



**Organisation  
of Social Science Research  
in Eastern  
and Southern Africa**

**Rwanda Chapter**

**Facing the Challenges  
of Development in a Post Conflict  
Transition**

**A publication on  
the occasion of 25<sup>th</sup> anniversary  
of OSSREA in Africa**



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**RWANDA CHAPTER**

# **FACING THE CHALLENGES OF DEVELOPMENT IN A POST CONFLICT TRANSITION**

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of OSSREA in Africa**

**Select workshop papers and reports  
Rwanda Chapter  
2001-2005**

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## **Foreword**

Rwanda is a country in post conflict transition. The theme chosen by OSSREA Rwanda Chapter truly reflects the legacy of conflict that has characterised our country for the last four decades. That we are facing development challenges today points to the strides Rwanda has taken during the last ten years. OSSREA Rwanda Chapter, Higher Institutions of Learning, research institutions and networks have unalienable role in facing the challenges.

Rwanda achieved independence in 1962. A year later the National University of Rwanda of which I am honoured to be, its Rector, was founded. But ever since conflict within Rwanda was recurrent and culminated in the terrible genocide of 1994. The intelligentsia in Rwanda was party to the political decay. It should be part of the solution.

In 1994 alone 1 in 7 people were killed and 1 in 3 displaced. The effects of the genocide touched everyone and everything. Educational institutions were left without the basic staff, health centres had no equipment, banks were empty and hundreds of thousands of people were either homeless, orphaned, widowed or displaced. The late 1990s were in Rwanda periods of emergency and reconstruction.

Along the struggle to rebuild the country were challenges of reconciling Rwandans and addressing abysmal levels of poverty and deprivation. Ten years after Rwanda is no longer in emergency. It has entered a development phase at a footing, which is even better than some countries in our continent. In the last ten years our University alone has enrolled more students than the total who were enrolled in the previous three decades. Since 1999 we have been hosting the Rwanda Chapter, a signal of a growing priority we are giving to research. In the immediate period after 1994 the main focus was human resource replacement. While in reality there are still shortages in specific specialties the University and indeed the country are turning to medium and long term strategic planning and development.

It is in this context that Rwanda Chapter of OSSREA, Rwandans and her friends can lend in a hand of support. Many of our people are still deprived. Through research, applied and action, training and focused development strategies let us strive to relieve our people from the fear of want as well as the fear of war'. The foreboding challenge to Rwanda and Africa is to remove our populations from deep levels of human deprivation and insecurity.

We comment the efforts by the Rwanda Chapter of OSSREA and wish all the best to the entire OSSREA network on the occasion of their Silver Jubilee.

Prof Dr Chrysologue KARANGWA

Rector

National University of Rwanda

## **5Wbck`YXl Ya Ybh**

This publication has been enabled by a financial grant from OSSREA headquarters based in Addis Ababa. We are very grateful to its Executive Director Dr. Alfred NHEMA, Senior Programme Officer Enemanachew YIMAMU and the entire staff at the headquarters who have been tirelessly supporting and guiding us.

OSSREA Rwanda Chapter is hosted by the National University of Rwanda. We are grateful for the material and moral support and the gesture of continued collaboration in capacity building at the University and in the country. We are particularly grateful to the Rector Prof Dr. Chrysologue KARANGWA, Vice-Rector for Academic affairs Dr. Silas MURERAMANZI and Vice-Rector for Finance and Administration Mr. Canisius KARURANGA.

The Rwanda Chapter works as a team. In this regard, we appreciate the continuing spirit of collaboration between the former Executive Committee and the current one. Special tribute is to Sharon HABA Deputy Liaison Officer, Pierre Claver RUTAYISIRE, Finance Manager and Joseph HAHIRWA, the Secretary.

We are grateful to the different contributors to this publication and all those who participated in various activities carried out by OSSREA Rwanda chapter.

Last but not least we are grateful for the editing work and technical layout by Faustin MUTWARASIBO and Mucyo NTAGANDA respectively. Without their tireless efforts this work would not be published now.

