had to prepare an operation in real time and had to build capacity during implementation which led to implementation delays.¹¹ At the same time, the ASA provided the avenue for dialogue with the government and if the World Bank can sustain its engagement through analytical and lending, it could effectively influence the government's urbanization approach over time.
- The World Bank is currently the main financier in the urban sector. Since there was no other donor lending before the World Bank's re-engagement, the International Development Association resources are spread thinly. The demand for urban infrastructure financing is high within Kigali and six secondary cities. Adding more secondary cities to the mix would not make sense given capacity issues at both the local and national level. What would make sense is to strengthen the synergy between the World Bank's work in urban, transport (connectivity) and agriculture to reinforce each other in ensuring connectivity, trade, and more off-farm jobs.

- The overall approach in lending is adequate in terms of infrastructure provision and the associated technical assistance for contract management, operation and maintenance and revenue and expenditure management. Given the high demand for infrastructure resources and limited capacity, there is need to deepen infrastructure investments at the core and at the periphery to improve connectivity, promote trade and scale economies.
- On the World Bank's support for Kigali-the pilot on upgrading of informal settlements would need to be closely monitored to learn from the pilot (what works and does not work) before scaling up in Kigali and the six secondary cities. The upgrading of informal settlement is a sensitive topic that may have implications on how project affected people are impacted and the challenge therefore is to temper the scale-up before knowing what works and does not work. Interviews from the field suggests that the government wants to proceed quickly to scale up.
- Donor collaboration is generally positive. The World Bank is the only major financier in urban development. New information suggests that there is interest from the Belgian government to finance urban activities. Hence, it is critical for the World Bank to coordinate and collaborate to avoid stretching implementation capacity and ensure harmonized approach.
- There are several findings from the ASA that are critical to inform the next generation of Bank Group interventions including the current operation.

¹ Using an alternative definition (see the World Bank's "Rwanda Economic Geography and Urbanization Synthesis Note," 2015).

² This process has been undertaken by the government with technical support from private consulting firms (as in the case of Kigali City Plan which was prepared by a Singaporean firm). It appears that the government has been reluctant to receive any inputs despite limited capacity within government.

³ Rwanda Urban Development Project (P150844, FY16) is supporting six secondary cities in improving basic infrastructure services (mostly urban roads and drainage), Kigali (upgrading of unplanned settlements). It also provides Technical Assistance and capacity building to six secondary cities in developing local economic development strategies, training for procurement, facility management, and contract management; capacity for managing operation and maintenance systems using Government Service Insurance System tools, upgrading informal settlements. Technical assistance is provided to counterpart agencies including the city of Kigali, six secondary cities, Ministry of Infrastructure, Local Administrative Entities Development Agency, and Rwanda Housing Authority.

⁴ Preparation stage (P165649).

⁵ Providing supply for affordable housing poses a challenge due to limited access to finance and the high cost of building a house and infrastructure due to the landlock nature of the country and the high cost of building materials.

⁶ Prior to 1996, the World Bank approved one project, but it did not get enough buy in from the government and was too complex to be implementable. It was canceled due to slow implementation and conflict in the country.

⁷ The list includes the following: (i) World Bank. Supporting Local Economic Development for Secondary Cities in Rwanda: Rwanda Urban Development Program. Local Economic Development Technical Note, November 17, 2005; (ii) Diagnostic Report on Secondary Cities on local finance (May 2015); and (iii) Financial Management Assessment for the Rwanda Urban Development.

⁸ The list includes the following: World Bank. Rwanda: Employment and Jobs Study (June 2015); Rwanda Economic Geography and Urbanization: Synthesis Note; Reshaping Urbanization in Rwanda.

⁹ The UN Habitat supported the government in drafting the urban strategy and policies. Field interviews suggest that the World Bank was not the government's first choice in leading the sector. The government approached African Development Bank first, but it declined because urbanization was not in African Development Bank's Country Strategy.

¹⁰ The government was advised by the UN Habitat.

¹¹ The previous operation that closed in 2009 took 10 years to prepare the groundwork for the project.

Appendix H. Agriculture

By the mid-2000s, agriculture was the backbone of Rwanda's economy accounting for 39 percent of gross domestic product and 80 percent of employment and providing 90 percent of the country's food needs. But Rwanda's extremely high population density constrains future development options.¹ Rwanda was facing increasing labor intensity, and declining labor productivity, declining farm size, worsening land degradation, pressure on off-farm employment and wages, and fragile food security. With the land frontier exhausted, future agricultural growth will have to come from productivity gains achieved through intensification in a sustainable manner.

As Rwanda recognized the limited potential for job creation in agriculture, the government set as early as 2000 the priority of developing the rural nonfarm economy in its Vision 2020. The Economic Development and Poverty Reduction Strategy (EDPRS) put the rural nonfarm economy (RNFE) in sharper focus by introducing additional components such as skills (under EDPRS) and promoting urban agglomeration (under EDPRS 2) to achieve greater efficiencies in service provision and to encourage clusters of RNFE activities. Rwanda's RNFE can be characterized by the following components: (i) developing agriculture through increased productivity and diversification into higher value marketable crops and thus increase farm incomes, (ii) improving farm to market, regional and international connectivity, (iii) increasing access to electricity, (iv) promoting the private sector, domestic and international, (v) developing relevant skills for the changing economy, and (vi) developing secondary cities that can become economic hubs for RNFE.

This section reviews the first two components and discusses selected agribusiness activities under the Private Sector Development agenda. The other dimensions are discussed in Appendixes A-C (rural infrastructure), appendix E (business environment incl. agribusiness), and appendix G (urban sector).

World Bank Group Strategic Objectives

Before the evaluation period, one of the objectives of the Country Assistance Strategy (CAS)/ISN (FY03–08) was to revitalize the rural economy. Under the FY09–13 CAS, the World Bank's overarching objective was to raise agriculture

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production in a sustainable way. In parallel, the World Bank also started to promote increasing commercialization of agriculture to enhance the impact of its targeted support to agriculture production. As agriculture production had doubled since 2008, the World Bank Group was putting increased emphasis on facilitating the transition from subsistence to more commercial farming practices. In its FY14–20 Country Partnership Strategy, the Bank Group’s main objective was to improve the productivity and incomes of the poor through rural development. Intensifying agriculture productivity remained a key objective, but the World Bank put increased emphasis on enhancing access of rural farmers to financing and markets and improving agriculture value chains. Nutrition also became an increased focus of World Bank interventions (appendix H, annex H.1).

World Bank objectives were fully aligned with Rwanda’s Strategic Plans for Agriculture Transformation (PSTA 2 and PSTA 3) over the evaluation period. The World Bank program in agriculture supported the government’s objectives under the four interlinked programs around which PSTA 2 (2008–12) was built, namely, (i) physical resources and food production fostering intensification and development of sustainable production systems; (ii) Producer Organization and Extension to support the professionalization of producers; (iii) entrepreneurship and linkages to strengthen the public and private sectors; and (iv) the regulatory framework for agriculture. Since 2014, the World Bank has supported the sector through the Program-for-Results (PforR) strongly aligned with PSTA 3 objectives.²

World Bank objectives in the agriculture sector were and remain highly relevant to the government’s key priorities for the country’s development as articulated in Vision 2020 and further laid out in EDPRS 2.

- Rwanda’s vision calls for transforming the economy from subsistence agriculture to a knowledge-based economy in its path to reach middle-income status. To achieve this goal, Rwanda needs as a first step to release human resources currently concentrated in the agricultural sector to support growth in other sectors. Hence, raising agriculture productivity, a core World Bank objective in both strategies, remains vital to enable this structural transformation.

- Rwanda also aims to reduce the number of people living below the poverty line to less than 20-percent and to eliminate extreme poverty by 2020. Since Poverty is mostly a rural phenomenon, further intensifying and commercializing agriculture and diversifying economic activities in rural areas continue to be critical.
- Malnutrition remains a daunting challenge and is estimated that as much as 11.5 percent of Rwanda gross domestic product is lost annually as a result of child under-nutrition.³ The recent increased focus on nutrition interventions will help support Rwanda's EDPRS 2 foundational goal of increased food and nutrition security measured by a target of 90 percent of households having acceptable food consumption.
- Although none of the three Bank Group strategies since 2003 set promoting RNFE as an explicit goal, the strategies supported the six elements⁴ of the government strategy on RNFE, albeit packaged under different goals. Agriculture was the predominant focus, but the strategies also supported connectivity (roads and telecom), power and private sector development as well as skills development and urbanization which were key to unlock rural growth and achieve structural transformation of the economy.

The result framework allowed effective monitoring of progress toward the overall objective of improving the productivity and incomes of the poor. The indicators reflected a sound link between this overall objective and milestones. The latter measured progress in responding to priority sectoral constraints such as increase in irrigated areas and adoption of sustainable intensification technologies, better access to rural infrastructure, rural finance and rural markets, and increased value addition.

Instruments Used

What Products Did the Bank Group Use to Pursue Its Strategic Objectives?

The World Bank played a crucial role in supporting over the last 10 years the implementation of the government Strategic Plans for Agricultural

Transformation (PSTA 1–3) through analytical work, agricultural investment lending projects, budget support, and PforR, as well as in co-chairing the donor group on agriculture until 2014. World Bank support was complemented by International Finance Corporation (IFC) Investment and Advisory Services and Multilateral Investment Guarantee Agency (MIGA) guarantees (appendix H, annex H.2).

The World Bank produced a number of economic and sector work products addressing challenges and solutions in Rwanda’s agriculture sector (box H.1).

Box H.1. Main Economic and Sector Work Findings and Recommendations in the Agriculture Sector

- The 2007 Country Economic Memorandum identified a number of constraints⁵ to growth in the agriculture sector and recommended its transformation to be more market oriented as a priority measure for Rwanda through investments to improve productivity and the value-added of output and support to farmer organizations. The report also noted that developing nonfarm employment would be important to generate alternative income sources, particularly for households with very small landholdings and facilitate the process of moving out of agriculture. The report also made specific recommendations to support tea, coffee and horticulture sector.
 - The 2009 investment climate assessment also emphasized the continued reliance on traditional rain-fed subsistence agriculture as well as export concentration in tea and coffee with little product diversification into higher value-added export baskets. The report recommended inter alia to develop sector-specific export promotion plans and to support seller market linkages through business development services that identify and link exporters directly to external buyers, and the setup of a quality certification program.
 - Regular economic updates also focused on agriculture. The 2011 report outlined a number challenges that still needed to be addressed to sustain productivity increases and fully realize the growth potential of the sector and proposed solutions specific to commercial agriculture for tea, coffee, and horticulture.⁶ The 2012 report focused on intra-East African Community trade in agriculture to promote regional security. The report recommended to regionalize connective infrastructure, to eliminate cross-border infrastructure bottlenecks and to harmonize regional policy, to establish economic integration zones to leverage global demand, to increase labor mobility to generate agglomeration effects in the medium to long term and to address skill gaps in the short term.
-

- In 2014, the World Bank led a major economic and sector work review of the sector “Promoting agricultural growth in Rwanda: Recent Performance, Challenges and Opportunities” which assessed growth alternatives under different scenarios and presented market and competitiveness analyses. Based on the analysis, the report recommended a threefold strategy to (i) continue to promote domestic market demand to lead agricultural growth, (ii) promote regional markets for food crops and livestock, and (iii) broaden the international trade basket and explore nontraditional export niche markets and promote increasing value addition in the production and processing of traditional export commodities. The report described constraints and provided specific recommendations regarding products for which Rwanda showed a comparative advantage, including coffee⁷, tea,⁸ and horticulture.⁹
- The Rwanda Agriculture Public Expenditure Review (2017) analyzed government of Rwanda public expenditure data on agriculture over FY11/12 to 2015/16 and assessed the consistency of spending with stated priorities. The report recommended to improve the quality of spending, notably scaling up domestic spending and improving efficiency in resource allocation, and to reduce the deviations that characterized budget execution. The report also made specific recommendations to improve the quality of decentralization, nutrition sensitive agriculture programming, and adoption climate-smart agriculture.
- The World Bank also provided technical assistance in 2012 to help the government of Rwanda elaborate domestic priorities relating to climate change and to identify strategic priorities relating to improved land and natural resources management.

Source: Independent Evaluation Group.

Between 2009 and 2017, four agriculture-specific projects, five Poverty Reduction Support Grant (PRSG) operations, and two multisector governance and competitiveness investment projects were approved and included specific policy measures, capacity building, and physical investments to (i) support general agriculture competitiveness; and (ii) promote value chain and the development of agribusiness. These were complemented by IFC interventions and MIGA projects to improve the business environment and attract private investors.

Supporting General Agriculture Competitiveness and Commercialization

The Bank Group has provided assistance to the government of Rwanda through investment projects and budget support to foster environmentally sound crop intensification of its hillsides and marshlands¹⁰ and commercialization.

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In 2001, the World Bank designed a long-term (15 years, later expanded to 17) Rural Sector Support Project (RSSP 1–3) adaptable program loan, to help Rwanda unlock rural growth to increase income and reduce poverty. The project supported the adoption of sustainable intensification technologies in targeted marshlands and adjacent hillsides and promoted commercialization of agricultural production. The project was to be implemented nationally in three phases.¹¹ The second phase started in 2008 at the beginning of the evaluation period and the third phase was brought forward in 2012 as RSSP 2 finished one year ahead of schedule.¹² RSSP 3 put increased emphasis on strengthening the participation of women and men beneficiaries in market-based value chains.

In 2009, the World Bank supported a government of Rwanda flagship program through its Land Husbandry, Water Harvesting, and Hillside Irrigation (LWH) project to increase productivity and commercialization on hillsides where the vast majority of arable lands and its farmers are found.¹³ Within each targeted site, this project aimed to address some of the fundamental constraints to agricultural growth in Rwanda, notably promoting good land husbandry in steep terrains to curtail erosion,¹⁴ developing water harvesting infrastructure¹⁵ and hillside irrigation under some portions of each site, addressing the lack of institutional and technical capacity at all levels, improving access to markets, rural finance and rural infrastructure (energy, feeder roads, information and communication technology) by ensuring active link with other World Bank–financed projects, and fostering commercialization (through a value chain approach based on viable market demand).

From 2009 to 2012, the second annual PRSG / Poverty Reduction Support Financing (PRSF), which were the overall umbrella for World Bank support in the implementation of EDPRS 2, also aimed at raising agriculture production in a sustainable manner. These operations aimed to (i) strengthen soil and water conservation and irrigation and (ii) develop a private sector–led fertilizer distribution system.

In 2014, the World Bank designed a programmatic results-based approach to support the implementation of PSTA 3,^{16, 17} which is designed to achieve the EDPRS 2 foundational goal of increased food and nutrient security. The Transformation of Agriculture Sector Program PforR development objectives are to increase and intensify the productivity of the agriculture and livestock sectors

and expand the development of value chains. Thematically, the PforR supports all four PSTA 3 programs and its 24 subprograms.¹⁸

Promoting Value Chains and the Development of Agribusiness

Since early 2000s, the World Bank and IFC have jointly supported the government in building institutional capacity and implementing a policy environment conducive to higher and more diversified export growth. Before the evaluation period, the World Bank adopted the Competitiveness and Enterprise Development Project (2001–12)¹⁹ to promote a competitive climate in Rwanda. One component was to reduce the costs and increase the efficiency of the tea industry, which is one of the two major export crops in Rwanda.²⁰

The first Poverty Reduction Support Grant series (2005–07), before the evaluation period, aimed at fostering private sector-led growth and agricultural transformation.²¹ In 2011, IFC Advisory Services initiated a second Rwanda Investment Climate Reform Program (RICRP 2), to be implemented jointly with the World Bank and MIGA through the Competitiveness and Enterprise Development Project. One objective of the project was to remove critical constraints to investment and exports in the agribusiness sector, focusing on the horticulture and tea sectors. In the tea sector, the government of Rwanda requested IFC support in the privatization of two tea factories and a review of the green leaf pricing mechanisms to ensure fair returns to all stakeholders. With respect to horticulture, the government of Rwanda requested IFC assistance in supporting the development of a land-leasing framework. In 2012, the World Bank approved the Governance and Competitiveness Project to strengthen the institutional capacity of selected institutions to improve competitiveness including within the agriculture sector. The Project sought notably to promote the access of horticulture firms/cooperatives to new export markets (appendix E).

to leverage the outcome of these specific activities in developing agricultural production, Bank Group projects contributed to improved access to markets, to electricity, to Information and communication technology and to rural finance, as discussed under the first pillar of this evaluation. There was an explicit effort in World Bank agriculture projects to actively link with ongoing or pipeline operations and investments on these other critical complementary issues:

- **Transport:** The poor quality of feeder roads hinders trade and rural development as most roads are not motorable. Since 2014, on government request, World Bank support has shifted toward the development of feeder roads, including a strategy for establishing priorities for feeder roads. Road upgrading is expected to reduce transportation cost, which should reduce the price and improve the availability of agricultural inputs and consumer goods and increase output prices (appendix B).
- **Energy:** The World Bank Electricity Scale-Up operation selected a number of sectors targeted by the LWH project and RSSP 3. To build synergies with the agriculture program, support under the project includes PSTA mapping and targeting connections to rural market centers and other clusters of commercial activities, such as coffee-washing stations, tea plantations, and sites for agroprocessing (appendix A).
- **Rural finance:** World Bank agriculture projects also aimed at developing agricultural finance. PRSG 4 aimed at broadening access to the financial sector and supported policy measures to adopt a microfinance law and implement a second Rural Investment Facility to improve incentives to investment in the agriculture sector. One subcomponent of the LWH project focused on (i) improving rural access to financial services (including saving, credit, and insurance) to develop adequate products for rural clients, (ii) improving the financial literacy of farmers' associations and microfinance institutions, and (iii) promoting sustainable rural financial service providers through financial support from the Access to Finance Rwanda Initiative.²² The 2014 agriculture PforR sought to further strengthen, expand and introduce new agricultural finance instruments.²³ Through the Financial Sector Reform and Strengthening Initiative, the World Bank also helped strengthen on-site supervision of rural credit cooperatives and introduced new financial products. Financial inclusion for individuals as well as micro, small and medium enterprises was also provided through the financial inclusion support framework. IFC also supported agricultural competitiveness through the 2014 Advisory Services MicroEnsure Rwanda Scale-Up Project. The project aimed to address access to finance and index insurance to provide

protection from weather-related shocks and improve food security (appendix F).

IFC and MIGA have supported various agribusinesses in the processing industry with the potential to benefit smallholder suppliers, bringing in additional expertise and support from the World Bank team.

- IFC provided two loans to a grain milling company in 2009 and 2010 to enable it to establish a 250-ton per day new wheat flour mill in Kigali and purchase transport equipment to replace the capacity-constrained rail transportation system. In 2011, MIGA approved guarantees covering equity investments and shareholder loans to this company for the establishment and operation of a wheat grain milling plant. The project is expected to increase local wheat flour production thus improving food security, lead to net export of wheat flour, generate local employment, and support local wheat grain production. The project aimed to link local producers to a viable commercial market to lessen local flour mills' dependence on grain imports.
- IFC launched a flagship example of an innovative public-private partnership to establish a processing plant for nutritious food for mothers and children.²⁴ And in parallel IFC also approved a package of support to 11 cooperatives to enable them to supply raw materials (44,000 tons of maize and 12,000 tons of soya) to the plant, while increasing productivity from 2.2 to 4.4 tons.

How Pertinent Were the Instruments, Both Individually and as a Package, in Working toward the World Bank Group's Strategic Objectives?

As a past cochair of the Agriculture Sector Working Group, the World Bank has been instrumental in the policy dialogue with the government of Rwanda and in donor coordination. The World Bank supported the preparation of both PSTA 2 (2008/9–2012/13) and PSTA 3 (2013/4–2017/8) through the Agriculture Sector Working Group, consultative forums, and preparation of Economic Sector Work (box H.1). Lending was informed by analytical work. In particular, a large portfolio of Development Impact Evaluation (DIME) impact evaluation driven

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by the Ministry of Agriculture and Animal Resources (MINAGRI), helped to learn from robust evidence as projects were implemented and contributed to informing policy making. The program of impact evaluation ranges from investment in large infrastructure (terracing, irrigation, and feeder roads), rural finance, accountability in extension service delivery, as well as understanding the mechanisms for operation and maintenance of rural roads and irrigation projects.

A coherent package of World Bank operations supported various aspects of PSTA 1 to 3 as discussed in the paragraphs below.

The programmatic approach that the World Bank adopted was appropriate. A sustained commitment is needed to help Rwanda unlock rural growth to increase rural income and reduce poverty, since the government had to start almost from scratch after the genocide in rebuilding institutional capacities to support productive activities in rural areas. The staggered approach of the 17-year RSSP allows adjustment in project implementation as targeted beneficiaries develop new skills, adjust to new challenges, and exploit new opportunities.

The sequencing of activities was adequate, in particular rightly balancing over time supply effort with demand considerations and value chain development. The initial phase of the 2001–08 RSSP focused on building institutional, technical and human capacity to support the adoption of sustainable intensification technologies in the marshland and associated hills. As this gradually translated into growth in agriculture production, the follow-up phases of RSSP accelerated the pace of intensification and broadened support to commercialization of agriculture (phase 2) and promotion of diversification of economic activities to increase rural incomes (phase 3). The design of the flagship 2009 LWH project on hillsides was able to be informed by success factors in fostering intensification under the 2001–08 phase of RSSP 1.

The World Bank rightly adopted a holistic approach in face of the ambition of PSTA 2 and 3, as evidenced by the transformational nature of the government flagship project on hillsides. Rather than focusing exclusively on land husbandry, water harvesting and irrigation infrastructure, the LWH project included measures to relieve the most binding constraints to unlocking rural growth, such as improving connectivity, marketing, and finance. For example, the LWH project rightly supported marketing activities to address the gaps in the

downstream value chain to render LWH upstream investments profitable. The project financed postharvest infrastructure to ensure proper handling of the produce and exploitation of processing potential. The project also sought to facilitate rural access to financial services (including savings, credit, and insurance) on a sustainable basis to enable financing for working capital and longer-term investments in production and marketing. In addition, the project relied on active linkages with other operations in Rwanda to support critical investments such as electrification, telecommunications, and rural access roads.

The move toward a PforR in 2014 was appropriate but the transition to a “full-fledged” PforR was ambitious and might have required a phased PforR approach with complexity and scope gradually increasing over time. The 2008 RSSP (phases 1–3) and the 2009 LWH projects provided a strong foundation to prepare in 2014 the PforR operation. The effective implementation of PSTA 1 and 2 since early 2000 justified the use of this instrument to assist the government of Rwanda in strengthening result-based programs. The design of the 2014 PforR was comprehensive, as it had the same scope as the government program, thereby supporting the six core drivers of agricultural growth—land husbandry to increase productivity, technology and research, agriculture finance, private sector value chain development and market-oriented infrastructure, and institutional development—by providing horizontal financing to all the programs/subprograms of PSTA 3. As noted in its December 2017 review, the project design was ambitious, even more so taking into account the capacity and monitoring and evaluation challenges in the agriculture sector and could have focused on specific areas to increase its strategic leverage and impact (box H.2).

The investment and capacity building balance was appropriate across these operations. Overall project design determined the right balance and sequence for infrastructure and capacity development for stakeholders, notably participating cooperatives. Since one lesson from RSSP 1 was the importance of developing capacity in the cooperatives upfront, RSSP 2 funded the strengthening of cooperatives at almost twice the level of RSSP 1 and refined the timing of these activities. RSSP 3 provided more resources for capacity building activities focusing on value chain development and the maintenance of infrastructure, which is critical for the sustainability of the development outcomes. Similarly, the LWH project also emphasized the importance of capacity building among

project beneficiaries.²⁵ The project devoted an entire component to capacity development and institutional strengthening for hillside intensification through strengthening farmer organizations, extension, marketing and finance, and supporting MINAGRI and its agencies. At the design stage, the implementation period was initially extended to four years to permit the proper execution of these capacity building activities involving extensive participatory processes. The PforR sought to pursue this capacity building agenda²⁶ by further strengthening cooperatives and farmers' organizations for both improved governance and effective delivery of enhanced services and link with input and output markets, seeking to encourage new bottom-up and inclusive approaches to bring innovations to both on-farm and off-farm activities.²⁷ However, only two of seven disbursement-linked indicators supported capacity building and institutional strengthening at the design stage.

Box H.2. Assessing the Design of the Transformational Agriculture Program-for-Results

The Review of the Agriculture Program-for-Results noted that the operation was lacking an explicit theory of change at the design phase. Hence, certain steps and conditions were missing or not given sufficient attention. Overall, program definition was probably too broad and ambitious to achieve the envisaged objectives.

The design of the individual Program-for-Results elements were appropriate and the quality of the Program Action Plan could be considered as good as most actions were clearly defined and feasible with a realistic timeline. However, some technical aspects which were critical to meet the project development objective could have been more thoroughly assessed in the technical assessment. This includes notably constraints and opportunities for private sector/value chain development, impacts of climate change, appropriate adaptation measures and approaches to facilitate the development of an appropriate innovation system as well as key institutional challenges such as the evolution of the role and mandate of Rwanda Agriculture Board and the decentralization agenda. The neglect of these aspects in the assessment was reflected in shortcomings of program design.

In addition, the results framework and the disbursement-linked indicators (DLIs) verification process faced significant challenges. The DLIs were selected in a balanced manner to provide incentives to support the six transformational drives of inclusive agricultural growth, but no DLIs were directly linked to the two project development objectives. Also, a more robust verification process would be needed to assess achievement of the DLIs. Some indicators of the result framework were not SMART

(specific, measurable, and time bound) and the PSTA 3 results framework, out of which all intermediate results indicators were taken, had never been validated.

The assessment also noted that partnerships with other government organizations and especially private sector organizations and nongovernmental organizations, were not considered explicitly enough in the program design.

Results and Implementation

Public support to rural development contributed to decreasing social vulnerability and improving the productivity and income of the poor especially, but despite this impressive performance, significant challenges remain which call for transition to a new business model with a much larger role for the private sector to determine the allocation of agricultural resources. The performance of Rwanda's agricultural sector has significantly improved. Government national programs have resulted in a major increase in crop production, higher farmer employment and incomes, and decreased poverty as illustrated by various survey results. Overall agriculture growth was 5.5 percent annum between 2000 and 2012. Total factor productivity growth, which exceeded 2 percent per annum since 2005, was largely based on improved technical efficiency. Agriculture production at the household level more than doubled and marketed surplus increased. Developments in agriculture were key drivers of poverty reduction, accounting for more than 45 percent of the total due to increased agriculture production (35 percent) and agriculture commercialization (10 percent) and an additional 13 percent through self-employment in small, off-farm nonagricultural businesses. Poverty remains nevertheless a rural phenomenon with a large number of the poor living in rural areas. Overall productivity and commercial orientation remain low and have plateaued in recent years. Current estimates are that no more than 40 percent of farmed area has been covered by programs under the Land Use Consolidation Program or the Crop Improvement Program.²⁸ As noted in the drivers of growth study, higher growth in agriculture will need inter alia to rely more on improvements in allocative efficiency and technological change, to ensure an increased role for farmers and private firms, to take more advantage of effective research and strengthen certifications including through regional integration approaches, and proactively respond to land degradation and climate change challenges.²⁹

Through an active participation in the Agriculture Sector Working Group, the preparation of economic and sector work, and PRSG/PRSF (4–8) support, the World Bank has contributed to the preparation of agriculture strategic plans (both PSTA 2 and PSTA 3), improved harmonization across development partners, and the formulation of various important agricultural policies. The World Bank’s leadership role within the Sector Working Groups has fostered a more harmonized approach among the development partners, which was critical to the successful endorsement and implementation of the government strategy. This support ranges across a large number of areas such as postharvest strategy, fertilizer regulatory framework, water users’ associations, soil erosion control methods, malnutrition reduction strategies, land consolidation review, irrigation policy, and extension analysis.³⁰ Some of these policies helped to improve the availability of key sectoral inputs which were major drivers of agricultural productivity.

Crop intensification and increased commercialization, which the World Bank supported through a mix of investment and capacity building interventions,³¹ led to significant results in targeted areas. This section discusses Bank Group contributions along the following dimensions: (i) support crop and animal resource intensification and sustainable production systems; (ii) generate higher farmer employment, income and reduced poverty; (iii) improve nutrition; (iv) promote value chains and development of agribusiness; (v) promote gender equality; and (vi) build stakeholders’ capacity.

Supporting Crop and Animal Resource Intensification and Sustainable Production Systems

World Bank support has contributed to significant improvements in sustainable land management, irrigation, and input provision in targeted marshlands and adjacent hills under the 2001–17 RSSP series and on targeted hillside under the 2009–18 LWH project.

- Irrigation and water management: The World Bank RSSP and LWH projects financed an increase in the area under irrigation³² in targeted sites. In parallel, the World Bank fostered the formation of water users’ associations (WUAs) and helped train farmers in irrigation. In marshlands, the entire RSSP 1–3 series will have contributed by the end

of the project to more than 12,000 ha of irrigated marshlands against a total government objective of 45,000. Irrigation has allowed multiple cropping and reduced vulnerability to weather shocks. The LWH project has also developed hillside irrigation for subsections of each site. A midterm evaluation has highlighted large short-term effects of irrigation (box H.3), ranging from cultivation decisions to crop choice and value of production. Irrigation increases adoption of high-value crops and value of sales by 59 and 12 percentage points, respectively.

- Soil conservation, land husbandry and input use. World Bank projects promoted sustainable land management practices to rehabilitate marshlands and develop hillsides, which were key to improve productivity given that 90 percent of domestic cropland is on slopes. The intensification technologies also helped to promote environmental protection.³³ There has been greater protection against soil erosion. For example, erosion has been minimized and the sediment load from the initial LWH sites has been reduced by 76 percent compared with the baseline.³⁴ Under the targeted sites of LWH and RSSP, improved investment in a variety of agriculture inputs also led to gains in crop production. The 2016 LWH impact assessment concluded that despite the poor 2016 season (with lack of rains), the project had contributed to improved access to extension, use of inputs, and adoption of improved agricultural technologies.

Box H.3. The Impact and Sustainability of Irrigation

As Rwanda's agriculture is mostly rain-fed, production is exposed to climatic variation and unreliable rainfall. As such irrigation presents a mechanism to intensify Rwanda's agricultural production. There are three agricultural seasons in Rwanda: season A (rainy in most years), season B (rainy in an average year), and season C (dry). Yet hillside irrigation requires massive infrastructure investment and operation and maintenance is costly. Hence the sustainability of investment will require a shift from staple crop to high-value export crop production such as horticulture which requires steady water intake through the season.

The Ministry of Agriculture and Animal Resources, which plans to scale up hillside irrigation from 9,392 hectares over 2014/17 to 15,300 hectares in 2017/20, has requested an evaluation to measure the cost-effectiveness of these hillside irrigation schemes and to maximize the impact of that investment by learning how to effectively implement contract farming for high-value horticulture.

An evaluation by the Development Impact Evaluation group in 2016 measured the short-term impact of irrigation schemes financed under the Land Husbandry, Water Harvesting and Hillside Irrigation project using spatial regression discontinuity analysis. The construction of these schemes was completed in early 2015 and surveys were completed over 2016/1017. The study finds large impacts in the first year of operation. Specifically, the evaluation found the following results in the first dry season of irrigation adoption (2016 season C, or 16C).

- i. Plot use: Plots just inside the command area are 16 percent more likely to be cultivated relative to those just outside the irrigated area;
- ii. Crop choice: plots are 9–38 percentage points more likely to cultivate horticultural crops;
- iii. Input use: Plots are 8–27 percent more likely to use DAP, CAN or urea;
- iv. Yields: Value-weighted yields increase by 31–77 percent;
- v. Revenue: Sales per hectare have increased. Considering the fact that only one-third of farmers are cultivating in dry season 16C, revenues are expected to have grown up by RF 210,000–300,000 for cultivating farmers.
- vi. A combination of subsidies and demonstration materials increase adoption of high-value crops by 16 percent.

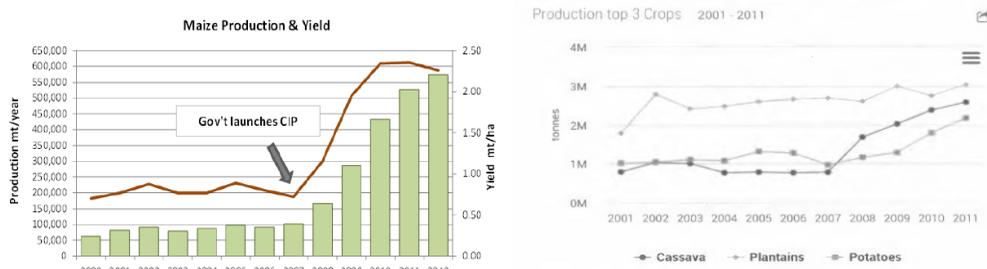
Source: Development Impact Evaluation / Global Agriculture and Food Security Program Impacts and Sustainability of Irrigation in Rwanda, Nov 2017.

Altogether, interventions under both RSSP and LWH led to improved production and drove sharp productivity gains.

- An impact assessment of RSSP 2 (rated highly satisfactory)³⁵ concluded that World Bank programs contributed to rapid increases in crop productivity and yields in targeted areas. By contrast, farmers in nonrehabilitated marshlands didn't have access to irrigation and could plant only one season each year whereas project beneficiaries could plant two cropping seasons as investment increased the supply and regulation of water. For example, the more productive use of extensive fertile marshland areas led to an increase in rice yields from 2.7 tons/ha to 5.7 tons/ha within participating districts and from a low of 1.5 tons/ha to 6.7 tons/ha for direct beneficiaries within one to two years.
- The 2016 DIME evaluation of LWH also found that initial results were encouraging. After two years of project interventions, there was an increase in the proportion of households with access to public extension services (18 percentage point difference between treatment and control), higher adoption of radical terracing (59 percent of households in treatment versus 11 percent of households in control sites), as well as improved investments in a variety of ag-inputs (a 280 percent increase in inputs in season B) which subsequently led to gains in crop production (an increase of RF 19,000 in 2013 season A) and sales (an annualized increase in sales of RF 15,000 in 2014).

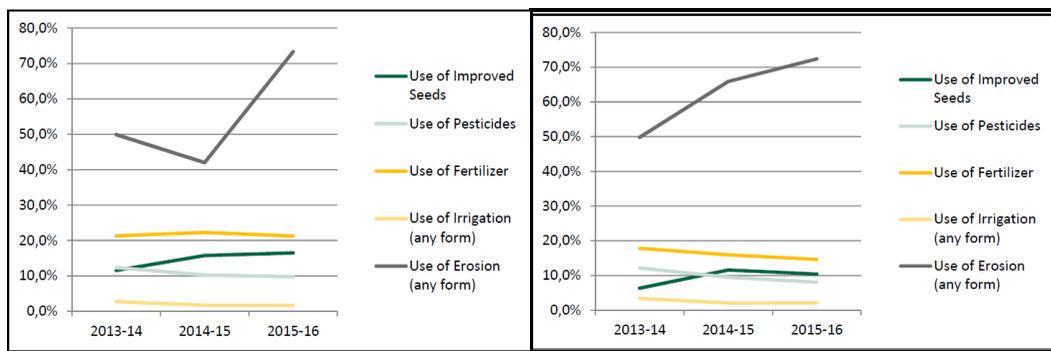
Besides the LWH and RSSP projects, the World Bank's PforR supported government programs to increase and intensify the productivity of the Rwandan agricultural and livestock sector nationwide, with more mitigated results. The performance of Rwandan agriculture has improved since the launch of the Crop Intensification Program (CIP) in 2007 (figure H.1), but significant challenges remain to allow the country to meet its production potential. Production (yields) of beans and maize, which were chiefly targeted under the CIP have increased at a yearly average of 7 and 24 percent (3 and 13 percent) respectively during 2005–14.³⁶ Production of cassava or wheat more than doubled during these years. Output growth was less impressive for non-CIP crops.³⁷ More recently, agricultural productivity has plateaued for some crops (table H.1 in the value chain section),³⁸ while livestock yields have remained consistently low over time. Agriculture yields are estimated to be at 40–50 percent of their productivity potential³⁹ resulting from suboptimal use of production factors.

Figure H.1. Evolution of Production of Selected Priority Crops and Plantains, 2000–12



The share of agricultural land under at least one modern technology has increased continuously but remained below the envisaged target in the government strategy. The technology modernization index (project development objective 1 of the PforR) reports the percentage of family farms employing at least one of the following technologies: (i) improved seeds, (ii) inorganic fertilizers, (iii) irrigation practices, (iv) antierosion measures, and (v) pesticides. This index has increased from 19 percent in 2012/13 to 31 percent 2015/2016, below the target of 34 percent.

Figure H.2. Percentage of Agricultural Operators Using Modernized Farming Techniques (2013–16) in Season A and B



Source: Review of Program-for-Results, Dec 2017.

Note: Season A (Rainy-Oct-Jan), Season B (Rainy in most years – Feb-June).

The improvement is mostly due to improvement in the use of erosion control measures (figure H.2). Indeed, the PforR reported an increase in the number of hectares protected by terraces against erosion over 2013/17 (table H.1).⁴⁰ There is

potential to extend irrigated areas (estimated at just 7.5 percent of irrigable potential). In marshlands, 16 percent of the land has been irrigated and used mostly on rice. But given the high cost of irrigation in the marshlands,⁴¹ future growth in cultivated areas will be best used in higher value products such as horticulture provided value chains are in place.

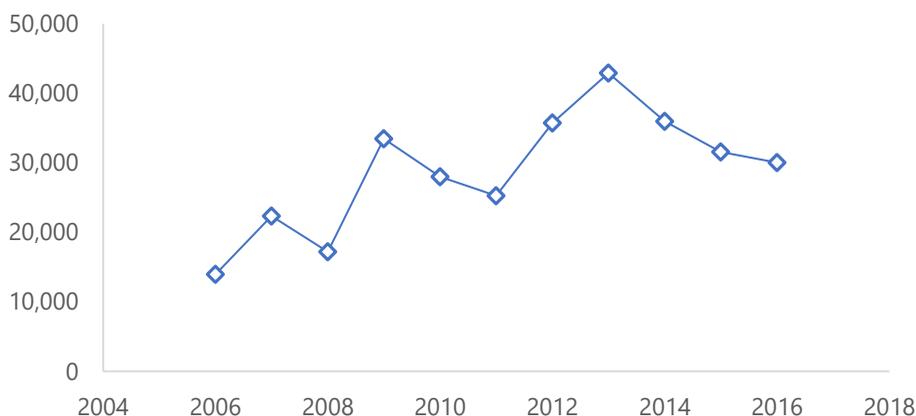
Table H.1. Evolution of Terracing, 2014–16

Source	Terracing Type	Season	2014	2015	2016
NISR SAS	Radical Terracing	Season A (ha)	31,659	27,330	42,582
Percent change	Radical Terracing			-14	56
ISR	Radical Terracing		64,590	82,565	103,918
Percent change	Radical Terracing			28	26
NISR SAS	Radical Terracing	Season A (ha)	80,088	71,210	173,973
Percent change	Radical Terracing			-11	144
ISR	Radical Terracing		846,476	894,213	913,212
Percent change	Radical Terracing			6	2

Source: World Bank Implementation Status and Results Reports and NISR Seasonal Agricultural Survey 2014–16.
Note: NISR = National Institute of Statistics Rwanda; SAS = Seasonal Agriculture Survey.

But the share of small scale farmers using inorganic fertilizer and pesticides has declined or remained stable since 2013/14. The fertilizer application rate in CIP areas reached an annual average of 29 kg/ha/year in 2011–12 compared with a national average of 4.2kg/ha/year from 1998–2005. The share of farms using inorganic fertilizer increased from 12 percent in 2008 to 30 percent in 2012. Despite this progress, application remains low compared with developing country average and mostly concentrated on a few crops with the strongest market linkages.^{42, 43} More recently, the 2017 review of the PforR notes a decline in the use of fertilizer in both season A and B over 2013–16.⁴⁴ The share of farms using inorganic fertilizers declined from 30 percent in 2012 to 19 percent in season A and 15 percent in season B in 2017 (National Institute of Statistics Rwanda). This may reflect the fall in the subsidy from 100 percent in 2007 to between 16 percent and 50 percent in 2016 as well as limited access to financing and extension. District surveys confirmed that farmers find it difficult to access finance and face high input prices (for fertilizer, pesticides, and seeds) even when subsidized. Inefficiencies in terms of volumes, timing, and targeting of fertilizers and improved seeds distributed by the Rwanda Agriculture Board to farmers were highlighted.⁴⁵

Figure H.3. Fertilizer Import Trend 2006–2016



Overall, the World Bank sustained effort throughout the evaluation period to encourage the distribution of seeds and chemical fertilizer by the private sector showed mixed results. World Bank support has been indeed critical to push for the involvement of private sector in the procurement and distribution of chemical fertilizer. Before 2008, this was a dismal situation. The private sector was not able to distribute fertilizers which were entirely distributed by the government of Rwanda with no payback from farmers. The World Bank provided financial support through the food price crisis response trust fund to purchase fertilizers and encouraged policy reforms through the PRSG/PRSF series and PforR to set up regulatory changes and promote capacity building of agrodealers. The private sector started to be involved in distributing fertilizers to the farmers in 2008. In 2013, its role was broadened to take responsibility of the importation of fertilizers. The subsidy was progressively reduced, and the scheme started to face many challenges which led as noted above to lower input use by farmers. Analysis suggested that low demand was driven primarily by (i) lack of finances, and (ii) unwillingness on the part of farmers to buy them in anticipation that government would deliver free inputs. As fraud cases between importers and agrodealers were reported under the subsidy, this prompted the government of Rwanda to change abruptly the distribution scheme in 2016 at the start of the season by installing a monopsony. The private sector remained in charge of importation but were compelled to sell exclusively to an organization owned and staffed by the Ministry of Defence (Agro Processing Trust Corporation), which became in charge of distributing to agrodealers and checking effective delivery to farmers. According

to discussion with stakeholders and task team leaders, this led to a disruption of the input market. Importers are no longer interested in marketing their products on the fields, agrodealers' activity is less intensive as their margin was halved, and farmers reported cases of delays in the distribution of fertilizers or reduced choice of fertilizers. Overall, during the last 10 years, the model has not proved sustainable and there is a need to transition to a new private sector-led model that will supply more adapted fertilizers (box H.4). Some instructive lessons could also be learned from the successful intervention of the "One Acre Fund" nongovernmental organization, which coupled service extension with fertilizer distribution and managed to ensure a successful repayment rate of 99 percent over four years.

The World Bank remained actively engaged in policy dialogue with the government to revamp the fertilizer distribution system to improve its effectiveness. Given the inability of the system to deliver on fertilizer in a way that could encourage broader use, the World Bank team, through the PforR, has engaged with the government of Rwanda to revise this policy. Acknowledging that this is a very sensitive political economy issue, the World Bank is discussing with the government of Rwanda the possibility to conduct a Public Expenditure Review (PER) analysis of the fertilizer subsidy scheme to make the overall system more effective. The underlying vision is to move toward a more market-oriented approach within the new Agriculture Strategy, including for the distribution of fertilizer.

By contrast, the creation of supply and demand for the use of organic fertilizer, supported by the World Bank, is considered a success story. When the LWH was prepared, the primary goal was to boost productivity and control erosion. Lots of radical terraces were constructed on sloping terrain where the top-quality soil was depleted, therefore increasing soil acidity. to respond to this challenge, LWH embarked on massive compost program to teach farmers how to use every biological element in conjunction with the construction of terraces.⁴⁶ The uptake of the use of organic fertilizer was huge. This led to a massive increase in the amount of compost put back in the soil which improved the structure of the soil. This approach was not only cost-effective and good for the environment, but it also created out of economic necessity a business opportunity for farmers. Every farmer has his compost, know how to make it, can sell to other farmers which

provides additional income on top of increased yields. Overall, LWH succeeded to produce organic fertilizer as a business which helped decrease soil acidity.

Box H.4. Private Sector–Led Distribution of Fertilizer: An Unfinished Agenda Calling for a New Private Sector–Led Model

The policy reform didn't lead to expected results and was characterized by two steps forward, one step back, notably with the change of leadership in the ministry in 2016. Since the Poverty Reduction Support Grant 5, the World Bank has been encouraging gradual privatization and liberalization of the fertilizer subsector with the expectation that the government would gradually phase out from distribution.

After 2004, as the government started to focus on the growth agenda, the government of Rwanda embarked on a policy to use fertilizers. The government was a bulk importer and distributed fertilizers through district administrative entities to the farmers free of charge. Farmers were to pay back after harvest. The private sector was prevented from distributing while the government of Rwanda suffered the consequences with a poor repayment rate from farmers. The World Bank had encouraged the government of Rwanda to promote the use of fertilizers but had in mind a market-based system without such a heavy hand by the government of Rwanda.