Dr Herman MUSAHARA

Butare, November 2005

## **RWANDA CHAPTER**

Although OSSREA is 25 now the Rwanda Chapter is only six. As stated in the foreword and suggested by the theme of our National Workshops Rwanda has passed through various phases of its development. The year of the genocide also marked a time of dramatic social change. As genocide was stopped so was the long term exclusion of some Rwandans in exercising their active citizenship. Over a million Rwandans who had fled the country in late 1950s, early 1960s and mid 1970s returned en masse from all corners of the world. A substantial number came back from Uganda, Kenya, Tanzania, Europe and North America. Many of these spoke English very well and little or no French. But Rwanda was for a long time a francophone country. Thus beginning 1994 Rwanda official languages included not only French and Kinyarwanda but also English. Likewise research organisations that hitherto were regarded as dominantly English language based started being known and relevant to Rwanda.

In October 1999 on invitation of the National University of Rwanda authorities, officials from OSSREA headquarters Prof Abdel Ghaffar and Prof Shiundu visited Rwanda and opened the Chapter at the National University. By then 40 members subscribed and a few members from higher institutions of learning in Rwanda also joined. Its membership has continued to grow and is currently over 60 people mostly members of faculty of the National University of Rwanda. For a long time the University was the only university in Rwanda. A number of other universities are being established and are expected to join the Chapter quite soon.

The Chapter has a wide range of disciplines held by both senior and junior members. Today the chapter has economists, political scientists, historians, management members, sociologists, educationalists, demographers, people from languages departments, environmentalists and a public health expert

It is this multidisciplinary character of the chapter that has shaped its activities from both supply and demand. The Chapter conducts researches and consultancies for government and international organisations. A special focus on these activities has been capacity building especially among the junior members. In 2001 it conducted a country wide Poverty Reduction Policy Relevance Test for informing the PRSP process in Rwanda. In 2002 some of its members worked on a UNDP sponsored study on governance and poverty reduction in Rwanda. In 2004 the Chapter offered to government consultancy services for a study financed by the World Bank on the level of service delivery in Rwanda. The study popularly known as the Citizen's Report Card is also being carried out again for the

government in 2005. While in the former one focus was on civil status, the latter is on health and education plus conducting a Community Score Card. In 2004 a number of Chapter members represented OSSREA in editing the African Peer Review Self Assessment of Rwanda. The Chapter is also a country host institution for a regional project on ICT and Poverty Reduction.

On the supply side the Chapter has held three National Workshops. In 2001 it held a workshop on Poverty Reduction in Rwanda. In 2003 the workshop on New Partnership for Economic Development in Africa and its relevance on Rwanda. In 2005 the National workshop was on Enhancing Multidisciplinary Research in Rwanda. OSSREA headquarters in Addis Ababa sponsored all these. Several young people from Rwanda have benefited from Research Methodology courses offered by OSSREA. The chapter has organised at least on Research Methodology workshop in Rwanda. Several members take up research and consultancy activities on recommendation or being forwarded by the Chapter. The Liaison Officer and other members of the Executive Committee continue to attend and participate conferences of all kinds in and out of Rwanda.

The Chapter has a high potential for contributing to the quest for rapid growth and development in Rwanda. It has developed a niche in Poverty Analysis and Research in Rwanda. For this it has to build its capacity further and perform better so that it can deliver better. It has enjoyed generous support and patronage from the National University of Rwanda and OSSREA Headquarters. As the Regional network becomes stronger after 25 years of excellence in the social sciences and Rwanda recovers from trauma of human tragedy Rwanda Chapter will also acquire the spirit and inspiration to forge ahead and perform better.

Dr Herman MUSAHARA  
Liaison Officer  
Rwanda Chapter

## **CHAPTER 1: OVERVIEW**

***Dr Herman MUSAHARA***

As an overview of this publication, Chapter 1 performs two tasks. The first one is to posit the Rwanda Chapter in the context of Rwanda socio-economic development sphere. In the task is describing the Rwanda economy and how it has shaped the discourses in Rwanda and Chapter members in particular. The second task is giving a 'bird's eye view' of what is presented in this book. In the next few paragraphs we focus on features and characteristics of Rwanda as a country and as an economy.

### **Characteristics and features of Rwanda**

Rwanda is a Central African country, situated South of the Equator, between 1° 4' and 2° 51'S and 28° 53' E. It is bordered to the North by Uganda, to the East by Tanzania, to the West by the Democratic Republic of Congo and to the South by Burundi. Rwanda can fairly be called the "heart of Africa" not by virtue of its shape only but more by its location. Due north to Cairo, it is approximately 3650km. Due south to Cape Town it is approximately 3750 km. To Dar es Salaam due East it is about 1700 km and to Cabinda due west it is about 2200 km. Rwanda is thus a typical landlocked country.

Rwanda's relief is hilly, with average altitude of 1700 meters. The highest point on Mt Karisimbi is 4507 meters above sea level. Bordered by volcanoes to the North and rolling hills in a large part of the central plateau, it has earned the name of a 'country of a thousand hills'. To the East, is however relatively flat with altitudes well below 1500 m above sea level.

Consequently, the climate of Rwanda which is supposed to be tropical, is mild and cool due to the altitude. Average annual temperatures are about 18.5° C and average rainfall is about 1250 mm per annum.

The relief of Rwanda is usually divided into six regions from West to East; a narrow Great Rift Valley slopes sharply to lake Kivu, Volcanic Virunga Mountains which have the highest point in Rwanda towers over the North Western lava plains, a North-South steep rise of the Zaire-Nile Divide has a width of 40 km, a Zaire-Nile Divide has an average elevations of 2, 750 metres, a Central Plateau is characterized by rolling hills and Savannah and swamps of the Eastern and Southern border areas cover one tenth of the area.

The country is divided into 11 administrative regions called provinces. These are Butare, Byumba, Cyangugu, Gikongoro, Gitarama, Gisenyi, Kibungo, Kibuye, Kigali Rural, Kigali City, Ruhengeri and



Umutara. In each of the provinces are several communes. A commune consists of sectors and sectors are formed by cellules.

Rwanda Government is headed by an Executive President, a Prime Minister with several cabinet ministers including; Defense, Interior, Foreign Affairs, Agriculture, Commerce, Finance and Economic Affairs, Justice, Education, Sports and Culture, Health, Transport and Communication, Family and Gender in Development, Lands, Local Governments, and Minerals.

### **Political and economic background**

Debates among political scientists, historians, sociologists and ethnographers about Rwanda socio-political formations have centered around the distinctions, agreements and disagreements origins and relations among Tutsi, Hutu and Twa. It is generally agreed that the Tutsi arrived in Rwanda in the fifteenth and sixteenth century and were dominantly cattle-keepers. They found the Hutu who had arrived earlier from Central Africa. These were dominantly agriculturalists. The longest-standing inhabitants of the region are the Twa, a small group engaged primarily in pottery making and hunting. For many centuries these quasi ethnic groups lived together until the colonial rule was established in late 19<sup>th</sup> century. They are quasi-ethnic groups, since they are known to speak the same language, believed in the same god, shared the same culture, belonged to joint clans and lived side by side on the same hillside. However it is this so called quasi ethnic groups that has been at the centre of Rwandan legacy of conflict and genocide.

The colonial administration first Germans and from 1916 Belgians are responsible for the 'divide and rule' or indirect rule in Rwanda. The King and Tutsi rulers were given political roles in return for their co-operation (Mamdani 1996). Gradually, the control by the Tutsi aristocracy was increased, with annexation of Hutu Kingdoms in the North West of Rwanda including the incorporation of their land tenure systems in the monarchical system. Tutsi became privileged in political, economic and social spheres of livelihood. However just before independence, colonial rulers switched favours and started assisting and instigating Hutu to reject Tutsi monarchy which was about to lead the country to independence. From 1959 when the Hutu organised massive rising to 1962 when independence was granted Rwanda was involved in a bloody conflict that was to characterise the entire post colonial period till 1994 when it culminated into a genocide.