In 2008, when the food crisis hit, commodity prices shot up and the field-based Bank team actively engaged in policy dialogue. As one key issue was to improve food security, encouraging broader use of fertilizer and good quality seeds was considered critical to help build resilience. The World Bank was able to help the government of Rwanda to respond to the crisis by providing smart subsidies to leverage private sector involvement in fertilizer distribution. The government of Rwanda chose to buy fertilizers using funds provided from the food price crisis response trust fund. The government of Rwanda implemented a subsidy which aimed to compensate for land transport from port so the fertilizer would come in the country at a competitive price compared with others. The subsidy targeted some crops which had more economic value, such as rice, maize, and wheat. The government continued to import but made bulk auctions to the private sector, which could distribute to farmers through agrodealers.

In 2013, the government of Rwanda privatized the importation of fertilizers. Initially, three companies imported fertilizers, selling them to agrodealers, who in turn distributed them to farmers on a cash basis. The subsidy was reduced from 35 percent to 15 percent depending on the fertilizers, but the range of eligible crops was increased to 14, including vegetables (with the exception of sorghum and sweet potatoes). The number of importers gradually increased from 3 to 7, and 916 Agrodealers retailed the inputs. Yet, the uptake by farmers/cooperatives was below expectations.

In 2016, the government of Rwanda changed the scheme abruptly before the beginning of the season to address reported collusion and fraud issues between private sector and agrodealers. The government displaced the private sector in the distribution of fertilizers without discussing upfront this important policy change within the Agriculture Sector Working Group. The importers had to sell exclusively to a single distributor— Agro Processing Trust Corporation, a military-affiliated public entity. When development partners informally learned about the proposed new scheme to displace the private sector, they wrote a memo to the government to warn of likely disruption in the supply chain and noted that if the purpose was to reduce fraud under the input subsidy program, rather than involving the military, one option could have been to simply use an electronic wallet system where money does not actually change hands. Agro Processing Trust Corporation negotiated a fixed margin with importers to transport fertilizers to the sectors but doesn't reach out to the farmers. As the number of stakeholders increased, the margin collected by agrodealers was cut by half, which reduced their ability to market the product. 20 percent to 30 percent of agrodealers left and were replaced by new ones which were trained by the agrodealers' cooperative on an emergency basis. A number of departures were explained by a lack of capital to purchase directly the fertilizer (as some had previously benefited from credit from the importer) or the loss of incentives to operate with reduced margins.

Overall, the last 10 years' model proved not sustainable to provide this kind of service. There is a need for a new business model to transition to a private sector-led distribution which strengthens the distribution and retail networks notably with predictable policies and improved financing.

Source: Independent Evaluation Group.

Other policy measures supported with IFC assistance through the PforR to improve productivity relate to policy improvement in seeds and pesticide distribution and mechanization, but they have not yet been implemented.

- The World Bank encouraged seed distribution by the private sector but the subsidy-based scheme faced similar issues as for fertilizers. The private sector was displaced from seed distribution and replaced by the Agro Processing Trust Corporation, which offers a margin to distribute seeds to agrodealers. Last year, IFC supported the development of a new pesticide and seeds policy through the RICRP 3 project to foster an increased private sector market share.⁴⁷ No institution is yet in place to implement this new seed law. There is a sense among private sector operators that the government institutional capacity is lagging behind and that better seeds are needed to increase farmers' use. As noted by one

task team leader, “The system needs to be opened up more truly, so far it was largely driven by politics. If we look at Bangladesh, other African countries, one key driver of success is to increase the variety of seeds. Rwanda continues to have one of the most closed seed markets in the world.”

- Mechanization will be needed to further improve productivity. The level of domestic mechanization remains low, with only approximately 12 percent of farm operations mechanized. The government was also engaged in the purchase of equipment (tractors). The IFC’s RICRP 3 also aims at helping the MINAGRI develop a mechanization policy, including the possibility of implementing a leasing policy to allow the private sector to intervene, as many farmers cannot afford the purchase of tractors.

Generating Higher Farmer Incomes

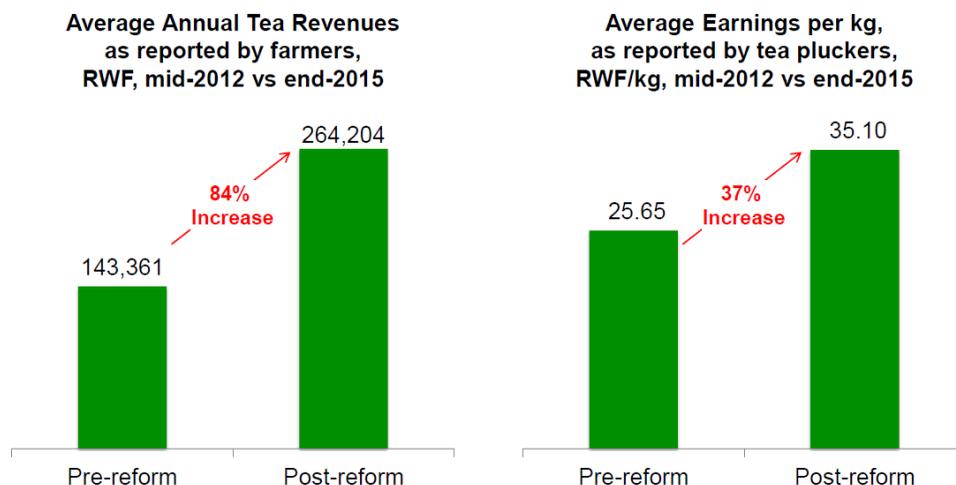
Under World Bank projects, marketing in targeted marshlands and adjacent hillsides improved significantly, but further efforts are needed since only 21 percent of total production is currently marketed at the national level. Under RSSP and LWH, cooperatives’ ability to grow and market many crops over two seasons was a major factor in the increase in revenues. In addition, postharvest infrastructure investments have reduced by 2014 postharvest losses to less than 15 percent of production.⁴⁸ The 2012 impact evaluation of RSSP 2 noted that all project cooperatives marketed on average over 70 percent of their production as a result of the cooperative collection system⁴⁹ against an average of 35 percent in 2008. A number of cooperatives showed innovation in processing and marketing.⁵⁰ Under RSSP 3, progress continued within new targeted areas.⁵¹ Commercialization also increased in hillside areas supported by the LWH project. The indicator on the share of commercialized products from targeted areas is now 79 percent, which exceeds the end-of-project target (70 percent) against a baseline of 35 percent in 2009.

Overall, Bank Group projects contributed to an increase in the income of farmers in targeted areas and strengthening their resilience to shocks. Access to irrigation and water management are reinforcing farmers’ resilience to shocks. The 2012 impact evaluation of RSSP 2 showed improvement in household income and employment. The project also led to income diversification (through the

introduction of new activities such as livestock development and fisheries). Overall, this resulted in higher farm income (more than 100 percent for many beneficiaries).⁵² Socioeconomic well-being also improved as beneficiary households were more likely to own key household durables,⁵³ have better access to electricity, and pay for health insurance (5–10 percent). Under the LWH project, there is evidence as well of increasing incomes to farmers through improved farming practices and their membership of farmer organizations (24 cooperatives).⁵⁴ The 2016 DIME evaluation of three LWH irrigation schemes found that irrigation increased the value of sales by 12 percentage points.

The green leaf tea pricing reforms, supported by IFC's RICRP 3, also contributed to significantly increasing annual tea farmers' and pluckers' revenues.⁵⁵ While advising the government of Rwanda on strategies to accelerate growth of the tea sector, the Bank Group identified the low price paid to farmers for green leaf supplied to factories as a threat to the sustainability of the industry. The low price discouraged farmers from investing in tea and hence depressed factor output and exports. The Bank Group recommended that Rwanda introduce a price-share formula, with farmers paid as a percentage of the final made-tea price earned by their factory with the percentage rising over time. The government of Rwanda introduced a price-share of 30 percent in 2012 and 40 percent at the start of 2016.⁵⁶ A comprehensive evaluation of the impact of the reform on tea farmers confirmed a positive impact on farmer incomes, as well as on farm-related investments, which suggests the possibility of future productivity enhancements. But the evaluation noted that to date, price reforms have not yet resulted in statistically observable impacts on household food expenditure patterns, livestock assets profiles, or subjective household welfare. The analysis suggested that tea pluckers have also benefited from the reform with an uplift in their pay rates comparable in percentage terms to the price increases enjoyed by tea farmers and improvements in work conditions (figure H.4).

Figure H.4. Impact of Tea Reform on Farmers and Tea Pluckers Revenues between 2012 and 2015



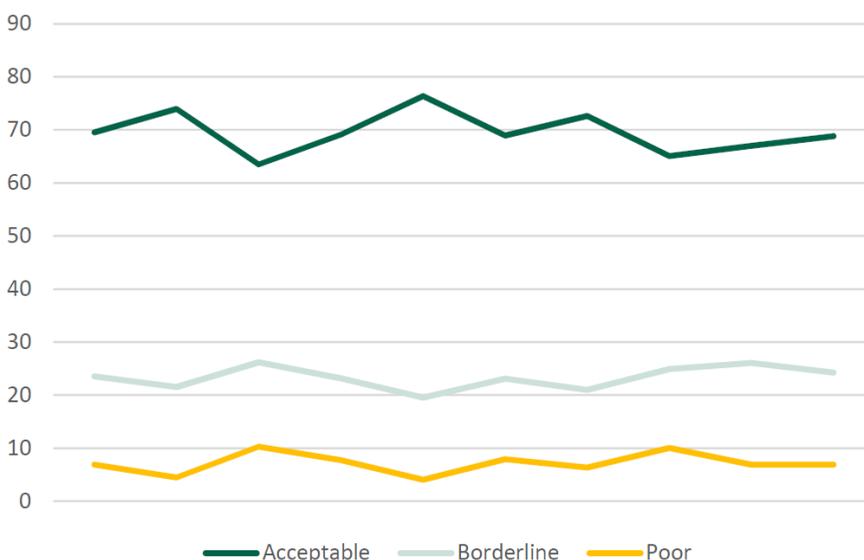
Source: Assessing the impact of green leaf tea pricing reform, 2017.

Improving Nutrition

World Bank support to the implementation of the government Strategic Plans for the Transformation of Agriculture (PSTA 1–3) has contributed to an increase in food production over the evaluation period, but Rwanda remains challenged by nutrition. EICV 3 identified that in 2012, respectively 4 percent and 17 percent of households had poor or borderline food consumption patterns as they remain vulnerable to seasonal shortages. The stunting rate is 37.9 percent and the food security index lies below the average of the Sub-Saharan Africa countries. The 2016 LWH DIME evaluation found that though the treatment group was better off than the comparison group in terms of total income, their status was similar with respect to food security.⁵⁷ The government prepared the Nutrition Action Plan (2013–2017) which the agriculture PforR is supporting.⁵⁸ The PforR targeted an increase in the share of households with acceptable level of food consumption.⁵⁹ Yet, the end 2017 review report of the PforR reported no improvement in adequate food consumption over September 2010–April 2016. Instead, the percentage of households with acceptable level of food consumption declined from 79 percent (2012/13 baseline) to 77 percent in (2014/15 and 2015/16) (figure H.5). Since September 2015, no data on food security have been validated by the government of Rwanda. A number of stakeholders interviewed during the

mission felt that systematic delays in the distribution of inputs have increased food security risks over the past two years in addition to the more erratic rainfall pattern.

Figure H.5. Rwanda National Average Food Consumption Score, September 2010–April 2016 (percent)



Source: World Food Programme 2017.

Note: The World Food Programme is collecting semiannual food security data. The Food Consumption Score is a score calculated using the frequency of consumption of different food groups consumed by a household during the seven days before the survey to measure household food security.

Recent IFC projects, together with the Global Agriculture and Food Security Program, support an innovative initiative that directly seeks to promote better nutrition and effective demand for nutritious food by bringing together different public and private actors, national and international. The proposed initiative represents a comprehensive Bank Group response to support farmer cooperatives and rural communities in the Eastern Province in Rwanda. The initiative finances the setup of a food processing plant in Kigali and in parallel expands business opportunities for food processing and builds capacity at the farmer/cooperative level to supply the required products (soy and maize) to the processing plant and provides finance backing for local banks (box H.5). Some of these cooperatives are supported by the ongoing LWH project. This is an interesting if risky project that could provide insightful lessons for countries in the regions that are fighting malnutrition. This project illustrates how joint work

and integration of efforts among Bank Group units could bring larger benefits to the country.

Box H.5. Linking Farmers to a Food Processing Plant

To address the issue of chronic malnutrition, International Finance Corporation (IFC)—in a blended finance solution—has supported the establishment of a state of the art food processing plant in Rwanda to produce a suite of nutritious products for young children and pregnant and lactating women that will be produced locally and based primarily on agricultural products (maize and soy) sourced from local cooperatives. The project expects to produce fortified blended food for 700,000 children annually and provide additional income opportunities for 12,000 farmers that supply raw materials.

There are significant challenges in sourcing the quality and volumes of maize and soy needed from local farmers, as quality is inferior. These will be addressed with a related IFC supply chain project, complemented by an Advisory Services project that will provide training to enhance farmer productivity, build capacity for participating cooperatives in business and financial management, and support mechanization and postharvest strategies. At the same time, the Global Agriculture and Food Security Program (GAFSP) with IFC will provide short-term funding and risk mitigation to KCB Bank Rwanda to provide access to affordable financing to 11 farmer cooperatives in Eastern Rwanda.

The project is a part of a broader public-private partnerships between the Clinton Health Access Initiative, World Food Programme, IFC, the government of Rwanda, private sector players, and GAFSP to fight child malnutrition in the region.

GAFSP allows for the provision of much-needed long-term capital during the riskier stages of the project, until the business is fully developed, and Africa Improved Foods Limited operates on a fully commercial basis. The World Food Programme and the government of Rwanda are initial customers for the plant with the government providing the land and some storage facilities for the factory.

Source: Independent Evaluation Group Rwanda case study for the rural nonfarm economy evaluation.

Recognizing that challenges to improve nutrition are well beyond just improving production, nutrition has now been put on the front of the agenda and supported through a multisector approach. The latter promotes notably market access (selling/retail), infrastructure (feeder road/storage/marketing), and education on food use as well as health and social protection policy measures (appendix J). On the agriculture front, a 2017 research paper which recently tried to assess the impact of land consolidation on consumption patterns and nutrient availability found the latter didn't have a significant impact on caloric intake or the Diet

Diversity Score,⁶⁰ a core nutrition indicator. Preliminary results find that participation in land consolidation positively affected consumption growth of roots and tubers between 2010 and 2013 but negatively affected the growth of consumption of meat, fish, and fruits. Further, it negatively impacted the growth of vitamin B12 intake which is mostly drawn from animal sources. The greater proportion of land allocated to CIP priority crops and poor market access could explain these results and would call for an evaluation of CIP activities in view of national food security and nutrition objectives. The development partners could also engage in policy discussion with the government to discuss the benefits of a more diversified approach to agriculture development.

Promoting Value Chain and Development of Agribusiness

Continuous support for value chain transformation and enhanced efficiency has been a high priority for the Bank Group over the evaluation period. The development of value chains requires connecting agricultural areas to markets, provision of basic infrastructure, particularly power, investing in postharvest facilities and processing, and training rural workers in new skills. The Bank Group supported the government's strategy to promote value chains and agribusiness on agriculture exports, in particular for tea, but also to develop specialty crops such as horticultural products. More recently, the 2014 PforR continued to support the development of priority value chains for principle staple and export crops as well as dairy, meat and fisheries sector by removing critical bottlenecks.⁶¹

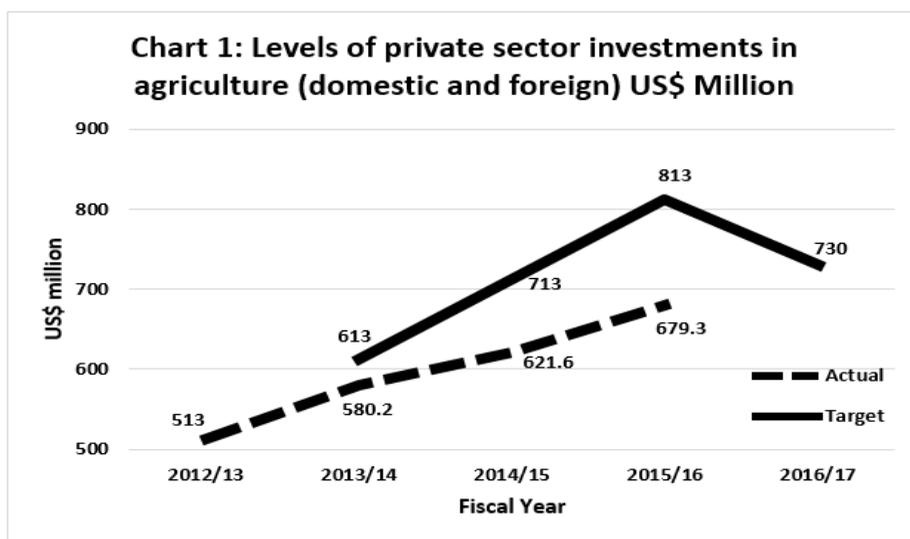
This section discusses the World Bank's contributions to creating a more favorable environment to attract private investment, improving access to rural infrastructure and rural finance, and promoting value chain for tea and horticulture.

Creating a More Favorable Environment to Attract Private Investment

The area of private sector development faces many challenges and overall support through the PforR didn't lead to the desired result which called for a revamped approach to reach further productivity and marketing gains. Producing sufficient quantity and quality of a given crop in a sector composed almost entirely of small farmers remains challenging. The PforR tracks the evolution in the value of major competitive chains as well as private sector

investment. According to the Program tracking systems of PSTA 3, the rate of private sector investment (figure H.6) has increased, but not at the anticipated rate. Annual export growth has varied significantly over time (from below 10 percent to over 20 percent) as exports remain dependent on variable climatic conditions and international prices as well as disease outbreaks.⁶² The PforR targeted through its disbursement-linked indicator improvements in the productivity trends and export of a specific food (cassava) and export crops (tea and coffee) and livestock (milk). Given discrepancies in data from MINAGRI, National Institute of Statistics Rwanda and FAO, it is not possible to establish whether the targeted productivity gains for selected crops under the PforR has been achieved.⁶³ A recent study from Monitoring and Analyzing Food and Agriculture Policy shows declining productivity trends in several crops (table H.2).

Figure H.6. Trends in Private Sector Investment



Dialogue with the private sector could have been more intense to better identify bottlenecks and understand their needs and requirements. Given the important role that the private sector has to play for overall agricultural development, ongoing discussion on the content of plans under a successor PforR operation to focus a significant part of the credit on this topic. As noted by one task team leader, “With the current approach, they went as far as they could with this business model. We now need a more disaggregated approach to get more

productivity gains. So far, farmers were assigned into specific type of production system. To ensure these farmers move toward more quality cropping, there is a need to increase their knowledge and capacity and related infrastructure through private sector.”

Table H.2. Production Growth, Yield Growth, and Share of Imports in Domestic Supply, 2006–15

Product and Supply Type	Year		
	2006–07	2008–12	2012–15
Rice			
Production growth	0	8	7
Yield growth	-4	9	1
% imports	25	28	29
Wheat			
Production growth	8	38	-33
Yield growth	-1	21	-20
% imports	20	35	115
Beans			
Production growth	29	6	0
Yield growth	20	0	-1
% imports	0	1	1
Tea			
Production growth	11	2	14
Yield growth	11	-4	-21
% imports	Exported	Exported	Exported
Coffee			
Production growth	-1	9	4
Yield growth	-5	2	0
% imports	Exported	Exported	Exported

Source: Computations by Monitoring and Analyzing Food and Agriculture Policy using data from FAOSTAT, National Institute of Statistics Rwanda (Seasonal Agricultural Surveys), National Agriculture Export Board, and UNComtrade.

Improving Access to Rural Infrastructure and Finance

Access to rural infrastructure has improved since 2009 and contributed to an improvement in farmers’ income under LWH and RSSP, yet large-scale

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investments are still needed to allow farmers to realize gains from trade to sustain the economic value of agriculture investment. The preliminary results of a DIME evaluation of the feeder road project from a subset of districts are promising. Households in the most remote areas, which are on average significantly poorer, have experienced the largest benefits from road rehabilitation. Farmers' income in the most remote villages, increased by nearly 20 percent, allowing them to fully catch up on the initial income gap. Further evaluative work will need to show whether these results are sustained over time. Despite these encouraging results, the overall value of marketing agricultural products remain below the targeted level and further rural investments,⁶⁴ notably in postharvest storage and road access, are called for to address market inefficiencies.

Progress has been made in rural access to the banking sector, notably through the savings and credit cooperatives (SACCOs), as illustrated by a 79 percent drop in financial exclusion since 2008. National programs have improved financial services in rural areas, notably national financial literacy, the training of staff of financial institutions, and an increased use of mobile money transfers. According to the 2016 Finscope survey, financial inclusion growth among the rural population is higher compared with the overall growth, implying that policies and efforts to deal with urban/rural divide are working. 89 percent of Rwandan adults have or use financial products compared with 48 percent percent in 2008. The increase in formal inclusion was caused by an uptake of banking products and of products offered by nonbank formal financial institutions.⁶⁵ The establishment of Umurenge SACCOs has provided formal financial services to Rwandans who would otherwise not use formal financial services. But the informal sector continues to play an important role in extending the overall levels of financial inclusion, particularly in rural areas and among women. World Bank supervision authorities are now monitoring the performance of a growing number of SACCOs and the Agriculture Guarantee Fund continues to encourage bank lending to agriculture.

World Bank agriculture and social protection projects improved financial access, but the development of innovative agriculture finance still faces constraints and remains at an early stage of development. The labor-intensive methods used in the RSSP and LWH programs with payment for labor deposited in a financial

institution was a very creative way to improve access to banking account while injecting cash in the rural economy that created demand for nonfarm products and services. The 2017 DIME evaluation of LWH showed large gains for financial access and savings with the treatment sample reporting having a banking behavior and formal savings than the comparator households.⁶⁶ The LWH sought to help farmers manage their finances to provide for their families and have money available at the beginning of each season to purchase inputs by testing several schemes. Yet innovative schemes have yet to emerge to induce more active formal banking behaviors at the national level. A promising test of a pilot “commitment savings scheme” induced the LWH team to test similar products at scale in five agricultural cooperatives but when it was expanded and extended to a different district, outside of the careful management of the project team, the impacts of the program didn’t hold (see DIME evaluation). Under PSTA 3, Ministry of Agriculture and Animal Resources (MINAGRI) sought to increase agrifinance lending for farmers and agriculture enterprise investments. Yet the December 2017 PforR review was unable to conclude any impacts of the project on increased agriculture finance for lending and agricultural enterprises. Overall, the actual use of formal financial services remains low. The ratio of agriculture credit to gross domestic product was only 4.6 percent in 2016 compared with 3.6 percent in 2012. IFC is now working with the government on the setup of a leasing framework which could be an indirect way to provide finance for equipment. Likewise, less than one-half of one percent of farmers surveyed reported having access to agricultural insurance.⁶⁷ Weather index insurance schemes were piloted with IFC support but were not successful. To further develop agriculture finance, a recent agriculture finance report has made a number of policy recommendations which are considered in the forthcoming agriculture plan (PSTA 4).

Strengthening the Value Chain of Tea and Horticulture

The Bank Group has successfully supported the privatization of the processing and modernization of tea production. Privatization of productive enterprises and policies to monitor quality and promote exports of coffee and tea exports crops were supported by the World Bank before the evaluation period through the first 2005–07 PRSG series (PRSG 1–3).⁶⁸ During the evaluation period, the World Bank continued to support the government in tea reforms. In parallel, the 2001–12 Competitiveness and Enterprise development supported the government to

build a market-based tea industry through the introduction of private management and investment in tea estates and factories and participation of stakeholders in policy making and marketing through an independent Tea Board. The 2016 Independent Evaluation Group evaluation on industry competitiveness and jobs concluded that the privatization of tea factories was overall successful given its breadth of engagement, proper sequencing and long-term implementation vision. The transfer of ownership was accompanied by several parallel measures including the creation of farmer cooperatives to strengthen the relation between farm and factories and more recently a tea green leaf price reform. Yet, the main challenge continues to be the under-capacity of tea factories primarily due to the limited supply and poor quality of green leaf production (Gathani and Stoelinga 2013).

More recently, IFC support to review the price leaf scheme is providing encouraging results. Until 2011, the green leaf pricing mechanism posed constraints for the industry by discouraging farmers from planning and harvesting as they could earn higher income from growing other crops. The price scheme also incentivized factories to report high costs levels and use old equipment rather than investing in latest technologies and techniques. The 2012 radical reform of the pricing mechanism⁶⁹ adopted with IFC technical support, aimed to increase the quantity and quality of tea produced by farmers. The 2017 impact evaluation showed encouraging results. There is a renewed interest in expanding tea cultivation and as a result total green leaf output has steadily increased since 2013 even before many newly planted areas have started to produce extra leaves. This increase of green leaf supply to the factories contributed to an increase in made-tea output by 15 percent between 2012 and 2016. The price reform also included a quality bonus system, but the latter has not yet resulted in a noticeable improvement in green leaf quality. Overall, despite this improvement, most factories continue to operate below capacity.⁷⁰ This calls for continuing the implementation of this tea price reform to incentivize existing farmers to invest time and inputs in their plantations and attract more farmers to plant tea. There is also a need to refine implementation of the price reform to ensure higher green leaf prices provide incentives for improved leaf quality.

Despite government commitment and Bank Group support to improve competitiveness of horticulture through export development, results in the horticulture sector are below expectations. The 2016 Independent Evaluation Group industry competitiveness and jobs evaluation found that the lack of success in horticulture was due to one critical element missing in the support, namely cold storage infrastructure, suggesting that interventions must pay attention to the full set of binding constraints. Since 2014, the volume of horticulture exports has declined by 9 percent and revenues have also been reduced by 15 percent.⁷¹ The Governance and Competitiveness Technical Assistance Project contributed to organizational, strategy and capacity improvement in the supported institutions (box H.6.), but this alone would not be sufficient to boost exports, as the sector was facing many other bottlenecks.

Box H.6. Improving the Horticulture Chain Through the Governance and Competitiveness Technical Assistance Project

Through this project, the World Bank helped the government of Rwanda to prepare a horticulture strategy which selected the subsectors, markets and commodities that would be prioritized for growth and defined the related marketing strategy and requirements for exports.

The project contributed to the horticulture sector's ability to organize growers and exporters and to facilitate communication between them through support to the Rwanda Horticulture Inter-Organization (the umbrella institution) as well as for the creation of commodity unions and a national federation which has been able to negotiate sales for growers, provide advocacy and act as a one-stop center.

The World Bank also provided critical training in quality measurement and standards, but the project didn't have sufficient funding to fund audit and certification. Nevertheless, National Agriculture Export Board financed those activities. At the time of Implementation Completion and Results Report drafting, three cooperatives had obtained certification as well as National Agriculture Export Board. This is a key achievement since once quality measurement and standards certification is acquired, it will be easier to obtain other certification such as organic or fair trade, which is expected to boost overall exports.

Source: Governance for Competitiveness Project, Implementation Completion and Results Report, October 2016.

Direct support to exporters, improvements in export-related policies, and logistics were other dimensions that would also impact export growth. Another key constraint identified by beneficiaries was land availability. To address this

bottleneck, IFC supported the development of a land-leasing framework but the latter was still pending government adoption by 2016. IFC support to the Rwanda Horticulture taskforce facilitated nine foreign Kenyan investment projects, but overall actual investment was lower than expected.

Promoting Gender Equality

Rwanda has made great strides toward achieving gender equality, but gender disparities are still prevalent in agriculture (box H.7). Gender equity has been highlighted as a foundational and cross-cutting issue under Economic Development and Poverty Reduction Strategy 2 and PSTA 3. The latter is supported by an Agriculture Gender Strategy that requires addressing and mainstreaming gender issues in all phases of planning, implementation, and monitoring and evaluation of PSTA 3 activities.

World Bank agriculture projects had an increasing gender focus over the evaluation period, but results are yet to be assessed. Earlier World Bank agriculture projects (under LWH) had indicators disaggregated by gender. For example, LWH reported the number of female project beneficiaries, the proportion of females using improved farm methods or using the services of formal financial institutions. The most recent 2014 PforR adopted a gender-sensitive approach in the programs it supported. For example, land husbandry program recognizes the need for gender-differentiated approaches, and capacity building programs are enhancing gender-sensitive capacity building of local and national staff and service providers and gender responsiveness in agricultural service delivery. The results framework includes gender-specific targets, specifically, the Increase in Women's Empowerment in Agriculture Index for Rwanda.⁷² The Index is a significant innovation which aims to increase understanding of the connections between women's empowerment, food security, and agricultural growth. In the 2014 baseline survey, Rwanda ranked second highest among 13 pilot countries. Unfortunately, this indicator has not yet been measured to assess more recent developments. Similarly, the 2017 PforR review noted that other intermediate results and disbursement-linked indicators related to gender faced difficulties in tracking. District surveys also found mixed results concerning gender empowerment at the local level, with little or no representation of women and youth in cooperative leadership and management

as well as in supply chain management within coffee and dairy (2017 PforR review). Yet, some anecdotal evidence indicates some positive developments.

Box H.7. Gender Dimensions in Agriculture

“The situation of rural women in Rwanda is still often precarious, characterized by low incomes and wages, low productivity and the danger of being left behind and ending in a rural poverty trap when men leave for nonfarm employment in urban conglomerates. Higher agriculture productivity increased the share of rural wage laborers in Rwanda between 2006 and 2011. But this employment transition was found to be substantially gendered: While young men tended to move out of agriculture toward nonfarm occupations, young women (16–30) have shifted employment within agriculture. They are moving from unpaid farming (on the family farm) to paid farming (on somebody else’s farm). The latter is often low wage, though, and women are often forced to pick up wage employment due to low productivity on their own farms. Older male workers increasingly shift their main occupation outside farming but keep a strong foot on the farm (as secondary occupation). For all these reasons the rural labor force is dominated by women, with 92 percent of the economically active female population engaged primarily in agriculture.”

Source: Independent Evaluation Group, background Rwanda case study for rural nonfarm economy.

Building Stakeholders’ Capacity

Throughout all Bank Group projects, increased emphasis was put on building capacity of the whole range of stakeholders—farmers, cooperatives, water user associations, private agrodealers and distributors, and government institutions. Capacity building was a full component of both the RSSP and LWH agricultural projects.

Bank Group support has strengthened farmers’ organizations under RSSP and LWH and led to a growing number of cooperatives which are playing a key role to increase production and commercialization. The land conservation/development programs empower farmers to organize themselves into self-help groups which often leads to the formation of cooperatives in the participating watersheds. The World Bank provided result-focused capacity building by providing institutional support through local service providers which were trained to provide customized capacity building in business practices, financial accountability and agricultural technology to cooperatives and farmers. The Implementation Completion and Results Report of RSSP 2

noted that “this result-focused training developed the foundation for a production and marketing system superior to the traditional, subsistence-oriented system prevailing before the project.” Within World Bank support projects, members of cooperatives had better access to improved agricultural technology, to postharvest drying and storage infrastructure, to finance from local banks for inputs and capital investments, and to enhanced marketing outlets for their larger volume of produce. Discussions with some stakeholders noted that “capacity building approach was more successful in Rwanda than elsewhere (Uganda, Kenya) and that this project generated a lot of learning notably the benefit of starting to form small groups that will be federated upward rather than starting to work initially with too large groups of farmers.”

Capacity building has fostered improved production technologies within targeted areas. Yet, extension services will need to be further strengthened and expanded to improve accessibility and quality of the services provided to farmers nationwide. Under RSSP and LWH, farmers within targeted areas have adopted sustainable marshland or hillside intensification technologies. Appropriate intensive training and improved agriculture technologies and inputs, coupled with improvement in infrastructure, fostered high rates of adoption of specific improved technologies in marshlands and adjacent hills. Lead farmers train their peers on improved agricultural techniques on various commodities’ production. According to the 2012 RSSP Impact Assessment Survey, 98 percent of the beneficiary farmers had adopted at least two improved sustainable technologies by October 2012.⁷³ This progress was sustained under the ongoing RSSP 3.⁷⁴ Similarly, under the LWH, over 90 percent of female and male farmers used improved farm methods against a baseline of 25 and 30 percent in 2009. The above mentioned IFC advisory project also directly strengthens farmers’ or cooperatives’ capacity in producing wheat and soybeans, in western Rwanda. The PforR sought to further support a scale-up of extension services nationwide through comprehensive training programs, ranging from land husbandry and irrigation extension to mechanization, animal nutrition, and agricultural entrepreneurship. Yet the 2017 review of PforR noted that the effects of the project on the capacities of farmer organizations remain unclear.⁷⁵ By 2016, less than 20 percent of farmers belonged to cooperatives (National Institute of Statistics Rwanda). There is still a strong need to improve farmer skills, including their use of better seeds and fertilizers.

World Bank projects have also helped establish and strengthen WUAs. The World Bank supported the separation of WUAs in charge of operation, maintenance and regulation from cooperatives' management. This was a critical achievement and WUAs are now well established. Under the RSSP, there is a continuous improvement in water fee collection and better maintenance of irrigation infrastructure in targeted marshland. Under RSSP 3, there are now 32 WUAs and water fees payment remains high at over 98 percent.⁷⁶ A similar emphasis was put under the LWH project to ensure the maintenance (virtually unknown) of hillside irrigation schemes. Irrigation systems under LWH are still in an early stage of implementation and it is too early to assess their sustainability. Further support will be needed to empower WUAs.⁷⁷

Findings from World Bank analytical work and discussion with stakeholders, notably the private sector, point to significant challenges in the capacity and institutional development of MINAGRI and districts.

- At the central level: Capacity issues appear at both the planning and implementation stages. MINAGRI capacity needs to be enhanced to improve the allocation of resources. "The distribution of agriculture expenditure appears to be lopsided with research and development receiving a much lower share of expenditures than it should, while agriculture and animal resource intensification receive a disproportionate share" (2017 Agriculture PER). "Recurrent expenditure was relatively low and inconsistent over 2011/12 – 2015/16." Significant budget deviations also characterized budget execution, with implications on the quality and efficiency of services. The agriculture sector adopted the good practice of separating policy making and coordination from implementation, by transferring most implementation functions from the ministry to the Rwanda Agriculture Board (RAB). But as noted in the 2017 PER, "RAB appears to be doing too much and to have transited too quickly from being a small player to become the main actor in implementation of the strategy." This finding was confirmed by the recent RAB audit and discussion held by the Independent Evaluation Group mission with the private sector. In addition, the agriculture sector continues to face significant challenges in monitoring and evaluation. As part of the PforR, the ministry initiated the design of a comprehensive management

information system, but the latter continues to face various implementation challenges. The triangulation of results using additional data and information sources to validate progress under the PforR's targeted intermediate results suggests several discrepancies with reported results (PforR 2017 review).

- At the district level: The 2017 agriculture PER and PforR aide memoire also point to the low quality of decentralization and capacity challenges. MINAGRI continues to implement most expenditure directly or through their field offices. In irrigation, for example, MINAGRI executes 99.8 percent while RAB implements 84 percent of extension services. Decentralized expenditures have little discretionary or devolved content. The only substantive function assigned to districts is in radical terracing but even then, central government entities directly incur 81 percent of the expenditure. The discretionary content of decentralized expenditures amounts to only 10.5 percent. Under PSTA 3, most devolved functions are peripheral rather than substantive (for example, “facilitate implementation,” “act as interface,” or “help inform rural families”) (source: 2017 PER). The PER recommended a thorough review of capacities in districts in the preparation of PSTA 4, and the preparation of a masterplan for a phased transfer of more substantive roles to districts in line with the national goals of decentralization.

Overall Assessment

The Bank Group has been instrumental in the policy dialogue with the government of Rwanda and in donor coordination. The World Bank supported the preparation of government strategies. Analytical work, together with a large portfolio of DIME impact evaluation driven by MINAGRI, helped to learn from robust evidence as projects were implemented and contributed to informing policy making. There has been a growing collaboration between IFC and the World Bank over the evaluation period, as evidenced by IFC's role in the implementation of the PforR or the recent innovative project on nutrition.

Overall, World Bank support contributed substantively to progress in improving agricultural productivity and commercialization in marshlands and hillside areas in targeted sites under the RSSP series and the LWH project. The projects

financed massive irrigation in marshlands that contributed to generating significant surplus (notably in rice production) and infrastructure in hillsides (bench and terraces) to save the soil and retain water for sustainable agriculture production. Beyond providing infrastructure, the projects contributed in the selected sites to setting up and strengthening the technical and managerial capacity of farmers' groups and cooperatives and local WUAs through customized extension services while improving their access to inputs, financing, and markets. RSSP 2 outcome was rated highly satisfactory and both RSSP 3 and LWH (which are expected to close in 2018) are rated satisfactory. All these initiatives benefited from real-time learning through DIME evaluations.

Progress recorded at the national level in implementing the ambitious PSTA 3, supported by the World Bank PforR, has slowed down. The PforR was a major transition from RSSP and LWH as it takes a broader view of agriculture transformation to set an agenda designed to be transformational. It might have been wiser as a first step to embrace a phased approach to increase strategic leverage and impact. Results in the implementation of the PSTA 3 appear to be lagging in several areas—including those supported by the PforR such as productivity gains, private sector involvement and value chain development, and nutrition. Agricultural productivity has plateaued in recent years following sharp improvements over 2005–2012. Yields are stagnant for many food crops and export crops need more in-farm investment. The system proved unable to deliver nationwide adapted fertilizer, improved seeds, and pesticides in a way that could encourage broader use. Food security seems to have worsened since 2015, though no official data have been published since then. The area of private sector development faced many challenges and didn't lead to the desired result. As acknowledged in the future drivers of growth study, vertical coordination through value chains needs to improve and firms should play a larger role to achieve allocative efficiency. Institutional capacity at the central level faces challenges, notably regarding (i) decentralization as MINAGRI and its agencies continue to implement most expenditure directly, (ii) the ability of RAB to fulfill its increasing role and responsibilities in implementing the strategy, (iii) the timely implementation of a number of new policies fostering a more market-oriented approach, prepared with IFC support (for example, seeds, leasing...), and (iv) public-private interface that gives more space to innovation.

Yet, the PforR ended up being critical in fostering debate on the new agriculture policy, informed by a comprehensive PER and the development of a series of diagnostic tools to examine why PSTA 3 missed its private sector targets. The last 10 years' model is not viable to ensure a sustainable transformational impact in the agriculture sector. There is a need to transition to a new model with an enhanced private sector role in the future including through climate-smart land use investment, stepped-up decentralization in line with national goals, and more investment in capacity development. The World Bank's ongoing dialogue with the government of Rwanda to provide assistance in the development of PSTA 4 and to discuss the design of the forthcoming PforR 2 rightly tackles these challenges.

Overall proposed rating: moderately satisfactory.

¹ About half the population currently holds less than 0.33 hectares of land while it is estimated that 0.9 hectares are necessary to feed a family without having an off-farm job (REMA. 2015. Rwanda State of Environment and Outlook Report 2015. Kigali, Rwanda.)

² The objective of PSTA 3 is to (i) intensify, commercialize and transform the Rwanda agriculture sector to enhance food security and nutrition, reduce poverty and drive rapid economic growth and (ii) accelerate sustainable increases and an expanded private sector role in production, processing and value addition and commercialization of staple crops, export commodities and livestock products.

³ As much as 44 percent of children under the age of 5 are stunted and 11.7 percent are underweight (International Finance Corporation Africa Improved Foods Limited farmer financing project).

⁴ See the Independent Evaluation Group evaluation on the rural nonfarm economy.

⁵ Constraints include the low levels of irrigation which create dependency on rain-fed agriculture systems, poor land and soil management practices which led to severe erosion of Rwanda's fertile soil, landlocked position coupled with poor condition of infrastructure which led to very high trade costs and impediments to export, high rate of population growth which put pressure on land and extremely low level of input use. (source 2007 CEM)

⁶ (i) tea: the sector faces difficulties in attracting investors that could bring in new technologies and provide access to established distribution chain. The report recommended to further increase black tea production and diversify into higher value

niches, (ii) coffee: minimizing the oscillation of the production cycle to reduce the underuse of washing station capacity, improving coffee quality consistency and better targeting the high-value coffee market, (iii) horticulture: The production is capital intensive across the supply chain (input, production, postharvest, processing and export). The report recommended concerted efforts to attract potential investors by addressing investment challenges notably land shortage and inadequate resources.

⁷ Recommendations include (i) replacing existing washing stations which are not financially viable as the cost of accessing them is too high for many farmers in remote areas with smaller washing equipment, (ii) considering the practice of coffee cooperatives in Tanzania and hedge coffee sales in future markets to reduce price fluctuations which result in low producer prices and reduce their motivation to care for their trees, (iii) strengthening supporting institutions to nurture self-sustainability in the fully washed coffee value chain (for example, research and input distribution to overcome low yields)

⁸ The report recommend to (i) address major constraints such as lack of knowledge on soil nutrients and marketing expertise, high cost of energy and poor state of rural road network, insufficient processing capacity, absence of strong regulatory capacity for the privatized tea industry, insufficient R&D; (ii) monitor the relations between tea factories and estates with their outgrowers to assure the latter are being paid a producer price in line with world market conditions, (iii) upgrading quality of production and marketing to obtain better price.

⁹ The report recommended to construct and upgrade rural feeder roads, bring together exporters to increase volume of air shipments, promote the use of streamlined official trade channels, facilitate investment by private sector in extension, assembly and quality control.

¹⁰ Rwanda is the land of a thousand hills. For every hill, there is a valley or “marshland,” many of which are under subsistence agriculture.

¹¹ During the first phase, sustainable land management practices were also supported through the 2005 Integrated Management of Critical Ecosystem Project.

¹² The project received additional financing in 2014 and is expected to close in October 2018.

¹³ The project received additional financing in 2013 to finance additional land husbandry work (7000 ha in poorest regions) and 500 ha of irrigation. The closing date was extended from June 2014 to June 2017 and in 2017 a one-year extension was requested until June 2018.

¹⁴ Erosion costs the country 1.4 million tons of fertile soils per year (Land Husbandry, Water Harvesting, and Hillside Irrigation [LWH] Project project appraisal document, p. 1). The project supported soil conservation measures appropriate to differing slope categories (for example, bunding, green manuring, progressive and radical terracing).

¹⁵ The project invests in water harvesting infrastructure, including valley dams and reservoirs. Water storage allows for irrigated crop production for 100 days on average permitting a second crop irrigation infrastructure during the dry season.

¹⁶ The project received additional financing in 2017 and was extended until October 2018.

¹⁷ PSTA 3 comprises four strategic programs and 24 complementary subprograms: (i) agriculture and animal resource intensification, (ii) research, technology transfer, and organization of farmers, (iii) private sector-driven value chain development and expanded investments, (iv) institutional results focused development and agricultural cross-cutting issues.

¹⁸ This encompasses measures for increased soil erosion control, expanded access to small scale irrigation with adequate maintenance in marshlands and hillsides, increased average productivity levels of major food and export crops and livestock, improved generation and adoption of innovation technologies, increase in agricultural finance lending, adoption of gender-sensitive framework and enhanced operational policy environment.

¹⁹ The project was extended in 2006 and 2008, but no changes were made to the component for promoting a market-based industry.

²⁰ The project aimed to build a market-based tea industry through the introduction of private management and investment in tea estates and factories and participation of stakeholders in policy making and marketing through an independent board.

²¹ The Poverty Reduction Support Credits series supported (i) actions to improve the policy environment and institutional capacity in the agriculture sector, (ii) specific measures to diversify the economy through export promotions and increased trade, notably in tea, coffee and horticulture. Prior actions included: (i) the setup of an agricultural guarantee fund to support agricultural exports, (ii) development of feeder roads and storage facilities, (iii) privatization of some tea plantations and strengthening the Tea Authority in providing extension services and monitoring tea quality, (iv) measures to promote exports of Rwandan coffee (including an increase in the number of coffee stations), (v) the development of a commission of horticulture of producers and exporters and a law instituting the Horticulture Development Authority.

²² In 2010, following the result of a UK Department for International Development survey which noted the high level of financial exclusion in Rwanda, the government and the donors setup a company limited by guarantee model Access to Finance Rwanda to provide technical and financial support across the financial sector.

²³ The project seeks to (i) strengthen district-level “Community Savings and Credit Cooperatives” savings and credit cooperatives through training campaigns, (ii) establish a warehouse receipts system, (iii) facilitate value chain finance relationship (incl. triangular finance), (iv) expand agricultural insurance and rural financial instruments.