After independence as pointed out, a republic replaced a monarchy, and a regime supported by the Belgians and exclusively run by Hutu grabbed power from the former powerful Tutsi aristocracy. But the new arrangement was not any 'social revolution' as it was usually claimed. Rwanda under two Republics continued to be marred by

poverty and conflict. The population was hardly 3 million, life expectancy about 42 years and infant mortality of children under 5 about 248. Per capita GNP was hardly US \$ 32.

Above all the two post independence presidents were almost like the aristocrats they replaced. The first Gregoire Kayibanda was caricatured by Prunier(1995)as follows ;

*'At a time when the African continent was talking about socialism and anti colonialism, revolution and development, Rwanda was strangely silent. Anti colonialism was out of question.*

*'The only value which were repeatedly emphasized were the intrinsic worth of being Hutu, the total congruence between demographic majority and democracy, the need to follow a moral Christian life and the uselessness of politics which should be replaced by hard working.*

On both and Kayibanda who was overturned in 1973 and Habyarimana who became the president in 1973 till 1994, Prunier(1995) put it this way ;

*Like the **mwami** (monarch) the President was personally responsible for all appointments and nominations even the very low levels of administration, a practice continued by General Habyarimana, when he took power*

On Habyariman in particular ;

*He was supposed to be omnipresent and omniscient when as was his custom, he could not be seen. The old monarchic patterns of governance ( a narrow circle of leadership recruitment, regionalism, line age competition, favoritisms, corruption) were quickly fused with new ones*

Moreover both republics seem to have been unable to resolve conflict and promote fundamental economic development. Instead they seem to have been repressive. The first republic was characterized by massive destruction of human resources, in form of massacres and flight of refugees. Estimates of massacres between 1959 and 1964 is put as more than 32, 000 and number of refugees outside Rwanda by 1964 were more than 336, 000. Massacres and political unrests were to occur again in 1971 - 1972 before the second republic replaced the first through a *coup d'etat*. In 1980s and 1990s more killing and displacements took place.

Though the economy seemed to have been doing well before 1980s, it was also from a low threshold and low level of economic development. GNP per capita was growing an annual rate of 1.5 % while exports grew at 7.8 % between 1960 and 1980. Between 1965 and 1987 industry's contribution to GNP rose from 7 to 23 % and services from 18 to 40 percent.

Rwanda continued to have one of the lowest per capita incomes in the world. GNP per capita was still US \$ 60 in 1969 70 in 1974 90 in 1975 120 in 1976 160 in 1977 180 in 1978, 240 in 1980 260 in 1982 and above 270 in 1985. Prunier (1995) shows the ranking of Rwanda compared to neighboring countries

**Table 1.: Rwanda ranking in per capita income from the bottom of poor countries**

Year	Rwanda	Burundi	Zaire	Uganda	Tanzania
1976	7	11	1	33	25
1981	16	14	12	13	19
1985	18	11	9	na	21
1990	19	11	12	13	2

By 1990 Rwanda was involved in a costly war and 1994 was plunged into a genocide. The genocide had the most devastating impact on the economy. The most direct result was destruction of human resources. About 1 million Rwandans were killed. Internal and external displacement affected one in every 3 Rwandans. After the genocide several million Rwandans who had fled Rwanda in 1994 and others called old case load of 1959 returned to Rwanda, posing problems of food, and shelter. GNP plunged down by 50 %, infrastructure was destroyed and families torn apart. The poverty index using the head count index shot up to 77 % in 1995. Rwanda was the poorest country in the world.

There has been slight recovery but the fundamental problem of poverty and underdevelopment still persists. A recent summary of economic and social indicators are shown in Table 2.

**Table 2.: Key Indicators of Rwandan economy**

Land surface	26, 388 sq. km.
Population	8,16 mi (2003)
Density/(habitants/km )	337
GNP (mill US \$)	2
Per capita GNP (in US \$)	250
Long term growth rate 1965-99	2.7
GDP average annual growth Per capita	0.1
Population annual % growth	2.8
Life expectancy	43.9 (2003)
Infant mortality in 1000	107
HIV/prevalence (15-49)%	8
Access to portable water (% of the population)	41
Adult literacy %	64
Human Development Index	0.450