²⁴ The International Finance Corporation approved a package of equity, loan and syndication to invest in this company to reduce malnutrition among infants and pregnant women. (2017 Performance and Learning Review, p. 47).

²⁵ The government’s original design has a strong “hardware” (infrastructure) focus and a two-year implementation period. The World Bank final design put formation and institutional capacity building activities at the core of the project.

²⁶ Ten of 18 PAP actions were explicitly related to capacity building or institutional strengthening. (2017 Agriculture Program-for-Results (PforR) assessment, p. 26)

²⁷ Agriculture PforR project appraisal document, p. 20.

²⁸ Rwanda Future Drivers of Growth–chapter 5

²⁹ Rwanda Future Drivers of Growth–chapter 5.

³⁰ Agriculture PforR project appraisal document, p. 8.

³¹ Apart from the now closed Rural Sector Support Project (RSSP) 2 project which was rated highly satisfactory, the other agriculture-specific projects (the 2009 LWH project, the 2012 RSSP 3 and the 2014 Transformation of Agriculture Sector Program PforR are still active and scheduled to close in 2018.

³² In marshlands, the entire RSSP 1–3 series will have contributed by the end of the project to more than 12,000 ha of irrigated marshlands against a total government objective of 45,000. RSSP 2 resulted in an additional 3324 ha of irrigated marshland being rehabilitated, hillside development benefiting 10,000 ha (Implementation Completion and Results Report RSSP 2).

RSSP 3 has so far developed 5,948 ha of marshland and 15,620 ha of hillside with sustainable land management practices (which include terracing, agro-forestry, and so on.) another 735 ha of marshlands is under development and the project is on schedule to

achieve the principal targets of 7,000 ha of marshland irrigation and 17,200 ha of hillside under sustainable land management practices.

On hillsides, the LWH project (to be closed in June 2018) has completed over 103 percent of planned land husbandry activities with 83 percent of the irrigation works completed and operational. The cumulative area developed with land husbandry technologies reached 20,601 ha with a further 2,371 ha developed of irrigated command areas. 0

³³ This include soil fertility management, integrated pest management, conservation tillage, contour bunding, construction of erosion control structures, including terraces and vegetative strips and agroforestry practices.

³⁴ LWH restructuring paper (November 2017)

³⁵ 2012 Impact Assessment Survey – Oxford Policy Management Assessment Report.

³⁶ The Crop Intensification Program targeted six priority crops: maize, wheat, rice, Irish Potato, beans and Cassava. The Crop Intensification Program had four components: distribution of inputs, consolidation of land use, provision of proximity extension services and support to postharvest handling and storage.

³⁷ Over FY09–13, productivity increases also exceeded 100 percent for maize (from 1.6 tons/ha to 6.30tons/ha) and potatoes (from 7.0 tons/ha to nearly 20 tons/ha) Source: CASCR FY09–13 p 15

³⁸ See Performance and Learning Review, p. 9.

³⁹ Agriculture PforR additional finance 2017, p. 5.

⁴⁰ Disbursement-linked indicator 1 reports an increase in the land protected against soil erosion according to agreed technical standard (both radical and progressive terracing) under both MINAGRI data and the Seasonal Agriculture Survey data of the Implementation Status and Results Report, but there were significant difference between the reported statistics Hence, this is difficult to conclude whether the targets for this indicator were reached.

⁴¹ The drivers of growth study note that the cost of irrigation is approximately 7.5 to 10 times the annual earnings (including subsidies and cost paid) of rice farmers benefiting from irrigation in the marshlands. (chapter 5)

⁴² Chemical fertilizer use remains far below the developing country average 4kg/ha compare with 300–400 kg/ha Independent Evaluation Group case study – see reference to Booth and Bolooba, 2014 study, p. 2.

⁴³ Maize, wheat, rice, potatoes, coffee and tea

⁴⁴ Source Seasonal Agricultural Survey data – Review of Agriculture PforR, Dec 2017.

⁴⁵ Source 2017 Review of agriculture PforR, p. 33.

⁴⁶ In parallel, government of Rwanda enforced nongrazing to allow people to recover all waste into fertilizer.

⁴⁷ It is expected that private sector market share increase by at least 10 percent as a result of guidelines and regulations supporting gradual exit by the government of Rwanda from the sector. (2017 Performance and Learning Review, p. 45).

⁴⁸ Agriculture PforR 2014, p. 3.

⁴⁹ Implementation Completion and Results Report RSSP 2, p. 16.

⁵⁰ The 2012 OPM report noted that a number of cooperatives invested in rice, maize and cassava mills and adopted better packaging of their produce.

⁵¹ The share of commercialized product on targeted hillside exceed the 60 percent end–target and is close to the 90 percent target for the commercialization of product on targeted marshland (against roughly 44–43 percent in 2012 for men and women respectively)

⁵² Annual income derived from sales for RSSP marshland and hillside households was \$365 versus \$94 among the comparison group (OPM 2012 study)

⁵³ Up to 57 percent of RSSP 2 beneficiaries owned a mobile phone versus 39 percent of people in nonproject communities, up to 33 percent owned a bicycle versus 14.6 percent among other rural Rwandans.

⁵⁴ LWH restructuring Nov 2017 – para 4

⁵⁵ Performance and Learning Review, p. 45. Net income of 60,000 farmers active in the tea sector increase between 10 and 50 percent.

⁵⁶ No annual increments were implemented over 2013–14. As made-tea prices declined in 2014, farmers’ real incomes risked dropping below their level in 2011, so the National Agriculture Export Board intervened and asked factories to retain their 2014 green leaf prices during 2015. Given the failure to implement the original directive and the resulting suspension of the formula, the National Agriculture Export Board requested the Bank Group review and recommend options for the future green leaf prices. The Bank Group confirmed original recommendations and a target of 50 percent by 2017.

⁵⁷ The overall proportion of food insecure households was close to 60 percent in the sample. 2016 was a poor year. The absolute proportion of individuals reporting food

security was almost three times higher in 2016 than in 2014. (source 2016 DIME LWH evaluation, p. 39).

⁵⁸ The design of this component included (i) a scale-up of the kitchen garden program, (ii) improved nutrition knowledge and practices for food insecure households and (iii) developing a program of bio-fortified food and expanding the one cup of milk per child program and (iv) maintaining a national strategic food reserve.

⁵⁹ The Target of Intermediate Result Indicators 15 was the percentage of households with acceptable levels of food consumption would increase from 79 percent in 2012/13 to 82 percent in 2015/16.

⁶⁰ "Measuring the impact of land consolidation on consumption patterns and nutrient availability: evidence from Rwanda. *Davide del Prete, Leopold Ghins, Emiliano Magrini and Karl Pauw. MAFAP.*"

⁶¹ The whole value chain is considered including research, planting material, production, extension, postharvest, value addition, and market analysis of supply and demand.

⁶² The targeted 25 percent annual growth rate for agriculture exports (project development objective2) was very ambitious. The project development objective tracked exports in coffee, tea, pyrethrum, horticulture) to track progress in the development of value chains. Its achievement vary overtime. In 2013/14 and 2015/16, the percentage increase was only 7 percent and 6 percent respectively whereas in 2014/15 and 2016/17, the increases were 22 percent and 23 percent respectively. (Review of Agriculture PforR, Dec 2017, p. 36).

⁶³ Yields for all three commodities differ significantly when comparing data from the Implementation Status and Results Report (Ministry of Agriculture and Animal Resources), the Statistical Annual Survey from the National Institute of Statistics Rwanda, and the Food and Agriculture Organization. Ministry of Agriculture and Animal Resources data report an increase in productivity for all selected crops. By contrast, for coffee and milk, the National Institute of Statistics Rwanda and the Food and Agriculture Organization do not indicate a positive trend. Similarly, National Institute of Statistics Rwanda data indicate no positive trends for cassava.

⁶⁴ In the Agriculture PforR, the original target on increased percentage of agriculture production was reduced from 31 to 25 percent in the Additional Financing Program paper. By June 2017, the value was 22 percent lower than the reported baseline of 28 percent in 2013/14.

⁶⁵ About 65 percent of adults in Rwanda have or use other formal (nonbank) financial products/services (approximately 3.8 million individuals). Saving through formal

institutions (49 percent), show an increase of 13 percent from 36 percent in 2012. The uptake in formal savings is driven by savings at Umurenge savings and credit cooperatives (27 percent) and mobile money savings at 17 percent.

⁶⁶ By 2014, formal account ownership was already above \$90, but the project continued to make marginal gains with near comprehensive coverage in 2016.

⁶⁷ Future drivers of growth study, chapter 5.

⁶⁸ For tea, prior actions were linked to the privatization of the Centre National du Petit Elevage tea factory through Poverty Reduction Support Credit (PRSC 1) and additional tea plantations (PRSC 3), the design of an action plan to promote exports of Rwandan tea (PRSC 1), training of farmers and federation members in organization, management and use of inputs and strengthening of Rwanda Tea Authority in extension services and inspection mission to monitor quality.

For coffee, prior actions were linked to the design of an action plan to promote exports, clarification of institutions responsibilities in monitoring quality, an increase in the number of coffee-washing stations (PRSC 2 and 3) and the setup of extension services delivery contract with washing stations.

⁶⁹ The “made-tea” price is now based on a weighted average price of all Rwanda tea sales on the markets of which farmers receive a fixed percentage (currently 30 percent) as opposed to the previous factory cost model. Farmers also receive a bonus depending on whether or not their tea exceeds a quality threshold.

⁷⁰ In particular, the new greenfield factories are suffering from inadequate green leaf supply.

⁷¹ Performance and Learning Review 2017, p. 34.

⁷² The Women’s Empowerment in Agriculture Index measures the empowerment, agency, and inclusion of women in the agriculture sector in an effort to identify ways to overcome those obstacles and constraints. It measures the roles and extent of women’s engagement in the agriculture sector in five domains: (i) decisions about agricultural production, (ii) access to and decision-making power over productive resources, (iii) control over use of income, (iv) leadership in the community, and (v) time use. It also measures women’s empowerment relative to men within their households.

⁷³ This is well beyond the targeted adoption target by beneficiaries which was 50 percent by the end of the project. The average range of expected adoption rates is usually between 30 to 50 percent with sustainable marshlands and hillside intensification technologies. (Implementation Completion and Results Report RSSP 2 p 15)

⁷⁴ Implementation Status and Results Report 9 note that the percentage of female and male farmers who have adopted sustainable marshland or hillside technologies were 83.4 and 88.7 respectively by December 2016 (against a baseline of 32 and 36 in 2012).

⁷⁵ The proposed indicator to measure capacity enhancements of farmer organization based on a grading system posed methodology issue and was not mainstreamed throughout the country. Data to measure this indicator are expected to be collected by March 2018. (p. 38, PforR review 2017). The indicator included a number of parameters such as inclusion of small and marginal holders, number of total households benefiting from input and output markets and services, participation and leadership of farmers/gender in managing cooperatives and revenue generation.

⁷⁶ 2017 restructuring paper for RSSP 3.

⁷⁷ DIME evaluation on irrigation is testing inter alia the impact of empowering water users' associations to develop, monitor, and control their own operation schedule and maintenance.

Annex H.1. Country Assistance Strategy/Country Partnership Strategy Targeted Outcomes

Objectives or Outcomes Sought	Associated Indicator(s)
Agricultural production—particularly of food crops—sustainably raised (FY09–12)	<ul style="list-style-type: none"> • Production of rice in targeted marshlands to be increased by at least 100 percent by 2012 • Relative to the baseline (originally estimated at 2,340 tons, updated in the CASPR to 8.757 tons) • At least 50 percent of farmers in targeted areas to have adopted sustainable marshland or hillside intensification technologies by 2012 (2008 baseline 25 percent) • Use of mineral fertilizer to be increased • From 14,000 MT in 2006 to 47,600 MT in 2011/12 (target as revised in the CASPR)
Improved agriculture productivity and sustainability (FY14–18)	<ul style="list-style-type: none"> • Marshland and Hillside area under irrigation • Baseline (FY13): 25,490 ha, Target (end FY20): 45,000 hectares • Area of land developed with progressive, bench or radical terraces • Baseline (FY13): 848,538 ha Target (end FY18): 1,050,000 hectares • Increased long-term funding to the agriculture sector • Baseline (FY13): 0, Target (end FY20): \$70–75 million
Improved access of rural /small farmers to inputs, financing, and markets (FY14–18)	<ul style="list-style-type: none"> • Annual lending to agriculture sector as percent of total bank lending • Baseline (FY16): 6 percent, Target (FY20): 9 percent • Improvements in seed registration score. Baseline (FY16): 12.5, Target (FY20): 16.3. • Improvements in micro finance score. Baseline (FY16): 59.1, Target (FY20): 76. • Improvement in plant protection score. Baseline (FY16): 12.5, Target (FY20): 16.3

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Objectives or Outcomes Sought	Associated Indicator(s)
Improved agriculture value chains (FY14–18)	<ul style="list-style-type: none"> • Production of priority food crops increased. • Baselines [2013]: Maize 573,038 MT, Wheat 75,913 MT, Rice 84,079 MT, Beans 452,828MT, Irish potatoes 2,172,421MT, Cassava 2,716,421 MT • Targets [end of FY20]: Maize 2,096,239 MT, Wheat 347,760MT, Rice 377,520,760 MT, Beans 868,002MT, Irish potatoes 4,772,745MT, Cassava 4,270,878MT • Increase of value addition captured within country for coffee and tea export crops • Baseline (FY13): Coffee – 35 percent, tea – 25 percent, • Target (end FY20): Coffee – 60 percent, tea – 45 percent • Number of horticulture cooperatives with linkages to global firms. Baseline (FY13): 1, Target (end FY20): 15

Note: CAS = Country Assistance Strategy; CASPR = Country Assistance Strategy Progress Report; CPS = Country Partnership Strategy.

Annex H.2. World Bank Instruments

What instruments did the World Bank Group use in seeking to help make progress on these objectives/outcomes?

Lending Operation	Analytical Work	Nonlending Technical Assistance
Competitive and Enterprise Dev (P057295; FY01)	Rwanda Capacity Filter—Sector	
Competitive and Enterprise Dev Add Fin SIL (P106978; FY08)	Analysis (agriculture, energy and roads) (P124317; FY11)	
Poverty Reduction Strategy Grant (PRSG IV; P104990; FY08)		TF—Global Food Price Response Program (P113232; FY09)
Poverty Reduction Strategy Grant (PRSG V- VI; P106083, P113241; FY09–10)		
Poverty Reduction Support Financing (PRSF VII-VIII; P117495, P122247; FY11–12)		
Regional (EA)—Great Lakes Regional Integrated Agriculture Development Project (P161781; FY17)		
Land Husbandry, Water Harvesting and Hillside Irrigation (P114931, FY10)		TF—Rwanda Land, husbandry water harvesting and hillside irrigation (P124785; FY11)
LWH Additional Financing (P147543; FY14)		TF—Land Husbandry, Water Harvesting and Hillside Irrigation (P114931; FY12)
Rural Sector Supt APL2 (P105176; FY08)		TF—Second Rural Sector Support (P105176; FY08)
Third Rural Sector Support Project (P126440; FY12)		
Rwanda RSSP 3 Additional Financing (P147605; FY14)		
Governance and Competitiveness TA Project (P127105; FY12)		
Feeder Roads Development (P126498; FY14)		

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Lending Operation	Analytical Work	Nonlending Technical Assistance
Lake Victoria Environmental Management Project Phase II, APL 1 (P100406; FY09)		TF—AFSF Grant to Banque populaire du Rwanda S.A. (P121222; FY11)
Lake Victoria Environmental Management Project Phase II, APL 2 (P118316; FY11)		TF—Landscape Approach to Forest Restoration and Conservation (LAFREC) (P131464; FY13–15) Sustainable Land Management—Support to Investment Framework (TerrAfrica, FY10), and Preparation of National Climate Change (P115344; FY15) TF—Rwanda Pilot Program for Climate Resilience (P160268; FY17) TF—Empowering farmers at district level through social accountability to improve Performance Contracts (Imihigo) in Rwandan agriculture (P162666; FY17)
Transformation of Agriculture Sector PforR – Phase 3 (P148927; FY15)	Rwanda Agriculture Policy Note (P145730; FY15)	TF—Transformation of Agriculture Sector Program Phase 3 PforR (P148927; FY15)
Transformation of Agriculture Sector PforR phase 3– AF (P161000; FY17)		
Transform Agric. Sect. Prg 4 Phase2 (P161876; FY18-pipeline)		
IFC Inv—BGM Rwanda (P28127; FY09; Agriculture and Forestry)		IFC AS—Africa Improved Foods (Rwanda) Supply Chain Development (P600717; FY16)
IFC Inv—Heineken Rwanda (P35078; FY16; Food and Beverages)		IFC AS—Heineken Rwanda Maize Supply Chain Development (P600837; FY16) IFC AS—WFP Rwanda (P601443; FY16)

Note: Operations approved before the evaluation period but active during any—reasonably significant—part of it are included in addition to operations approved during the period. AF = additional financing; APL = adaptable program loan; AS = Advisory Services; IFC = International Finance Corporation; Inv. = Investment Services; LWH = Land Husbandry, Water Harvesting and Hillside Irrigation Project; PRSF = Poverty Reduction Support Financing; PRSG = Poverty Reduction Support Grant; RSSP = Rural Sector Support Project; TA = technical assistance; TF = trust fund; WFP = World Food Programme.

Appendix I. Health, Nutrition, and Population

World Bank community health objectives. As part of its support to Rwanda in the social protection area, the World Bank pursued objectives related to community health, nutrition, and population (HNP) in the initial part of the evaluation period. Through a three-operation programmatic social protection development policy financing series—the first, second, and third Community Living Standards Grants (CLSGs; \$10 million each),¹ approved in April 2009, and March 2010 and 2011, respectively—it sought to support the government’s social protection and health policy reforms designed to reduce extreme poverty, initially in 30 pilot sectors,² and to expand access to high-impact HNP interventions³ at the community level.⁴ The project development objective remained applicable through the life of the CLSG series. At a more general level, the World Bank Group’s FY09–12 Country Assistance Strategy referred to “mitigating health risks” among its objectives and the outcomes it sought.⁵ There was no explicit reference to health in the FY14–18 Country Partnership Strategy, since the 2010 Division of Labor did not assign the health sector to the World Bank.

Relevance of objectives and CLSG series design. The HNP-related objectives were of high relevance and entirely aligned with the government’s 2008–12 Economic Development and Poverty Reduction Strategy, the Bank Group’s FY09–12 Country Assistance Strategy (notably under its second pillar, reducing vulnerability), and the Millennium Development Goals. In particular, higher fertility rates among the poor had seen an increase in the absolute number of people living in poverty, despite a decline in the share of the population in poverty from 57 percent in 2005/6 to 45 percent in 2011, underscoring the relevance of improving access to HNP interventions. The CLSG series’ design was substantially relevant, with a plausible causal chain linking prior actions and outcomes sought, including the outcome indicators selected. In addition, the program’s design features providing for implementation through decentralized administrative structures (districts and sectors) were an appropriate way to operationalize the decision to strengthen services targeted at poor people at the point of service delivery and built on the progress made over several years in decentralizing decision-making and service delivery. Ex post, of course, the Division of Labor’s exclusion of the World Bank from the health sector somewhat

undermined the focus of the design on health care. The design of the series was underpinned by significant analytical work, including a June 2009 Country Status Report on health and poverty.

Background to health care reforms. Rwanda had progressively decentralized its health care service provision and financing. By the time CLSG series began, health facilities were fully autonomous entities, responsible for the management of financial resources, health service delivery, and human resources for health. Two prominent reforms in health financing had played a key role in boosting demand for and supply of health care services: health *mutuelles* (insurance schemes), scaled up nationally in 2005; and performance-based financing (PBF) that linked financing to service providers to performance-based indicators, first introduced in 2005 and scaled up nationally in 2008. The PBF, which was rigorously evaluated, was found to be associated with improvements in health sector outcomes, but also some limitations.⁶

Additional reforms. To accelerate the progress, with technical support from the World Bank, the government put together a proposal to introduce demand-side PBF and obtained \$12 million in grant funding from the Health Results Innovation Trust Fund (known as the RBF Health initiative, notable for its sponsorship of impact evaluation of results-based financing in health). This was folded into the CLSG series with the International Development Association funding. The demand-side incentives were eventually introduced, with the support of the CLSG series, as part of a “second-generation” community PBF that consisted of two components: (i) demand-side in-kind incentives (gifts such as baby cloth packages and water purification tablets) for women seeking antenatal, in-facility delivery, and postnatal care; and (ii) supply-side incentives (additional to the incentives to health facilities in the original PBF), in the form of financial rewards for community health worker cooperatives based on performance in target maternal and child care indicators.

CLSG series policy actions. The CLSG series supported four types of policy actions (there were minor but not fundamental changes in the wording of prior actions compared with initially specified triggers as the successive operations were processed). The first consisted of financial reforms, including tariff reforms to eliminate user fees for long-term family planning methods, and increased budget spent on results-based financing approaches. The second type of policy

action concerned improved planning and budgeting for community health, including the adoption of a Community Health Policy and the approval of an annual implementation plan and budgeting for community health as reflected in the annual medium-term expenditure framework. The third type of policy action concerned the design and adoption of the community PBF program and the development of related institutional mechanisms to provide demand-side incentives targeting women and complementary supply-side incentives, with the overall goal of stimulating contraceptive use, pre- and postnatal care, and institutional deliveries. Finally, the fourth type of policy action covered measures to build in a program of rigorous impact evaluation.

Results under the CLSG series. What results were associated with these policy actions? Four indicators were used to track progress toward the HNP-related objectives of the CLSG series. There was major progress on two of them, partial progress on one, and the remaining indicator was dropped. First, the percentage of married women aged 15–49 using modern contraceptives nationwide increased from 27 percent in 2008 to 45 percent in 2011, surpassing the program target of 38 percent. (iii) The percent of births in an accredited facility increased from 45 percent in 2008 to 68.9 percent in 2011, surpassing the target of 50 percent. (iv) The annual per capita allocation to PBF for health facilities and community health cooperatives did increase—from \$1.45 in 2008 to \$1.64 in 2011—but did not meet the target of \$2.25. (iv) Finally, the percentage of children under five years old with diarrhea receiving oral rehydration therapy was dropped as a project development objective indicator in CLSG 3 for lack of measurement and to ensure consistency with Common Performance Assessment Framework indicators. Given the progress, the Implementation Completion and Results Report Review for the CLSG series judged the achievement of the series' community health-related objectives to be substantial.

Built-in impact evaluation. A very notable feature of the CLSG-supported program was that its design incorporated provisions for a rigorous impact evaluation of the newly introduced community PBF system. To ensure a quasi-experimental setup, the 198 sectors were randomly assigned to one of four roughly equal groups: (i) those implementing only the demand-side incentives part of the community PBF; (ii) those implementing only the supply side (community health worker cooperative) incentives part of the community PBF;

(iii) those implementing both parts; and (iv) those implementing neither (the control group). Briefly, the findings were that the demand-side in-kind incentives for women had a significant positive impact on timely antenatal and postnatal care, but no significant effect on skilled-attended in-facility deliveries. The positive impact finding is particularly noteworthy given that facilities frequently ran out of stock of the gifts and could not provide them to the women concerned,⁷ and suggests that demand-side incentives can improve health care seeking behaviors even if providers (facilities) are already incentivized for the coverage of the same targeted services. On the other hand, the supply-side incentives to community health worker cooperatives were not found to impact any of the outcome indicators, regardless of whether they were paired with the demand-side incentives or not.⁸ It should be noted, however, that the study compared outcomes between sectors where community health worker cooperatives were paid simply for reporting on health indicators and sectors where they were also paid for performance on these indicators. It could therefore be that simply reporting already orients the community health workers toward the targeted indicators, and that given their health knowledge and available time and resources, there is little capacity for additional improvements.

Other Independent Evaluation Group evaluation work. More details on World Bank support for health interventions in Rwanda, including the findings of impact evaluation work under the RBF Health initiative, can be found in Independent Evaluation Group's recent Health Services Evaluation.⁹

Rating. Since health interventions during the evaluation period were confined to the CLSG series, this note follows the Implementation Completion and Results Report Review in rating the achievement of objectives related to health as satisfactory.

Overall proposed rating: satisfactory.

¹ The Community Living Standards Grants series blended \$18 million in International Development Association (of which \$12 in grant) financing with funding from the World

Bank-administered Health Results Innovation Trust Fund, supported by Norway and the UK.

² The Sector (Umurenge), Cell (Akagari), and Village (Umudugudu) levels are increasingly lower-level geographical units, subordinate tiers of the district administrations.

³ High-impact health, nutrition, and population interventions refer to those that significantly impact disease burden in developing countries, including inter alia immunization, use of insecticide-treated bed-nets for Malaria prevention, and pre- and postnatal care. In Rwanda, the disease burden was dominated by communicable diseases: malaria remained the leading cause of mortality and morbidity, and other main diseases included HIV/AIDS, TB, acute respiratory infections, and diarrheas.

⁴ The community health, nutrition, and population service reform agenda supported by the Community Living Standards Grants series had also benefited from previous World Bank support under the Poverty Reduction Support Grant 1–3 series.

⁵ The precise phrasing of the objective or outcome sought in the CAS, which spanned social protection, health, and demobilization and reintegration of ex-combatants, was “Significant health and social risks—to vulnerable groups and social cohesion in Rwanda—are mitigated.” The CAS designated two health-related indicators to track progress toward the outcome: (i) increase in the percent of children under five years old using insecticide-treated long-lasting mosquito nets from 16 percent in 2006 to 85 percent in 2012; and (ii) increase in the percent of assisted births in an accredited health facility from 28 percent in 2006 to at least 60 percent in 2012.

⁶ Details of the performance-based financing system implementation and its results are discussed in P. Basinga et al., “Paying Primary Health Centers for Performance in Rwanda,” Policy Research Working Paper 5190, World Bank, January 2010. The paper reports on data produced from a prospective quasi-experimental evaluation design that was nested in the pay-for-performance program (P4P) rollout and compared facilities in a “treatment” group with those in a control group that continued to receive input-based financing for a two-year period in terms of prenatal care and child preventive care. The study found that significant increases in the provision of some services, such as in-facility deliveries by pregnant women, were associated with P4P. The results suggest that financial incentives are significant and have a larger impact for services in which providers have more control, such as prenatal care quality. The study also suggested that for services that depend more on patient behavior, such as the decision to seek prenatal care, the program could consider providing financial incentives directly to the patient rather than the provider.

⁷ Eighty-one percent of facilities in the two groups implementing the demand-side in-kind incentives reported experiencing stock-outs, and 31 percent reported experiencing stock-outs often or very often. At least in theory, the impact could have been larger if the women seeking treatment had not faced the uncertainty regarding whether they would receive the gifts.

⁸ There were also no significant differences in self-reported community health worker behaviors, such as hours worked or households visited, or in measures of satisfaction or motivation.

⁹ The approach paper can be found at http://ieg.worldbankgroup.org/sites/default/files/Data/reports/ap_healthservices_101916.pdf.

Appendix J. Social Protection

In 2006, the household living conditions surveys highlighted that a large part of the population was not benefiting from growth. Almost 57 percent of the population was living below the national poverty line and one out of three Rwandans were in a state of extreme poverty. Similarly, a 2006 comprehensive food security and vulnerability analysis concluded that 52 percent of households were food insecure or vulnerable. This motivated a decision by the government of Rwanda to develop the Vision 2020 Umurenge Program (VUP) to accelerate poverty reduction. The VUP objectives were to (i) release the productive capacities of the people and offering solutions adapted to their needs; (ii) improve community livelihood assets and ensure their sustainable usage; and (iii) increase the targeting of social protection to the most vulnerable.

The VUP moved away from a host of fragmented interventions and embarked on a more comprehensive approach around three program components:

- **Public works:** Able-bodied adults from extremely poor households can work in public infrastructure works for a guaranteed wage,
- **Direct support:** Unconditional cash transfers are sent to extremely poor households without able-bodied adults,
- **Financial services:** The Ubuduhe credit scheme provides loans at low interest rates to households in the program area, though not necessarily the extreme poor.

The VUP aims to both protect households from falling below survival level and to promote them to improve their material well-being and access to productive opportunities. Following the initial period of VUP development under the Economic Development and Poverty Reduction Strategy (EDPRS), EDPRS 2 started to put more emphasis on the productive role of the program, that is, employment generation, off-farm productive opportunities, and graduation.

The other three social protection programs include the following:

- The Genocide Survivors' Assistance Fund (FARG), which provides assistance to genocide survivors in health, education, direct income support and shelter and income-generating activities.
- The Rwanda Demobilization and Reintegration Program which provides social protection interventions to eligible ex-combatants in the areas of health, education, shelter and income-generating activities.
- The Ministry of Local Government (MINALOC) decentralized social protection transfers is a small level of earmarked transfer made to districts for social protection, focusing on non-VUP sectors targeting extremely poor people.

World Bank Group Strategic Objectives

Support to Social Protection and Demobilization, Reinsertion, and Reintegration of ex-combatants was pursued through the evaluation period. During the FY09–13 Country Assistance Strategy period, the World Bank Group aimed to reduce social vulnerability, including through support to the new flagship VUP and to promote peace and social cohesion through demobilization, reinsertion, and reintegration. During the subsequent Country Partnership Strategy period, the second theme focused on improving the productivity and incomes of the poor through rural development and social protection. The objective was to further expand the coverage and strengthen the targeting of the VUP system. The strategy added a focus on early childhood development to help tackle the issue of intergenerational poverty. Beyond the poverty targeted safety net, the World Bank continued to provide support to ex-fighters to ensure they reintegrated effectively in their communities, though no demobilization, reinsertion, and reintegration-related outcome featured explicitly in the FY14–18 Country Partnership Strategy results framework (including as adjusted in the 2017 Performance and Learning Review).

The relevance of World Bank objectives under social protection was and remains very high. The VUP was incorporated in EDPRS as the country's flagship antipoverty and social protection program. Hence, over the entire period, World Bank objectives were fully aligned with the country's broad goals set out in Vision 2020 and supported the objectives under EDPRS and EDPRS 2 and the

National Social Protection Strategy (adopted in 2011) and updated in 2013 (2013–18). The results framework allowed effective monitoring of progress toward improving the coverage of the population but didn't include indicators to monitor the efficiency of targeting over time.

Table J.1. World Bank Objectives or Outcomes and Indicators

Objectives or Outcomes Sought	Associated Indicator(s)
Significant Health and Social Risks to vulnerable groups and to social cohesion in Rwanda are mitigated (FY09–12)	Percentage of eligible households granted public works in a sample of VUP pilot Sectors to be 35 percent each year 2008–12.
Enhanced effectiveness and expanded coverage of social protection system (FY14–18)	<p>Reinsertion or reintegration support. Up to 26,675 Rwandan Defence Forces and 11,292 Armed Group members and dependents to receive reinsertion or reintegration support by 2012</p> <p>VUP Direct Support coverage:</p> <p>(i) Number of Sectors; Baseline (FY12): 120 Sectors, Target (end FY18): 300 Sectors.</p> <p>(ii) Number beneficiary households (of which, female-headed households). Baseline (FY12): 19,583 households (60 percent female-headed), Target (end FY20): 96,000 households (63 percent female-headed)</p> <p>VUP public works coverage:</p> <p>(i) Number of sectors. Baseline (FY12): 120 Sectors, Target (end FY20): 330 Sectors.</p> <p>(ii) Number of beneficiary households (of which female-headed households). Baseline (FY12): 66,856 households, Target (end FY20): 160,000 households.</p>

Instruments Used

Before the evaluation period, the World Bank supported the government of Rwanda through the Decentralization and Community Development Project (DCDP; 2005–10) which was more of a CDD-type series with revenue-generating activities at community level. But in 2006, when the government of Rwanda recognized that despite lots of growth, poverty was not going down significantly, the World Bank was able to engage dialogue with the government

of Rwanda to encourage more targeted interventions that addressed the needs of the poor. Through the DCDP, the World Bank provided early technical assistance, later complemented by UK Department for International Development (DfID) technical advisers, to develop capacity of MINALOC. This technical assistance contributed to the launch of the VUP in 2007 to provide targeted support to households at the sector level.

What Products Did the World Bank Group Use to Pursue Its Strategic Objectives?

The Community Living Standards Grant Program series 1–3 provided programmatic support over 2009–11 to pilot the VUP initiative in 30 pilot sectors and to expand access to high-impact health, nutrition, and population interventions at the community level (appendix J). The program aimed to enable the government of Rwanda to adopt good international practice policy principles into the design and implementation of the VUP and assess their impact before scaling up the VUP nationwide.

Building on World Bank support to social protection through the DCDP project and Community Living Standards Grant Program series, the World Bank, through the Support to Social Protection System 1–3 (FY12–14) development policy operation (DPO) series continued to support the government of Rwanda in the implementation of its National Social Protection Strategy, approved in 2011, to further consolidate, enhance effectiveness, and expand coverage of its social protection program. The program aimed to (i) strengthen policy development and management capacity of the social protection sector including through establishing an autonomous agency under MINALOC to coordinate core safety net programs, (ii) consolidate the social protection management information system to improve the delivery and monitoring of social protection programs, (iii) expand the coverage and enhance harmonization of the social protection interventions, and (iv) establish operational linkages between social protection and early warning systems linked to climate related shocks.

The Support to Social Protection System series was followed by a third DPO series—the Social Protection System series (1–3, FY15–17)—that aimed at further deepening policy reforms to improve the efficiency, strengthen accountability and transparency, and expand appropriate coverage. This set of second-

generation reforms targets an improvement in the administrative tools (Ubuguhu database and management information system) for improved efficiency, strengthened local staff capacity, an increased harmonization across programs to address beneficiary overlaps and better use income-generating programs, improved accountability and transparency in social protection budgets and citizens' engagement, an improvement in poverty targeting, and an expansion of the VUP to reach full national coverage, including gender and child sensitive reforms.

In December 2017, the World Bank provided investment financing through the "Strengthening Social Protection Project" to further finetune Rwanda's social protection system to improve its coverage and effectiveness. In response to findings of analytical work and emerging national priorities, the new operation supports innovations to better address child poverty and vulnerability in the poorest households, notably targeting vulnerable pregnant mothers and young children to ensure they have access to the services and support needed, including through the introduction of new nutrition support grants.¹

All these operations were underpinned by a large number of analytical works ranging from VUP targeting and poverty surveys, social protection Public Expenditure Reviews (2006 and 2010), a report on policy guidelines for sector harmonization (2012), and the Family Strengthening Initiative, which focused on early child development (2017). Advisory Services and Analytics also included overall assessments of the program such as the "Rwanda Safety Network Assessment" (2012) and the "VUP Impact Evaluation Report" (2014) which respectively highlighted areas needing additional attention in the Support to Social Protection System (FY12–14) and Social Protection System (FY15–17) series. The Rapid Social Response trust fund on social protection and labor system in Rwanda provided programmatic technical assistance to help inform key components of the reforms. For example, the Rapid Social Response trust fund financed a workshop and studies for child sensitive protection, an analysis of the main social protection income-generating programs, the evaluation of the welfare trajectories of VUP beneficiaries to identify individual level drivers and obstacles for change, and technical assistance for strengthening the management information system.

How Pertinent Were the Instruments, Both Individually and as a Package, to Achieving the Bank Group’s Strategic Objectives?

The choice of development policy financing (DPF) proved judicious to establish a strong foundation for a social protection system in Rwanda and could logically have been followed at end-2017 by a Program-for-Results, given the maturity of the system after a decade of continuous budget support. The initial Community Living Standards Grant Program DPF series laid the foundation for a comprehensive national safety net by creating and piloting the VUP. Maintaining programmatic DPF through the Support to Social Protection System series recognized the still formative nature of the institutional environment for social protection and provided flexibility to adapt the program to evolving circumstances in the field. There was a good balance between institutional strengthening (capacity for safety net policy development and management of key institutions) and expanded coverage—a focus that promoted efficiency in execution as well as program effectiveness. Building linkages with early disaster warning systems aimed at further securing the VUP’s poverty alleviation effort by contributing to addressing the effects of temporary shocks on poor households. The follow-up Social Protection System DPF series (FY15–17) provided continuity to the programmatic policy reforms to deepen core areas of the social protection system and introduce a set of second-generation reforms. Given the degree of maturation of the system by end-2017, it is therefore surprising that the subsequent operation was an investment project financing rather than a Program-for-Results operation since the government of Rwanda was in a position to test this system for deliverable results. This would have also been an easier transition for MINALOC, which had been supported over the last decade through budget support. Hence, the choice of the instrument looked like a setback. The evaluation team understood that the World Bank preference would indeed have been Program-for-Results but there was strong pushback from the government of Rwanda, which opted for investment project financing.

Over the past decade, analytical work recurrently assessed VUP contributions and revealed areas of needed reforms. A remarkable feature of these series of budget support operations were indeed the regular production of evaluation and collection of panel data, which helped adjust in policy or targets from one operation or series to the next. Technical assistance provided through the Rapid

Social Response trust fund was key to improve the design and implementation of key service delivery systems.

Through lending and analytical work, the World Bank put a strong focus on building national capacity to help the government formulate the National Social Protection Strategy, strengthen evidence-based policy and program development, and improve management capacity of the ministry and the implementing agency, Local Administrative Entities Development Agency (LODA). In parallel, World Bank activities helped strengthen local capacity for improved service delivery.

The program also complemented other operations in agriculture, governance, and more recently a package of interventions to support early childhood development and nutrition. In the agriculture sector, the implementation of the labor-intensive public works under the Land Husbandry, Water Harvesting and Hillside Irrigation project, which provides employment and earning opportunities for the poor and contributes to the creation and maintenance of community assets, benefited from lessons from the early implementation of the VUP.² The works on transparency and accountability through citizen engagement deepened work supported in the governance sector. More recently, the 2017 social protection project is part of a larger Bank Group program supporting the government of Rwanda in combating malnutrition. Under the program, nutrition support grants would provide a demand-side complement to the supply-side interventions supported by the new nutrition³ and agriculture projects.

Regular interactions among the World Bank team, government, and lead donors through the Sector Working Groups were very constructive. The government of Rwanda's revised Division of Labor framework in 2013 identifies the World Bank as a main international partner, along with DfID (the lead donor agency for social protection) and UNICEF.

Implementation and Results

Did the Outcomes Targeted by the World Bank Group Materialize?

The three series of development policy operations helped establish the foundation of Rwanda's social protection system. World Bank support contributed to gradually expanding coverage, enhancing effectiveness, and consolidating the Social Protection System. This section discusses progress and impact of the reforms supported by the DPO series and related technical assistance, under several dimensions: (i) coverage and targeting, (ii) welfare, (iii) risk management and potential for graduation, (iv) gender impact and (v) institutional capacity building at the central and local level.

Expanding Coverage and Improving Targeting

Under the program, the government of Rwanda has enlarged the percentage of sectors covered by a comprehensive system of cash transfers, increasing steadily the number of households covered by direct support and classic public works programs. The implementation of VUP started in 2008 in 30 poor sectors—one per district.⁴ By the fourth quarter of FY16/17, nationwide, (that is, in all 416 sectors) 95,846 “Ubuguhu 1” households without labor capacity received unconditional cash transfers (direct support), while 128,000 households (in 240 sectors) benefited from short-term work opportunities on labor-intensive projects (classic public works).⁵ Financial services have remained constant at approximately 55,000 beneficiaries per year since its introduction in 2009, with a recent drop in 2015/16 as LODA put in place arrangements for savings and credit cooperatives to assume the management of this scheme. Hence in a decade, Rwanda made rapid progress to ensure expansion of the coverage of the social protection.⁶

The government introduced in 2014 reforms to improve household targeting and the rollout of geographical targeting. VUP uses a community-based targeting approach to identify the beneficiary population. In community meetings, all households in the village were classified into one of six Ubuguhu (that is, poverty categories). The VUP was targeted to the poorest two Ubuguhu categories: Ubuguhu 1 (abject poverty) and 2 (very poor). The 2014 VUP impact evaluation report cast doubt on the targeting effectiveness of Ubuguhu: only 51 percent of the beneficiaries of the VUP, fell within the bottom consumption

quintiles of the 2010/11 household survey, and 26 percent were in the top consumption quintiles,⁷ suggesting significant inclusion and exclusion errors.⁸ To address the suboptimal targeting, the government of Rwanda reduced the number of Ubuduhe categories from 6 to 4 with only the bottom category eligible for social protection benefits and adopted a new set of criteria to guide the categorization of households into the four new categories. The targeting effectiveness of these reforms will be assessed when the results of the forthcoming household survey will be available. In parallel, the government of Rwanda also decided to base the scale-up plan of VUP by poverty levels within a district. As a result, instead of adding one new sector in each district every year, VUP will be operational in a larger number of geographical sectors in the poorest districts than in the better off.

Yet, much work remains to ensure expansion of the coverage of social protection programs. The coverage of public works needs to be extended to a higher proportion of eligible households. Analytical work has identified some challenges with public works, including issues of self-exclusion of moderately labor-constrained households. This problem is particularly acute for female heads of household who are primary caregivers for elderly, sick or disabled relatives. Although they are physically able to work, their labor mobility, including participating in VUP public works, is limited by their caregiving responsibilities.

The government has recently redesigned the VUP to broaden coverage and improve its efficacy by expanding direct support targeting criteria to include more vulnerable households, especially those with limited labor and caring responsibilities and by introducing in 2016 and planning to gradually scale up expanded public works to offer year-round, multiyear, flexible part time work opportunities to labor-constrained households.

Impact on Material Well-Being of VUP Beneficiaries

Analytical works point to some improvement in the well-being of VUP beneficiaries, with more pronounced effect for direct support beneficiaries. In fact, the 2014 VUP impact evaluation noted significant differences in the levels of financial support across VUPs, with public works beneficiary households receiving an average transfer of 44,000 RwF per year (for an average of two

months of work) versus an average of 160,000 RwF per year for direct support beneficiaries. The 2014 survey also found that on average 60–70 percent were received on time, with more delays encountered in the case of public works (half the transfers) versus direct support (30 percent of delayed transfers). However, when transfer payments were delayed, the delay was longer than one month. Twenty to 30 percent of households were forced to borrow from outside or take an additional work to make ends meet. The average number of days offered under public works and timeliness of payment would need to be increased to improve the adequacy and reliability of total annual transfers.

The evaluation showed that the program enabled VUP beneficiary households to meet immediate needs but also contributed to an increase in livestock holdings for both public works and direct support households, although these effects were less pronounced for public works households. Other positive effects include an improvement in food security and access to health insurance for labor-constrained households who received unconditional cash transfers (direct support; box J.1). During discussions with VUP beneficiaries (both public works and direct support recipients) in Bugesera district, the team heard many testimonies from beneficiaries which corroborate the significant impact of the VUP on households' living conditions.

Impact of the Program on Risk Management and Graduation

An important question is the extent to which positive impact on household well-being can be sustained in face of a shock when households leave the program. This is a key issue that needs to be well understood as the government of Rwanda is putting increased focus on program graduation.

Building resilience takes time. On average, beneficiaries didn't see VUP wages as providing a much-needed safety nets during these periods. Initial results from the 2014 quantitative analysis and follow-up 2015 qualitative study on the welfare trajectories of VUP beneficiaries suggest that longer-term support is needed to ensure a gradual and potentially more sustainable expansion in material assets and material well-being and build more effective resilience to shocks (box J.2).

Box J.1. The Impact of the VUP on Household Well-Being

The qualitative study of the 2014 poverty assessment found that the Vision 2020 Umurenge (VUP) was perceived as having a positive impact on household conditions. In particular, the study noted that the program provided a key source of employment for youth and an income source for the vulnerable and elderly, however the VUP coverage at the time of the third Integrated Household Living Conditions Survey was not large enough to conduct a quantitative analysis.

The 2014 VUP impact evaluation further investigated these preliminary findings by using panel data collected in 2009, 2011, and 2014.^a

The VUP contributes to an increase in livestock holdings, with much stronger impacts for direct support households and for households benefiting from VUP for longer time periods. The impacts range from 0.118 tropical livestock units (TLU; roughly equivalent to 0.5 goats) for public works and 0.3 TLUs for direct support (approximately 1.5 goats), with households that have benefited from VUP for three years showing greater gains (0.36 TLU equivalent to 1.5 goats for public works and 0.54 TLU or just over 2 goats for direct support).

Beneficiaries of the VUP direct support cash transfers show significant improvements of 0.2 meals per day and consume 1.7 meals per day on average. Whether the increase in the number of meals led to an increase in the quality and the calorie intake cannot be assessed. Although there is no similar increase among VUP public works beneficiaries, both types of VUP households benefit from an increase in food expenditures.

VUP has resulted in a 10 percent higher health insurance enrollment rates for VUP Direct Support beneficiaries.