Source: Rwanda Development Indicators 2003 and HDR 2005

## **Fighting poverty as a primary development Challenge**

Part 1 of this publication consists of 4 papers that were presented in the first workshop of OSSREA. As pointed out in the previous section the most binding problem on Rwandan society after 1994 was deep and severe levels of poverty. It should however not suggest that the dynamics of Rwandan poverty are grounded in the effects of poverty alone. The causes of poverty in Rwanda are also long term and structural. Land scarcity, demographic pressure, environmental scarcity and a legacy of conflict are responsible also for the present levels of poverty. The papers focus on specific aspects of poverty alleviation. Indeed they are not all that can be discussed on poverty in Rwanda. They however reflect on how OSSREA Rwanda chapter has been aligning itself to fundamental challenges of development facing Rwanda over time and over different sectors.

Chapter 2 is on agriculture. Dr Jose analyses how agriculture can be geared to fight poverty in line. He calls agriculture the a 'parking lot of the poor.' The characteristic is a euphemism but also a reality. More than 91 per cent of Rwandan live in the rural areas. Out of these 90 per cent depend on agriculture. A majority of the poor, more than 70 per cent depend on the sector. It is thus a key to the challenge of reducing poverty in Rwanda.

However the chapter analyses pitfalls and problems in the sector. Rwandan agriculture is dominantly traditional, rainfed and uses little or no technology. It is characterised by low levels and diminishing labour and unit area productivity. The paper shows that the structure of the sector is still oblique and underdeveloped. A summary of problems is given as follows ; over populated agricultural sector with low per-capita availability of arable land, stagnant agriculture since 1980's, traditional agricultural base(-a banana economy), inequality in the distribution of land and lack of land rights, declining soil productivity, low use of inputs (like credit, fertilizer, irrigation etc) due to lack of access to it, less public sector investments in agricultural infrastructure, destruction of rural capital due to war, weak transport and marketing infrastructure, weak private sector participation, too poor households to take the risks of commercial farming and break down of people's organizations during war and therefore the existence of organizational lacunae.

The author gives an equally long list of possible interventions. These include, an appropriate agricultural strategy, raising of agricultural production and a pro-poor agricultural growth. On specific actions analyses include land reform, irrigation, soil and water conservation, subsidies to inputs, diversification of crops, and agro food processing. He points out sub sectors that need to be given special attention. These are animal husbandry, fishing, dairy production and education and extension.

The paper, thanks to the time it was presented uses data of the sector leading to the year 2000 when Rwanda declared the end of a phase of economic emergency. Yet even before his paper is updated the sector is facing the set of challenges it was facing five years ago. The levels of productivity by volume have gone up but the contribution to GDP has continued to be slightly above 45 per cent. It is still largely rain fed and little chemical and organic fertilizers are used. While it is a possible source of growth for poverty reduction, a lot of effort has to be put in reform and policy that can kick start agricultural transformation. The challenge is generally still overarching the development discourse in Rwanda now as it was five years ago.

But poverty is not about food security or increased consumption only. It is also increased capabilities that can be given by better access and availability to social services. The most important services are education and health. Chapter 3 focuses on education and how it is linked to poverty reduction and Chapter 4 looks further for a broad 'Basic Minimum Services' that include also health, water and sanitation. It is papers by Dr MUSAHARA and Dr LIZY respectively.

In Chapter 3 the author starts with the definition of poverty and education concepts. Poverty is defined as low consumption and income compared to a certain norm defined by a poverty line. Poverty is also in terms of failure to satisfy basic needs and finally poverty is defined as relative deprivation. Education is shown to be at three levels in Rwanda. Primary education of 6 years, secondary of 6 years and tertiary education of 4 to 6 years.

The link of education to poverty is first indirect. Empirical evidence from many studies show a relationship between education and growth. But of importance is the empirical relationship between education and poverty reduction. When a head of a household has a low level of education his probability of being poor is high. But when in an economy all children have access to primary education the levels of poverty are more readily reduced.