With respect to VUP's financial services, access and use of loans among VUP beneficiaries is still limited (which also limited sample sizes and generalizability of the findings), but among those households who had accessed financial services, the loans were used for consumption and to repay existing loans.

Source: Independent Evaluation Group.

Note: The impact evaluation is a quasi-experimental design. The 2014 Integrated Household Living Conditions Survey revisited 2,218 households that had been interviewed in 2009 and 2011 and included an additional sample of 1,886 households from 60 sectors where the VUP was not yet operational.

Box J.2. Building Resilience to Shocks

One of the aims of the VUP is to protect and enable households to cope with adverse shocks. Health, economic, and natural shocks were the most common. The 2014 Impact evaluation study reports different coping responses in the face of these shocks.

- Households tend to rely quite heavily on reduced consumption to deal with natural shocks (40.9 percent), though public works households are more likely to sell assets or take up additional work compared with direct support households.
- While health insurance rates are high in Rwanda, the insurance does not seem to suffice to deal with severe adverse events. Hence, complementary measures might be needed.
- The study found that public works beneficiaries remain quite sensitive to economic shocks. Less than 10 percent of households experiencing an economic shock have managed to increase their labor supply by taking work through public works. The public works procedures and mechanisms are typically not designed to respond to short-term needs.

The 2014 quantitative analysis noted that the overall positive impact of VUP on asset holdings (livestock) seemed short lived for households that benefited from the program for one period as they had to sell the accumulated assets in the following year(s). Households that benefited from longer-term support were able to build up assets more sustainably.

The timing and predictability of the VUP payment is also key to using VUP as an effective risk management instrument. If public works payments could be made more frequently and reliably, this could improve its effectiveness as a risk management tool. The government has taken up this issue in the design of the expanded public works scheme, where payments will be made monthly to the beneficiaries.

Supporting an eventual graduation from extreme poverty has become a major priority but it is too early to assess the impact of the new set of interventions introduced by the government of Rwanda. Early on, the government had introduced the financial services scheme, which was seen as a complementary opportunity to graduate and move into generation activities. The program faced many issues at its inception as it was managed by local government and community members. Project selection and repayment rates started to improve when the government of Rwanda shifted its administration through savings and

credit cooperatives. The program is expected to continue and slowly spread to other sectors without new injections. In 2016, the government started to implement a “graduation minimum package” including asset transfers and a caseworkers’ management system, (inspired from the Bangladesh model) in 30 sectors. Beneficiaries are expected to receive a minimum package which provides beneficiaries with a minimum of days under the public works component of VUP for three continuous years (and to a lesser extent to VUP and FARG direct support beneficiaries). Additional components include health insurance, timely payments, skills development and sensitization, financial literacy, links to existing opportunities available locally (for example, cooperatives and markets). Households are supported by a case worker to facilitate access to these services and promote graduation. Beneficiaries also receive asset transfers.⁹ The government plans to assess the initiative to determine its final minimum package and gradually scale up this program. Using evaluation findings, the new World Bank project adopted in December 2017 plans to support the strengthening and rollout of these interventions, to support sustainable livelihoods and access to economic opportunities.

Economic Empowerment and Social Protection of Women through VUP

The VUP contributed to promoting gender equality and women’s empowerment but there is opportunity to improve the design of the program to further enhance women’s inclusion and economic advancement. The 2016 FAO report found a number of positive impacts of the VUP on women, notably on financial inclusion, access to new technical skills, access to wage labor and cash (which slightly enhance their ability to manage risks and absorb shocks), heightened feeling of self-esteem, and inclusion in social network for economic collaboration and mutual support. However as mentioned, the report noted that women in households with children and elderly requiring care were less likely to participate in public works. Overall, the report noted that the program only partially promoted economic advancement of women and marginally increased their bargaining power in the household (box J.3).

Box J.3. The Impact of the VUP Program on Women Economic Advancement

Source and control over income participation in VUP public works enable female beneficiaries to access wage labor and earn cash, some for the first time, and for a number of them encourages them to look for other similar work in the labor market. The majority of public works employees are women and are likely but not always able to retain full or partial control over their own incomes. For only a minority of female beneficiaries, the wages serve as a catalyst for small investments in economic activities.

Time use for domestic and care activities: VUP participation increased the workload of many of the participating women and also of children, as female beneficiaries offload part of their domestic burden on them.

Access to financial services: VUP public works provided access to cash through wage payments made through financial institutions (typically savings and credit cooperatives). This has promoted women beneficiaries' financial inclusion, allowing many to own a financial account for the first time and thereby offering the possibility of accessing other financial services such as savings and credit. However, the program only had marginal effects on women's actual access to commercial loans from savings and credit cooperatives. By contrast, VUP wages enabled a number of female beneficiaries to join Village Savings and Loans Groups for the first time and access loans from these groups

Risks and shocks effect and coping strategies: Distress migration and distress sales of land are main coping strategies in face of natural and economic shocks in the sectors surveyed by the FAO study. Participation in VUP public works reduced distress migration for some female beneficiaries but this benefit was viewed as temporary, given the low number of days worked. Precautionary savings in the forms of livestock (for example, goats and pigs) or in savings and credit cooperatives accounts have prevented distress sales (such as of land) in some cases.

Skills development: The VUP provides opportunities to gain new skills through on-the-job training (for example, levelling roads, digging ditches, and constructing terraces) but domestic obligations as well as limited viable opportunities remained a key barrier for women to marketing these skills and entering the labor market.

Source: FAO 2015.

The government of Rwanda has started to use findings from these evidence-based evaluations to review the VUP and make it more gender-sensitive. The government has strengthened the targeting mechanism to ensure that self-excluded households due to a high dependency ratio, typically single female-headed households, benefit from direct support, and by introducing the expanded public works with a more flexible year-round work schedule for

moderately constrained households. The government also plans to offer new types of public works such as home-based childcare whereby expanded public works participants will be employed to care for the children of other extremely poor households while parents work elsewhere.

Building Institutional Capacity at the Local and National Level

Throughout the evaluation period, the government of Rwanda strengthened the policy development and management capacity of the social protection sector at both the central and local level with development partner support. As responsibility for implementation has been rapidly devolved to districts, the government of Rwanda, with development partner support, has strengthened institutional and human capacity at the local level as the program was scaled up. Through the DPO series, the World Bank has supported specific objectives and prior actions that aimed to strengthen the institutional capacity of Rwanda's social protection sector. This was complemented by substantial technical assistance provided by other donors as well as through the World Bank's Rapid Social Response Trust Fund trust fund. For example, many DPO prior actions have strengthened accountability and transparency, intensifying citizen participation and encouraging fiduciary accountability. Interventions have also aimed at enhancing the harmonization of social protection interventions namely the VUP, FARG, Rwanda Demobilization and Reintegration Program, and development policy financing (DPF). For example, World Bank DPF supported the issuance of directives to eliminate the possibility of receiving duplicate benefits for FARG genocide survivors and VUP beneficiaries, as well as the adoption of policy guidelines for the minimum graduation package that harmonize income-generating activities across selected programs (VUP, FARG, Rwanda Demobilization and Reintegration Program, and MINALOC earmarked transfers to districts). The 2017 investment lending operation will continue to build national capacity to improve evidence-based policy and program development, monitoring, and building human resource capacity at all levels from the central, district, sector and cell.

The most notable institutional impacts were (i) strengthening MINALOC capacity leading to improved policy; (ii) establishing the semiautonomous agency LODA to operationalize Rwanda's social protection policy under MINALOC,¹⁰ (iii) improving budget reporting and dissemination through the

production of a consolidated social protection budget; (iv) publication of the Imihigos and social protection budgets for each of the 30 districts; (v) designing and launching a comprehensive integrated social protection management information system to monitor VUP and other social protection programs which still needs to be fully operationalized;¹¹ (vi) establishing a citizen appeals and complaints mechanisms, including web based and SMS platforms linked to the updated Monitoring and Evaluation Information System at LODA,¹² (vii) developing guidelines on how social protection should respond to disaster risks in the context of the National Disaster Management System; and (viii) collaborating with the National Institute of Statistics Rwanda to design a questionnaire on Social Protection.

How Likely Is It, Given What the World Bank Group Was Able to Do, That It Contributed to These Outcomes?

Together with other development partners, World Bank support has been critical to put in place over a decade a strong foundation for an ambitious social protection system operation, grounded in government programs and strategic documents. Coordinated efforts across development partners were well aligned with government priorities and provided important technical and financial support through a well-functioning donor government SWB using regular backward- and forward-looking joint sector reviews to monitor progress and implement well-coordinated policies and programs. Discussions with stakeholders during the mission confirm several key contributions of the World Bank through the Sector Working Group (SWG):

Providing Financing

The three budget support operations, and more recently the 2017 Investment operations have provided sustained financing to enable a rapid expansion of the system.

Institution Building

World Bank support has been instrumental in helping the country design the VUP and in putting in place the system and tools. Through the DCDP, the World Bank started to provide technical assistance to strengthen capacity of the ministry (notably by supporting a team of six local staff that constituted the VUP

team at the ministry level). Later, DfID brought three technical assistants to work along with them. This approach worked very well and allowed the launch of the VUP in 2007 at the sector level. One policy maker who was part of the preliminary work before the start of the VUP noted “this was a huge program with huge expectation, so we needed competency and procedures and the World Bank accompanied us with some Technical Assistance early.” The three DPO series of operations provided seamless continuity in the policy actions.

The program benefited from active monitoring of progress and adjustment in policy to incorporate lessons from impact evaluations. During Independent Evaluation Group’s field mission, stakeholders highlighted various impact evaluations and discussions within the SWG that contributed to important policy evolution:

- Improving targeting efficiency: Discussion through the SWG led to (i) prioritizing the poorest sectors: By 2012, the government was uniformly scaling up the VUP. One interlocutor recalled that “the [World] Bank through diplomatic and strong negotiation convinced us that we should give priority to the poorest sectors since the VUP was a poverty reduction program”; (ii) prioritizing direct support over public works: direct support is an entitlement. Discussion within the SWG questioned scaling up at the same pace public works and direct support. As one interlocutor noted, we started wondering, “Is it justice if we don’t reach these people wherever they are? This led us to scale up plans in favor of [direct support].”

By contrast, development partners’ advice to improve the effectiveness of poverty targeting through improved Ubuduhe classification was not followed. To address the suboptimal targeting (noted in discrepancies between the Ubuduhe classification and the 2010/11 household survey), the government reduced the number of Ubuduhe categories and adopted a new set of criteria to guide the categorization. The development partners developed with the government a scorecard using 10 simple questions that correlate strongly with household poverty levels based on the analysis of the Integrated Household Living Conditions Survey. The latter was to be piloted as agreed under the Social Protection System 1 DPO. But through discussion with the task team leaders and

development partners, the mission understood that this enhanced scorecard approach, which would have also relied on a community-based validation process, has not been piloted. Instead, the government developed a new set of criteria through a national consultative process rather than through the proposed poverty scorecard. Hence, the efficiency of this new set of criteria is yet to be assessed. It will be tested once the results of the new household survey will be available.

- Taking into account gender, one policy maker remembered that during one field visit with World Bank staff, he met women who had brought their children and looked after their babies or others who were working with babies on their back. “This opened me up.” The government of Rwanda commissioned a study on gender equity in the VUP, which helped inform the design of the more gender-sensitive expanded public works which will be fine-tuned and scaled up under the new investment lending operation. The scheme provides a more flexible year-round work schedule compatible with caring responsibilities and will introduce new types of public works, including home-based childcare work.
- Stunting and child development: Social protection is expected to play a key role supporting vulnerable pregnant mothers and young children to ensure that they have access to the services and support needed. One interlocutor noted that impact evaluation and discussion through the SWG has contributed to shaping directions and introducing innovations in the new social protection strategy. “[Social protection] should have a say in the prevention of stunting, postnatal clinics, vaccination, kitchen gardening and transfers to women expecting a baby.” This new vision is supported by the larger World Bank program supporting the government in combating malnutrition, which is also expected to liaise with the newly formed National Early Childhood Development Coordination Program.

Some interlocutors suggested areas that could benefit from a more active World Bank support.

- Climatic hazard: The second budget support operation supported MINALOC in establishing operational linkages between social protection and Early warning/DRM systems. The Support to Social Protection

System Implementation Completion and Results Report noted that procedures were in place to scale up support using existing program delivery mechanisms. Interviewees noted though that this is an area that would need more emphasis to move toward a climate proof social protection system that adequately responds to climatic disasters. The Ministry of Disaster Management and Refugee Affairs could be more involved on the social protection agenda.

- Land management: A poor person better off today could be vulnerable tomorrow because of climate change. Another interlocutor thought that social protection could more proactively favor the ecosystem. Expanded public works could for example support tasks that will maintain Rwanda's ecosystem (for example, planting trees to avoid soil erosion or constructing more ditches.)
- Skills acquisition: In Rwanda, most of the population still works in agriculture. If someone doesn't have land, he often becomes poor automatically as he has no other skills. As Rwanda had a very young population, it will be increasingly important to ensure youth acquire skills to earn a living. The World Bank has helped the government of Rwanda develop vocational training but didn't target the very poor young living in households supported by the VUP. One interlocutor thought the World Bank could bring innovative thinking to design very labor-intensive work programs targeted more toward youth in VUP-supported households in areas such as agribusiness.

Building Capacity

Policy makers in both MINALOC and LODA acknowledge the important role of the World Bank in gradually building capacity since the inception of the program. Several interlocutors noted that in the mid-2000s social protection was very new to Rwanda. Several members had agriculture backgrounds and social protection was a new area for them. Though the country had some prior experience in public works, direct support was new. As noted by one policy maker, "for us as practitioners, this was giving free money, we thought that this was bad manners." Another interviewee noted "it was hard to convince us that we need to focus more on cash support, we gradually started to understand that

we don't lose money as this helps boost other sectors as households can buy, save and invest from other sectors." The World Bank was influential in building the capacity of the initial team within MINALOC. Through interviews, Independent Evaluation Group was able to appreciate the high level of engagement of the World Bank on the policy dialogue. Some policy makers noted that "thanks to frequent [World] Bank missions, we were confident in discussing and exchanging ideas, we could talk openly reciprocally;" "the [World] Bank was an excellent cochair. When I showed rigidity, the World Bank was very patient and accompanied me until I became an advocate and passionate for direct support." "We treasure our collaboration, mutual respect and understanding." The array of economic and sector work or Advisory Services and Analytics that the World Bank supported was critical to providing policy options and balances not only to the sector ministry but to the Ministry of Finance which played an important role in facilitating dialogue on fiscal space and led to increasing resource allocations to the sector by the government overall.

Stakeholders also really valued "on-the-job training" through regular missions and the presence of a locally senior based staff. Interlocutors appreciated field visits when task team leaders visited from Washington, DC. "Through field visits, the [World] Bank gave us a lot of learning very gently and this helped shape the policy evolution of the VUP." They also found that local presence was critical to provide technical and practical aspects in implementing the program. However, several interlocutors noted that over the past years, World Bank presence has been less visible since the departure of a senior locally based staff and that this has overall weakened the support of the World Bank despite the outstanding support received during missions of headquarters-based staff. As the country is embarking on implementing a set of second-generation reforms to improve the efficiency of the social protection system, while further expanding the coverage of social protection program and introducing new schemes to invest in children's development and in jump-starting the integrated program to combat malnutrition, they feel the need to receive senior local support beyond the regular field visits from DC based staff.

Stakeholders also value the opportunity offered by development partners to "go around the world to see other systems and interact with other policy makers."

The World Bank, together with DfID/UNICEF, brought a lot of international experience and exposure through South-South learning events (for example, with Ethiopia and Bangladesh). “Ethiopia was very advanced, we learned from them when we did a study tour.” Other countries are also now coming to learn from Rwanda. Counterparts also felt empowered to present Rwanda’s experience in international conferences. One interlocutor noted “I gained confidence as many others were also struggling and I could stand and raise issues for debates and concerns.”

Overall, World Bank support contributed substantively to the set up and progress made in building a social protection system in Rwanda. Although it was not alone in doing so and acting as a “silent partner” in the beginning of the period, the World Bank was nevertheless a dominant and continuous provider of financing for the implementation of the National protection strategy through the three series of DPO from FY08 and through investment lending since end 2017. But the World Bank also played a key role in promoting strong donor coordination. Finally, the World Bank was a key player through the SWG in policy dialogue and contributed to ensuring continuing momentum and measurement of progress in the implementation of the social protection reform agenda.¹³ The World Bank’s technical expertise and its contribution to building capacity was also significant, especially early in the evaluation period, when it provided intensive hands-on technical assistance through regular visits from headquarters and the presence of a proactive and highly committed senior local social protection expert. This provided valuable input for the design, scale-up, and policy evolution of the social protection program.

Overall proposed rating: satisfactory.

¹ The introduction of nutrition support grants (Nutrition Sensitive Direct Support–NSDS) was supported by an additional financing of \$23 million of grant and is scheduled to be implemented during the period FY18–21

² Project document for Support to Social Protection System 1 Feb 2012 – p. 31, para 68.

³ The proposed “Nutrition, Stunting Prevention and Reduction” project FY18.

⁴ Rwanda has 30 districts. At the start of the program, all the sectors in each district were ranked according to five infrastructure and food security characteristics. For capacity reasons, the administration started with the second poorest sectors.

⁵ Actual Number, FY16/17 – extract from Strengthening Social Protection Project project appraisal document (Dec 2017), P6.

⁶ Under the first DPO series (2009–11), the nascent public works program expanded from 30 to 90 sectors (out of 416) and both direct support cash transfers for destitute households and financial services microcredit were introduced. Under the subsequent DPO, the Vision 2020 Umurenge Program (VUP) rapidly expanded from 90 to 240 geographical sectors and coverage expanded from covering 176,000 to 218,000 households—almost a million of poor and vulnerable people (Project document for Social Protection System 1, Dec 2014, p. 2).

⁷ These numbers should be taken with cautious as this is also partially linked to the difficulties in reconciling the information from the household (self-reported Ubuduhe category) to sector and national-level information (Ubuduhe database). Also, the inclusion error to the VUP is higher for the public work. In the latter case, work is sometimes offered to noneligible households if sufficient beneficiaries cannot be recruited. P 18 ft 11 VUP impact evaluation report (2014).

⁸ Recent work by Gatsinzi et al. (2014) also shows that there was little correlation between the Ubuduhe categorization and consumption poverty. 62 percent of the extreme poor would be excluded from the VUP while 16 percent of the richer would be included in the program.

⁹ In 2016, beneficiaries receive mostly goats, pigs and chicken. During interviews, policy makers note that the government of Rwanda plan to open-up the type of assets proposed beyond livestock. For example, beneficiaries could in the future receive a sewing machine, hair cutting according to people preference.

¹⁰ Formerly this was the “Rwanda Local Development Support Fund.”

¹¹ The integrated social protection management information system serves as a registry for populations eligible for social protection services and a link to the Ubuduhe database (social registry) and other program specific registries as well as the national identification database. The 2017 social protection project plan to further operationalize and upgrade this integrated social protection management information system for use across the social protection system and build further functionality including to ensure the coordination with nutrition and early childhood development.

¹² Further support is needed to fully operationalize these systems and build further functionality such as citizen monitoring and payments. The 2017 social protection project plan to provide further support to upgrade and operationalize these systems.

¹³ With the UK Department for International Development playing a convener role, key development partners regularly met as social protection donor coordination group and among others, harmonize their inputs to the government-led social protection Sector Working Group which regularly updated the strategy for social protection along with a financing framework.

Appendix K. Demobilization, Reinsertion, and Reintegration of Ex-Combatants

World Bank Group Strategic Objectives

The World Bank pursued explicit demobilization, reinsertion, and reintegration (DRR) objectives in the initial part of the evaluation period. DRR-related World Bank objectives were featured explicitly in the FY09–12 World Bank Group Country Assistance Strategy (CAS) under the “reducing social vulnerability” pillar. Table K.1 provides the specific wording of the objective or outcome sought and the DRR-related indicator designated to gauge progress toward it. While DRR-related objectives/outcomes did not feature explicitly in the FY14–18 Bank Group Country Partnership Strategy results framework (as adjusted in the 2017 Performance and Learning Review), the World Bank was nevertheless implicitly pursuing such objectives, continuing to engage in DRR through the implementation of an investment project financing operation.

Relevance was strong, albeit a little less so on results framework design. There was no doubt regarding the alignment of DRR-related objectives with national priorities; both Economic Development and Poverty Reduction Strategies designated the promotion of domestic and regional peace and stability through unity and reconciliation as key goals. Demobilization of ex-combatants (including those in Eastern Democratic Republic of Congo), and support for their reintegration into civilian life, contributed directly to these goals. In terms of CAS RF design (table K.1), the DRR-related indicator in the CAS was certainly relevant to assessing progress in supporting the reintegration of ex-combatants into civilian life and in reducing attendant risks to social cohesion. Nevertheless, it was largely output-oriented, focusing on numbers of ex-combatants receiving support rather than on the results of that support. It was also unclear whether the number of demobilized Rwandan Defence Forces and armed group members targeted was simply cumulative, or whether it was to be measured from a specific starting point. In addition, the use of “up to” in the wording introduces ambiguity: If the numbers fall short of those specified, is the target met, or not?

Table K.1. World Bank Objectives or Outcomes and Indicators

Objectives or Outcomes Sought	Associated Indicator(s) and Targets
Significant Health and Social Risks—to vulnerable groups and to social cohesion in Rwanda—are mitigated (FY09–12)	Reinsertion or reintegration support. Up to 26,675 Rwandan Defence Forces and 11,292 Armed Group members and dependents to receive reinsertion or reintegration support by 2012

Instruments Used

An investment project financing operation (emergency recovery loan) that closed at the start of the evaluation period was succeeded by a second investment project financing operation (also an emergency recovery loan) spanning virtually the entire period. The Emergency Demobilization and Reintegration Project (EDRP), approved in 2002, closed at end-2008. Its objectives were to demobilize a large number of ex-combatants and support their reinsertion and reintegration into civilian life, as well as to facilitate the reallocation of public expenditures from military to social and economic sectors. A second EDRP (SEDRP), with International Development Association funding supplemented by World Bank–administered multidonor trust fund grant installments, was approved in August 2009. Additional International Development Association financing for the project was approved in 2014 to allow a continuation and scale-up of World Bank support for DRR. SEDRP objectives were to support government efforts to (i) demobilize members of armed groups of Rwandan origin and the Rwandan Defence Forces; and (ii) provide socioeconomic reintegration support to such members following demobilization, with a focus on female, child, and disabled ex-combatants. The SEDRP appeared to take adequate account of gender perspectives in supporting Rwanda Demobilization and Reintegration Program.¹ The project was also the principal source of external support for the Rwanda Demobilization and Reintegration Program.

Appendix K
Demobilization, Reinsertion, and Reintegration
of Ex-Combatants

Table K.2. World Bank Group Instruments Used

Financing Operation	Analytical Work	Nonlending Technical Assistance
Emergency Demobilization and Reintegration (P075129; FY02)	—	TF—Rwanda Demobilization and Reintegration Project (P075129; FY04)
Second Emergency Demobilization and Reintegration Project (P112712; FY10)		TF—Second Emergency Demobilization and Reintegration Project (P112712; FY11, FY14, FY17)
Second Demobilization and Reintegration Project – AF (P148706; FY14)		

Note: AF = additional financing; TF = trust fund.

Implementation and Results

The first EDRP suffered from a weak handle on results. Although the EDRP closed six months into the evaluation period (after its original 3-year implementation period was doubled), its implementation largely preceded the period. The Implementation Completion and Results Report assigned the project a satisfactory outcome rating, but the Implementation Completion and Results Report Review strikingly downgraded the rating by two notches (to moderately unsatisfactory), largely on the grounds that the Implementation Completion and Results Report had failed to provide substantial evidence of successful reintegration of the ex-combatants demobilized (whose number fell somewhat short of the initial target). Instead, it had focused on outputs (such as the delivery of specific services to demobilized ex-combatants).²

Implementation and results under the SEDRP appear favorable. The additional financing extended the SEDRP's implementation period, ultimately to end-2017. Most recently (September 2017), the World Bank processed a reallocation of some of the trust fund cofinancing between project expenditure categories to reflect lower than expected repatriation of ex-combatants from Eastern Democratic Republic of Congo (and thus lower-than-budgeted associated costs of demobilization and reintegration) but higher-than-projected needs for housing of severely disabled ex-combatants. The reallocation document raised no significant implementation issues, and reported the following progress against project development objective indicators:³ (i) the full caseload of 4000 Rwandan Defence Forces members has been demobilized; (ii) 4,585 adult armed group members

and 264 children formerly associated with armed groups have been demobilized out of a maximum of 5,500 (including adults and children); (iii) 100 percent of demand for demobilization services has been met (target 100 percent); (iv) 77.2 percent of ex-combatants who have received reintegration grants are economically active (target 70 percent); and (v) 63.5 percent of ex-combatants report being socially accepted in their communities (target 80 percent). If confirmed, these results point to the SEDRP achieving its objectives.

Overall proposed rating: satisfactory.

¹ For a review of the gender dimensions of demobilization, reinsertion, and reintegration, see for example “Gender Perspectives on Disarmament, Demobilization, and Reintegration,” Briefing Note 4, Department for Disarmament Affairs in collaboration with the Office of the Special Adviser on Gender Issues and the Advancement of Women, United Nations, March 2001.

² In addition, the project was judged to have had minimal impact on its second objective of facilitating a reallocation of public expenditures from military to social and economic sectors. Some reduction in military spending (from 3.5 percent of gross domestic product in 2001 to 1.9 percent in 2006) was observed during its implementation period but was likely attributable largely to a cessation of hostilities between Rwanda and the Democratic Republic of Congo.

³ Presumably, the indicators refer exclusively to results achieved under the second Emergency Demobilization and Reintegration Project (rather than to cumulative achievements). In contrast, a June 2017 Implementation Status and Results Report appears to report cumulative achievements. For example, it reports that as of May 2017, 26,275 Rwandan Defence Forces members (11,567 armed group members) had been demobilized compared with a baseline of 22,675 (7,081 armed group members) in August 2009. Incidentally, this also suggests that even by 2017 the Rwandan Defence Forces number still fell short of the “up to” CAS target number for 2012, although the armed group member number had been exceeded.

Appendix L. Public Resource Management (Central Government)

World Bank Group Strategic Objectives

Public resource management strengthening objectives were pursued consistently through the evaluation period. Under the public resource management subpillar, the World Bank’s strategic objectives, which also equated with the outcomes it sought, remained largely unchanged over the entire evaluation period (table L.1). During the Country Assistance Strategy period, the objective consisted of strengthening public resource management at the central government level. During the subsequent Country Partnership Strategy (CPS) period, the objective/outcome referred explicitly to improving transparency, efficiency, value for money, and accountability in public resource use, but was otherwise essentially unchanged.

There was little doubt as to the relevance of these objectives and their alignment with country goals. The objectives/outcomes were entirely aligned with the country’s broad goals as set out in *Rwanda Vision 2020*, and especially the more specific goals set out in the Economic Development and Poverty Reduction Strategies (EDPRSs). For instance, EDPRS 2 identified “strengthening effectiveness of public finance management” (under which specific reference was made to resource mobilization, integrated financial management information system (IFMIS) implementation scale-up, and enhancement of capacity for planning, budgeting, implementation, and accountability) as one of eight ongoing priorities. At a more detailed level, the objectives pursued under many of the World Bank’s financing operations were entirely aligned with the in-depth government-coordinated work plans and monitoring and evaluation frameworks in the area of public resource management, notably the 2008–12 Public Financial Management (PFM) Reform Strategy and the 2013–18 PFM Sector Strategic Plan (SSP).¹

The World Bank Group’s strategy results frameworks were generally adequate. To track progress, indicators used during the Country Assistance Strategy period (table L.1) covered audits, procurement, and civil service remuneration and retention; in the CPS period, indicators were confined to audits. De facto,

however, the World Bank’s involvement spanned public finance management, including procurement, as well as human resource management and civil service reforms. The choice of indicators was generally adequate and fulfilled the “SMART” criteria.² However, its coverage was clearly restricted to selected dimensions of public resource management. This was particularly true in the CPS period, when its focus was confined to the timeliness of publication of the financial statements of relevant Ministries, Departments, and Agencies (MDAs) and the results of audits of their statements.

Table L.1. World Bank Objectives or Outcomes and Indicators

Objectives or Outcomes Sought	Associated Indicator(s) and Target
Management of public resources at central level strengthened (FY09–12)	<ul style="list-style-type: none"> • Proportion of audited public agencies receiving unqualified public audit opinions to be increased from 1.7 percent in 2009 to seven percent in 2011. • Proportion of the value of procurement tendered competitively or justified to be increased from 86 percent in 2008 to 89 percent in FY12. • Finalization of a new national payment and retention policy by 2011.
Improved national transparency, efficiency, value for money and accountability in the use of public funds (FY14–18)	<ul style="list-style-type: none"> • Publication of audited financial statements for budget entities nine months after the fiscal year when these are due by law. Baseline (FY16): 0, Target (end FY19): 50 percent. • Number of ministries, departments and agencies receiving unqualified audit opinion on the financial statements. Baseline (FY12): 32 percent, Target (end FY20): 57 percent.

Instruments Used

The World Bank used a mix of instruments, including convening and policy dialogue, in seeking to make progress toward its strategic objectives. Instruments consisted of financing operations (some already approved before the evaluation period, but active during it) covering the range of World Bank instruments (investment project financing [IPF]; development policy financing [DPF]; and Program-for-Results [PforR] financing). They also consisted of Advisory Services and Analytics (ASA), covering both analytical work and technical assistance. A steady flow of support was maintained through these various instruments

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throughout the evaluation period (table L.2), although the prevalence of ASA appears to have lessened somewhat in the latter part of the evaluation period. In addition, the World Bank served as cochair of the PFM Sector Working Group until late 2016,³ thereby playing a central role in coordinating development partner support for strengthening public resource as well as in helping to formulate and monitor the implementation of the associated government strategies.

IPF, used early in the evaluation period, provided technical assistance and financed key investments to increase public sector capacity for public resource management. The Public Sector Capacity Building Project (approved before the evaluation period in FY05, but active through end-2011) sought to support improvements in procurement, human resource management, and financial management functions, including the establishment of an IFMIS and a payroll and personnel information system. In parallel, an e-Rwanda project (again approved before the evaluation period) sought to help extend and improve information and communication technology use within government and deliver e-services (primarily access to information) to the public. In addition, a Governance and Competitiveness Project approved in January 2012 had a component aimed at supporting the government's strategic capacity building initiative, including pay and retention policy implementation.

In parallel, DPF supported (inter alia) public resource management-related reforms. DPF support included a four-operation Poverty Reduction Support Financing (PRSF) series (PRSF 4–7) approved between March 2008, just before the start of the evaluation period, and February 2011.⁴ It supported actions aimed at enhancing public resource management, with a focus on strengthening accounting and internal audit, developing the legal and institutional framework for procurement, and developing institutional capacity to improve incentives and retention for government staff.

Table L.2. World Bank Instruments Used

Financing Operation	Analytical Work	Nonlending Technical Assistance
Public Sector Capacity Building TAL (P066386; FY05) e-Rwanda TAL (P098926; FY07)	DeMPA Assessment (P114707; FY10)	RW-TA for PEM (Public Expenditure Management) (P108337; FY09)
Poverty Reduction Support Grant (PRSG 4) (P104990; FY08)	MTDS Rwanda (P127830; FY13)	Public Expenditure Management (P117580; FY10)
Poverty Reduction Support Grant (PRSG 5) (P106083; FY09)		RW-Support to PFM SWG (P124079; FY11)
Poverty Reduction Support Grant (PRSG 6) (P113241; FY10)		TF—RW-PUBLIC SECTOR CAPACITY BUILDING PROJECT (P066386; FY08)
Poverty Reduction Support Financing (PRSF 7) (P117495; FY11;)		TF Capacity Building in Economic and Financial Analysis to Support the Rwanda Public Investment Program (P114616; FY11) (IDF grant)
Poverty Reduction Support Financing (PRSF 8) (P122247; FY12; \$125 million)		Support to CBEP Sector Working Group (P124329; FY11)
Governance and Competitiveness TA Project (P127105; FY12)		Support to CBEP Sec Working Group—RW (P127485; FY12)
Decentralized Service Delivery DPO (P145114; FY13; \$50 million)		Support to Capacity Building Sector Working Group (P143225; FY14)
Public Sector Governance PforR (P149095; FY15; \$100 million)		CMC: Rwanda Debt Management Reform Plan (P160297; FY17)

Note: DPO = development policy operation; MTDS = Medium-Term Debt Management Strategy; PFM = public financial management; PRSF = Poverty Reduction Support Financing; PRSG = Poverty Reduction Support Grant; RW = Rwanda; SWG = Sector Working Group; TA = technical assistance; TF = trust fund.

However, beginning in 2012, DPF support for public resource management was discontinued. A further three-operation PRSF series (PRSF 8–10) had been planned, but only the first operation (PRSF 8) materialized, in November 2011. It continued (among several other areas) to seek to support reforms aimed at enhancing public resource management. These concerned notably the deployment of an integrated payroll and personnel information system, including its integration with the IFMIS. They also concerned civil service pay and retention policy, strategic capacity building initiative implementation, medium-term expenditure framework (MTEF) development and integration, internal audit, and initiating web posting of key budget documents. However,

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the following year, controversy surrounding alleged Rwandan backing for rebel activity in Democratic Republic of Congo caused several bilateral donors to curtail their support. The ensuing pressure on the World Bank (from key donors/shareholders as well as the government, which was looking to restore an element of predictability in partners' financing) led to a shift in its use-pattern of DPF, which was thereafter (over the remainder of the evaluation period) confined to supporting the decentralization and social protection reform agendas.

Thereafter, World Bank financing in support of public resource management at the central government level took the form of a Program-for-Results (PforR) operation. Beginning in FY15, the World Bank used a \$100 million Public Sector Governance PforR financing operation, approved in October 2014, to support the broader public sector governance and public resource management reform agenda (table L.2). The operation is scheduled to close at end-2018. The PforR operation essentially funded sections of the government's own PFM SSP, which was fully costed. Among the overall results it sought to achieve were increased efficiency in national revenue collection, and improved transparency and accountability in the use of public funds at the national level.⁵ As part of the operation's results framework, toward achieving these results (and more specific ones under each of these) the operation specified a set of disbursement-linked indicators that in effect represented outputs or intermediate outcomes. For example, a disbursement-linked indicator related to procurement gauged the extent to which the e-procurement system had been implemented. In keeping with the conception and design features of the PforR instrument, achievement of specified milestones under each of the disbursement-linked indicators would result in the disbursement of specified sums.⁶ To a large extent, the operation's results framework was built on and aligned with the monitoring framework used under the PFM SSP. As discussed further below, several partners aside from the World Bank provided support to the PFM SSP.

Significant ASA complemented and underpinned Bank financing support for public resource management. Early in the evaluation period (FY08–10), a substantial program of technical assistance for public expenditure management and related analytical work was carried out (jointly with the African

Development Bank and with funding support from Belgium). The work focused notably on helping to advance the government's goal of institutionalizing a Public Expenditure Review process to strengthen performance-based budgeting under EDPRS. This work, together with complementary support from the World Bank and other partners (some of it focused on specific sectors, such as education and agriculture), was pulled together in a Policy Note. The note drew attention to the need to strengthen institutions and processes linked to Rwanda's budget and MTEF—including better linking EDPRS programs and subprograms to the budget and MTEF, strengthening the MTEF and monitoring and evaluation to support institutionalization of Public Expenditure Reviews, and improving the targeting of public spending. In fact, some link can be seen between the reform agenda identified in the Policy Note and measures supported under PRSF 8, as well as subsequently in the PFM SSP. Other ASA work included a human resource management capacity diagnostic (focusing on the energy and agriculture sectors) that put forward recommendations aimed at informing the strategic capacity building initiative as its implementation gathered momentum, as well as analytical/advisory support on debt management.

In general, the overall package of instruments was coherent and well thought-out, albeit with some qualifications. There was good complementary among IPF (financing investments and technical assistance), DPF (supporting policy reforms), and ASA (providing hands-on analysis and technical assistance) in the initial part of the evaluation period. Regarding results frameworks, those underpinning the PRSF and PforR operations were generally plausible and afforded a "line of sight" between prior actions and outcomes sought (as measured by the indicators selected).⁷ Nevertheless, the obligation for the World Bank to align the prior actions and outcome indicators with (a subset of) those found in the Common Performance Assessment Framework—as urged by the government to limit proliferation of monitoring and evaluation frameworks—detracted somewhat from the relevance of DPF design, as the measures and indicators were often process-related and not among the most pertinent and critical. In fairness, however, the World Bank teams were explicit in flagging the trade-off (alignment with government systems versus pertinence of prior actions and indicators) when presenting operations for Board approval. In the latter part of the evaluation period, when PforR became the principal means of financing

the strengthening of public resource management, ASA became somewhat less prominent, although analytical or technical assistance efforts were still used in a few areas, such as support to the capacity building Sector Working Group and a report providing a road map for public debt management reforms.⁸ Reportedly, this was because the PFM SSP was considered to account for vital analytical work, often conducted by external experts with funding from other partners.⁹

Implementation and Results

Despite a few delays and setbacks in implementation, there are clear indications that progress was made toward the World Bank's strategic objectives and the outcomes it sought. Key World Bank IPF and DPF operations appeared to have largely attained their public resource management-related development objectives. For example, despite quality-at-entry issues and implementation delays, including a (delayed) restructuring, by the time it closed (end-2011) the Public Sector Capacity Building Project appeared to have substantially achieved its objectives of helping to strengthen the public procurement and financial management functions. Although the Implementation Completion and Results Report Review for the PRSF 4–7 series documented only modest efficacy in the achievement of the operations' public resource management-related objectives, the Implementation Completion and Results Report Review for PRSF 8 recorded better results. The Implementation Completion and Results Report Review for the Governance and Competitiveness Project documented substantial efficacy in the achievement of the project's objective of strengthening the institutional capacity of selected institutions, including the Ministry of Public Service and Labor. The PforR operation remains active, and implementation has been on track. In fact, based on progress toward the disbursement-linked indicators, some 97 percent of funds have already been disbursed more than a year before closing. However, the last Project Status Report rates progress toward the operation's development objective as moderately satisfactory, as it is unlikely that two of the three against project development objective indicators will be fully met by the target date of end-June 2018.¹⁰

There has been progress on some of the outcome indicators used in World Bank strategies. For example, regarding the percentage of MDAs receiving unqualified audit opinions, the latest (September 2017) Implementation Status and Results

Report for the Priority Skills for Growth PforR operation reports it at almost 60 percent in July 2017 (compared with a baseline of 32 percent in October 2014),¹¹ exceeding the CPS target of 57 percent at end-FY20. The proportion of the value of procurement tendered competitively or justified was reported to have reached 100 percent by FY 2009/10 compared with the 86 percent baseline in 2008 and the FY12 target of 89 percent,¹² although some observers thought this less-than-credible as a definitive figure. No information could be found regarding the proportion of MDAs publishing their audited financial statements within nine months of the closing of the fiscal year. Nevertheless, the percentage of public entities submitting monthly financial statements to MINECOFIN by the due date (a project development objective indicator for the Public Sector Governance PforR) was 94 percent in FY15/16 and a similar figure for FY16/17 compared with an end-FY17/18 target of 80 percent and a 2014 baseline of 40 percent, indicating significant timeliness improvements.¹³ Finally, no information could be found regarding outcomes potentially attributable to the implementation in 2012 of the pay and retention policy, such as staff turnover rates, as such indicators are not systematically monitored.¹⁴

More important, despite periodic delays and setbacks, gradual improvements and areas of strength have been documented in broader public resource management at the central level. An independent evaluation produced at the conclusion of the PFM Reform Strategy noted broad—if uneven—progress in several areas over the 2008–12 period.¹⁵ A Public Expenditure and Financial Accountability (PEFA) assessment report published in May 2017 indicates relatively good performance (with some caveats) of Rwanda’s public finance management systems in terms of ensuring the three key budgetary outcomes: aggregate fiscal discipline, strategic prioritization of resource allocation, and efficient and effective use of resources at the public agency level in service delivery. Although direct comparability of the assessment’s findings with those of prior PEFA assessments (2007 and 2010) is limited,¹⁶ there has been clear improvement in certain areas such as guidance in budget preparation, medium-term perspective in expenditure budgeting, and consolidation of cash balances through the treasury single account. At the same time, the PEFA assessment noted persistent weaknesses in certain dimensions, notably financial reporting,

external audit, public asset management, and performance information for service delivery.

A May 2017 UK Department for International Development completion review of funding over 2014–17 for the PFM basket fund likewise concluded that there had been significant progress, although it also argued that there were some signs of progress plateauing. Finally, many of the stakeholders interviewed (including central government, local government, and ex-government officials) held the view that public finance management—and associated capacity—had been significantly strengthened over the past decade. For example, in July 2017 the number of government staff with at least foundational qualifications in accounting and holding International Public Sector Accounting Standards certification stood at 665, more than double the baseline of 294 some three years earlier. In addition, IFMIS use has already been extended to the district level, and in some cases to the sector level.¹⁷ However, a significant PFM reform agenda remains: the International Monetary Fund, for instance, sees a need for continued attention to improving fiscal transparency as well as accounting of quasi-fiscal risks. The challenge also remains of extending financial reporting systems to local service delivery units, such as hospitals and schools.

In assessing the World Bank’s contribution to progress in public resource management, it is important to note that it was only one of several partners supporting this function. In parallel with the World Bank’s support, significant trust fund financing and ASA emanated from other partners. In particular, a basket fund to support PFM reform was funded by the European Union, UK Department for International Development, and Germany’s KfW.¹⁸ Germany’s GIZ and Belgium also provided support for the public resource management function during the evaluation period. Despite some reported segmentation and other deficiencies in the coordination and monitoring activities of the PFM Sector Working Group,¹⁹ the regimen of monitoring and evaluation helped ensure that the implementation momentum was kept up and that progress was adequately gauged.

Nevertheless, some shortcomings notwithstanding, there is a strong likelihood that World Bank support—financial, technical, and convening—contributed substantively to the progress made. Although it was not alone in doing so, the

World Bank was nevertheless a dominant provider of financing for the implementation of public resource management reforms. For instance, of an estimated total program cost over four years (FY14/FY15–17/18) of \$172 million, the World Bank PforR operation provided financing of \$100 million (58 percent of total program cost).²⁰ The World Bank’s technical additionality – and its contribution to building capacity – was also significant, especially early in the evaluation period, when it provided intensive hands-on technical assistance for public expenditure management. Finally, as a central player through the Sector Working Group in policy dialogue and monitoring and evaluation over at least part of the evaluation period, the World Bank helped ensure continuing momentum and measurement of progress in the implementation of the PFM reform agenda.

Overall, the extent to which the Bank Group achieved its relevant objectives in public resource management warrants a rating of **moderately satisfactory**. Bank Group objectives set out in strategy documents were relevant, and its instruments were generally well designed and appropriately blended and sequenced. Parallel support through IPF and DPF was later succeeded – appropriately, especially given the limitations on using DPF after 2012 – by PforR financing, and adequate provision was made for ASA. Results took a broadly favorable trend, although their attainment often fell short of plans. The World Bank also made adequate provision for developing Rwanda’s institutional capacity for public resource management – in fact, it was a central area of focus in most of its financing operations as well as its ASA.

¹ Most stakeholders considered these strategies to provide adequate coverage of the key reform areas. Nevertheless, some saw elements of disjointed wish lists, with significant imperfections in the associated monitoring and evaluation frameworks. A new Public Financial Management (PFM) Sector Strategic Plan covering the next five years is at an advanced stage of preparation.

² The SMART criteria require indicators to be specific, measurable, achievable, relevant, and time bound.

³ Sector Working Groups (SWGs)—cochaired by the relevant ministry and lead DP—occupy a central place within the architecture of Rwanda’s partnership with donors and are tasked notably with helping to coordinate external assistance for sector strategies as to formulate and monitor the implementation of these strategies. The quality of SWG monitoring and related strategies is reportedly variable, although most stakeholders see significant value in these joint forums.

⁴ Most operations in this series, as well as the ensuing Poverty Reduction Support Financing 8, provided financing as part of the single multiyear budget support framework, established on the basis of the 2008 joint government-7 development partner Memorandum of Understanding. Soon after, a Common Performance Assessment Framework was established to facilitate joint monitoring of reforms and results enabled through budget support, in an effort to reduce transactions costs.

⁵ The specific project development objective indicators selected were the tax-to-gross domestic product ratio (target 17.4 compared with a 2013 baseline of 14.2 percent, with latest value in July 2017 recorded at 15.7) and percent of entities submitting monthly financial statements to Ministry of Finance and Economic Planning by the due date. The baseline was 40 percent, and the latest ratio (FY16/17) of approximately 95 percent exceeds the 80 percent target, but contrary to initial expectations disclosure of the statements is no longer on the cards.

⁶ For instance, it was specified that by year three of the program, the procurement-related disbursement-linked indicators would have reached the following milestone: “Use of e-tendering and application of integrated financial management information system (IFMIS) and e-procurement interface protocols for 5 pilot budget entities.”

⁷ There were a few exceptions. For example, it was difficult to see the link between the prior action “cabinet approval of the general statutes for the public service” (Poverty Reduction Support Financing 7 prior action) and the outcome indicator “percentage of performing budget agencies” (which itself was a very unclear indicator). A more natural and relevant indicator for measuring the extent to which the outcome sought (institutional capacity developed to support improved staff incentives and retention) would have tracked (say) staff turnover.

⁸ A Report on the Observance of Standards and Codes on accounting and auditing was also produced. This covers issues related to the execution of the accounting and auditing profession in Rwanda, mainly in the private sector, so is only tangentially relevant to public resource management, despite its importance for the country more generally.

⁹ An example was the Public Expenditure and Financial Accountability (PEFA) assessment report finalized in May 2017.

¹⁰ The project development objective indicators/target values in question are a tax-to-gross domestic product ratio of 17.4 percent at end-June 2018 compared with a baseline of 14.2 percent at end-June 2013; and 80 percent of public entities submitting monthly financial statements by the due date at end-June 2018 compared with a 40 percent baseline in 2014. For the former indicator, the actual value still falls far short of the target; for the latter indicator, the target value is exceeded, but the financial statements are not made public, contrary to the original agreement (although the World Bank has since agreed to the authorities' view that disclosure of unaudited financial statements would not be meaningful).

¹¹ It is unclear how directly comparable this indicator is to the similarly (but not identically) worded earlier Country Assistance Strategy indicator, for which a baseline of 1.7 percent was cited. Note that the DfID funding completion report also cites 88 (out of 147) MDAs, that is, 60 percent, as receiving clear audit opinions. It should also be noted that as of end-2017, no district-level administration had yet received an unqualified audit opinion from the Office of the Auditor-General, although several better-performing districts were deemed "close."

¹² See "Three years of the Economic Development and Poverty Reduction Strategy (EDPRS): A summary implementation report, 2008–2010," Ministry of Finance and Economic Planning, March 2011.

¹³ The original intent was that the monthly financial statements would be made public, but the World Bank and the government have recently agreed that publication of preliminary financial statements would be of limited value.

¹⁴ Note that in terms of baselines, central government turnover stood at approximately 19 percent in 2009. In addition, 91 percent of local and central government employees of all ages were employed less than four years.

¹⁵ See "Rwanda: Independent Evaluation of the Implementation of the PFM Reform Strategy 2008–12," ECORYS, November 2012. The report highlighted the less than ideal nature of the monitoring and evaluation mechanisms, with "measures of achievement" often output- or process-based. It noted (often qualified) progress in several areas. Progress was recorded in budget formulation and preparation, for instance, including integration of medium-term expenditure framework into the budget cycle, although weaknesses in the latter remained significant, undermining its usefulness. Progress was also recorded in domestic revenue generation, treasury management, procurement (but

with continuing challenges related to training and qualifications), accounting and reporting (albeit with some shortcomings in delivery of activities aimed at strengthening internal control, improving capacity, and strengthening PFM in MDAs), and internal and external audit. The study also noted progress in IFMIS implementation, despite significant difficulties and deficiencies stemming from such factors as inadequate preparation and insufficient attention to developing internal user capacity to specify the varied client requirements. Progress had also been made with Integrated Personnel and Payroll Information System implementation, including implementation of an integrated personnel and payroll information system-IFMIS interface, although major questions had arisen with respect to its sustainability and reliability as well as controls. Nevertheless, the most recent PEFA (dated May 2017) gave an overall score on effectiveness of payroll controls of B+, consisting of A scores on three dimensions and a B score on one dimension (payroll audit)

¹⁶ The PEFA performance measurement framework methodology was upgraded in 2016. The 2017 PEFA follows the upgraded methodology, although most of the indicators were assessed using data from FY 2013/14 and the two preceding fiscal years.

¹⁷ Sectors in the Gatsibo district, for example, are already using the IFMIS for reporting.

¹⁸ Initially, this was structured as a World Bank–administered trust fund, but later the vehicle changed to a designated account at the National Bank of Rwanda. In 2017, DfID decided to withdraw from the basket fund in favor of supporting PFM through a new modality “which will be more technical assistance focused, more flexible, and more focused on local government” (May 2017 Completion Report). DfID also referred to “the limits of the current dominant qualifications-driven model [of capacity development]”.

¹⁹ For instance, some development partner representatives noted that recent activities of the technical working group (which together with the strategic-level coordination forum comprises the PFM SWG) had been centered on pro forma tracking of activities supported by the PFM basket fund, while monitoring of Program-for-Results–supported activities had been conducted on a largely bilateral (government–World Bank) basis, undermining holistic government–development partner dialogue about the PFM Sector Strategic Plan.

²⁰ Note that both the total program cost and the Program-for-Results operation included a statistics component in addition to the public resource management reform program. Other development partners were programmed to provide \$30 million, while the residual of \$42 million was to be funded by the government.

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Rwanda is a postconflict country that has achieved rapid economic and social development since the 1994 genocide.¹ Economic growth translated into significant poverty reduction and social improvement. Between 2001 and 2012, real gross domestic product growth averaged 8.1 percent per annum. The national poverty rate dropped from 56.7 percent in 2005/06 to 39.1 in 2013/14, accompanied by a modest decline in inequality—the Gini coefficient decreased from 0.52 in 2006 to 0.49 in 2011.

However, Rwanda remains one of the world’s poorest countries, with large gaps between urban and rural areas. It faces development challenges in service delivery and government accountability. While the poverty rate is relatively low in urban areas at 22 percent, it is on average 49 percent outside the capital and reaches 73 percent in the rural district where poverty is highest (Integrated Household Living Conditions Survey 3). There are significant disparities across districts in access to sector administration and health services, such as health centers and district hospitals (table M.1). While Rwanda scores highly on two governance aspects, government effectiveness and control of corruption, it performs less well on voice and accountability (figure M.1).

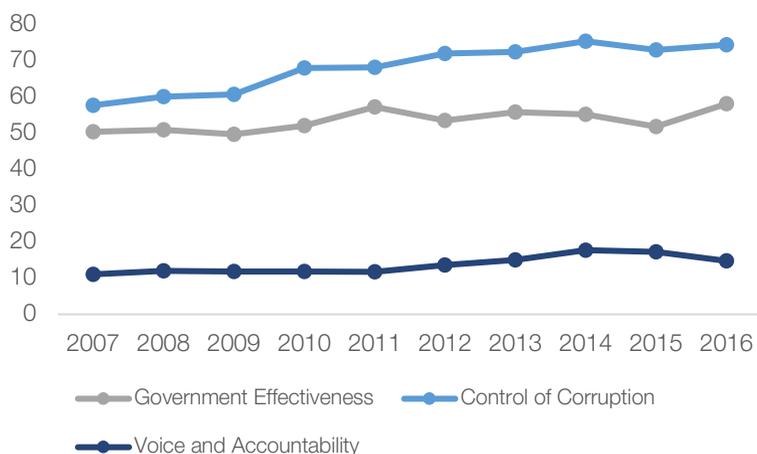
Table M.1. Poverty Headcount Ratio and Access to Services, 2011

	Poverty Headcount Ratio	Accessing District Hospital (percent)	Accessing Health Centers (percent)	Accessing Sector Administration (percent)
Highest province	73.3	84.1	99.0	97.5
Lowest province	8.3	3.2	31.9	5.6
Average	44.9	37.8	81.1	58.2

Source: Integrated Household Living Conditions Survey 3.

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Figure M.1. Worldwide Governance Indicators (percentile rank)



Note: Percentile rank indicates the country's rank among all countries covered by the aggregate indicator, with 0 corresponding to lowest rank, and 100 to highest rank.

Source: World Governance Indicator.

The government identified a process of decentralization as the key focus of government strategies and programs to strengthen national unity and reconciliation, promote greater government accountability to citizens, and enhance service delivery.² This is reflected in Rwanda's long-term Vision 2020 strategy, the government's medium-term strategies to operationalize Vision 2020, and the government's multiphase decentralization program:

- The first phase (2001–2006) focused on establishing five levels of government—namely: central government, provinces, districts, subdistricts and cells and democratic and community development structures at local government level.
- The second phase (2006–2011) saw a greater increase in total transfers to districts, and a concomitant attempt to build more capacity in local government institutions to enhance service delivery implementation and boost local economic development.
- The third phase of decentralization (2011–2015) emphasizes improvements in the targeting of service provision to meet the needs of

the poor by empowering subnational governments, including strengthening their capacity.³

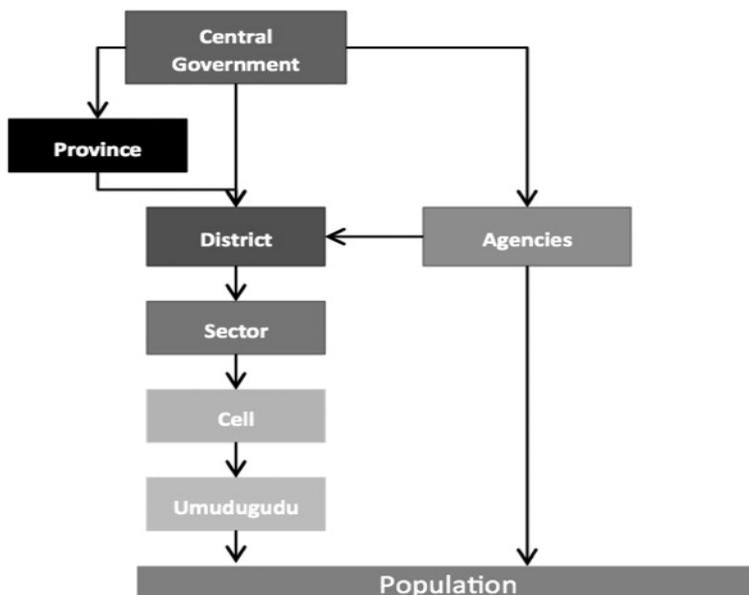
Districts, which are the main local government entity, plan, implement, and monitor priorities of their local citizenry, through the performance contracts system known as *imihigo*. In 2006, the government reformed the institutional framework for decentralization and reshaped the local government structure, resulting in (i) 4 provinces and Kigali City; (ii) 30 districts; (iii) 450 sectors; (iv) 2,148 cells; and (v) 14,744 villages, which are the lowest level (table M.2). Districts are financially and legally independent and in charge of economic development, including agriculture, tourism, and medium-size enterprise and service delivery, including oversight of hospitals, water, and sanitation.⁴ The local service delivery and policy implementation are also conducted by agencies that deploy agents at the local level to perform technical tasks (figure M.2). The government also introduced *imihigo* with the aim of building greater capacity of local governments to improve planning and accelerate implementation while focusing on time-bound results and reporting.⁵

Table M.2. The Evolution of the Institutional Framework of Decentralization in Rwanda

Entities	Year	
	2001–06	Since 2006
Provinces	11	4
Kigali City	1	1
Districts	106	30
Sectors	15,485	450
Cells	9,165	2,148
Villages (<i>Umudugudu</i>)	—	14,744

Source: Chemouni 2014.

Figure M.2. The Institutional Structure of Decentralization in Rwanda



Source: Chemouni 2014.

However, capacity at local government institutions remains limited and the government-initiated training programs to build skills, including through the Public Financial Management (PFM) Reform Strategy of 2008–12 and a set of public administration reforms. The ensuing PFM strategy of 2013–17 (known as the PFM Sector Strategic Plan) also prioritizes support to fiscal decentralization as well as the development of human resources and capacity building in PFM.

In addition, the government has put great efforts into mainstreaming gender issues in the decentralization process and PFM reforms. The Constitution upholds that women shall constitute not less than 30 percent of leadership positions at all levels. About 43 percent of local government positions were held by women in 2012. The government introduced gender-responsive budgeting in five ministries in 2003, and fully operationalized it in 2008. Currently, all ministries and districts are required to submit gender budget statements and the gender composition of the workforce during budget formulation.

World Bank Group Strategic Objectives

The World Bank Group’s decentralization-related objectives pertained mainly to strengthening local-level public resource management throughout the FY09–17 evaluation period. Under the Country Assistance Strategy (CAS) that covered the period FY09–13, one of the Bank Group’s main objectives to promote Rwanda’s economic transformation was to strengthen management of public resources at central and local levels (table M.3). In the FY14–18 Country Partnership Strategy, the Bank Group’s main objectives were to enhance local government tax generation and administration and improve national and subnational transparency, efficiency, value for money, and accountability in the use of public funds.

The decentralization objectives were well aligned with the government’s key strategies and programs. Rwanda’s long-term Vision 2020 strategy puts forward “good governance and a capable state” as its first key pillar.⁶ The pillar highlights the importance of strengthening accountability, transparency and efficiency in deploying scarce resources. The first Economic Development and Poverty Reduction Strategy (EDPRS; 2008–12), the government’s medium-term strategy to operationalize Vision 2020, had an overarching priority theme on good governance through promoting decentralization, citizen participation and empowerment, transparency and accountability. The EDPRS 2 (2013–18) has an overarching priority theme of strengthening accountable governance—by promoting greater citizen participation in government and enhancing the quality of decentralized public service delivery. The decentralization objectives were aligned with the National Decentralization Policy and the multiphase decentralization program.

Table M.3. World Bank Group Strategic Objectives, Outcomes, and Associated Indicators

Objectives or Outcomes Sought	Associated Indicator(s) and Outturn
Management of public resources at central and local levels strengthened (CAS FY09–12)	Percentage of districts that achieve a minimum of 80 percent service delivery and sustainable local development targets for which they are responsible as assessed by/in the <i>imihigo</i> (a survey on citizens' participation) assessment report to be increased from 60 percent in 2006 to 75 percent in 2012
Enhanced local government tax generation and administration (CAS FY14–18) ^a	Percentage increase in local government taxes collected Baseline (FY13): Target (end FY20): 20 percent
Improved national and subnational transparency, efficiency, value for money and accountability in the use of public funds (CAS FY14–18) ^b	<ul style="list-style-type: none"> • Publication of audited financial statements for budget entities nine months after the fiscal year when these are due by law. Baseline (FY16): 0, Target (end FY19): 50 percent. • Number of ministries, departments and agencies receiving unqualified audit opinion on the financial statements. Baseline (FY12): 32 percent, Target (end FY20): 57 percent

Note: Outturn as indicated by the RPS Completion Report (either for the FY06–09 RPS or for the FY10–14 RPS). CAS = Country Assistance Strategy; CPS = Country Partnership Strategy.

a. The original CPS outcome 12 'Strengthened accountability' was restructured to better reflect World Bank support (Performance and Learning Review for CPS FY14–18, para 38). The World Bank was only able indirectly to influence the previous indicators.

b. The original CPS outcome 11: 'Improved delivery of decentralized services' would be restructured (Performance and Learning Review for CPS FY14–18, para. 39).

Bank Group strategy results frameworks were generally adequate, particularly once improvements through revisions are factored in. There was a plausible link in most cases after revisions between the interventions that projects aimed to support and the expected attainment of the outcomes. The outcome indicators during the evaluation period include performance of districts in delivering services and achieving sustainable local development targets (FY09–12) and enhancement of local government tax generation and administration (FY14–18). The choice of indicators was generally adequate and fulfilled the "SMART" criteria⁷ after revisions.⁸ The indicators were to assess the achievements of identified key interventions in select project(s), rather than to measure the overall outcomes in strengthening decentralization and public resource management at local levels over the CAS period.⁹ The results frameworks in Bank Group

strategies do not explicitly allow for a clear tracking of the evolution of interventions and their outcomes over the evaluation period, given that the choice of indicators and the dimensions of public resource management that were focused on varied between the two strategy periods. The FY09–12 CAS focused on public resource management with a particular focus on service delivery, while the FY14–18 Country Partnership Strategy focused on public resource management with a particular focus on tax mobilization and administration.

Instruments Used

The Bank Group supported the government of Rwanda’s efforts to pursue the decentralization agenda using a mix of instruments—including lending, such as investment project financing (IPF), development policy financing (DPF), and Program-for-Results (PforR), technical assistance (both lending and nonlending), and analytical work (table M.4). There were only two lending operations (IPF and DPF), which had decentralization as a main project development objective, during the evaluation period. However, a DPF series and a PforR operation supported fiscal decentralization and PFM at the local, mainly district, level under key (sub)components. No Advisory Services and Analytics (ASA) primarily focused on decentralization, but several provided analyses and policy implications on decentralization or PFM at the local level.

Early in the evaluation period, the World Bank supported the government’s decentralization policy with the Decentralization and Community Development Project (DCDP), focusing on institutional capacity building and community development. The DCDP project (IPF approved in FY04 and closed in FY11, actual disbursement: \$21 million) aimed to boost the emergence of a dynamic local economy through empowerment of communities to lead their own development process under effective local government. The project supported strengthening district capacity to lead a process of planning and managing development activities and enhancing accountability and transparency of local administrations. The project also provided financing for grants to participating communities, targeting 39 of the country’s 120 districts, and the development and implementation of a communication strategy to inform and educate different actors about decentralization and relevant laws and regulations.

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In parallel, the Poverty Reduction Strategy Financing (PRSF) series aimed at strengthening fiscal decentralization and enhancing PFM at the local level. Fiscal decentralization was one of four key subcomponents of the key policy area, enhancing government capacity, accountability, and transparency, under the PRSF 4–7 series, which were the overall umbrella and policy dialogue for the World Bank support in the implementation of the EDPRS.¹⁰ The fiscal decentralization included activities to improve local government capacity in executing budget, developing district capacity building needs assessment and plan, operationalizing a comprehensive five-year capacity building strategy for local government, and conducting an assessment of service delivery at local level with Citizen Report Cards and Community Score cards.¹¹ PFM, which was another subcomponent of the PRSF series, supported development and rollout of the integrated financial management informational system (IFMIS) mainly in the central government (ministries), but the activities also included adoption of the new accounting software at the district level. The PRSF 8, which was originally designed as the initial operation in a third Rwanda PRSF series (PRSF 8–10) covering the period 2011–13,¹² continued to provide support in enhancing PFM at the local level, even though there was no subcomponent specific to fiscal decentralization. The activities included adoption of a regulatory framework for the establishment of internal audit committees in local governments. However, the third PRSF programmatic series was discontinued beginning in 2012, owing to alleged Rwandan support for rebel activity in the neighboring Democratic Republic of Congo.¹³ The aid shortfall translated into scarcity of resources to finance development and economic deterioration.

Table M.4. World Bank Group Programs and Instruments

Lending Operation	Analytical Work	Nonlending Technical Assistance
Decentralization and Community Development Project (P074102; FY04–11)		RW-TA for PEM (Public Expenditure Management) (FY09) (P108337; FY09)
Poverty Reduction Strategy Grant (PRSG IV; P104990; FY08)		Public Expenditure Management (P117580; FY10)
Poverty Reduction Strategy Grant (PRSG V–VI; P106083, P113241; FY09–10)	DeMPA Assessment (P114707; FY10)	RW-Support to PFM Sector Working Group (P124079; FY11)
Poverty Reduction Support Financing (PRSF VII–VIII; P117495, P122247; FY11–12)	MTDS Rwanda (P127830; FY13)	TF—RW—Public Sector Capacity Building Project (P066386; FY08)
Decentralized Service Delivery DPO (P145114, FY13)		TF Capacity Building in Economic and Financial Analysis to Support the Rwanda Public Investment Program (P114616; FY11)
Public Sector Governance PforR (P149095, FY15 – active [scheduled to close in FY19])		CMC: Rwanda Debt Management Reform Plan (P160297; FY17)
Public Sector Capacity Building TAL (P066386; FY05–12)		
e-Rwanda TAL (P098926; FY07–11)		
Governance and Competitiveness TA Project (P127105; FY12–16)] ¹⁴		

Note: DPO = development policy operation; MTDS = Medium-Term Debt Management Strategy; PFM = public financial management; PRSF = Poverty Reduction Support Financing; PRSG = Poverty Reduction Support Grant; TA = technical assistance.

After discontinuation of the PRSF series in 2012, the World Bank’s support shifted to the Quality of Decentralized Service Delivery Support (QDSDS) Development Policy Operation (DPO). The QDSDS DPO was not planned as part of the World Bank’s FY09–12 CAS but was prepared to restore financial support to the government,¹⁵ after the aid shortfall, to avoid undermining the country’s development gains, and to promote the reforms needed to ensure continued progress in service delivery and poverty reduction. The objectives of the QDSDS DPO were (i) to support the government in clarifying institutional roles and responsibilities for decentralized service delivery; and (ii) to enhance public transparency, fiduciary accountability, and local government capacity for improved access to quality services. The activities focused on strengthening the decentralization policy framework and the capacity of local governments to deliver quality services and enhance accountability.

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Since FY15, the World Bank has supported government efforts to promote fiscal decentralization through PforR lending. One of the key programs of the Public Sector Governance PforR (approved in FY15 and scheduled to close in FY19, \$100 million) was fiscal decentralization, which includes resource mobilization by decentralized entities, facilitation of fiscal transfers, and strengthening of PFM systems and capacity at subnational level. Disbursement-linked indicators related to fiscal decentralization, which measure outputs or intermediate outcomes of the program, include the extent to which districts have adopted the automated local government revenue management system and the extent to which sectors are using a simplified accounting and financial reporting application, the Subsidiary Entities Accounting System.

Technical assistance lending complemented to the IPF and DPFs for decentralization. For example, Public Sector Capacity Building Project (approved in FY05 and closed in FY12, \$21 million commitment) supported public sector reforms and capacity building to improve the performance of key public institutions in implementing the initial Poverty Reduction Strategy Paper, the predecessor to EDPRS. The reforms included restructuring of public sector institutions in light of decentralization and the rollout of IFMIS, supporting software and hardware. The e-Rwanda Project (approved in FY06 and closed in FY12, \$10 million) supported in strengthening government effectiveness and efficiency through the harmonization of basic technology between central and local governments and the improvement of access to information about basic services.

No ASA focused primarily on issues of decentralization, but several ASA for PFM complemented and underpinned—indirectly, often through government strategic or analytical work—World Bank IPF and DPF in support of decentralization (box M.1). One of the key analytical underpinnings for the QSDSDS DPO was the *Republic of Rwanda Technical Assistance for Public Expenditure Management: A Policy Note (2010)*. The note discussed that bottlenecks at the district level would pose the most critical constraint to efficiency and recommended completing a capacity building plan for the districts with emphasis on on-the-job training, including clarification of roles and responsibilities and a strategy to retain workers at the district level and strengthen links between sector ministries and districts. The two

main analytical underpinnings for the PRSF series (PRSF 4–7 and PRSF 8) were two Public Expenditure and Financial Accountability assessments (2007 and 2010)¹⁶ as well as a Public Expenditure Review exercise conducted by the government with World Bank advice. Other major key analytical underpinnings were the government's strategic/analytical works, including Decentralization Sector Strategic/Implementation plans, PFM Strategic plan, a (government-donor) Joint Governance Assessment, Citizen Report Cards, and Community Score Cards. As the decentralization initiatives had been led by the government with strong commitment over the last two decades, substantial analytical work and data were available in these documents, which were developed and published with support from development partners.

The World Bank actively participated the Sector Working Group (SWG)¹⁷ on decentralization and governance, which was cochaired by Ministry of Local Government and Germany with participation of other key development partners, including Belgium, the United Nations Development Programme, the Netherlands, and the European Union (table M.5).¹⁸ The SWG on PFM was cochaired by Ministry of Finance and Economic Planning (MINECOFIN) and the World Bank. The World Bank provided technical assistance and advice to the government to formulate and implement its strategies and plans through SWGs. For example, Bank staff continued to participate in the SWGs and took a leading role in translating the EDPRS objectives into prior actions under the QDSDS DPO (ICR, p. 25). Under Public Sector Governance PforR, the World Bank has focused on supporting the sector coordination and management for the PFM SWG, as one of the key programs.

There were neither International Finance Corporation subnational or municipal investments nor Multilateral Investment Guarantee Agency guarantees at the subnational level. Some International Finance Corporation Advisory Services included support to local governments;¹⁹ for example, one for public-private partnerships, with Water and Sanitation Corporation support, assisted the Water and Sanitation Corporation in developing sustainable model structures to help districts attract private sector engagement in developing rural water systems, and in developing in-house capacity to better manage public-private partnerships contracts for its wider operations.

Box M.1. Findings and Recommendations from Select Advisory Services and Analytics

Rwanda Technical Assistance for Public Expenditure Management: A Policy Note (2010) discusses how bottlenecks at the district level pose the most critical constraint to efficiency and will need to be addressed before launching the next stage of decentralization reforms to devolve responsibility to the sector and cell levels. These are mainly related to poor capacity to implement projects, poor knowledge of procurement processes, and staff retention problems. With increasing amounts of transfers going to the districts, the note recommends completing a capacity building plan for the districts with emphasis on on-the-job training, including clarification of roles and responsibilities and a strategy to retain workers at the district level and strengthen links between sector ministries and districts.

The Report on the Common Development Fund (CDF) Public Expenditure Tracking Survey (2010) was prepared, as a technical assistance activity, focusing primarily on the management of government budget and donors' grants transferred to districts through the CDF, and their impact on basic public services delivery at the project level. The Public Expenditure Tracking Survey is a diagnostic or monitoring tool used to analyze the flow of public funds and understand the major bottlenecks in budget execution. The report found the issue of poor planning for the costs to maintain and operate projects has some bearing on the issue of shortages in funds transferred from CDF to the districts. The report also discusses the need for consistent information on available resources at various levels of the resource chain as well as the lack of consistent reporting on completed projects and effectiveness in delivering services as well as the large discrepancies between funds transferred to districts compared with receipts within a year. Results from the CDF-Public Expenditure Tracking Survey highlight the need for capacity support to districts to include consideration of how to plan activities and budgets to account for operation and maintenance of projects.

Rwanda: Deepening the Medium-Term Expenditure Framework Reforms (2009) discusses the significance of medium-term expenditure framework (MTEF) to make the budgetary resources available for subnational governments to achieve the desired goals. One of the key MTEF processes is putting in place a predictable and consistent framework for national policies that will guide the formulation of budgets and a fiscal framework that will provide assurance to line ministries, provinces and districts of the budgetary resources. The initial implementation phase of MTEF reform included training workshops for districts to discuss the MTEF approach, including presentations of a strategic planning model.

Source: Independent Evaluation Group.

Overall, the packaging of instruments was appropriate. There was complementarity between DCDP (project financing) and the PRSF series (policy reform). Lending (project financing and DPF) was complemented by both lending and nonlending technical assistance to strengthen the capacity of local governments. Although the number of ASAs was limited, ASAs underpinned the lending activities. ASAs helped the government to identify the bottlenecks of PFM at local level and select priority areas. The move toward a PforR in 2015 was appropriate, as the government was keen on achieving results and further strengthening institutions and capacity.

The sequencing of activities was appropriate, with greater focus on fiscal decentralization and service delivery in the latter part of the evaluation period. The activities in the initial part of the evaluation period included building institutions' capacity to plan, implement, manage, finance, and monitor development activities at local level, conducting communication campaigns regarding decentralization, and improving the policy framework for decentralization. With improvement in these areas, the activities in the latter part of the evaluation period focused on fiscal decentralization, including tax revenue mobilization, and better service delivery at the local level.

Yet, there is a room to strengthen linkages and coordination across sectors. Several sector-specific projects have supported local governments to manage their resources more efficiently and deliver better services. For example, the Third Support to the Social Protection System DPO aimed to enhance the effectiveness and expand the coverage of its social protection system through strengthening districts' capacity.²⁰ The Transformation of Agriculture Sector Program PforR (approved in FY15) operation has aimed to increase and intensify the productivity of the Rwandan agricultural and livestock sectors and expand the development of value chains. Under the PforR project, there have been key challenges at the local level including unsustainable public expenditure, audit and fiduciary issues, and lack of capacity. The World Bank's Rwanda Agriculture Public Expenditure Review (2017) also discussed the importance of enhancing capacity of local governments to carry out sustainable expenditures²¹ and manage agriculture services, such as big irrigation projects and extension services. There has been no formal/systematic forum to discuss the issues related decentralization among

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sectoral experts. The World Bank could take a more holistic approach that systematically takes account of sector-specific experiences in tackling issues of decentralization.

Table M.5. Sector Working Groups in Rwanda (2014)

Issue	Chair Ministry	Cochair	World Bank Participation
Agriculture	Agriculture	European Union	X
Capacity development (not yet operationalized)	Finance and Economic Planning	Belgium	
Education	Education	DfID	
Energy	Infrastructure	World Bank	
Environment	Environment	UNDP	
Financial sector	Finance and Economic Planning	DfID	X
Governance and decentralization	Local government	Germany	
Health	Health	United States	
Information and communication technology (ICT)	Youth and ICT	USAID	
Justice, reconciliation, law, and order	Justice	Netherlands	
Public financial management	Finance and Economic Planning	World Bank	X
Private sector development and youth	Commerce	AfDB	X
Social protection	Local government	DfID	X
Transport	Infrastructure	AfDB	
Urban and rural settlement (not yet operationalized)	Infrastructure	World Bank	X
Water and sanitation	Infrastructure	Japan	

Source: Project appraisal document for Public Sector Governance Program-for-Results, p. 52, based on Ministry of Finance and Economic Planning data.

Note: AfDB = African Development Bank; DfID = UK Department for International Development; ICT = information and communication technology; UNDP = United Nations Development Programme; USAID = U.S. Agency for International Development.

Capacity development of subnational governments has been a central concern throughout the evaluation period. Capacity development was a main objective of the two key lending projects (the DCDP and the QSDSDS DPO) for decentralization. Capacity development for districts was a key component/activity under the PRSF series and Public Sector Governance PforR operation. Technical assistance complemented lending to improve capacity of local governments. For example, the Public Sector Capacity Building Project was designed to leverage capacity building efforts under International Development Association projects, including DCDP, and those by other donors.

Gender integration has been enhanced over the evaluation period. The project appraisal document of DCDP discussed gender issues and the importance of women's participation in community development. However, gender aspects were not captured in the results framework. Under the QSDSDS DPO, the World Bank incorporated gender aspects in the results framework, using gender-disaggregated indicators: the share of citizens who participate in the district budgetary process (o/w women) and the share of citizens who participate in the formulation of *imihigo* activities (o/w women).²² The Public Sector Governance PforR supports government efforts to mainstream gender issues in PFM by providing a gender-responsive budgeting training program for planning and budgeting officers and supporting the National Institute of Statistics of Rwanda in collecting gender-disaggregated data.

Implementation and Results

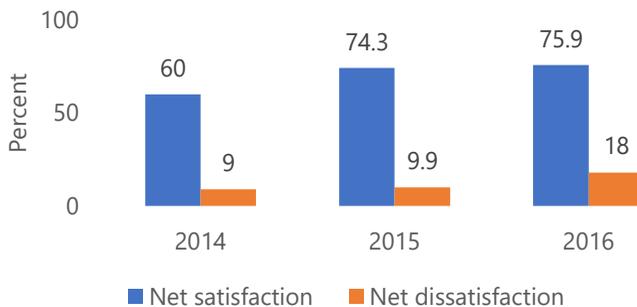
The World Bank has made substantial contributions to deepening the decentralization process and to improving public resource management at local level. The achievement of objectives of two key decentralization projects (DCDP and QSDSDS DPO, both fully disbursed) was substantial despite some delays in implementation of DCDP.²³ The Project Performance Assessment Report of DCDP noted that the project had a positive impact on supporting local capacity building for decentralized project cycle management and financial management and participatory goals for local development. The Implementation Completion and Results Report Review of QSDSDS DPO rated the achievement of two objectives under the project development objective as substantial (decentralized service delivery and PFM for improved access to quality services). The results of

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female participation ratios in the district budgetary process and the formulation of *imihigo* activities surpassed the targets. The achievement objectives related to fiscal decentralization under the PRSF series and the PforR operation were also substantial. With the support of the Public Sector Capacity Building Project and the PRSF series, by 2014 the IFMIS was implemented in 267 government entities, including 60 central government agencies and 31 districts and Kigali City administrations, despite a considerable delay. Under the PforR operation, the implementation of automated local government revenue management system at all districts and rollout of Subsidiary Entities Accounting System to all 416 subdistricts/sectors were already achieved more than a year before closing.

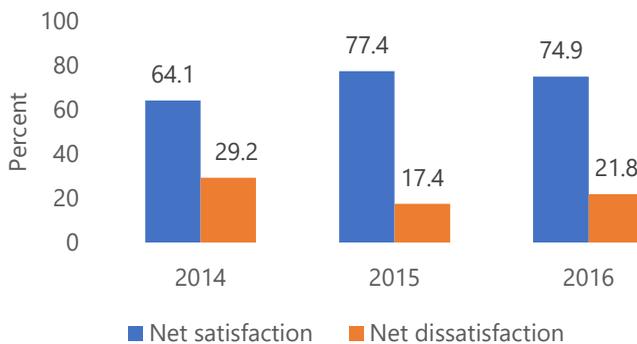
The decentralization-related outcomes targeted in World Bank strategies were achieved and sustained and the progress for FY14–18 is partially on track. By the time the PRSF 4–7 series closed in 2012, the share of districts that achieved at least 80 percent of their service delivery and development targets had increased from 60 percent in 2006 to 67 percent in 2011, meeting the target of 65 percent. By the time of the Country Assistance Strategy Completion Report Review in 2014, the share had reached 100 percent, meeting the CAS target of 75 percent. Regarding the local tax collection, in 2015/16, 33.8 billion Rwanda franc of local tax revenue was collected compared with 13.9 billion in 2012/13 (baseline) reflecting an increase from 0.3 percent to 0.9 percent of gross domestic product. This equals a threefold increase and is a material achievement (Performance and Learning Review for Country Partnership Strategy FY14–18).²⁴ The progress in decentralization-related outcomes has been observed in the annual Citizen Report Card, a publication of Rwandan Governance Board to ascertain the levels of community satisfaction and gauge citizen views on delivery of various services at the local level (RGB 2014, 2015, and 2016). For example, the overall net satisfaction of the citizens to service delivered by local government institutions was at 75.9 percent while net dissatisfaction is 18 percent (figure M.3). This net satisfaction ratio has improved since 2014. The overall net satisfaction of the citizens with health services in 2015 and 2016 improved as compared with 2014 (figure M.4).

Figure M.3. Overall Satisfaction of Services Rendered by Local government



Source: Rwanda Citizens Report Cards 2014–16.

Figure M.4. Overall Satisfaction with Health Services



Source: Rwanda Citizens Report Cards 2014–16.

The World Bank has also made significant contributions to advancing the capacity of local governments through a combination of financing and technical assistance. For example, under DCDP, all local government staff were trained, covering 10,771 people in various areas including financial management, planning, and project management. The World Bank contributed to strengthening local government capacity by supporting the rollout of PFM systems at the local level, including IFMIS under the PRSF series, Subsidiary Entities Accounting System in subsidiary entities of districts under QSDSDS DPO and the PforR, and the automated local government revenue management system under the PforR. The World Bank also made a contribution to financing PFM systems with its strong lending capacity. The cost of investing in PFM

Appendix M
Decentralization and Public Resource
Management at the Local Level

information systems not only at central government, but also local government, is high. The key stakeholders (including government counterparts and development partners) interviewed during the field visit, mentioned that the World Bank is only one institution who can provide a significant amount of money enough to invest on PFM information systems together with strong technical knowledge.

The latest reports and the field visits confirm the improvements in local government capacity. For example, the Public Expenditure and Financial Accountability report (Rwanda 2017) confirms that the PI-23 indicator (availability of information on resource received by service delivery unit), which was one of the outcome indicators of QDSDS DPO, improved from “D” in 2010 to “C” in 2014. Field visits to four districts²⁵ also confirm that IFMIS was successfully implemented at district level and has been used to improve resource management and financial reporting. The field visits also found that none of four districts had any direct engagement with the World Bank. This suggests there is a room/potential for the World Bank to directly engage with local governments to stay abreast of progress and ensure the sustainability of capacity development at local level.

It is also important to highlight the World Bank’s contributions to financing development and sustaining dialogue in Rwanda via support for decentralization. The QDSDS DPO was prepared under difficult political and economic circumstances, including a sharp curtailment of donor support in 2012, and represented a strategic decision by the World Bank on a form of support that could garner sufficient support from key shareholders. The operation supported the government’s efforts to secure critical expenditures for service delivery and prevent a slowing or reversal of gains in poverty reduction progress. It also demonstrated the World Bank’s flexibility to respond to the government’s urgent needs. In addition, the key government counterparts (interviewed during the mission) mentioned that the QDSDS DPO provided confidence to other development partners, leading eventually to the restoration of their support, and that the World Bank contributed to sustaining dialogue between the government and development partners at critical times.

Considering the relevance of objectives and substantial achievement of results, the Bank Group's contribution to decentralization/ public resource management at local level is rated moderately satisfactory. The decentralization objectives were highly relevant and fundamental to the country context and well aligned with government strategies and remained so over the entire evaluation period. The increasing amount of resources that local governments manage (including revenues) shows the progress in fiscal decentralization and the improvements in key governance/institutional indicators and participatory processes indicate positive outcomes. Districts' own revenue increased more than three times over the last decade. However, transfers to local governments remain very rigid, with over 80 percent of transfers earmarked. The World Bank contributed to financing and rolling out PFM systems at the local level and helped improve capacity as attested through latest reports and field visits. But service delivery and accountability outcomes show mixed results. Citizen satisfaction on service delivery as observed in the Citizen Report Card has improved since 2014. But a recent decentralization assessment finds that "district performances in service delivery are guided by strict central government oversight rather than downward accountability exercised by district councils and citizen's groups (MINALOC 2017)." Overall, Bank Group support could have been more sustained and coordinated across sectors for greater impact.

Overall proposed rating: moderately satisfactory.

¹ Public resource management at the central level is reviewed under a separate public resource management subpillar.

² The initial Decentralization Policy for Rwanda was adopted and approved in May 2000. Starting in 2001, the government has progressively decentralized decision-making, the provision of some public services and resources to local governments in three phases (Quality of Decentralized Service Delivery Support Development Policy Operation, Implementation Completion and Results Report, p. 1).

³ After 2015, the decentralization implementation plan was integrated into Economic Development and Poverty Reduction Strategy to harmonize the strategy cycle. The Governance and Decentralization Sector Strategic Plan 2013/14–2017/18 has been developed and implemented to achieve the Economic Development and Poverty

Reduction Strategy strategic objectives. The Governance and Decentralization Sector Working Group (SWG) support the implementing and monitoring the plan.

⁴ All local leaders have been elected since the Constitution was finalized in 2003. The candidates are elected indirectly by the cell and subdistrict councilors respectively.

⁵ Introduced at the inception of the second phase of decentralization, the first *imihigo* were signed between the President of the Republic and District Mayors in 2006. The *imihigo* then became an annual undertaking through which local governments articulate their own objectives, which reflect priorities of their local citizenry, and set strategies to achieve the objectives. derived from the traditional practice where individuals voluntarily set their own targets and publicly committed to achieving them within time-bound periods, the concept aims to strengthen participatory priority-setting and bottom-up planning and accelerate implementation while focusing on time-bound results. the *imihigo* are set yearly but evaluated every six months. the process is to strengthen the focus on results, enhancing budget execution rates, and improving local government planning, implementation, and reporting. despite the significant results achieved under *imihigo*, there have been critics that the government's top-down approach would undermine trust, innovation, and creativity of local governments.

⁶ The Vision 2020 was built around six pillars (i) good governance and a capable state; (ii) human resource development and a knowledge-based economy; (iii) a private sector-led economy; (iv) infrastructure development; (v) productive and market-oriented agriculture; and (vi) regional and international economic integration. It also emphasizes the importance of progress on four cross-cutting issues: (i) gender equality; (ii) natural resources; (iii) the environment; and (iv) science, technology and information and communication technology.

⁷ The SMART criteria require indicators to be specific, measurable, achievable, relevant, and time bound.

⁸ The original outcome indicator under Country Partnership Strategy (CPS) FY14–18 outcome 11: 'Improved delivery of decentralized services' was: citizens satisfied with (timeliness and quality of) service delivery at the local level. The Implementation Completion and Results Report Review of the Quality of Decentralized Service Delivery Support Development Policy Operation (QDSDS DPO) pointed out that the outcome of the intervention on quality of services is implicit. It was restructured to better reflect World Bank support (Performance and Learning Review for CPS FY14–18, para. 39). Bank Group's contribution to the quality of service was considered to be difficult to assess.

⁹ For example, the outcome indicator for strengthening public resource management at local level (CAS FY09–12) was the percentage of districts achieving at least 80 percent of the service delivery and developments targets for which they are responsible. This was one of intermediate outcome indicators under Poverty Reduction Support Grant 7.

¹⁰ The program was a programmatic series of four single-tranche development policy operations, the fourth, fifth, and sixth Poverty Reduction Strategy Grants, approved in 2008, 2009, and 2010, respectively, as well as a seventh Poverty Reduction Support Financing operation (a combination of grant and credit financing) approved in 2011. Total program cost was \$372.6 million (\$30.4 million provided as credit and the rest as grants from the International Development Association; Implementation Completion and Results Report Review, p.4).

¹¹ The Citizen Report Cards and Community Score Cards are approaches that the Ministry of Local Government and Ministry of Finance and Economic Planning have adopted for improving efficiency, policy effectiveness, accountability and participation in decentralized levels of administration. The Citizen Report Card is an annual publication of Rwanda Governance Board, which is produced to ascertain the levels of community satisfaction with regard to services rendered. The purpose is to provide public agencies and policy makers with feedback from users on the quality and adequacy of public services delivered at the grassroots level. The Community Score Cards are monitoring tools that are used for local-level monitoring and performance evaluation of services.

¹² The Poverty Reduction Support Financing 8 was provided as part of three single-tranche development policy operations with the original financing amount of \$125 million (a combination of \$60 million in grants and \$65 million in credits from the International Development Association).

¹³ Many development partners suspended or delayed planned budget support to Rwanda, leading to a loss equivalent to 11 percent of the budget in the first half of FY12/13 (July-December 2012).

¹⁴ This project mainly focuses on competitiveness (not much on governance).

¹⁵ The DPO was stand-alone with the credit of \$46.5 million (disbursement).

¹⁶ In 2017, the Public Expenditure and Financial Accountability was completed not only for Rwanda at country level, but also for 8 of 30 districts.

¹⁷ Sector working groups and coordination forums have been functioning as the main discussion forums for stakeholders, including relevant government agencies, development partners, civil society organizations, and others.

¹⁸ German, Netherlands, and Belgium have been leading bilateral donors for the SWG on decentralization and governance under the donor Division of Labor assigned in 2010 and revised in 2013 and 2014. German has contributed to the decentralization reforms in Rwanda since 2006 through a series of technical assistance programs, including local service delivery, fiscal decentralization and PFM, citizen-oriented local governance, and decentralization and good governance. Belgium and the United Nations Development Programme have implemented a number of projects to support decentralization agenda and had a key role in capacity development. Netherlands has provided support in the area of decentralization and local economic development. In addition, development partners (UK Department for International Development, Germany, Sweden, and the European Commission) also supported decentralization agenda through the multidonor PFM basket fund.

¹⁹ International Finance Corporation subnational/municipal financing mainly targets upper-middle-income countries or emerging economies. Typical International Finance Corporation Advisory Services targeting local governments include Public-Private Partnerships transaction advisory and doing business advisory.

²⁰ This DPO was identified as one of the projects that contributes to decentralization/public resource management objectives (Performance and Learning Review for CPS FY14–18).

²¹ The pace of decentralization has been uneven, with the level of disbursements by districts of agricultural expenditures rising and falling annually. The share of local government expenditure (including interagency transfers) in agriculture (as compared with central government expenditure in agriculture) was 20.6 percent in 2011/12, 15.9 in 2012/13, 19.6 in 2013/14, 28.6 percent in 2014/15, and 23.5 percent in 2015/16.

²² During the dialogue on the QDSDS DPO, the World Bank's shareholders requested that the World Bank remain engaged in gender mainstreaming (project appraisal document for Public Sector Finance Program-for Results, para. 27).

²³ The major territorial reforms in 2006 did not seem to have been anticipated during preparation which led to implementation delays by over one year.

²⁴ Indicator 10.1: Percentage increase in local government taxes collected. The milestone is 1.4 percent in FY15/16, 5 percent in FY16/17, 15 percent in FY17/18, and 20 percent in FY18/19.

²⁵ The evaluation team conducted the field visits to the district offices in Gatsibo, Bugesera, Musanze, and Rubavu, in February 2018.

Appendix N. Integrating Gender into the Country Development Strategy and Programs

Rwanda has had significant gender gaps in poverty and development opportunities due to social, cultural, and historical backgrounds. Rwandan society is characterized by a patriarchal social structure that underlies the unequal social power relations between men and women, boys and girls (Rwanda 2010). Gender inequalities have not been seen as unjust, but as respected social normality. During the postindependence period, few women participated in political decision-making. Poverty levels remain higher in families with smaller landholdings and in female-headed households. The war and genocide in 1994 worsened the situation, as the majority among the mostly affected were women. Women did not have equal opportunities to access to resources and jobs, as compared with men. Women tend to be vulnerable to become victims of violence. In 2010, at least 56 percent of women aged 15–49 years had experienced physical or sexual violence (Country Partnership Strategy, box 2).

Gender mainstreaming has become a key agenda in Rwanda, as the government considered that gender equality and women's empowerment are critical to sustainable socioeconomic development. Rwanda ratified and adhered to a number of international conventions, charters and declarations, including the Convention on the Elimination of All Forms of Discrimination against Women and the Millennium Development Goals. The government has taken important measures to integrate gender into national strategies and programs. The government highlights gender as a cross-cutting issue in all sectors in the Vision 2020, the Economic Development and Poverty Reduction Strategy and put the National Gender Policy in 2004 (revised in 2010) as a principal guideline to integrate gender issues in planning and programming. In addition, the government has been implementing a gender budgeting to institutionalize gender mainstreaming over the last 15 years and a comprehensive Gender Statistics Framework to produce and monitor gender statistics.

With the policy and institutional reforms, Rwanda has made significant progress in gender equality and performed higher than most of its comparative countries and the regional average. Rwanda ranks fourth globally, coming after Iceland, Norway, and Finland, on the World Economic Forum's 2017 the Global Gender

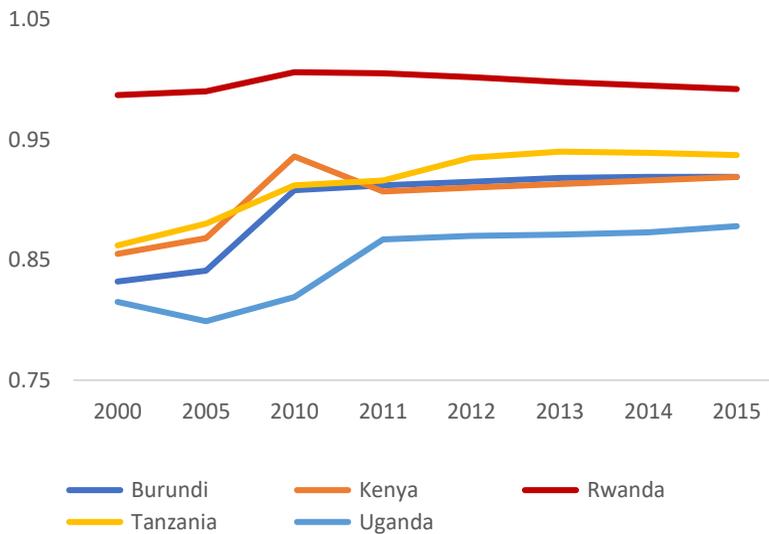
Appendix N
Integrating Gender into the Country
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Gap Index (GEF 2017). Rwanda is only one African country ranked in the top 10. Rwanda also positions itself as number three on Political Empowerment, being the country with the highest share of female parliamentarians in the world (61 percent), and as number seven on economic participation and opportunity. Rwanda has also fully closed its Health and Survival Gender Gap, although its Educational Attainment Gender Gap remains open (113th rank).¹ Indicators of gender equality have improved and remained higher than other comparative countries (figures N.1 and N.2). The female labor force participation rate was 86 percent and that of male was 86.3 percent in Rwanda in 2017. The female labor force participation rate in Rwanda was 23 percentage point higher than the Sub-Saharan Africa average (excluding high-income countries).

Further advancing gender equality, by integrating a gender issue in remaining areas and monitoring and assessing gender-related indicators and results, could underline potential impacts on development outcomes. Gender gaps in wages and earnings in Rwanda persist (WEF 2017; IMF 2017). For example, women are often involved in lower-valued subsistence agriculture, while men are more involved in cash crop production and marketing. Gender gaps in access to financial services also remain, partly due to a lack of means to open accounts using formal mechanism. Large gaps in educational equality attributed to lower literacy rate among women as compared with men. To narrow these remaining gender gaps, continuous efforts for integrating gender in strategies and programs across sectors are needed.

This note assesses the relevance of objectives and design in country strategies with regard to gender, the choice of gender indicators in results framework, and the efficacy, applying the methods and approaches suggested in the evaluation guideline, *Integrating Gender into Evaluation Work* (World Bank Group 2016).²

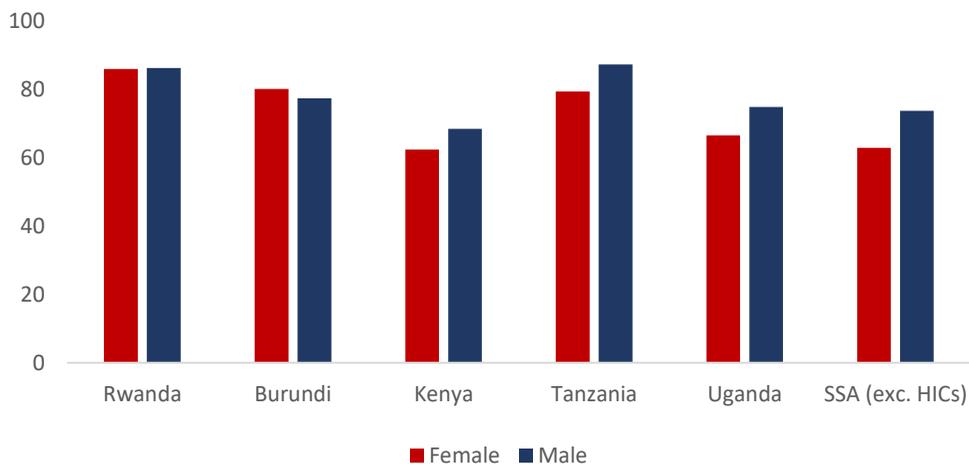
Figure N.1. UN Gender Development Index, 2000–15



Source: United Nations Development Programme.

Note: The gender development index shows how much women are lagging behind their male counterparts and how much women need to catch up within three basic dimensions of human development (health, knowledge and living standards). UN = United Nations.

Figure N.2. Labor Force Participation Rate, 2017



Source: World Bank Group Gender Statistics.

Note: Percentage of female and male population, ages 15+ (modeled on International Labour Organization estimates).

Relevance of Objectives

Gender-related objectives were not explicitly pursued and gender as a cross-cutting issue was not articulated in the World Bank Group's country strategies over the evaluation period. Neither Country Assistance Strategy (CAS) FY09–13 nor Country Partnership Strategy (CPS) FY14–18(20) encompassed overall strategic objectives focusing on gender. The CPS highlighted gender as an overall cross-cutting issue to be pursued, although it provided little explanation of how in practice it would be systematically integrated into the program and reported on.³ Gender mainstreaming could have been better articulated, particularly given that Rwanda is among the few countries with gender targets in its legal framework.⁴

Although gender-related objectives did not feature explicitly at the overall strategy level, specific gender priorities were identified in certain areas, notably social protection and agriculture, in the Country Assistance Strategy (CAS) and Country Partnership Framework (CPF). One of the two key themes under CAS FY09–13 was to reduce social vulnerability. The CAS highlighted the importance of supporting the most vulnerable groups, which include female-headed households, mothers who face high mortality rates, and widows survived from the genocide. One of the three key themes under CPF was to improve the productivity and incomes of the poor through rural development and social protection. The CPF discusses the progress and challenges made in Rwanda to achieve gender equity and identifies supporting the lowest-income and vulnerable groups, including female-headed households and victims of gender-based violence, as a priority.

Gender integration and the gender priorities identified in CAS and CPF were highly relevant to the country contexts and the government's strategies and gender policies. Gender integration was aligned with the Vision 2020, the Economic Development and Poverty Reduction Strategy, and the National Gender Policy in 2004 (revised in 2010), which highlight the significance of integrating gender as a cross-cutting issue. The government has developed and implemented the flagship social protection program, called Vision 2020 Umurenge Program (VUP) to accelerate poverty reduction, by protecting households from falling below survival level and promoting them to improve their material well-being and access to productive opportunities. The gender priorities were aligned with the VUP, which focuses on gender equality and

women's empowerment. Gender-related objectives remained relevant over the evaluation period.

Several of the Bank Group's gender-focused analytical works informed the country strategies (box N.1). CAS FY09–13 mentioned two analytical works (Youth and Gender in Post-Conflict Study and the International Finance Corporation's Gender Entrepreneurship Markets study), but the CAS did not discuss the issues and priorities identified in the analytical works.⁵ CPS FY14–18 drawn on the findings of the World Bank's Gender Assessment (2012) and discussed this and other key analyses to inform the strategy. Other key analytical works include *Rwanda Poverty Assessment 2015* (World Bank 2015), which analyses gender effects on poverty and *Rwanda Employment and Jobs Study* (World Bank 2015), which analyzes occupations by gender. The Bank Group also benefited from a relatively large number of gender statistics, analyses, and reports which were produced by the government, international organizations, and other development partners.⁶

Box N.1. Gender-Focused Analytical Works

Key Analytical Works in Country Assistance Strategies and / Country Partnership Strategies^a

FY08 Youth and Gender in Post-Conflict Study.

IFC. 2009. Voices of Women Entrepreneurs in Rwanda.

World Bank. 2012. Gender Assessment.

Trust Fund for promoting economic empowerment of adolescent girls and young women (FY12–14).

Other Key Analytical Works

World Bank, LOGICA and Promundo. 2014. The Adolescent Girls Initiative in Rwanda: Midline Report.

World Bank, LOGICA and Promundo. 2015. The Adolescent Girls Initiative in Rwanda: Final Evaluation Report

Vision 2020 Umurenge Program impact evaluations.

World Bank. 2015. Rwanda Employment and Jobs Study.

World Bank. 2015. Rwanda Poverty Assessment 2015.

Note: a. These were identified based on the review of Bank Group's country strategy documents.

Relevance of Design

There are gender-relevant lending and nonlending operations identified in the World Bank Group proposed CAS/CPS programs only in select sectors. The CAS/CPS discussed the importance of supporting VUP to reach full national coverage, including gender and child sensitive reforms, and proposed to continue Social Protection System operations series (1–3, FY15–17). The CPS documented the significant number of female beneficiaries benefited from two agriculture projects (the Rural Sector Support Project and Land Husbandry, Water Harvesting and Hillside Irrigation Project) and proposed to continue to support agriculture sector through Programs-for-Results.

Relevance of design could be improved by articulating gender issues across all sector. The CAS/CPS did not discuss gender issues in all sectors and how gender aspects could be integrated in operations across sectors. For example, the Bank Group continued to incorporate gender aspects in the public financial management and decentralization operations over the evaluation period (greater emphasis in the latter period). The operations have supported to promote women to participate in budgeting process, to implement gender budgeting, and to improve gender statistics. There were not discussed in the country strategies and country programs proposed in CAS/CPS. Some gender analytical works were taken into consideration when designing lending operations. For example, gender-focused trust fund (Promoting Economic Empowerment of Adolescent Girls and Young Women, FY12–14) was linked to designing International Development Association operations (Country Assistance Strategy Completion Report and Country Assistance Strategy Completion Report Review).

Results Frameworks (Appropriate Choice of Gender Indicators)

Only the social protection and agriculture sector integrated gender perspectives in their results framework in the latter part of the evaluation period. The CAS did not incorporate gender aspects in the results framework. The CAS did not include gender-disaggregated indicator to assess outcomes of the social protection projects. Under the CPS, the results framework included gender-disaggregated indicators, such as the number of female-headed households

benefiting from social protection programs and number of females with access to crop and livestock insurance.

Efficacy

Although the Bank Group program is likely to have made positive contributions, little information is available to support a fully conclusive assessment.⁷ In agriculture, for instance, the CPS documented the significant number of female beneficiaries under two major World Bank interventions.⁸ The subsequent Transformation of Agriculture Sector Program Program-for-Results operation has taken a gender-sensitive approach in the programs it has supported and has sought improvements in an Index of Women's Empowerment in Agriculture. The index (piloted in 13 countries) represents an innovative approach that takes account of linkages among women's empowerment, food security, and agricultural growth. Based on the 2014 baseline survey, Rwanda ranked second highest among the 13 countries. However, no update has since been made available to allow developments over time to be measured. In social protection, there is some evidence that the VUP, which the World Bank has consistently supported, has had beneficial effects on the empowerment of women by increasing their access to labor earnings and financial services, in turn enabling precautionary savings and better coping in the face of shocks. In addition, World Bank-administered trust fund financing also supported basic education and skills development for adolescent girls and young women (appendix D).⁹

¹ The Health and Survival subindex provides an overview of the differences between women's and men's health through the use of two indicators: (i) the sex ratio at birth, and (ii) the gap between women's and men's healthy life expectancy. The Educational Attainment subindex captures the gap between women's and men's current access to education through ratios of women to men in primary-, secondary- and tertiary-level education.

² The guideline suggests conducting gender analysis at the country level to assess (i) relevance of objectives with regard to gender, (ii) relevance of design with regard to gender, (iii) appropriate choice of gender indicators in results framework, and (iv)

efficacy. The guideline also provides the detail steps and key points to conduct gender analysis for Country Program Evaluations and Completion and Learning Reviews.

³ This is a typical issue identified in the Bank Group. The Independent Evaluation Group report points out that mainstreaming an issue (for example, youth, gender, and governance) is increasingly used in Country Assistance Strategy design to highlight its importance. In reality, however, this often results in diluted attention, weak support, and no accountability for achieving results (World Bank 2016a, 20–23).

⁴ The Independent Evaluation Group report suggests devoting at least as much attention to building a strong results chain for the cross-cutting themes as to any other pillars and include them in the results framework for proper tracking of progress (World Bank 2016a).

⁵ A Systematic Country Diagnostic for Rwanda has not been produced yet.

⁶ For example, there was a specific study conducted by FAO (2016), *Research on Rural Women's Economic Empowerment and Social Protection*, which contributed to inform the 2017 lending operation.

⁷ Country Partnership Strategy Performance and Learning Review does not report the extent of achievements for the gender indicators in agriculture and social protection sectors. It mentions “no disaggregated data by gender available.”

⁸ Of the 57,000 people who have benefited from the first two Rural Sector Support Project operations, series, 42 percent are female, as are 48 percent of the 19,828 people who have benefited from the Land Husbandry, Water Harvesting and Hillside Irrigation Project (see the FY14–18 Country Partnership Strategy, p. 54).

⁹ Two thousand vulnerable girls and young women in selected districts through vocational training centers.

Appendix O. World Bank Group Operational Program in Rwanda, FY09–17

Strategic objectives and results areas targeted by the World Bank Group remained broadly stable. Table O.1, which juxtaposes Country Assistance Strategy (CAS) and Country Partnership Strategy (CPS) strategic objectives, helps demonstrate that the broad areas of Bank Group intervention did not change significantly over the evaluation period.¹ In some cases, the strategic objectives applied to only part of the period. For example, results in urbanization and regional integration were not explicitly targeted during the CAS period, whereas both were featured prominently in the CPS.

Table O.1. Strategic Pillars, FY09–17

Pillar 1	Pillar 2	Pillar 3
FY09–12 Country Assistance Strategy (Extended to FY13)		
Promote economic transformation for sustained growth (agriculture, infrastructure, environment for private sector development, management of public resources at central and local level)	Decrease Social vulnerability (targeted interventions linked to health, social protection, and demobilization/integration of ex-combatants)	n.a.
Cross-cutting theme: Mainstreaming Support to Capacity Building		
FY14–18 Country Partnership Strategy (Extended to FY20)		
Accelerate economic growth that is private sector–driven and creates jobs (energy, urban development, improved environment for Private Sector Development, integration into the East African Community regional market)	Improve the productivity and incomes of the poor through rural development and social protection (agricultural production and commercialization, rural roads, targeted social protection interventions)	Support accountable governance through public financial management and decentralization (improved delivery of decentralized services, strengthened accountability)

Sources: FY09–12 Country Assistance Strategy and FY14–18 Country Partnership Strategy.

World Bank Group Activities in Rwanda

Financial flows to Rwanda have changed over recent years with declining official development assistance and increasing foreign direct investment and private

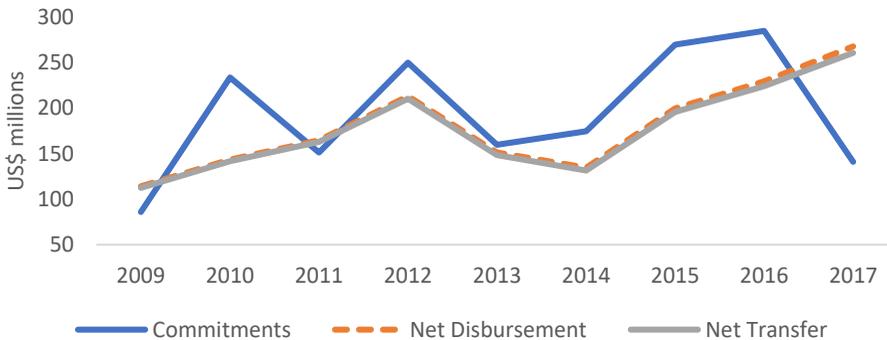
equity investment. The net official development assistance declined from \$1.263 billion in 2011 to \$879 million in 2012 and remained around \$1 billion afterward, while as a share of gross national income it declined from 17 percent in 2009 and 20 percent at peak in 2011 to 13 percent in 2015 (figure O.1). Foreign direct investment net inflows increased by two to three times from \$119 million to \$315 million in 2014 and \$254 million in 2016. The government considers high reliance on aid is not sustainable. Given the constraints on maintaining high rates of public investment, and development of private sector is critical for financing development and future growth (World Bank 2015).

World Bank financing. The Bank Group continued to support Rwanda with strong commitments and disbursements, despite the decline in overall foreign aid and slowdown in its engagement around FY13–14. The World Bank approved 31 International Development Association (IDA) projects to Rwanda with a total commitment of \$1.75 billion over the FY09–17 period. Including the regional projects for Rwanda. There were 46 IDA projects, including the ongoing projects approved before the evaluation period. Annual average lending commitments for FY09–13 were \$176 million and the disbursement was \$157 million, while those for FY14–17 were \$218 million and \$208 million respectively (figure O.2). The average annual IDA disbursements were clearly important contributors to overall official development assistance flows. Nevertheless, a drop-off in IDA disbursements can be seen in FY13–14 as the Poverty Reduction Support Financing 8–10 series was abandoned after FY12, despite the World Bank’s efforts to cushion the cutback with the \$50 million decentralization development policy financing operation in FY13.

To meet Rwanda’s policy stance and development needs, there were some changes in the engagement model and the priority areas. Budget support proved a very effective instrument to deliver flexible financing to a reform minded government. However, after events around 2012 when several donors cut back sharply on budget support for “noneconomic” (political) reasons, the government has decided to seek reduced aid dependency together with greater predictability of financing. To this end, the government found that a Program-for-Results would be a more stable form of support. Overall the share of commitments in the form of budget support before 2013 was around two-thirds

of the total World Bank lending, similar to the share of the mix of Program-for-Results and development policy operation after 2013.

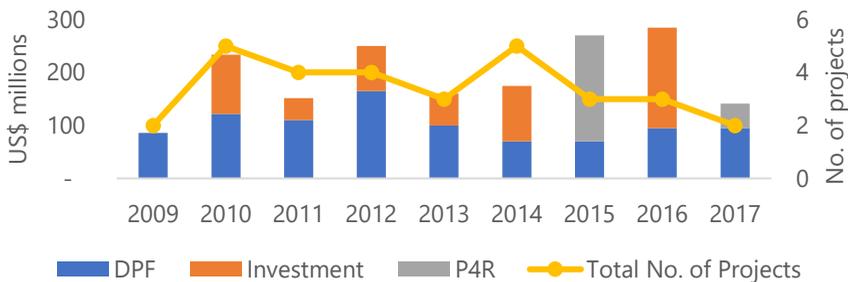
Figure O.1. IDA Commitments, Net Disbursements, and Net Transfers to Rwanda, FY09–17



Source: World Bank Business Intelligence.

Note: Net transfers are minus fees. There are no interest and charges during this period. IDA = International Development Association.

Figure O.2. Amount (by Instrument Type) and Number of World Bank IDA Commitments to Rwanda, FY09–17



Source: World Bank Business Intelligence.

Note: DPF = development policy financing; IDA = International Development Association; P4R = Program-for-Results.

IDA allocations. Owing mainly to the increasing overall size of the IDA envelope and Rwanda’s improving Country Policy and Institutional Assessment scores, the allocations increased from an indicative amount of \$417 million under IDA 15 to \$683 million during IDA17 (table 1.4). Financing from regional IDA

Appendix O
World Bank Group Operational Program
in Rwanda, FY09–17

credit funds and from the IDA Scale-Up Facility credit funds during IDA17 ultimately boosted actual lending commitments. Overall, new World Bank lending commitments to Rwanda during the evaluation period amounted to some \$2.1 billion under 39 operations, including some \$309 million in IDA financing for Rwanda under regional projects in which the country participated.² These new IDA commitments added to a significant inherited portfolio of \$380 million under 16 projects. The FY14–18 CPS indicated the World Bank’s intention to shift the terms of IDA assistance away from predominantly grant to mostly credit financing. Consequently, grant financing, which constituted 56 percent of total financing during FY09–13, shrank to approximately 7 percent in the FY14–17 period.

Table O.2. IDA Allocations and Actual Lending, FY09–17 (\$, millions)

	IDA 15			IDA 16			IDA 17		
	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
IDA allocation		417			617			683	
Actual IDA commitments		525			713			823	

Note: The IDA allocations refer to Rwanda’s national allocation only, while IDA commitments include both those for Rwanda-only projects and those to Rwanda under regional projects. IDA = International Development Association.

IDA program implementation. Under the FY09–13 CAS, the World Bank’s actual lending volumes were \$881 million, much higher than the proposed allocation in the CAS baseline scenario (\$533 million) (table O.3). During the CAS period, 20 projects (including five unplanned projects) were launched, and 18 of which reached the implementation stage. One project (\$5 million) was dropped, and one project initially planned under this CAS was launched after FY14. Under the FY14–18 CPS, the World Bank’s actual lending volumes were \$1,324 million, close to the proposed allocation (as of March 2018). During the CPS period, 22 projects (including three unplanned projects) were launched, and 20 of which reached the implementation stage.

Table O.3. Planned and Actual IDA Lending, CAS FY09–13 and CPS FY14–18

	CAS FY09–13			CPS FY14–18		
	Proposed	Actual	Ongoing ^a	Proposed	Actual	Ongoing
Total during period	533	881	366	1,345	1,324	748
Average annual	107	176		269	265	

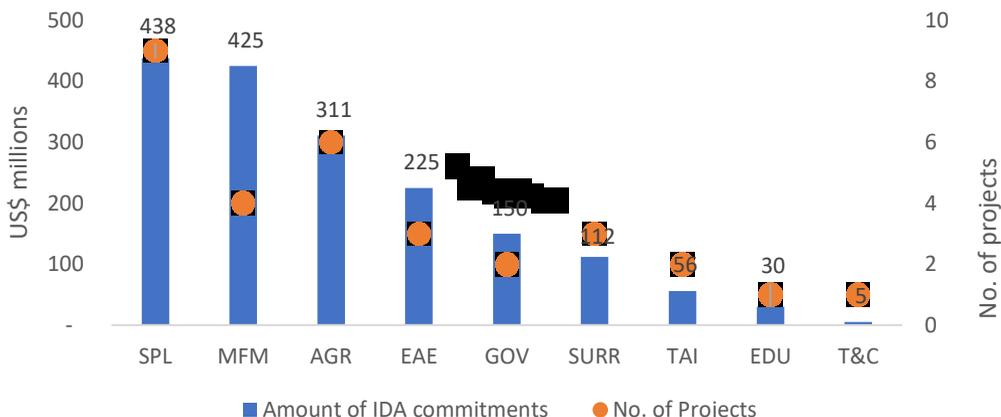
Sources: Independent Evaluation Group based on Country Assistance Strategy, Country Assistance Strategy Completion Report, Country Partnership Strategy, and Country Partnership Strategy Performance and Learning Review.

Note: CAS = Country Assistance Strategy; CPS = Country Partnership Strategy; IDA = International Development Agency.

a. This refers to the value of operations planned and approved before the beginning of the relevant strategy period but active over at least part of the period. The amount includes both national and regional projects. As of March 29, 2018.

Distribution of IDA commitments by GP or sector. The largest Global Practice in terms of commitment amount is Social Protection and Labor, which accounts for 25 percent of the IDA commitments, followed by Macroeconomics and Fiscal Management (24.3 percent) and Agriculture (17.7 percent) (figure O.4). The share of social protection and agriculture increased from FY09–13 to FY14–17 (both in terms of amount and number of projects) as they remained as the World Bank’s key engagement areas (figures O.5 and O.6) though the World Bank became a silent partner in these two sectors in the Division of Labor set in 2014 by the government. The apparent decline in the share of Macroeconomics and Fiscal Management from 54 percent to 11 percent (in terms of amount) is linked to the closure of the multisector Poverty Reduction Support Grant development policy loan series, which was allocated to the Macroeconomics and Fiscal Management Global Practice (though this was a multisector budget support operation). The share of energy and infrastructure did not change from FY09–13 to FY14–17, while urban sector emerged as a new engagement area.

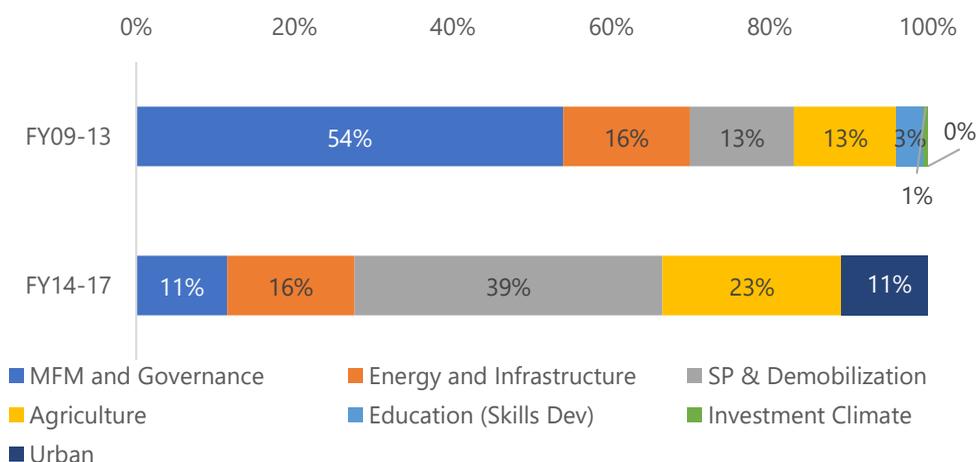
Figure O.3. Amount and Number of World Bank IDA Commitments to Rwanda by Global Practice, FY09–17



Source: World Bank Business Intelligence.

Note: AGR = Agriculture; EDU = Education; EAE = Energy and Extractives; GOV = Governance; SPL = Social Protection and Labor; TAI = Transport and Information and Communication Technology; SURR = Social, Urban, Rural, and Resilience.

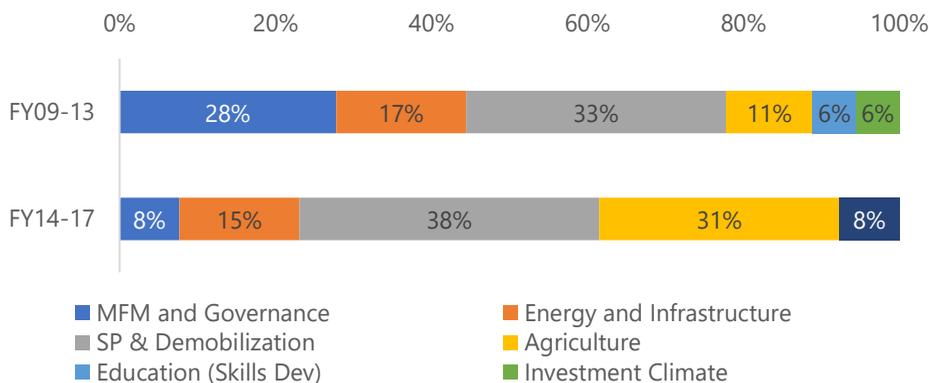
Figure O.4. World Bank IDA Commitments to Rwanda by Sector, by Amount, FY09–13 and FY14–17



Source: World Bank Business Intelligence.

Note: In FY09–13, the share of commitments in the investment climate sector was 1 percent and in the urban sector was 0 percent. In FY14–17, the share of commitments in the education sector was 0 percent. IDA = International Development Association; MFM = Macroeconomics and Fiscal Management; SP = Social Protection.

Figure O.5. World Bank IDA Commitments to Rwanda by Sector, by Number of Projects, FY09–13 and FY14–17



Note: In FY09–13, the share of commitments in the urban sector was 0 percent. In FY14–17, the share of commitments in the education sector was 0 percent. IDA = International Development Association; MFM = Macroeconomics and Fiscal Management; SP = Social Protection.

Distribution of IDA commitments by Division of Labor–indicated areas.

World Bank lending in areas that have been formally recorded under the Division of Labor—agriculture, energy, transport and information and communication technology, the urban sector, and social protection—has accounted for some 85 percent of (nonregional) lending outside of general budget support (Poverty Reduction Support Financing operations) to Rwanda since FY11 (table O.4).

Table O.4. World Bank Lending in DOL-Indicated Areas, FY11–17

Global Practice	FY11–17 Lending	
	(\$, millions)	Percent of Total
Social Protection and Labor	426.0	35
Agriculture	276.9	23
Energy and Extractives	155.0	13
Social, Urban, Rural and Resilience	104.0	9
Transport and Digital Development	56.0	5
Other (excl. regional and PRSF)	185.0	15
Total	1,202.9	100
o/w Five Global Practices	1,017.9	85

Source: World Bank Business Intelligence.

Note: DOL = Division of Labor; PRSF = Poverty Reduction Support Financing.

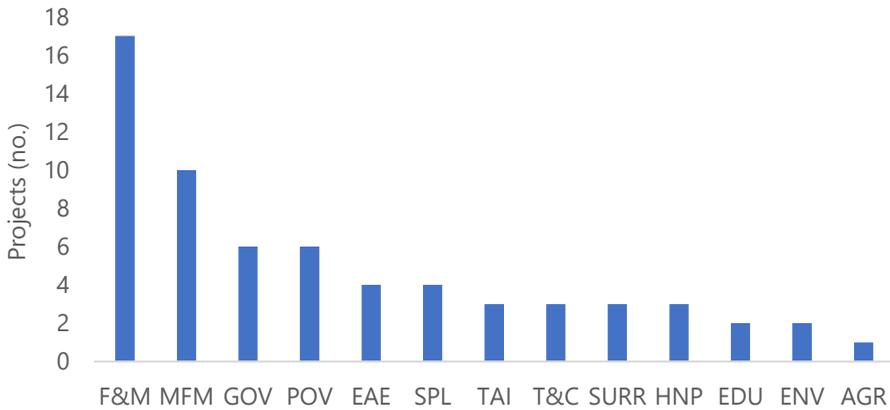
Regional lending. To promote Rwanda’s regional integration and connectivity, the World Bank also supported the government of Rwanda through regional lending projects. Rwanda participated in five IDA Africa projects, with a total regional commitment of \$144 million and three East Africa projects, with a total regional commitment of \$214 million over the FY09–17 period. The largest sector was energy and extractives sector (\$113 million).

Country-level performance. Rwanda performed consistently higher than the regional average and the World Bank–wide average. The percentage of World Bank projects in Rwanda with outcome ratings of moderately satisfactory or above (MS+) was 88 percent for FY09–17 (and 100 percent after FY11), while the ratings of Africa and the World Bank–wide average were 65 and 72 percent respectively (table O.13). The Rwanda’s performance was higher than the corporate target of 75 percent. The projects with outcome ratings of highly satisfactory were in agriculture and rural development and urban development. All the social protection projects (seven projects) were rated as satisfactory. The projects with outcome ratings of moderately unsatisfactory were in education, health, and social development (demobilization and reintegration project) sector (table O.12). The performance for International Finance Corporation (IFC) Investment and Advisory Services is mixed. About half the IFC projects (five projects) had the ratings of mostly successful or above.

Projects at risks. The number of projects at risk and commitments at risk in Rwanda declined over recent years (table O.15). The share of commitments at risk during FY09–17 was only 5.7 percent, as compared with that of Africa (29 percent) and the World Bank–wide average (20 percent).

World Bank analytic and advisory activities. During FY09–17, 64 analytic and advisory activities were approved, including 23 economic and sector work projects and 41 nonlending technical assistance projects. Since FY09, the World Bank provided analytic and advisory activities mostly in Finance and Markets (17 projects, 27 percent), Macroeconomics and Fiscal Management (10 projects, 16 percent), and Governance (6 projects, 9 percent; figure O.7). During FY14–17, the government of Rwanda asked the World Bank to take the lead on urban and energy sector, their share has increased by 10 and eight percentage points respectively, while the share of financial sector decline by 22 percentage points.

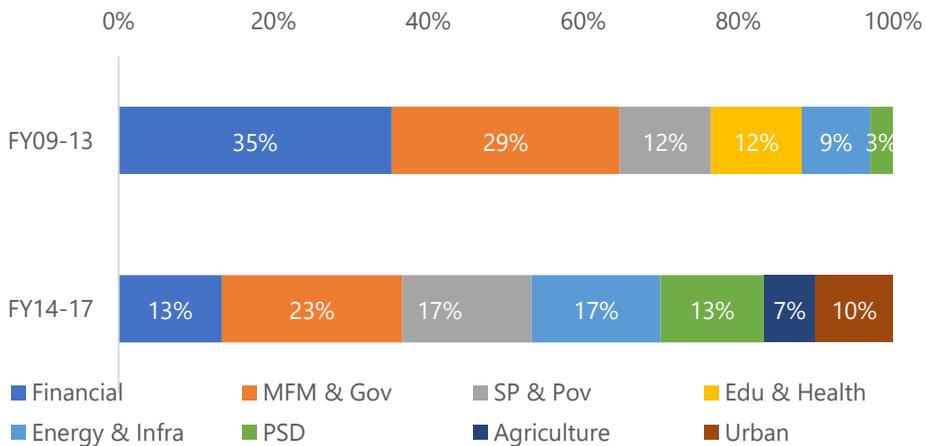
Figure O.6. World Bank AAA to Rwanda by Global Practice, FY09–17



Source: World Bank Business Intelligence.

Note: AAA = analytic and advisory activities; AGR = Agriculture; EDU = Education; ENE = Energy and Extractives; ENR = Environment and Natural Resources; F&M = Finance and Markets; GOV = Governance; HNP = Health, Nutrition, and Population; MFM = Macroeconomics and Fiscal Management; SPL = Social Protection and Labor; POV = Poverty; T&C = Trade and Competitiveness; TAI = Transport and Information and Communication Technology; SURR = Social, Urban, Rural, and Resilience.

Figure O.7. World Bank AAA to Rwanda by Sector, by Number of Projects, FY09–17



Source: World Bank Business Intelligence.

Note: Edu = Education; Infra = Infrastructure; MFM = Macroeconomics and Fiscal Management; PSD = Private Sector Development; SP & Pov = Social Protection and Poverty;

Trust fund financing. Beyond the IDA financing, \$286 million in trust fund grant financing was leveraged to meet financing gaps or scale up IDA operations during FY09–17—reflecting, in effect, donor support administered by the World Bank. One example of trust fund support for the Rwanda program was a \$35 million FY10 Education for All–Fast-Track Initiative Catalytic bridge grant (delivered as development policy financing) in support of education sector reforms (appendix D). Another was \$10 million grant from the Global Food Price Crisis Response Trust Fund in FY09. A further example was cofinancing from the Health Results Innovation Trust Fund for a three-operation social protection development policy financing series early in the evaluation period (see appendix I). The use of trust fund resources to scale up World Bank agricultural sector projects and its support for demobilization and reintegration of ex-combatants was also significant.

IFC Investment Services. During FY09–17, IFC approved a total net commitment of \$92.3 million for its core long-term financing of loans and equity investments for 15 projects. The largest sector in terms of net commitment is Agricultural and Forestry, which accounts for 50.6 percent (US\$46.7 million), followed by Telecom, Media, and Technology (17.1 percent; \$15.8 million), Tourism, Retail, Construction and Real Estate (15.1 percent; \$13.9 million), and Financial Markets (14.4 percent; \$13.3 million). In FY14, IFC’s net commitment was \$28.1 million for its long-term financing, but IFC’s net commitment in FY17 was less than \$1 million. During the evaluation period of FY09–17, IFC’s total average short-term commitment under Global Trade Finance Program was \$72.6 million.

IFC Advisory Services. Despite the decline in investment, IFC continued to support Rwanda through Advisory Services. During FY09–17, 21 Advisory projects were approved (9 project during FY09–13 and 12 projects during FY13–17). Financial sector continued to be a key sector: the total number of the projects in financial sector (Access to Finance, Finance and Markets, and Financial Institutions Group) was seven (4 project during FY09–13 and 3 projects during FY13–17). The largest business line is Cross-Industry, followed by Trade and Competitiveness and Manufacturing, Agribusiness and Services. The number of cross-industry advisory projects increased from one during FY09–13 to four projects during FY13–17.

Multilateral Investment Guarantee Agency. During FY09–17, Multilateral Investment Guarantee Agency issued guarantee coverage to five projects, with a total gross exposure of \$125.7 million, including two covering equity investments in banks, a guarantee of an IFC-financed wheat flour mills project, and a guarantee for construction and operation of a 100 megawatt power generation facility using methane gas from Lake Kivu.

Table O.5. World Bank Lending for Rwanda FY09–17

No.	Proj ID	Project Name	FY	Exit FY	Project Status	Lending Instrument	IDA	Global Practice
							Commitment (\$, millions)	
1	P045091	RW-Human Res Dev (FY00)	2000	2010	Closed	Investment	35.0	Education
2	P057295	RW-Compet and Enterprise Dev (FY01)	2001	2012	Closed	Investment	40.8	Finance and Markets
3	P065788	RW-Regional Trade Fac. Proj.—Rwanda	2001	2011	Closed	Investment	7.5	Finance and Markets
4	P075129	RW-Emerg Demobiliz and Reintegr (FY02)	2002	2009	Closed	Investment	25.0	Social, Urban, Rural and Resilience Global Practice
5	P071374	RW-MultiSec HIV/AIDS (FY03)	2003	2009	Closed	Investment	30.5	Health, Nutrition and Population
6	P074102	RW-Decentr and Community Dev Prj (FY04)	2004	2011	Closed	Investment	20.0	Social Protection and Labor
7	P066386	RW-Pub Sec CB TAL (FY05)	2005	2012	Closed	Investment	20.0	Governance
8	P090194	RW-Urgent Electricity Rehab SIL (FY05)	2005	2010	Closed	Investment	25.0	Energy and Extractives
9	P060005	RW-Urb Infrastr and City Mgmt APL (FY06)	2006	2010	Closed	Investment	20.0	Social, Urban, Rural and Resilience Global Practice
10	P098926	RW-e-Rwanda TAL (FY07)	2007	2011	Closed	Investment	10.0	Transport and ICT
11	P104189	RW-MultiSec HIV/AIDS—Add Fin (FY07)	2007	2009	Closed	Investment	10.0	Health, Nutrition and Population
12	P079414	RW-Transport Sector Development	2008	2015	Closed	Investment	11.0	Transport and ICT

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No.	Proj ID	Project Name	FY	Exit FY	Project Status	Lending Instrument	IDA Commitment (\$, millions)	Global Practice
13	P104990	RW-PRSG 4 DPL FY08	2008	2009	Closed	DPL	70.0	Macro Economics and Fiscal Management
14	P105176	RW-Rural Sector Supt APL2 (FY08)	2008	2013	Closed	Investment	35.0	Agriculture
15	P106978	RW-Compet and Ent Dev Add Fin SIL (FY08)	2008	2012	Closed	Investment	6.0	Finance and Markets
16	P106083	RW—PRSG V DPL	2009	2009	Closed	DPL	80.0	Macro Economics and Fiscal Management
17	P106834	RW-1st Comm Living Standards (FY09)	2009	2010	Closed	DPL	6.0	Social Protection and Labor
18	P111567	Rwanda Electricity Access Scale-Up Proj.	2010	2018	Closed	Investment	70.0	Energy and Extractives
19	P112712	RW Emergency Demob and Reintegration	2010	2018	Closed	Investment	8.0	Social, Urban, Rural and Resilience Global Practice
20	P113241	RW-PRSG VI DPL	2010	2010	Closed	DPL	115.8	Macro Economics and Fiscal Management
21	P114931	RW:Land Husband,Water Harvest,Hill Irrig	2010	#	Active	Investment	34.0	Agriculture
22	P117758	RW-Second Community Living Standards Gra	2010	2011	Closed	DPL	6.0	Social Protection and Labor
23	P117495	RW—PRSG VII DPL	2011	2011	Closed	DPL	104.4	Macro Economics and Fiscal Management

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No.	Proj ID	Project Name	FY	Exit FY	Project Status	Lending Instrument	IDA Commitment (\$, millions)	Global Practice
24	P118101	RW: Skills Development Project (FY11)	2011	2016	Closed	Investment	30.0	Education
25	P119901	RW-Transp Sec Support Project Add'l Fin	2011	2015	Closed	Investment	11.0	Transport and ICT
26	P122157	RW-3rd Community Living Standards Grant	2011	2012	Closed	DPL	6.0	Social Protection and Labor
27	P122247	Rwanda PRSF-8	2012	2012	Closed	DPL	125.0	Macro Economics and Fiscal Management
28	P126440	RW: Third Rural Sector Support Project	2012	#	Active	Investment	80.0	Agriculture
29	P126877	RW-Support to Social Protection System 1	2012	2014	Closed	DPL	40.0	Social Protection and Labor
30	P127105	Governance and Competitiveness TA Proj	2012	2016	Closed	Investment	5.0	Trade and Competitiveness
31	P126489	RW:Electricity Access Additional Financi	2013	#	Active	Investment	60.0	Energy and Extractives
32	P131666	RW-Support to Social Protection System 2	2013	2014	Closed	DPL	50.0	Social Protection and Labor
33	P145114	Decentralized Service Delivery DPO	2013	2014	Closed	DPL	50.0	Governance
34	P126498	RW: Feeder Roads Development	2014	#	Active	Investment	45.0	Transport and ICT

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No.	Proj ID	Project Name	FY	Exit FY	Project Status	Lending Instrument	IDA Commitment (\$, millions)	Global Practice
35	P146452	3rd Support to the Soc. Prot. System DPL	2014	2015	Closed	DPL	70.0	Social Protection and Labor
36	P147543	Rwanda LWH Additional Financing	2014	#	Active	Investment	35.0	Agriculture
37	P147605	Rwanda RSSP 3 Additional Financing	2014	#	Active	Investment	15.9	Agriculture
38	P148706	RW—Second Demob and Reint Project—AF	2014	2018	Closed	Investment	9.0	Social, Urban, Rural and Resilience Global Practice
39	P148927	RW: Transform of Agric. Sect. Prg Phase3	2015	#	Active	Prog4Reslt	100.0	Agriculture
40	P149095	RW Public Sector Governance PforR	2015	#	Active	Prog4Reslt	100.0	Governance
41	P151279	Social Protection System Support	2015	2016	Closed	DPL	70.0	Social Protection and Labor
42	P150634	Electricity Sector Strengthening Project	2016	#	Active	Investment	95.0	Energy and Extractives
43	P150844	RW-Urban Development Project	2016	#	Active	Investment	95.0	Social, Urban, Rural and Resilience Global Practice
44	P155024	RW-Second Social Protection Sys (SPS-2)	2016	2017	Closed	DPL	95.0	Social Protection and Labor

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No.	Proj ID	Project Name	FY	Exit FY	Project Status	Lending Instrument	IDA Commitment (\$, millions)	Global Practice
45	P158698	Third Social Protection System (SPS-3)	2017	2016	Closed	DPL	95.0	Social Protection and Labor
46	P161000	RW Ag Transformation Phase 3—AF	2017	#	Active	Prog4Reslt	46.0	Agriculture

Source: World Bank Business Intelligence as of April 2, 2018.

Note: APL = adaptable program loan; DPL = development policy loan; DPO = development policy operation; GTFP = Global Trade Finance Program; ICT = Information and Communication Technology; IDA = International Development Association; LWH = Land Husbandry, Water Harvesting and Hillside Irrigation Project; PforR = Program-for-Results; PRSG = Poverty Reduction Support Grant; RSSP = Rural Sector Support Project; RW = Rwanda; SPS = Social Protection System; TA = technical assistance.

World Bank Regional Projects

Table O.6. World Bank Lending for Eastern Africa FY09–17

No.	Proj ID	Project Name	FY	Exit FY	Project Status	Lending Instrument Type	IDA Commit Amount	Global Practice
1	P075941	NELSAP Rusumo Falls MP SIL (FY14)	2014	#	Active	Investment	113.3	Energy and Extractives
2	P151847	African Centers of Excellence East/South	2016	#	Active	Investment	20.0	Education
3	P160488	LAKE VICTORIA TRANSPORT PROGRAM—SOP1	2017	#	Active	Investment	81.0	Transport and ICT

Note: Lending to Eastern Africa, which includes Rwanda. (The lending to Eastern Africa, which targets horn of Africa and Somalia, is excluded). IDA = International Development Association; ICT = Information and Communication Technology.

Table O.7. World Bank Lending for Africa FY09–17

No.	Proj ID	Project Name	FY	Exit FY	Project Status	Lending Instrument Type	IDA Commit Amount	Global Practice
1	P063683	Regional Trade Facilitation Project I	2001	2011	Closed	Investment	7.5	Finance and Markets
2	P080413	3A-HIV/AIDs Great Lakes Init APL (FY05)	2005	2011	Closed	Investment	20.0*	Health, Nutrition and Population
3	P079734	E Afr Trade and Transp Facil (FY06)	2006	2016	Closed	Investment	15.0	Transport and ICT
4	P147489	Great Lakes Emergency Women's Health Pr	2014	#	Active	Investment	15.0	Health, Nutrition and Population

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5	P106369	RCIP—Phase 2—Rwanda Project	2009	2016	Closed	Investment	24.0	Transport and ICT
6	P111556	East Afr Publ Hlth Laborat Net (FY10)	2010	#	Active	Investment	63.7	Health, Nutrition and Population
7	P118316	Lake Victoria Phase II, APL 2	2011	2018	Closed	Investment	15.0	Environment and Natural Resources
8	P151083	Great Lakes Region Trade Facilitation	2016	#	Active	Investment	26.0	Trade and Competitiveness

Source: World Bank Business Intelligence as of April 2, 2018.

Note: Only those listed in the results matrix in the progress report for CAS and the Performance and Learning Review for CPS and their financial commitments are made. *Allocation to Rwanda is not specified. APL = adaptable program loan; ICT = Information and Communication Technology; IDA = International Development Association; RCIP = Regional Communications Infrastructure Program.

Table O.8. Advisory Services and Analytics for Rwanda FY09–17

Proj ID	Project Name	FY	Report Type	Actual Total Cum Cost (\$, thousands)
Economic and Sector Work				
P106972	RW-Investment Climate Assessment (FY08)	FY09	Investment Climate Assessment (ICA)	155
P110428	RW-Health Study (FY09)	FY09	Health Sector Review	267
P108786	RW-Social Protection Study	FY10	Other Social Protection Study	230
P111593	RW Education Country Status Report	FY10	Education Sector Review	322
P114707	DeMPA Assessment—Rwanda	FY10	Other Public Sector Study	50
P113200	RW Multi-Year Education Policy Analysis	FY11	Other Education Study	173
P124196	FSAP Update Rwanda	FY11	Financial Sector Assessment Program (FSAP)	273
P124317	Rwanda Capacity Filter—Sector Analysis	FY11	Other Public Sector Study	46
P125247	Rwanda ICR ROSC	FY12	Insolvency Assessment (ROSC)	64
P127555	RW Economic Update FY12	FY12	Other Poverty Study	124
P127830	MTDS Rwanda	FY13	General Economy, Macroeconomics, and Growth Study	9
P132910	Rwanda Economic Update FY13	FY13	Other Poverty Study	63
P117060	RW-Health System Strengthening (FY11)	FY15	Sector or Thematic Study/Note	2,170
P145730	Rwanda Agriculture Policy Note	FY15	Sector or Thematic Study/Note	180
P147369	Rwanda Economic Update FY14	FY15	Other Poverty Study	139
P147845	Rwanda Poverty Assessment	FY15	Poverty Assessment (PA)	99
P149584	Rwanda Infrastructure Project Diagnostic	FY15	Sector or Thematic Study/Note	44

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Proj ID	Project Name	FY	Report Type	Actual Total Cum Cost (\$, thousands)
P151669	Rwanda Jobs and Employment Study	FY15	Other Poverty Study	97
P151683	Rwanda Economic Update FY15	FY15	Other Poverty Study	150
P151750	Vendor Supplier Diagnostic	FY15	Sector or Thematic Study/Note	90
P154529	Rwanda ROSC A&A 2015	FY16	Accounting and Auditing Assessment (ROSC)	50
P158540	REU 9	FY16	Sector or Thematic Study/Note	0
P157637	Economic geography and urbanization	FY17	Sector or Thematic Study/Note	256
Technical assistance				
P099207	RW-Poverty and PRSP TA BPRP2 (FY09)	FY09	Technical Assistance	716
P104442	RW-Human Resources for Health (FY09)	FY09	Technical Assistance	879
P105413	FIRST #115: Payment systems	FY09	Technical Assistance	68
P108337	RW-TA for PEM (FY09)	FY09	Technical Assistance	633
P113720	Rwanda: Telecoms sector policy dialogue	FY09	Technical Assistance	31
P110505	FIRST #7064: FSDP Implementation TA	FY10	Technical Assistance	408
P117580	Rwanda—Public Expenditure Management	FY10	Technical Assistance	389
P117942	Rwanda—Support on PPP in ICT sector	FY10	Technical Assistance	70
P118402	Rwanda: Petroleum Exploration Cap Bldg	FY10	Technical Assistance	183
P121947	Rwanda: #10018 Crisis Preparedness Wkshp	FY10	Technical Assistance	81
P117759	RW-Social Risk Management of Climate–TF	FY11	Social Analysis	8
P121471	Rw: FPD Just-in-Time Policy Notes	FY11	Technical Assistance	228
P124079	RW-Support to PFM SWG	FY11	Technical Assistance	11

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Proj ID	Project Name	FY	Report Type	Actual Total Cum Cost (\$, thousands)
P124329	RW:Support to CBEP Sector Working Grp	FY11	Technical Assistance	0
P123287	RW FSAP Update	FY12	Technical Assistance	93
P127255	CMP: Affordable Urban Housing in Rwanda	FY12	Technical Assistance	68
P127485	Support to CBEP Sec Working Group–RW	FY12	Technical Assistance	6
P128585	RW: Private Sector Working Group	FY12	Technical Assistance	3
P120924	RW Social Safety Nets (DfID TF)	FY13	Technical Assistance	68
P126495	Rwanda #10071 Impl. Risk-based On-site	FY13	Technical Assistance	86
P127091	Rwanda Investment Promotion TA	FY13	Technical Assistance	153
P128830	Rwanda #10190 Spn of Savings and Credit	FY13	Technical Assistance	238
P126043	RW:Review of RW EngGeneration Investment	FY14	Technical Assistance	64
P129708	Rwanda #10187 Finan Sector Devt Plan II	FY14	Technical Assistance	431
P143225	Support to Capacity Building Sector	FY14	Technical Assistance	9
P147487	Rwanda Open Data and Transform Africa	FY14	Technical Assistance	25
P148141	RWANDA P1 Strength. Fin. Stability-Part1	FY14	Technical Assistance	105
P115344	Rwanda: Climate and Nat Ressources Mgmt TA	FY15	Technical Assistance	183
P133236	RW Policy notes	FY15	Technical Assistance	350
P143989	Rwanda Consumer Protection Diagnostic	FY15	Technical Assistance	128
P147655	Competition Policy Assessment	FY15	Technical Assistance	133
P149603	Urban Sector Dialogue	FY15	Technical Assistance	45
P132133	RW Poverty Monitoring	FY16	Technical Assistance	298

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Proj ID	Project Name	FY	Report Type	Actual Total Cum Cost (\$, thousands)
P145464	Rwanda: Development of Risk Profiles	FY16	Technical Assistance	606
P150643	SPL Systems in Rwanda	FY16	Technical Assistance	454
P157636	Poverty and labor analysis TA	FY16	Technical Assistance	61
P149371	RWANDA P1 Strength. Fin. Stability-Part2	FY17	Technical Assistance	1,477
P151955	RW-Enhancing urban green growth	FY17	Technical Assistance	665
P153777	Rwanda SREP Investment Plan	FY17	Technical Assistance	449
P154303	RWANDA—Preparation of action plans	FY17	Technical Assistance	68
P160297	CMC:Rwanda Debt Management Reform Plan	FY17	Technical Assistance	59

Source: World Bank Business Intelligence as of 7/31/17.

Note: DfID = UK Department for International Development; FIRST = Financial Sector Reform and Strengthening; FSDP = Financial Sector Development Program; ICR = Implementation Completion and Results Report; ICT = information and communication technology; MTDS = Medium-Term Debt Management Strategy; PEM = Public Expenditure Management; PFM = public financial management; PPP = public-private partnerships; ROSC = Report on the Observance of Standards and Codes; RW = Rwanda; SREP = Scaling Up Renewable Energy Program; SWG = Sector Working Group; TA = technical assistance; TF = trust fund.

Table O.9. Rwanda Trust Funds Active in FY09–17

Proj ID	Project Name	TF ID	Approval FY	Closing FY	Approved Amount
P160699	Renewable Energy Fund	TF A4990	2017	2024	21,440,000
P160699	Renewable Energy Fund	TF A4969	2017	2024	27,500,000
P160268	Rwanda Pilot Program for Climate Resilience	TF A3545	2017	2019	1,500,000
P162666	Empowering farmers at district level through social accountability to improve Performance Contracts (Imihigo) in Rwanda an agriculture	TF A4472	2017	2022	790,000
P131464	Landscape Approach to Forest Restoration and Conservation (LAFREC)	TF 17783	2015	2020	5,487,000
P131464	Landscape Approach to Forest Restoration and Conservation (LAFREC)	TF 17782	2015	2020	4,045,000
P131464	Landscape Approach to Forest Restoration and Conservation (LAFREC)	TF 15345	2014	2015	45,206

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Proj ID	Project Name	TF ID	Approval FY	Closing FY	Approved Amount
P131464	Landscape Approach to Forest Restoration and Conservation (LAFREC)	TF 14169	2013	2015	75,342
P148927	Transformation of Agriculture Sector Program Phase 3 PforR	TF 19208	2015	2018	50,600,000
P124629	Statistics for Result Facility	TF 11927	2012	2015	10,000,000
P116360	Promoting Economic Empowerment of Adolescent Girls and Young Women	TF 99772	2012	2015	2,700,000
P122157	Rwanda Third Community Living Standards Grant	TF 98848	2011	2012	4,000,000
P126196	NPFE Rwanda	TF 99300	2011	2013	26,955
P124785	Rwanda Land, husbandry water harvesting and hillside irrigation	TF 99108	2011	2016	50,000,000
P119941	Rwanda—Support from Extractive Industries Technical Advisory Facility	TF 95764	2010	2012	350,000
P121222	AFSF Grant to Banque populaire du Rwanda S.A.	TF 97812	2011	2013	950,000
P121596	Technical Assistance and Capacity Building to the Vision 2020 Umurenge Program (VUP)	TF 98507	2011	2013	1,450,000
P120037	BEIA-Promotion of Charcoal Producers' Organization in Rwanda	TF 96661	2011	2013	111,590
P114616	Capacity Building in Economic and Financial Analysis to Support the Rwanda Public Investment Program	TF 97397	2011	2015	476,600
P117758	Rwanda Second Community Living Standards Grant	TF 96936	2010	2011	4,000,000
P111331	Rwanda CFL Energy Efficiency Project	TF 94316	2010	2019	2,340,000
P112712	Second Emergency Demobilization and Reintegration Project	TF A3913	2017	2018	800,000
P112712	Second Emergency Demobilization and Reintegration Project	TF 16108	2014	2016	2,348,382
P112712	Second Emergency Demobilization and Reintegration Project	TF 97484	2011	2013	4,500,000
P112712	Second Emergency Demobilization and Reintegration Project	TF 97476	2011	2014	4,592,734
P097818	Rw: Sustainable Energy Development Project (GEF)	TF 14767	2013	2015	3,500,000

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Proj ID	Project Name	TF ID	Approval FY	Closing FY	Approved Amount
P097818	Rw: Sustainable Energy Development Project (GEF)	TF 99863	2013	2015	3,500,000
P097818	Rw: Sustainable Energy Development Project (GEF)	TF 94928	2010	2014	4,500,000
P097818	Rw: Sustainable Energy Development Project (GEF)	TF 95444	2010	2014	3,800,000
P114931	Land Husbandry, Water Harvesting and Hillside Irrigation	TF 10953	2012	2016	13,265,000
P114931	Land Husbandry, Water Harvesting and Hillside Irrigation	TF 11435	2012	2016	7,800,000
P115816	Education For All—Fast-Track Initiative Catalytic Fund Bridge Grant	TF 94028	2010	2010	35,000,000
P106834	RW-First Community Living Standards Grant	TF 93927	2009	2010	4,000,000
P117263	Trust Fund for Statistical Capacity Building	TF 91750	2009	2010	200,000
P112678	Lighting Africa with Innovative Design and Dye Sensitized This-film through a business-oriented, sustainable model	TF 92977	2009	2010	198,925
P105176	Second Rural Sector Support	TF 90403	2008	2008	512,600
P113232	Global Food Price Response Program	TF 92549	2009	2009	10,000,000
P079414	Rwanda Transport Sector Development Project	TF 90451	2008	2014	38,000,000
P070700	Integrated Management of Critical Ecosystems Project	TF 55471	2006	2011	4,300,000
P066386	Rwanda: Public Sector Capacity Building Project	TF 57314	2008	2011	4,001,905
P075129	Rwanda Demobilization and Reintegration Project	TF 52159	2004	2009	14,400,000
P045091	Human Resources Development Project	TF 90848	2008	2010	70,000,000
Total					417,107,239

Source: Client Connection as of 3/31/18.

Note: PforR = Program-for-Results; TF = trust fund.

Independent Evaluation Group Ratings

Table O.10. IEG Ratings for Rwanda and Regional World Bank Lending Projects, FY09–17

IEG Ratings	Projects (no.)		
	Rwanda	Regional	Total
A. Projects with outcome ratings (no.)	25	4	29
Highly satisfactory	2	0	2
Satisfactory	10	1	11
Moderately satisfactory	10	1	11
Moderately unsatisfactory	3	2	5
B. Additional Financing projects with outcome ratings	3	0	3
C. n.a. (no.)	18	10	28
Closed projects with no IEG rating (ICR available, to be evaluated by IEG)	0	0	0
b) Closed projects with no IEG rating (no ICR yet)	6	2	8
c) Active projects (incl. additional financing)	12	8	23
D. Projects during evaluation period (no.)	46	14	60
Share of the completed ICRs reviewed by IEG (percent)	100	100	100

Source: World Bank Business Intelligence as of 4/2/18 and IEG data.

Note: ICR = Implementation Completion and Results Report; IEG = Independent Evaluation Group.

Table O.11. IEG Ratings for World Bank Lending Projects by Exit Fiscal Year

IEG Rating	2009	2010	2011	2012	2013	2014	2015	2016	Total
Highly satisfactory		1			1				2
Satisfactory		2	2	1		2	2	1	10
Moderately satisfactory	1	1	2	3		1		1	10
Moderately unsatisfactory	2	1							3
Total	3	5	4	4	1	3	2	2	25

Source: World Bank Business Intelligence as of 4/2/18 and IEG data.

Note: IEG = Independent Evaluation Group.

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Table O.12. IEG Ratings for World Bank Lending Projects for by Sector Board, Exit FY

Sector Board	Highly Satisfactory	Satisfactory	Moderately Satisfactory	Moderately Unsatisfactory	Total
Agriculture and Rural Development	1				1
Competitive Industries Practice			1		1
Economic Policy			4		4
Education		1		1	2
Energy and Mining		1			1
Environment			1		1
Global Information and Communication Technology				1	1
Health, Nutrition and Population			1		1
Public Sector Governance			2		2
Social Development				1	1
Social Protection		7			7
Transport		1			1
Urban Development	1				1
Not assigned			1		1
Total	2	10	10	3	25

Source: World Bank Business Intelligence as of 4/2/18 and IEG data.

Note: IEG = Independent Evaluation Group.

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Table O.13. IEG Ratings for World Bank Projects for Rwanda and Comparators, FY09–17

Region	Volume Evaluated (\$, millions)	Projects Evaluated (no.)	Rated S, by Volume (percent)	Rated S, by Number (percent)	Rated MS–, by Volume (percent)	Rated MS–, by Number (percent)
Rwanda	909.5	25	88.1	88.0	87.6	80.0
Africa	35,619.5	691	69.7	65.2	36.0	34.2
World	208,838.4	2,353	83.0	71.8	58.6	47.5

Source: World Bank Business Intelligence as of 3/29/18

Note: With IEG's new methodology for evaluating projects, institutional development impact and sustainability are no longer rated separately.

World Bank projects include International Development Association, GEF, and RETF projects. IEG = Independent Evaluation Group; MS– = moderately satisfactory or lower; S = satisfactory.

Table O.14. IEG Ratings for World Bank Projects for Rwanda, FY09–17

Exit FY	Proj ID	Project Name	IEG Outcome	IEG Risk to DO Rating	Total Evaluated
2009	P071374	RW-MultiSec HIV/AIDS (FY03)	Moderately unsatisfactory	Moderate	43.4
2009	P075129	RW-Emerg Demobiliz and Reintegr (FY02)	Moderately unsatisfactory	Significant	29.1
2009	P106083	RW—PRSG V DPL	Moderately satisfactory	Moderate	78.7
2010	P045091	RW-Human Res Dev (FY00)	Moderately unsatisfactory	Significant	35.8
2010	P060005	RW-Urb Infrastr and City Mgmt APL (FY06)	Highly satisfactory	Moderate	20.7
2010	P090194	RW-Urgent Electricity Rehab SIL (FY05)	Satisfactory	Negligible to low	25.7
2010	P113241	RW-PRSG VI DPL	Moderately satisfactory	Moderate	107.8
2010	P115816	RW: EFA FTI Catalytic Fund Bridge Grant	Satisfactory	Moderate	—

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Exit FY	Proj ID	Project Name	IEG Outcome	IEG Risk to DO Rating	Total Evaluated
2011	P070700	GEF Integr. Mgmt. of Critical Ecosystems	Moderately satisfactory	Significant	—
2011	P074102	RW-Decentr and Community Dev Prj (FY04)	Moderately satisfactory	Moderate	20.5
2011	P098926	RW-e-Rwanda TAL (FY07)	Moderately satisfactory	Moderate	10.6
2011	P117495	RW—PRSG VII DPL	Moderately satisfactory	Moderate	108.0
2011	P117758	RW-Second Community Living Standards Gra	Satisfactory	Moderate	5.8
2012	P057295	RW-Compet and Enterprise Dev (FY01)	Moderately satisfactory	Moderate	51.6
2012	P066386	RW-Pub Sec CB TAL (FY05)	Moderately satisfactory	Significant	19.4
2012	P122157	RW-3rd Community Living Standards Grant	Satisfactory	Moderate	6.2
2012	P122247	Rwanda PRSF-8	Moderately satisfactory	Moderate	119.7
2013	P105176	RW-Rural Sector Supt APL2 (FY08)	Highly satisfactory	Moderate	32.8
2014	P097818	RW—Sustainable Energy Dev. Proj (GEF)	Satisfactory	Moderate	—
2014	P126877	RW-Support to Social Protection System 1	Satisfactory	Moderate	88.3
2014	P145114	Decentralized Service Delivery DPO	Moderately satisfactory	Moderate	50.9
2015	P079414	RW-Transport Sector Development	Satisfactory	Moderate	20.9
2015	P124629	Rwanda SFR	Satisfactory	Moderate	—
2016	P118101	RW: Skills Development Project (FY11)	Satisfactory	Low	28.5
2016	P127105	Governance and Competitiveness TA Proj	Moderately satisfactory	Moderate	4.8

Source: World Bank Business Intelligence as of 3/29/18.

Note: World Bank projects include International Development Association, GEF, and RETF projects. APL = adaptable program loan; DO = development outcome; DPL = development policy loan; DPO = development policy operation; EFA FTI = Education for All—Fast-Track Initiative; IEG = Independent Evaluation Group; PRSF = Poverty Reduction Support Financing; PRSG = Poverty Reduction Support Grant; TA = technical assistance.

Table O.15. Projects at Risk for Rwanda and Comparators, FY09–17

	2009	2010	2011	2012	2013	2014	2015	2016	2017	Ave. FY09–17
Rwanda										
Projects (<i>no.</i>)	10	10	9	8	7	9	10	10	9	9
Projects at risk (<i>no.</i>)	2	2	1	1		1				1
Projects at risk (%)	20.0	20.0	11.1	12.5	—	11.1	—	—	—	15.4
Net commitment (\$, <i>millions</i>)	227.1	260.7	271.7	284.0	309.0	483.9	661.9	841.9	792.9	459
Commitment at risk (\$, <i>millions</i>)	31.0	31.0	8.0	30.0		30.0				26
Commitment at risk (\$, <i>millions</i>)	13.6	11.9	2.9	10.6		6.2				5.7
Africa										
Projects (<i>no.</i>)	400	418	434	418	403	438	458	474	505	439
Projects at risk (<i>no.</i>)	118	125	105	102	106	115	111	124	137	116
Projects at risk (%)	29.5	29.9	24.2	24.4	26.3	26.3	24.2	26.2	27.1	26.4
Net commitment (\$, <i>millions</i>)	27,703.8	33,745.8	37,010.2	38,492.7	40,799.0	46,621.7	51,993.5	56,089.8	61,149.4	43,734
Commitment at risk (\$, <i>millions</i>)	6,823.4	9,358.4	7,801.2	6,223.2	13,938.0	16,171.5	15,372.2	18,235.0	19,959.3	12,654
Commitment at risk (\$, <i>millions</i>)	24.6	27.7	21.1	16.2	34.2	34.7	29.6	32.5	32.6	28.9
World										
Projects (<i>no.</i>)	1,408	1,449	1,454	1,371	1,337	1,386	1,402	1,398	1,466	1,408
Projects at risk (<i>no.</i>)	310	328	302	304	339	329	339	336	347	326
Projects at risk (%)	22.0	22.6	20.8	22.2	25.4	23.7	24.2	24.0	23.7	23.2
Net commitment (\$, <i>millions</i>)	128,471.6	155,683.9	165,792.3	166,208.1	169,430.6	183,153.9	191,907.8	207,350.0	213,271.5	175,697

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	Ave. FY09–17
Commitment at risk (\$, millions)	19,539.0	27,683.8	22,573.0	23,324.5	39,638.0	39,748.6	44,430.7	42,715.1	50,869.4	34,502
Commitment at risk (\$, millions)	15.2	17.8	13.6	14.0	23.4	21.7	23.2	20.6	23.9	19.6

Source: World Bank Business Intelligence as of 7/31/17.

Note: Only International Bank for Reconstruction and Development and International Development Association agreement type are included.

Table O.16. International Finance Corporation Investments in Rwanda

Project ID	Project Short Name	Inst. No.	Cmt FY	Project Status	Primary Sector Name	GC	Proj. Size	Orig. Loan	Orig. Equity	Orig. CMT	Loan Cancel	Equity Cancel	Net Loan	Net Equity	Net Comm
Investments committed in FY09–17															
37371	WFP KCB Rwanda	1004825	2017	Active	Finance and Insurance	E	1,222	1,221	—	1,221	—	—	1,221	—	1,221
34396	AIFL Rwanda	701265	2016	Closed	Food and Beverages	G	22,500	7,000	1,000	8,000	—	—	8,000	1,000	8,000
35078	Heineken Rwanda	787347	2016	Active	Food and Beverages	G	25,000	25,000	—	25,000	—	—	25,000	—	25,000
37265	ABR FMO ROFO	651665	2016	Active	Finance and Insurance	E	110	—	106	106	—	7	106	99	99
35378	AIFL Farmer Fin	673127	2015	Active	Finance and Insurance	G	9,065	5,490	—	5,490	—	—	5,490	—	5,490
29680	AB Bank Rwanda	651665	2014	Active	Finance and Insurance	G	3,277	2,204	911	3,115	—	—	3,115	911	3,115

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Project ID	Project Short Name	Inst. No.	Cmt FY	Project Status	Primary Sector Name	GC	Proj. Size	Orig. Loan	Orig. Equity	Orig. CMT	Loan Cancel	Equity Cancel	Net Loan	Net Equity	Net Comm
34454	IHS Rwanda	756386	2014	Closed	Professional , Scientific and Technical Services	G	25,000	25,000	—	25,000	9,230	—	25,000	—	25,000
30385	KCB Rwanda LTF	673127	2012	Active	Finance and Insurance	E	5,000	5,000	—	5,000	—	—	5,000	—	5,000
30518	MSC Kigali	678664	2011	Active	Constructio n and Real Estate	G	13,000	10,000	3,000	13,000	13	—	12,987	3,000	12,987
29381	UOB Rwanda	645690	2011	Active	Finance and Insurance	E	3,902	2,500	—	2,500	—	—	2,500	—	2,500
29948	BP Rwanda	660924	2011	Active	Collective Investment Vehicles	G	7,200	800	800	1,600	245	14	1,355	786	1,342
30381	Magerwa 1	636844	2011	Closed	Transportati on and Warehousin g	E	11,000	6,000	—	6,000	1,000	—	5,000	—	5,000
29477	BGM Rwanda 2	633443	2010	Active	Food and Beverages	G	5,000	2,500	—	2,500	—	—	2,500	—	2,500

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Project ID	Project Short Name	Inst. No.	Cmt FY	Project Status	Primary Sector Name	GC	Proj. Size	Orig. Loan	Orig. Equity	Orig. CMT	Loan Cancel	Equity Cancel	Net Loan	Net Equity	Net Comm
27281	InfraV-LakeKivu	631888	2009	Closed	Electric Power	G	4,000	4,000	—	4,000	3,847	—	153	—	153
28127	BGM Rwanda	633443	2009	Active	Agriculture and Forestry	E	25,700	8,000	—	8,000	—	—	8,000	—	8,000
39528	AIFH Rights	803694	2017	Active	Food and Beverages	E	2,654	—	1,327	1,327	—	—	1,327	1,327	1,327
37921	ABR RI 2015	651665	2016	Active	Finance and Insurance	E	400	—	400	400	—	—	400	400	400
25558	GTFP BCR RWANDA	510542	2012	Closed	Finance and Insurance	E		9,069	—	9,069	—	—	9,069	—	9,069
29177	GTFP Ecobank Rwa	642585	2011	Active	Finance and Insurance	E	15,000	136,059	—	136,059	—	—	136,059	—	136,059
Investments committed pre-FY09 but active during FY09–17															
25039	Intraspeed	557259	2007	Active	Transportation and Warehousing	G	21,219	7,500	—	7,500	3,100	—	4,400	—	4,400
1028	SORWAL/BUTARE MA	668	1988	Active	Industrial and Consumer Products	E	2,150	3,116	198	3,314	—	—	3,314	198	3,314

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Project ID	Project Short Name	Inst. No.	Cmt FY	Project Status	Primary Sector Name	GC	Proj. Size	Orig. Loan	Orig. Equity	Orig. CMT	Loan Cancel	Equity Cancel	Net Loan	Net Equity	Net Comm
35368	IHSRwanda	792386	1900	Active	Professional, Scientific and Tech. Services	E	40,000	—	—	—	9,230	—	(9,230)	—	(9,230)
37492	AIFL Rwan HOLDCO	803694	1900	Active	Food and Beverages	E	3,500								
Subtotal							66,869	10,616	198	10,814	12,330	—	(1,516)	198	(1,516)
TOTAL							248,898	260,460	7,742	268,202	17,434	21	251,767	,72721	250,747

Note: AIFL = Africa Improved Foods Limited; GC = greenfield code

**Table O.17. International Finance Corporation Advisory Services in Rwanda
Advisory Services Approved in FY09–17**

Proj ID	Project Name	Impl Start FY	Impl End FY	Project Status	Primary Business Line and Code	Total Funds, \$
Advisory Services approved in FY09–17						
601957	Rwanda Credit Reporting Project	2017	2020	ACTIVE	FAM Finance and Markets	300,000
596628	PPP Training in Rwanda and Kenya	2016	2016	TERMINATED	CAS Cross-Industry Advisory Services	74,265
600717	Africa Improved Foods (Rwanda) Supply Chain Development	2016	2020	ACTIVE	MAS Manufacturing, Agribusiness and Services	1,493,982

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Proj ID	Project Name	Impl Start FY	Impl End FY	Project Status	Primary Business Line and Code	Total Funds, \$
600837	Heineken Rwanda Maize Supply Chain Development	2016	2018	ACTIVE	MAS Manufacturing, Agribusiness and Services	699,960
601443	WFP Rwanda	2016	2020	ACTIVE	MAS Manufacturing, Agribusiness and Services	502,728
601564	WASAC Support	2016	2017	ACTIVE	CAS Cross-Industry Advisory Services	772,500
599540	Rwanda Investment Climate Reform Program III—Transforming Local Economies	2015	2017	ACTIVE	TAC Trade and Competitiveness	8,087,000
599562	Rwanda Tea PPP	2015	2017	TERMINATED	CAS Cross-Industry Advisory Services	70,000
600783	Rwanda IC Improving G2B services	2015	2018	ACTIVE	TAC Trade and Competitiveness	4,218,350
600786	RICRP 3 Sector competitiveness	2015	2018	ACTIVE	TAC Trade and Competitiveness	3,037,750
577628	AB Rwanda TA	2014	2018	ACTIVE	FIG Financial Institutions Group	980,000
595687	RwandAir Operations Support	2014	2014	TERMINATED	CAS Cross-Industry Advisory Services	55,000
600122	MicroEnsure Rwanda Scale-Up	2014	2016	TERMINATED	FAM Finance and Markets	726,147
593608	Rwanda Health I	2013	2014	TERMINATED	PPP Public-Private Partnerships Transaction Advisory	50,000

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Proj ID	Project Name	Impl Start FY	Impl End FY	Project Status	Primary Business Line and Code	Total Funds, \$
599222	MFS—Urwego Opportunity MFI Bank Rwanda	2013	2018	ACTIVE	FIG Financial Institutions Group	710,748
599417	Rwanda HF Market Study	2013	2014	CLOSED	A2F Access to Finance	72,500
599796	MicroEnsure	2013	2016	ACTIVE	FAM Finance and Markets	697,915
590248	Rwanda Microhydros and Nyabarongo II PPP assessment	2012	2013	TERMINATED	PPP Public-Private Partnerships Transaction Advisory	480,000
30061	Kigali Bulk H2O	2011	2016	ACTIVE	CAS Cross-Industry Advisory Services	2,889,636
576907	Rwanda Investment Climate Reform Program	2011	2014	CLOSED	TAC Trade and Competitiveness	4,564,730
579267	MicroEnsure LLC	2011	2014	CLOSED	A2F Access to Finance	1,556,216
565871	Africa Schools Rwanda	2009	2012	CLOSED	SBA Sustainable Business Advisory	833,981
Subtotal						32,873,408
Advisory Services approved pre-FY09 but active during FY09–16						
552887	Rw PP Dialogue	2008	2011	CLOSED	IC Investment Climate	513,000
556285	CT R-Mille Collines	2008	2010	CLOSED	SBA Sustainable Business Advisory	26,279
560665	Rwanda Investment Climate Reform Project	2008	2011	CLOSED	IC Investment Climate	2,833,000

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Proj ID	Project Name	Impl Start FY	Impl End FY	Project Status	Primary Business Line and Code	Total Funds, \$
544984	Rwanda Leasing Program	2007	2011	CLOSED	A2F Accessto Finance	1,558,638
546965	Rwanda Entrepreneurship Development Program	2007	2015	CLOSED	CAS Cross-Industry Advisory Services	5,209,057
548145	Design of Electricity Generation Plant and Safety Enhancement Facility in Rwanda	2007	2009	CLOSED	SBA Sustainable Business Advisory	1,175,000
24599	Rwandair Express	2006	2009	CLOSED	PPP Public-Private Partnerships Transaction Advisory	1,758,250
Subtotal						3,073,224
TOTAL						5,946,632

Source: International Finance Corporation Advisory Services data as of 1/13/18.

Note: IFC = International Finance Corporation; Impl = implementation; MFI = microfinance institution ; PPP = public-private partnership; RICRP = Rwanda Investment Climate Reform Project; TA = technical assistance; WASAC = Water and Sanitation Corporation; WFP = World Food Programme.

Table O.18. International Finance Corporation Net Commitment in Rwanda FY09–17 (\$, millions)

Sector	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Financial Markets	-	-	2,500,000	5,000,000	-	3,106,605	2,220,433	503,855	(7,122)	13,323,771
Agribusiness and Forestry	8,000,000	2,500,000	-	-	-	-	3,239,681	33,000,000		46,739,681
Other MAS Sectors	-	-	-	-	-	-	-	-	1,221,436	1,221,436
Tourism, Retail, Construction and Real Estate (TRP)	-	950,000	14,150,000	-	(1,150,000)	-	(13,056)	-	-	13,936,944
Health, Education, Life Sciences	-	-	(2,059,898)	-	-	-	-	-	-	(2,059,898)
Infrastructure	900,000	-	6,000,000	-	(4,846,628)	-	-	-	-	2,053,372
Telecom, Media, and Technology	-	-	-	-	-	25,000,000	-	(9,230,000)	-	15,770,000
Collective Investment Vehicles	-	-	1,600,000	-	-	-	-	-	(258,071)	1,341,929
Total: IFC long-term financing	8,900,000	3,450,000	22,190,102	5,000,000	(5,996,628)	28,106,605	5,447,058	24,273,855	956,243	92,327,235
Short-term Trade Finance Guarantee (TF)	-	-	1,500,000	6,548,968	8,543,874	6,114,978	11,583,855	24,151,470	14,120,831	72,563,975

Source: International Finance Corporation management information system 3/29/18.

Note: The Independent Evaluation Group uses net commitment number for IFC. For trade finance guarantees under GTFP, average commitment numbers have been used. GTFP = Global Trade Finance Program; IFC = International Finance Corporation; TRP = Tourism, Retail, Construction and Real Estate.

Table O.19. IEG Ratings for International Finance Corporation Activities in Rwanda

Proj ID	Project Name	Eval Year	Development Outcome	
			XPSR Rating	IEG Rating
IFC Investments				
25039	Intraspeed	2011	HU	HU
26715	RWA Schools BRD	2013	MS	NR
26081	TPSR	2013	MU	MS
28127	BGM Rwanda	2014	SU	SU
IFC Advisory Services				
556285	CT R-Mille Collines	2009	MU	MU
548145	Design of Electricity Generation Plant and Safety Enhancement Facility in Rwanda	2010	US	US
552887	Rw PP Dialogue	2011	MS	MS
565871	Africa Schools Rwanda	2013	SU	MS
576907	Rwanda Investment Climate Reform Program	2014	MS	MS
546965	Rwanda Entrepreneurship Development Program	2016	SU	MU
30061	Kigali Bulk H2O	2016	SU	MU

Source: Independent Evaluation Group IFC Database.

Note: BRD = Banque Rwandaise de développement; HS = highly successful; HU = highly unsuccessful; IEG = Independent Evaluation Group; IFC = International Finance Corporation; MS = mostly successful; MU = mostly unsuccessful; NR = no rating; SU = successful; US = unsuccessful.

Table O.20. Multilateral Investment Guarantee Agency Activities in Rwanda

Proj No.	Project Name	Fiscal Year	Status	Sector	Gross Exposure
935	Bakhresa Grain Milling (Rwanda) Limited	2012	Not Active	Manufacturing	14.8
1081	KivuWatt Ltd.	2012	Active	Power	66.8
895	KivuWatt Ltd.	2011	Not Active	Power	28.6
765	Banque Rwandaise de Development S.A.	2009	Not Active	Financial Services	6.04
764	Société Monétique at de Tele-Compensation au Rwanda (SIMTEL) SARL	2009	Not Active	Financial Services	9.5
Total					125.7

Source: Multilateral Investment Guarantee Agency 3/22/18.

¹ There is also some arbitrariness as to the pillar under which a results area appears. Sustainably increasing agricultural production contributes to promoting economic transformation and growth, but equally helps to improve incomes of the poor and decrease social vulnerability. Thus, in the Country Assistance Strategy, this results area came under the promoting economic transformation and growth pillar, but in the Country Partnership Strategy, it came under the improving the productivity and incomes of the poor pillar.

² Thirty-one of these operations (including additional financing operations) were Rwanda-specific, and the rest were regional, covering Rwanda in addition to other countries either in East Africa or further afield in Sub-Saharan Africa. Approximately one-third of the financing for each regional project is drawn from the national International Development Association allocation while two-thirds is from the regional International Development Association allocation.

Appendix P. Country Context

Rwanda has achieved remarkable economic and social development since the 1994 genocide. Rwanda's gross national income per capita increased from \$250 in 2006 to \$700 in 2016. Poverty rates fell from 56.7 percent in 2005/06 to 39.1 percent in 2013/14. Impressive progress was also observed in various nonmonetary measures of well-being, as evidenced in the country's achievement of most Millennium Development Goals by 2015 (table P.5).

Geopolitical challenges notwithstanding, Rwanda's location offers potential. As a small landlocked country located in Eastern Africa's Great Lakes region, Rwanda faces fundamental development constraints. Although blessed with fertile, mountainous terrain and ample rainfall, the high population density (483 people per square kilometers of land area in 2016) strains the country's limited land and natural resources. There are persistent sources of insecurity and tension in the region, particularly in the eastern part of the Democratic Republic of Congo that adjoins Rwanda. Enhanced regional peace and security would facilitate closer regional integration, providing Rwanda, a member of the East African Community, with access to expanded markets, more affordable energy, and lower transport costs.

Rwanda has articulated a clear vision of its development path and put in place implementation modalities to rapidly achieve its middle-income country status aspirations. Following on early reforms in the wake of the Genocide, in 2000 the government prepared a long-term vision for development, *Rwanda Vision 2020* (revised in 2011). The document set out a vision for Rwanda's development as a regional service hub and aspired notably to lower-middle-income country status by the end of this decade. The government also embarked on a multiphase decentralization initiative to foster reconciliation among Rwandans, engage citizens in planning and decision-making, promote accountability, and enhance service delivery. Vision 2020 has been operationalized inter alia through national-level medium-term Economic Development and Poverty Reduction Strategies (Economic Development and Poverty Reduction Strategy, 2008–12; and Economic Development and Poverty Reduction Strategy 2, 2013–18) as well as sectoral strategies, district development plans, and annual performance

contracts (*imihigo*), with cross-cutting emphasis on capacity building, gender, and regional integration.

Outstanding economic growth driven by public investment has been accompanied by structural transformation. Rwanda has grown at an annual average of 7.4 percent over the last 10 years, outperforming comparators and the regional average (figure P.1). Workers have moved out of agriculture into higher value-added activities, mostly services and some industry. While agriculture accounts for 75 percent of employment, the share in industry and services has doubled over the last two decades (figure P.2). Agriculture and the service sector account for 31 and 52 percent of gross domestic product (GDP), respectively, and have grown at average annual rates of 5.6 and 8.6 percent (tables P.1 and 2).¹ Growth has been stimulated by public investment, which accounted for 9.5 percent of GDP on average during FY08–17.² At the same time, the gradual decline in grants and recent growth slowdown demonstrate the risks of high dependence on public investment (tables P.1 and 2).

Good macroeconomic management with International Monetary Fund support as well as strengthened institutional capacity have underpinned the strong growth performance. Quick and appropriate fiscal and monetary responses to the global financial crisis in 2009 and to a short-term aid cutback in FY12/13 illustrate the capacity for effective management of macroeconomic shocks.³ With the government's strategic public investments and export promotion, exports of goods and services (as a percent of GDP) have increased from 12.6 percent in 2008 to 15 percent in 2016. However, Rwanda's current account has remained in deficit. The government has maintained low inflation in the 2–6 percent range (around its target: five percent) from more than 10 percent in 2008 and 2009. Even though the level of public debt has increased in recent years, Rwanda remains rated at a low risk of debt distress (IMF 2017).⁴ Recent increases in domestic tax revenue also demonstrate Rwanda's strong economic management (figure P.4). Improvement of institutional capacity is reflected in the Country Policy and Institutional Assessment index for public sector management and institutions, which increased from 3.5 in 2008 to 3.7 in 2016 (figure P.5). Macroeconomic management has benefited from steady International Monetary Fund support (financial arrangements and policy support; see table P.4).

Appendix P Country Context

Significant business environment reforms have led to some positive developments in private investment in recent years. Rwanda now ranks 56 in *Doing Business* 2017, up from 62 in 2016 and 150 in 2008. On the distance to frontier metric, Rwanda's score increased from 68.63 in *Doing Business* 2016 to 69.81 in *Doing Business* 2017 (appendix E). The World Economic Forum's recently released Global Competitiveness Report ranked Rwanda as the 6th most competitive market in Sub-Saharan Africa and among the world's best on indicators such as female participation in the labor force, staff training, and legal rights. The ratio of private to total investment increased (until 2016) during the latter half of the evaluation period (see figure P.3). Foreign direct investment inflows increased from \$103 million in 2008 to \$255 million in 2016. However, foreign direct investment as a share of GDP remains low at around three percent (see figure P.6).

Progress on poverty reduction and shared prosperity is largely attributable to the strong growth performance, but inequality remains high. Growth was high throughout the decade of the 2000s, but it is mostly over 2006–11 that higher, pro-poor growth, concentrated notably in rural areas, brought a sharp reduction in the poverty headcount from 56.9 to 44.9 percent.⁵ In parallel, inequality declined modestly—the Gini coefficient decreased from 0.52 in 2006 to 0.49 in 2011. Government sources indicate that a more recent 2013/14 household survey showed a further decline in poverty to 39.1 percent. They also indicate a further drop of the Gini coefficient to 0.45 in 2014, noting that the reduction in inequality accounted for more than 40 percent of the reduction in poverty.⁶ Nevertheless, despite this positive trend, inequality remains high for Rwanda's income level.⁷

Improvements in nonmonetary indicators of welfare were also remarkable, pushing Rwanda beyond the lower-middle-income country average in several areas, although challenges remain. It reached near universal primary school enrollment, although net attendance in secondary schools and quality remain low (table P.3). Child mortality dropped outstandingly—by two-thirds—and immunization coverage increased. However, chronic malnutrition remains widespread with persistently high rates of stunting, which jeopardizes children's learning abilities. Large-scale public investments have contributed to improved access to water sources and sanitation, road transport, electricity, and information and communication technology, as well as housing conditions. But

unpaved rural and feeder roads remain in poor condition, impeding farmers' connections to markets, while the high cost of energy is a persistent hurdle to access for the bottom 40 percent and to enterprise development.

Rwanda has seen remarkable political stability and generally strong governance but ranks comparatively low on "voice and accountability." At the head of the dominant Rwandan Patriotic Front, Paul Kagame was overwhelmingly re-elected to a third term as President in August 2017.⁸ Rwanda's success in rebuilding democratic institutions and processes and resolving the fallout from the genocide owes in part to an inclusive form of governance⁹ based on national identity and rooted in Rwandan culture and tradition.¹⁰ The country's top political leadership has maintained a zero-tolerance approach to corruption, and has effectually used legal and administrative sanctions to ensure performance and discipline. The formal justice system has also been considerably strengthened since 1994. Rwanda's World Governance Indicators rankings on control of corruption and government effectiveness are good (figure M.1). However, there is much room for improving voice and accountability, where the country's World Governance Indicators ranking (15th percentile) remains much lower than that of neighboring countries such as Kenya (42nd) and Uganda (27th).

¹ The country has focused on improving agriculture productivity and developing service industry such as tourism and information and communication technology.

² The share is considerably higher than Kenya and Uganda.

³ Owing to alleged Rwandan support for rebel activity in the neighboring Democratic Republic of Congo, many development partners suspended or delayed planned budget support to Rwanda, leading to a loss equivalent to 11 percent of the budget in the first half of FY12/13 (July-December 2012).

⁴ Concessional loans still constitute the largest share of total debt at 58.1 percent, while guarantees and nonconcessional debt of public enterprises constitute 20.8 percent.

⁵ Household consumption growth was in fact pro-rich during 2001–06, leading to an increase in inequality (the Gini coefficient increased from 0.507 to 0.522). Poverty dropped by only two percentage points—from 58.9 to 56.9 percent—over this period.

⁶ Performance and Learning Review, para 10.

⁷ The Gini coefficients in Burkina Faso (gross domestic product per capita public-private partnerships constant 2011 international: \$1,536) and Madagascar (\$1,371), whose income levels were similar to Rwanda's (\$1,539), were 35.3 in 2014 and 0.43 in 2012, respectively.

⁸ In December 2015, the Rwandan constitution was amended to allow the president to run for a third term in 2017. Presidential terms were also reduced from seven years to five.

⁹ For example, the president cannot appoint more than 50 percent of cabinet members from his party and the speaker of parliament is required to be from the minority party. The constitution requires that women hold at least 30 percent of positions in all higher-level public institutions.

¹⁰ Rwanda's resolution of the fallout from the genocide saw the establishment of a National Unity and Reconciliation Commission in 1999, and eventually of the "gacaca" courts, modeled on a traditional approach to settling disputes.

Annex P. Statistics and Key Indicators

Table P.1. Key Economic Indicators in Rwanda

Subject	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
GDP growth (%)	11.2	6.3	7.3	7.8	8.8	4.7	7.6	8.9	5.9	6.2
Agriculture, value-added (% of GDP)	30.8	31.8	30.6	30.4	31.0	30.8	30.9	30.2	31.5	..
Industry, value-added (% of GDP)	15.8	15.5	16.1	18.1	17.8	18.3	18.5	18.3	17.6	..
Services, and so on., value-added (% of GDP)	53.4	52.7	53.3	51.5	51.2	50.9	50.7	51.6	50.8	..
Inflation (%)	15.4	10.3	2.3	5.7	6.3	4.2	1.8	2.5	5.7	7.1
General government revenue (% of GDP)	24.8	23.8	24.6	25.3	23.2	25.5	24.2	24.7	23.7	22.1
of which: grants	.	.	13.3	10.8	9.3	8.6	7.4	6.4	5.1	4.9
General gov. total expenditure (% of GDP)	23.9	23.5	25.3	26.2	25.7	26.8	28.3	27.5	26.0	24.0
Fiscal balance (% of GDP)	0.9	0.3	-0.7	-0.9	-2.5	-1.3	-4.0	-2.8	-2.3	-1.9
General gov. Gross debt (% of GDP)	19.5	19.5	20.0	19.9	20.0	26.7	29.1	33.4	37.6	40.2
Exports of goods and services (% of GDP)	12.6	11.7	12.0	13.8	12.8	14.1	14.7	14.3	15.0	..
Imports of goods and services (% of GDP)	29.8	29.7	30.0	30.6	31.9	31.9	32.9	35.1	33.2	..
Current account balance (% of GDP)	-5.0	-7.0	-7.2	-7.4	-11.2	-8.7	-11.8	-13.4	-14.4	-10.2
FDI, net inflows (% of GDP)	2.1	2.2	4.3	1.8	3.5	3.4	3.9	2.7	3.0	..
GDP, current prices (\$, billions)	4.9	5.4	5.8	6.5	7.3	7.6	8.0	8.3	8.4	8.9
GDP per capita (\$)	511.9	554.6	577.4	636.4	696.7	709.7	728.1	732.4	729.1	754.1
Population (millions)	9.5	9.7	10.0	10.2	10.5	10.7	11.0	11.3	11.5	11.8

Source: Rwandan authorities, International Monetary Fund, World Economic Outlook Database, October 2017 and World Development Indicators.

Note: FDI = foreign direct investment; GDP = gross domestic product.

Table A.2. Growth and Share of GDP (%)

Sector	Average Annual Growth			Share of GDP		
	FY08–12	FY13–17	FY08–17	FY08–12	FY13–17	FY08–17
GDP	8.2	6.7	7.4	100	100	100
Agriculture	6.0	5.2	5.6	30.9	30.8	30.9
Industry	9.8	8.0	8.9	16.7	18.2	17.3
Services	9.8	7.4	8.6	52.4	51.0	51.8

Source: Independent Evaluation Group, based on the data from National Institute of Statistics of Rwanda and WDI.

Note: GDP = gross domestic product.

Table A.3. Rwanda: Selected Social and Economic Indicators

Indicators	1994	2000/01	2005/06	2010/11	2013/14	LIC	LMIC
						average 2013/14	average 2013/14
Health							
Immunization, measles (% of children aged 12–23 months)	25	69	95	95	97	76.7	79.1
Births attended by skilled health staffs	..	92	96	98	99	55.9	71.5
Maternal Mortality ratio (per 100,000 live births)	..	1,071	750	476	210	513	260
Mortality rate under 5 (per 1,000 live births)	..	196	152	76	50	78.9	54.5
Life expectancy	28.6	48.2	56.4	62.2	64.0	61.3	67.2
Education							
Net attendance ratio– secondary (<i>percent</i>)			10.4	17.8	23		
Infrastructure (% population with access)							
Improved sanitation		..	58.5	74.5	83.4	27.9	51.6
Improved water source		..	70.3	74.2	84.8	65.1	88.5
Electricity as main source of lighting		..	4.3	10.8	19.8	28.3	79.5
Road	85.8

Sources: Rwanda Integrated Household Living Conditions Survey 1–4; and World Development Indicators.

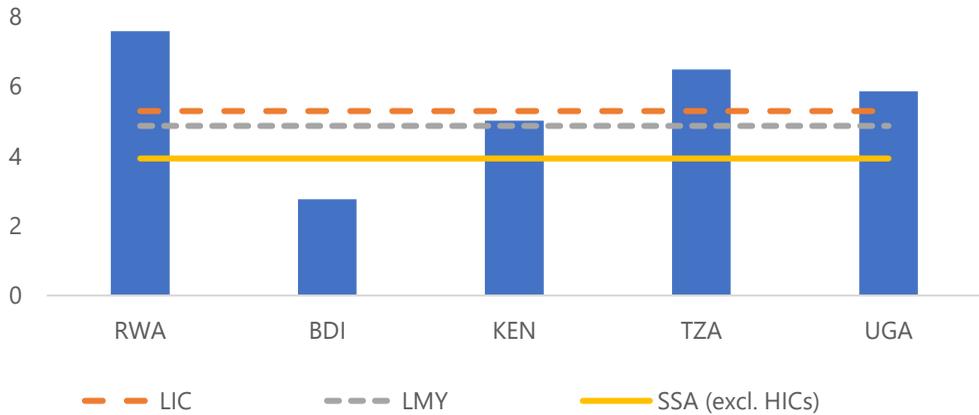
Note: LIC = low-income country; LMIC = lower-middle-income country.

Table A.4. International Monetary Fund Program: Financial Arrangements and Policy Support

Event	Date of Arrangement	Completion or Expiration Date	Amount Approved (SDR, millions)	Disbursement or Amount Drawn (SDR, millions)
Implementation of HIPC Initiative	Dec, 2000	Apr, 2005	63.40	50.56
Poverty Reduction and Growth Facilities	Aug 12, 2002	Jun 11, 2006	4.00	4.00
Poverty Reduction and Growth Facilities	Jun 12, 2006	Aug 07, 2009	8.01	8.01
Policy Support Instrument (three years)	Jun, 2010	Dec, 2013		
Policy Support Instrument (three years)	Dec, 2013	2017		
Standby Credit Facility	Jun 08, 2016	Jan 31, 2018	144.18	144.18

Source: International Monetary Fund and World Bank Group.

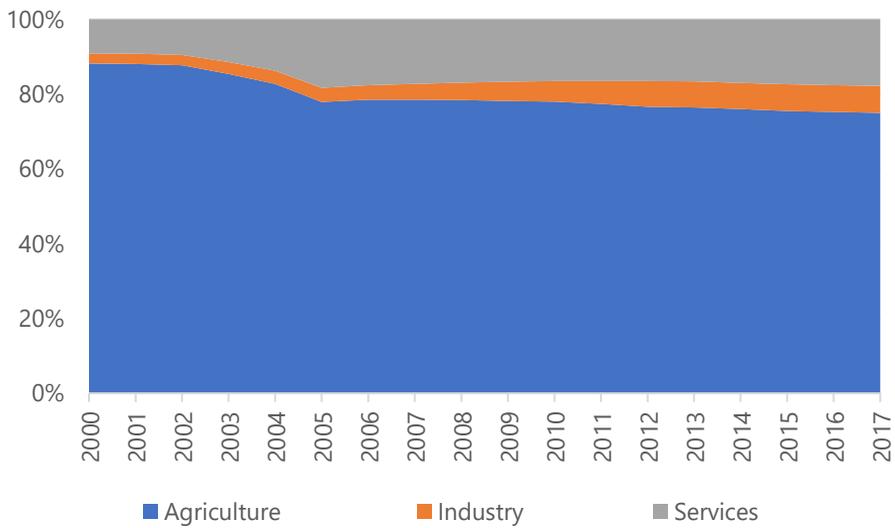
Figure A.1. Gross Domestic Product Growth, 2008–16



Source: World Development Indicators.

Note: BDI = Burundi; HIC = high-income country; KEN = Kenya; LIC = low-income country; LMY = lower-middle-income country; RWA = Rwanda; TZA = Tanzania; UGA = Uganda.

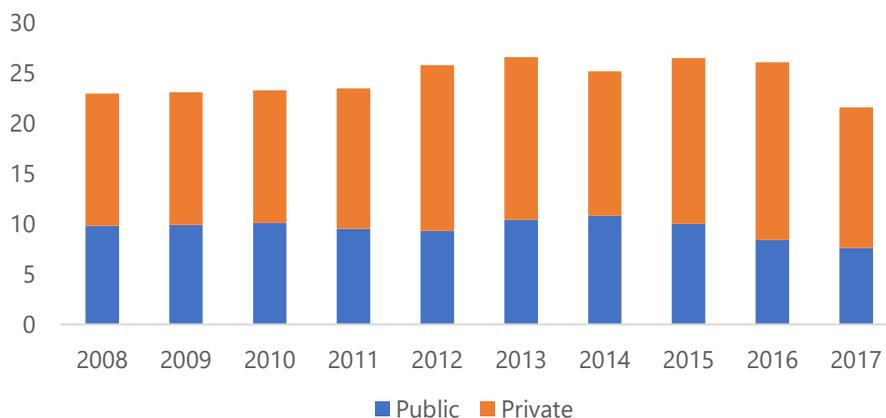
Figure A.2. Employment by Sector (% of total employment), 2000–17



Source: World Development Indicators.

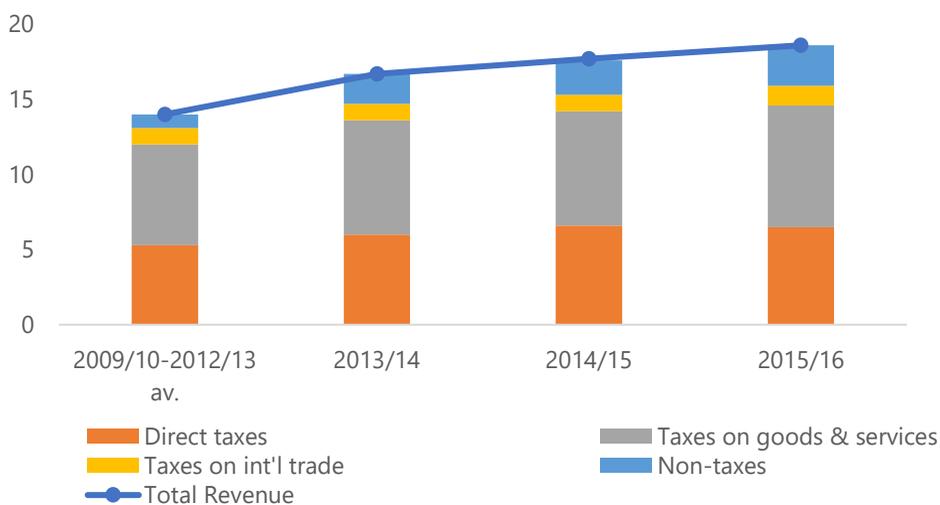
Note: Modeled on International Labour Organization estimates.

Figure A.3. Public and Private Investment (% of GDP)



Source: National Institute of Statistics of Rwanda.
 Note: GDP = gross domestic product.

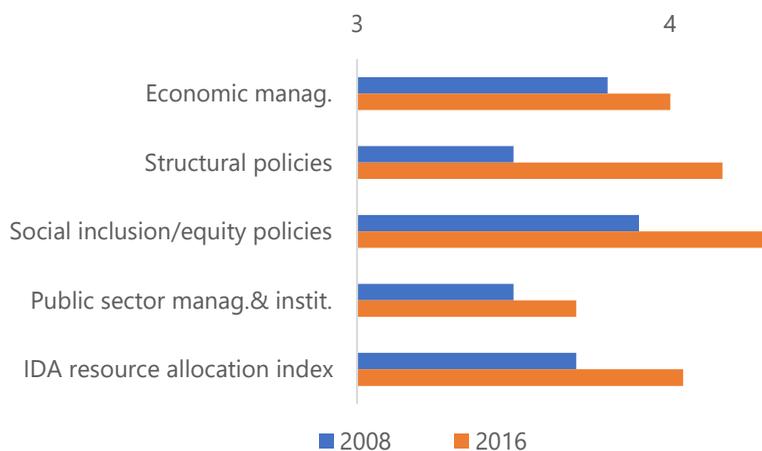
Figure A.4. Tax Revenue (% of GDP)



Source: National Institute of Statistics of Rwanda, Ministry of Finance and Economic Planning, and World Development Indicators.

Note: GDP = gross domestic product.

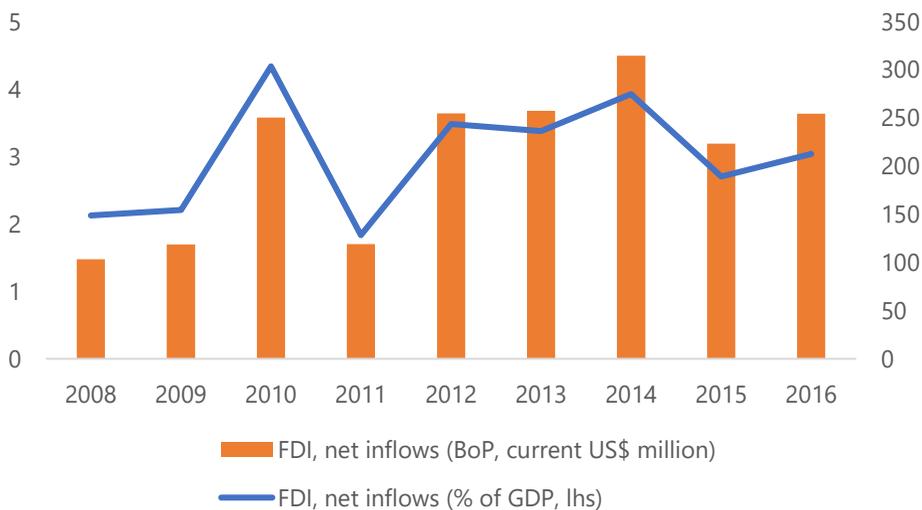
Figure A.5. CPIA Index and IDA Resource Allocation Index, 2008 and 2016



Source: World Development Indicators.

Note: Low = 1, high = 6; CPIA =Country Policy and Institutional Assessment; IDA = International Development Association.

Figure A.6. Foreign Direct Investment to Rwanda



Source: World Development Indicators.

Note: FDI = foreign direct investment.

Table A.5. Progress Made on Millennium Development Goals (Select Targets)

Goal	1994	2000	2008	2012	2015
Goal 1: Eradicate extreme poverty and hunger					
Poverty headcount ratio at \$1.90 a day (2011 PPP) (% of population)	..	77.0	60.3	60.4	..
Income share held by lowest 20%	..	5.2	5.1	5.2	..
Prevalence of undernourishment (% of population)	58	61	43	34	32
Goal 2: Achieve universal primary education					
Primary school enrollment rate (net, % of relevant age group)	..	79	99	96	95
Primary completion rate, total (% of relevant age group)	..	23	52	69	61
Literacy rate, youth male (% of males aged 15–24)	..	79	77	81	83
Literacy rate, youth female (% of females aged 15–24)	..	77	78	83	87
Goal 3: Promote gender equality and empower women					
School enrollment, primary and secondary (gross), gender parity index	..	0.9	1.0	1.0	1.0
Proportion of seats held by women in national parliaments (%)	..	26	56	56	64
Women employed in the nonagricultural sector (% of nonagricultural employment)	32	33	..	34	..
Goal 4: Reduce child mortality					
Immunization, measles (% of children aged 12–23 months)	25	74	92	97	97
Mortality rate, infant (per 1,000 live births)	300	184	78	52	42
Mortality rate, under-5 (per 1,000 live births)	132	109	52	37	31
Goal 5: Improve maternal health					
Maternal mortality ratio (modeled estimate, per 100,000 live births)	1,270	1,020	452	336	290
Adolescent fertility rate (births per 1,000 women ages 15–19)	56	49	38	30	26
Births attended by skilled health staff (% of total)	..	31	52	69	91
Contraceptive prevalence, any methods (% of women aged 15–49)	14	13	36	52	53
Goal 6: Combat HIV/AIDS, malaria, and other diseases					
Prevalence of HIV, total (% of population ages 15–49)	6.3	4.9	3.2	3.1	2.9
Incidence of tuberculosis (per 100,000 people)	..	98	96	76	56
Tuberculosis case detection rate (% , all forms)	..	78	82	75	84
Goal 7: Ensure environmental sustainability					

Appendix P
 Statistics and Key Indicators

Goal	1994	2000	2008	2012	2015
Access to an Improved water source (<i>% of population</i>)	62	66	72	74	76
Access to improved sanitation facilities (<i>% of population</i>)	39	47	55	59	62
Forest area (<i>% of land area</i>)	13	14	17	19	19
Goal 8: Develop a global partnership for development					
Fixed telephone subscriptions (<i>per 100 people</i>)	0.2	0.2	0.2	0.4	0.1
Mobile cellular subscriptions (<i>per 100 people</i>)	0.0	0.5	13	50	70
internet users (<i>per 100 people</i>)	<i>0.001</i>	0.1	5	8	18

Source: World Bank.

Note: Figures in Italics are for years other than specified. Indicates data are not available. PPP = public-private partnerships.

Appendix Q. Country Program Evaluation Methodology

The analytical approach used by the Independent Evaluation Group (IEG) for the evaluation has been guided by the 2005 Country Assistance Evaluation Retrospective undertaken by the predecessor to IEG, the Operations Evaluation Department of the World Bank, as a part of its commitments to OECD-DAC (World Bank 2005a). These standards were subsequently largely adopted by the Evaluation Cooperation Group (2008) and reflected in the its *Big Book on Evaluation Good Practice Standards* (2012). In accordance with IEG's standard practice for Country Program Evaluations, the methodological note describing the key elements of IEG's Country Program Evaluation methodology is given below. Following this, additional methodological practices adopted in the present evaluation are detailed.

Guide to Country Program Evaluation Methodology

CPEs rate the outcomes of World Bank Group assistance programs, not the country's overall development progress.¹ A Bank Group assistance program needs to be assessed on how well it met its objectives, which are typically a subset of the country's development objectives. If a Bank Group assistance program is large in relation to the country's total development effort, the program outcome should be like the country's overall development progress. However, most Bank Group assistance programs provide only a fraction of the total resources devoted to a country's development by development partners, stakeholders, and the government itself. In CPEs, IEG rates only the outcome of the Bank Group's program, not the country's overall development outcome, although the latter is clearly relevant for judging the program's outcome.

The experience gained in CPEs confirms that Bank Group program outcomes sometimes diverge significantly from the country's overall development progress. CPEs have identified Bank Group assistance programs that had:

- Satisfactory outcomes matched by good country development
- Unsatisfactory outcomes in countries which achieved good overall development results, notwithstanding the weak Bank Group program

- Satisfactory outcomes in countries which did not achieve satisfactory overall results during the period of program implementation.

Assessments of assistance program outcome and Bank Group performance are not the same. By the same token, an unsatisfactory Bank Group assistance program outcome does not always mean that Bank Group performance was also unsatisfactory, and vice versa. This becomes clearer in considering that the Bank Group's contribution to the outcome of its assistance program is only part of the story. The assistance program's outcome is determined by the joint impact of four agents: (i) the country; (ii) the Bank Group; (iii) partners and other stakeholders; and (iv) exogenous forces (for example, events of nature, international economic shocks, and so forth). Under the right circumstances, a negative contribution from any one agent might overwhelm the positive contributions from the other three and lead to an unsatisfactory outcome.

IEG measures Bank Group performance primarily on the basis of contributory actions the Bank Group directly controlled. Judgments regarding Bank Group performance typically consider the relevance and implementation of the strategy, the design and supervision of the Bank Group's lending and financial support interventions, the scope, quality and follow-up of diagnostic work and other analytic and advisory activities, the consistency of the Bank Group's lending and financial support with its nonlending work and with its safeguard policies, and the Bank Group's partnership activities.

Evaluating and Rating the Program Outcome

In rating the outcome (expected development impact) of an assistance program, IEG gauges the extent to which major strategic objectives were relevant and achieved, without any shortcomings. In other words, did the Bank Group do the right thing, and did it do it right? Programs typically express their goals in terms of higher-order objectives, such as poverty reduction. The Country Assistance Strategy (CAS) may also establish intermediate goals, such as improved targeting of social services or promotion of integrated rural development and specify how they are expected to contribute toward achieving the higher-order objective. IEG's task is then to validate whether the intermediate objectives were the right ones and whether they produced satisfactory net benefits, as well as whether the results chain specified in the CAS was valid. Where causal linkages were not

fully specified in the CAS, it is the evaluator's task to reconstruct this causal chain from the available evidence and assess relevance, efficacy, and outcome with reference to the intermediate and higher-order objectives.

For each of the main objectives, the Country Program Evaluation evaluates the relevance of the objective; the relevance of the Bank Group's strategy toward meeting the objective, including the balance between lending and nonlending instruments; the efficacy with which the strategy was implemented; and the results achieved. This is done in two steps. The first is a top-down review of whether the Bank Group's program achieved a Bank Group objective or planned outcome and had a substantive impact on the country's development. The second step is a bottom-up review of the Bank Group's products and services (lending, analytic and advisory activities, and aid coordination) used to achieve the objective. Together these two steps test the consistency of findings from the products and services and the development impact dimensions. Subsequently, IEG assesses the relative contribution to the results achieved by the Bank Group, other development partners, the government and exogenous factors.

Evaluators also assess the degree of country ownership of international development priorities, such as the Millennium Development Goals, and Bank Group corporate advocacy priorities, such as safeguards. Ideally, any differences on dealing with these issues would be identified and resolved by the CAS, enabling the evaluator to focus on whether the trade-offs adopted were appropriate. However, in other instances, the strategy may be found to have glossed over certain conflicts or avoided addressing key country development constraints. In either case, the consequences could include a diminution of program relevance, a loss of country ownership, or unwelcome side-effects, such as safeguard violations, all of which must be taken into account in judging program outcome.

Ratings Scale

IEG uses six rating categories for outcome, ranging from highly satisfactory to highly unsatisfactory:

Highly satisfactory: The assistance program achieved at least acceptable progress toward all major relevant objectives and had best practice development impact on one or more of them. No major shortcomings were identified.

Satisfactory: The assistance program achieved acceptable progress toward all major relevant objectives. No best practice achievements or major shortcomings were identified.

Moderately satisfactory: The assistance program achieved acceptable progress toward most of its major relevant objectives. No major shortcomings were identified.

Moderately unsatisfactory: The assistance program did not make acceptable progress toward most of its major relevant objectives, or made acceptable progress on all of them, but either (i) did not take into adequate account a key development constraint or (ii) produced a major shortcoming, such as a safeguard violation.

Unsatisfactory: The assistance program did not make acceptable progress toward most of its major relevant objectives, and either (i) did not take into adequate account a key development constraint or (ii) produced a major shortcoming, such as a safeguard violation.

Highly unsatisfactory: The assistance program did not make acceptable progress toward any of its major relevant objectives and did not take into adequate account a key development constraint, while also producing at least one major shortcoming, such as a safeguard violation.

The institutional development impact can be rated at the project level as high, substantial, modest, or negligible. This measures the extent to which the program bolstered the country's ability to make more efficient, equitable and sustainable use of its human, financial, and natural resources. Examples of areas included in judging the institutional development impact of the program are as follows:

- The soundness of economic management
- The structure of the public sector, and, in particular, the civil service
- The institutional soundness of the financial sector

- The soundness of legal, regulatory, and judicial systems
- The extent of monitoring and evaluation systems
- The effectiveness of aid coordination
- The degree of financial accountability
- The extent of building capacity in nongovernmental organizations
- The level of social and environmental capital.

However, IEG increasingly factors institutional development impact ratings into program outcome ratings, rather than rating them separately.

Sustainability can be rated at the project level as highly likely, likely, unlikely, highly unlikely, or, if available information is insufficient, nonevaluable.

Sustainability measures the resilience to risk of the development benefits of the country program over time, taking into account eight factors:

- Technical resilience
- Financial resilience (including policies on cost recovery)
- Economic resilience
- Social support (including conditions subject to safeguard policies)
- Environmental resilience
- Ownership by governments and other key stakeholders

Institutional support (including a supportive legal/regulatory framework, and organizational and management effectiveness)

Resilience to exogenous effects, such as international economic shocks or changes in the political and security environments.

At the program level, IEG is increasingly factoring sustainability into program outcome ratings, rather than rating them separately.

Risk to development outcome. According to the 2006 harmonized guidelines, sustainability has been replaced with a “risk to development outcome,” defined as the risk, at the time of evaluation, that development outcomes (or expected outcomes) of a project or program will not be maintained (or realized). The risk to development outcome can be rated at the project level as high, significant, moderate, negligible to low, and nonevaluable.

¹ World Bank 2005a. Annex A: ‘The CAE Methodology’ as adapted in recent Independent Evaluation Group Country Program Evaluations.

Appendix R. Donor Division of Labor

The government of Rwanda formalized a Division of Labor among development partners in 2010, assigning each to three sectors to reduce transaction costs and improve aid effectiveness.

Table R.1. Donor Division of Labor in 2010

	Education	Health & Population	Social Protection	Employment	Youth, Sports & Culture	Transport & ICT	Energy	Water & Sanitation	Agriculture	Forestry, Land & Environment	Manufacturing services & off-farm industry	Decentralization/CDF	Justice, Reconciliation, Law & Order
Belgium	S	X					X					X	S
Canada	S ¹								X				
Germany	X	S		X								X	
Japan	X					S	S	X	X				
Netherlands	S						X					X	X
Sweden			X							X			X
UK	X	S	X						X				
US		X		X					X				
AfDB	S					X	X	X					
EC			S			X			X				X
WB		S	S			X	X		X				
Switzerland		X										X	
France					X		X						
Austria								X					
Luxembourg		X											
FAO									X	X			
ILO				X									
UNDP					S					X		X	X
UNEP										S			
UNESCO	S				S								
UNFPA		X	S		X								
UNHCR			S										
UN-HABITAT								S		S			
UNICEF	X	X	X		S			X				S	S
UNIDO							X				X		
UN Women													S
WFP	X		X						X	S			
IFAD									X			S	
WHO		X	S					S					
UNECA						X							
UNCDF												S	

² X represents internal UN Lead

³ S represents silent partners providing Sector Budget Support.

Source: Ministry of Finance and Economic Planning, Rwanda.

Table R.2. Donor Division of Labor in 2013

	Education (Including TVET)	Agriculture (Including feeder Roads)	Health	Transport	Water and Sanitation	Energy	Private Sector D. & Youth	Social Protection	ICT	Justice Reconciliation Law & Order	Environment	Urban & Rural Settlement	Decentralization & Governance	PFM (Including Economic Governance)	Financial sector
Belgium	B		X			X				B			X		
Germany	X						X						X	S	S
Netherlands					S		X			X			X		
Sweden															
UK	X	B						X			S			S	X
USA	X	B	X				X						S		
AfDB				X	S	X	X								S
EC		X				X		B					X	S	
EIB					X	X									X
WB		X				X		B				X			
Switzerland		X	X		S		X								
Global Fund			X												
France	X		X			S			X						
Luxembourg			X								X				
Japan	S	X		S	X	X									
Korea	X	X	S						X			S			
China	S		X	X		X									
India	X	X				X	S								
Kuwait Fund			X	X		X						S			
Saudi Fund			X	X		X	S								
BADEA				X	X	X	S								
OPEC Fund				X	S	X	X								
ABU Dhabi				X		X						X			

Source: Ministry of Finance and Economic Planning, Rwanda.

	Education (Including TVET)	Agriculture (Including feeder roads)	Health	Transport	Water & Sanitation	Energy	Private Sector Development and Youth	Social Protection	ICT	Justice, Reconciliation, Law & Order	Environment	Urban and Rural Settlement	Governance and Decentralisation	PFM (including Economic Governance)	Finance Sector
FAO		X									X				
ILO							X	X							
UNDP							S	S		X	X		X		
UNEP						X					X	S			
UNESCO	X				X		S		X				S		
UNFPA	X		X				X	S							
UNHCR	X		S					X		S	X				
UN-HABITAT					S	S	X				X	X			
UNICEF	X		X		S			X		S					
UNIDO		S				X	X				X				
UN Women								X		X			X		
WFP	X	X	S					X							
IFAD		X					X				X				
WHO	S	S	X		X			X							
UNECA						X									
IOM	X							X			X				
UNV							X						X		
UNAIDS			X				X			X					
UNCDF	X												S		X
ITC							X		S						X
UNCTAD							X		S					X	X

- B->represents silent partners providing Sector Budget Support
- S->represents delegated operations
- DoL excludes Basket funds and regional operation as well as support to NGOs

Appendix R
Donor Division of Labor

Table R.3. Donor Division of Labor in 2014 (revised)

	Education (Including TVET)	Agriculture (Including feeder Roads)	Health	Transport	Water and Sanitation	Energy	Private Sector D. & Youth	Social Protection	ICT	Justice Reconciliation Law & Order	Environment	Urban & Rural Settlement	Decentralization & Governance	PFM (Including Economic Governance)	Financial sector
Belgium	B		X			X				B			X		
Germany	X						X						X	S	S
Netherlands					S		X			X		X			
Sweden	X						X	S			X				
UK	X	B						X			S			S	X
USA	X	B	X				X						S		
AfDB				X	S	X	X								S
EC		X				X		B					X	S	
EIB					X	X									X
WB		X				X		B				X			
Switzerland		X	X		S		X								
Global Fund			X												
France	X		X			S			X						
Luxembourg			X								X				
Japan	S	X		S	X	X									
Korea	X	X	S						X			S			
China	S		X	X		X									
India	X	X				X	S								
Kuwait Fund			X	X		X						S			
Saudi Fund			X	X		X	S								
BADEA				X	X	X	S								
OPEC Fund				X	S	X	X								
ABU Dhabi				X		X						X			

	Education (Including TVET)	Agriculture (including feeder roads)	Health	Transport	Water & Sanitation	Energy	Private Sector Development and Youth	Social Protection	ICT	Justice, Reconciliation, Law & Order	Environment	Urban and Rural Settlement	Governance and Decentralisation	PFM (including Economic Governance)	Finance Sector
FAO		X									X				
ILO							X	X							
UNDP							S	S		X	X		X		
UNEP						X					X	S			
UNESCO	X				X		S		X				S		
UNFPA	X		X				X	S							
UNHCR	X		S					X		S	X				
UN-HABITAT					S	S	X				X	X			
UNICEF	X		X		S			X		S					
UNIDO		S				X	X				X				
UN Women								X		X			X		
WFP	X	X	S					X							
IFAD		X					X				X				
WHO	S	S	X		X			X							
UNECA						X									
IOM	X							X			X				
UNV							X						X		
UNAIDS			X				X			X					
UNCDF	X												S		X
ITC							X		S						X
UNCTAD							X		S					X	X

- B->represents silent partners providing Sector Budget Support
- S->represents delegated operations
- DoL excludes Basket funds and regional operation as well as support to NGOs

Source: Ministry of Finance and Economic Planning, Rwanda.

Appendix S. Persons Met

World Bank

Yasser El-Gammal	Country Manager
Diarietou Gaye	Country Director
Johannes Zutt	Former Country Director
Omowunmi Ladipo	Former Country Manager
Carolyn Turk	Former Country Manager
Johannes Widmann	Former Country Officer
Yoichiro Ishihara	Senior Economist—Macro Economics and Fiscal Management
Adja Mansora Dahourou	Senior Private Sector Specialist—Finance, Competitiveness and Innovation
Gunhild Berg	Senior Financial Sector Specialist—Finance, Competitiveness and Innovation
Hiroshi Saeki	Senior Economist—Education Department
Arnaud D. Dornel	Lead Financial Sector Specialist—Finance, Competitiveness and Innovation
Paul Brenton	Lead Economist—Macroeconomics, Trade and Investment
Aghassi Mkrtchyan	Senior Economist—Macroeconomics, Trade and Investment
Mark Austin	Former Senior Operations Officer—Agriculture Department
Samia Melhem	Former Senior Operations Officer—Transport, Water, Information and Communication, Information and Communication Technology
Emmanuel Taban	Highway Engineer—Transport and Digital Development Department
Alex Kamurase	Senior Social Protection Specialist -Social Protection and Labor

Appendix S
List of Persons Met

Kevin Crockford	Senior Rural Development Specialist— Agriculture Department
Margo Hoftijzer	Senior Economist—Education Department
Amadou Dem	Senior Economist—Trade and Competitiveness Department
Muhammad Zulfiqar Ahmed	Senior Transport Engineer—Transport and ICT Department
Valens Mwumvaneza	Senior Agricultural Specialist—Agriculture Department
Narae Choi	Urban Specialist—Urban, Rural and Social Development Department
Laura Rawlings	Lead Social Protection Specialist -Social Protection and Labor Department
Briana Wilson	Senior Social Protection Specialist—Social Protection and Labor Department
Jens Kristensen	Lead Public Sector Specialist -Governance Department
Tim Robertson	Senior Agricultural Specialist—Agriculture Department
Leif Jensen	Former Senior Public Sector Specialist Governance Department
Jonas Ingermann Parby	Senior Urban Specialist—Urban, Rural and Social Development Department
Yadviga Semikolenova	Senior Energy Economist—Energy and Extractives Department
Norah Kipwola	Senior Energy Specialist—Energy and Extractives Department
Sylvie Debomy	Lead Urban Development Specialist—Urban, Rural and Social Development Department
Deo-Marcel Niyungeko	Senior Water Supply and Sanitation Specialist—Water Department

Winston Dawes	Senior Agriculture Economist–Agriculture Department
Aimee Mpambara	Agricultural Specialist—Agriculture Department
Elizabeth Ninan Dulvy	Senior Education Specialist—Education Department
Natacha Lemasle	Senior Social Development Specialist—Urban, Rural and Social Development Department
Cecilia Paradi	Former ICT Policy Specialist—Transport and ICT Department
Kene Ezemenari	Senior Economist—Operations Policy and Country Services Vice Pres, Knowledge and Learning Department
Augustine Sangson Langyintuo	Senior Private Sector Specialist—Trade and Competitiveness Department
Lauren Ronchi	Lead Economist – Trade and Competitiveness Department (Agriculture sector)
Sandeep Mahajan	Lead Economist—Macroeconomics and Fiscal Management Department
Lucy Fye	Former Private Sector Development Specialist
Innocent Musabyimana,	Former Permanent Secretary of MINAGRI
Mandy Hupfer	Deputy Head of Development Cooperation
Stefan Sckell,	Education/Skills Advisor

International Finance Corporation

Juan Francisco Ron	Investment Officer—Global Industry, MAS, Agribusiness and Forestry
Anup Jagwani	Principal Investment Officer—Global Manufacturing, Agribusiness and Services
William Britt Gwinner	Principal Operations Officer—Financial Institutions Group

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List of Persons Met

Michael Opagi	Principal Investment Officer – Cross-Cutting Advisory, Public-Private Partnerships – Africa
Ashani Chanuka Alles	Senior Private Sector Specialist–Macro, Trade and Investment – GP International Finance Corporation, Africa Portfolio – International Finance Corporation
Ignace Rusenga	Country Resident Representative

Government

George Munyaneza	Rwanda Urban Development Project Coordinator, Ministry of Infrastructure (MEININFRA)
Emmanuel Bugingo	Director of Community Development, Ministry of Local government
Director	Planning Department, Ministry of Local government
Thacien Yamurise	Planning Department, Ministry of Local government
Thomas Mazuru	Planning Department, Ministry of Local government
Ayebare Crispus	Planning Department, Ministry of Local government
Benjamin	Advisor to Mayor Director of Social Affairs, Ministry of Local government, Ministry of Local government
Saidi Sibomana	Deputy Director General, Local Administrative Entities Development Agency, Ministry of Local government, Ministry of Local government
Edward Kyazze	Urbanization and housing Development Division Manager, Ministry of Infrastructure
Eng. Robert, Tom and Peace	Ministry of Infrastructure
Alfred Byiringiro	Division Manager, Ministry of Infrastructure
Samuel Mulindwa	Permanent Secretary, Ministry of Education
Mike Hughes	Advisor, STI Ministry of Education
Jean Louis Uwitonze	Former Special Project Implementation Unit (SPIU Coordinator, Ministry of Trade
Hon. Gerardine Mukeshimana	Minister, Ministry of Agriculture and Animal Resources

Jean-Claude Rurangwa	Advisor to the Minister Rwanda Agriculture Board, Rwanda Agriculture Board, and Ministry of Agriculture and Animal Resources
Octave Semwaga,	Director General of Planning, Ministry of Agriculture and Animal Resources
Jean Claude Kayisinga	SPIU Project, Ministry of Agriculture and Animal Resources
Celestin Sibomana	Director of Capacity Development, Rwanda Public Procurement Authority
Guy Kalisa	Director General, Rwanda Transport Development Agency
Kampeta Sayingzoga	Former Permanent Secretary, Ministry of Finance and Economic Planning Director General, National Industrial Research and Development Agency (NIRDA)
Jonathan Nzayikorera	Director for Fiscal Decentralization, Ministry of Finance and Economic Planning
Rehemah Namutebi	Head of National Budget, Ministry of Finance and Economic Planning
Gerald Mugabe	External Resources Mobilization Officer, Ministry of Finance and Economic Planning
Amina Rwakunda,	Senior Economist of Macro Economic Policy Division Ministry of Finance and Economic
Eric Rwigamba	Director General, Financial Sector Development Directorate, Ministry of Finance and Economic Planning
Josephine Mukesha	Director General, National Identification Agency
Pascal Nyamulinda	Mayor, Kigali Urban Upgrading Project; City of Kigali, Rwanda
Abias Phillipe Mumuhire	Coordinator, Kigali Urban Upgrading Project, City of Kigali, Rwanda
Peter Claver Bagirishya	Executive Secretary, Musanze District, Rwanda
Sylvain Nsabimana,	Executive Secretary, Rubavu District, Rwanda
Emmanuel Nsanzumuhire	Mayor of Bugesera District, Rwanda

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List of Persons Met

Emmanuel Hategeka	Chief Operating Officer, Rwanda Development Board
Winifred Kabega,	Head of Investment Promotion and Facilitation Department, Rwanda Development Board
Diane Sayinzoga,	Head of special economic zones and export department, Rwanda Development Board
Al Hussein Sall	Ag. Strategic Advisor, Rwanda Development Board
Mireille Umwali	Former PIU Coordinator, Rwanda Urban Infrastructure and City Management Project (UICMP)
Pascal Ruganintwali	Deputy Commissioner General, Rwanda Revenue Authority
Innocent Twahirwa,	Director, Road Maintenance Fund
Corneille Ntakirutimana	Strategic Planning Division Manager, National Agriculture Export Development Board
Eric Bundugu	Director General, Republic of Rwanda Capital Market Authority
Vincent Nkuranga	Agriculture Public Financial Management Reforms Manager
Jane Karera	Coordinator, Rwanda Demobilization and Reintegration Commission/Program, RDRC
Edward Kalisa	Secretary General, Rwanda Governance Board
Justine Gatsinzi	Deputy Director General Local Administrative Entities Development Agency
Minega Isibo	Legal Analyst, Rwanda Development Board
Jerome Gasana	Director General, Workforce Development Authority (WDA)
Francis Musoni	Head of Secretariat Rwanda Demobilization and Reintegration Commission
Egide Rugamba	Secretary General, General, Rwanda Association of Local government Authorities
Winifrida Mpembyemungu,	Deputy Secretary General, Rwanda Association of Local government Authorities

Augustin Kampayana	Department Head, Urban and Rural Housing, Rwanda Housing Authority
Alex Rutabingwa	National expert on fiscal decentralization
Hon. Francine Tumushime	Minister, Ministry of Lands and Forestry
Adolphe Bazatoha Shyaka	Head of Economic and Commerce Commission (Former National Coordinator of the Decentralization and Community Development Project)
Peace Uwase	Director General, Financial Stability Directorate, National Bank of Rwanda
Kevin Kavugizo Shyamba	Director, Microfinance Supervision Department, Financial Stability Directorate, National Bank of Rwanda
Edward Kalisa	Secretary General, Rwanda Governance Board (RGB)
Bill Kayonga	CEO, National Agriculture Export Board
Epimarque Nsanzabaganwa	Horticulture division manager, National Agriculture Export Board
Richard Niwenshuti	BTC Program Manager, Capacity Development and Employment Services Board (CDESB)
Antonia MUTORO	Director General, CDESB
Peter Malinga	SPIU Coordinator, Capacity Development and Employment Services Board, CDESB

Private Sector

Innocent Bulindi	CEO, Business Development Fund (BDF)
Biraro Obadiah	Auditor-General, Office of the Auditor-General (OAG)
Catheriine Kalisa	National Technical Advisor, UN Habitat
Aimable Nkuranga	Country Manager, TransUnion
Peter Ngugi	Yara Commercial Manager, Special Economic Zone, Yara Rwanda Fertilizer

Appendix S List of Persons Met

Stephen Ruzibiza	CEO, Private Sector Federation (PSF)
Alphonse and Alloyce	NELSAP
Alexis Mutware	Head of Electricity Section, Rwanda Utilities Regulatory Authority
Rohith Peiris	Director General of SORWATHE Tea Factory
Rushigajiki Cyprien	Manager of Assopthe Cooperative, SORWATHE Tea Factory
Ron Weiss	CEO, Rwanda Energy Group Ltd (Rwanda Electricity Group)
Kasaija Banage	Country Representative, Seedco Rwanda
Marie Ingabire	Assistant Field Officer, Seedco Rwanda

Bilateral and Multilateral Donors

Emmeline Skinner	Social Development Advisor, UK Department for International Development (DfID)
Alexandra Bayfield	Social Development Advisor, DfID
A. J. H. Negenman	Netherlands Embassy
Peter Zwart	Netherlands Embassy
Carlos Lietar	Ministerial Council Development Cooperation, Embassy of Belgium, Rwanda
Benoit Piret	Ambassador, Embassy of Belgium, Rwanda
Stephen Harvey	Education Advisor, DfID
Mark Davies	Agriculture specialist, DfID
Frederike Kluemper	Development Advisor, Deutsche Gesellschaft für Internationale Zusammenarbeit
Martha Phiri	Country Manager, African Development Bank (AfDB)
Ulrich Berdelmann	Programme Director, Decentralization and Good Governance, Deutsche Gesellschaft für Internationale Zusammenarbeit
Malick Haidara	Director, Economic Growth Office, U.S. Agency for International Development

Massimiliano	EU
Johan Cauwenbergh	Minister Counsellor, Head of Cooperation / Senior Expert, EU
Sion Morton	Program Officer, Economics and Governance, EU
Okuyama Takashi	Program Advisor for Economic Infrastructure, JICA
Placide Nkunzwenimana	Program Officer in charge of Economic Infrastructure Sector, JICA
Philip Munyaruyenzi	Infrastructure Specialist, African Development Bank (AfDB)
Gilbert Kalimba	Deputy Director General, Association d'Exécution des Travaux d'intérêt Public
Arnaud De Vanssay	Agriculture specialist, EU
Eng. Jean Claude Kalisa	MD, Energy Utility Corporation Limited
Patrick Mwesige	Project Manager, Energy Utility Corporation Limited
Alun Thomas	Resident Representative, International Monetary Fund
Laure Redifer	International Monetary Fund

Civil Societies and Other Development Partners

Appolinaire Mupiganyi	Executive Director, Transparency International Rwanda
Jean Bosco Safari	CEO, Agribusiness Focused Partnership Organization (AGRIFOP) (NPO)
Innocent Kabenga	Country Representative, Global Green Growth Institute
Sally Murray	Senior Country Economist, Country Economist International Growth Centre (IGC)
Derek Appel	Country Economist International Growth Centre (IGC)

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