Whatever are the relationship, there are different schools of thought on how education can be used for poverty reduction. The conservatives view the problem of education as being individual. Accessing and being educated may lead to better returns to the individual. The liberals also think educational attainment is an individual responsibility. But they also appreciate the role of institutions. The radical view education and poverty reduction as systemic issues. The weaknesses and solutions lie in how the system whether socialist, democratic or capitalist views and administers education.

The author then provides sets of data on education on Rwanda. Various indicators of the development of education and poverty since the 1970s are given. The position and possible impact of inequality on education are discussed. Public expenditure on education is analysed as a measure of the value and priority given to the sector especially in comparison to other sectors like defense.

The last part of the paper points out three issues that need to be addressed in Rwanda to ensure education can reduce poverty more effectively. Firstly there is tendency to emphasise on quantity forgetting the quality of education. The type and relevance of curricula are important in orienting policy towards poverty reduction. Secondly, there has to be a realistic trade off between the desire to offer basic education and resources that are available. The author calls it being pragmatic realists. Finally the content of education should avoid what the author calls the 'Diploma Disease'. The disease is the tendency to access education simply to get a certificate.

The paper uses data up to 2000. But most of the issues raised are valid even today. This is because it shows the links between the two and areas under debates. The government of Rwanda on advice from the World Bank has put emphasis on education. Education is the single sector that receive the lion's share of budget allocation. Data on gross enrolment have dramatically changed. Gross enrolment is about 100 per cent. However the net enrolment which is around 80 per cent continue to reflect on the causes of dropping out of children. Studies show that the single cause is poverty. Current focus is efficient delivery. Increased allocation to education is not enough in itself. A large share of the allocations should reach poor groups. Several reforms have been undertaken. These include a capitation fund to help poor children. Each primary school is given funds equivalent to a sum per pupil. Currently a grant of RWF 1000 is given. The money is deposited in the account run by both parents and teachers. But like suggested in the paper some attention has to be given also to secondary and tertiary education in that Rwanda is still in need of rare human in resources.

In Chapter 4 Dr LIZY introduces the concept of minimum basic services and peoples participation in poverty reduction strategies. The author firstly lays out the argument for provision of Basic Minimum Services and participation. She states that growth and poverty alleviation are not enough in changing people's lives. For instance why have people's lives not changed significantly after many years of investing in education and health? She further notes that for Rwanda it is not enough to attribute poor health and education services to conflict and genocide. More public action and popular participation have to be improvised.

Then she defines Basic Minimum Services. She distinguishes basic minimum services from luxury or simply increased expenditures. Poor people must get entitlements that make them attain a decent living. She uses the Human Development Reports to show how Rwanda has a very low relative rank in the world. The paper then gives a set of data on health and education, on education comparing Rwanda and a number of select countries and public expenditure on health and education. All the data aim to show how provision of basic services in Rwanda is still on the low side.

On factors limiting provision of basic services she pin points lack of planning committees at lower administrative levels, lack of financial means, rapid population growth but also failure to let the people participate in the decisions on delivery of basic services. The penultimate parts are on the role of participation in BMS provision. The author identifies a number of ways. These include how planners can learn from the people. Another way of enhancing participation is using participatory planning tools and facilitating people's participation using signs and symbols.

In all, the author evokes a human development approach in provision of services for poverty reduction. It is noteworthy that five years after this paper was written Rwanda is gradually but consistently moving towards this approach. Services delivery appraisals are increasingly using the rights based approach. Universal education has become a constitutional issue. Participatory approaches are a precondition for most assistance to projects and programmes. But as in the previous chapter limitations of resources continue to bear on the scope and effectiveness of every planning process.

Chapter 5 was authored by Dr RAMA and Dr NDAG1JIMANA. It singled out the role of cooperatives in poverty reduction in Rwanda. They advise that poverty reduction can be effectively attained if cooperatives are purposively used as channels for poverty reduction. The first sections give data on the levels of poverty in Rwanda. More data is used to compare Rwanda and the rates at Sub Saharan level. Then quoting Boutros Boutros Ghali, when he was UN Secretary General, they underscore the importance of cooperatives in creating employment, reducing poverty and promoting social cohesion.

A section that follows traces the development of the cooperative movement since 1844 at Rochdale. For Rwanda they indicate that the movement started in 1949. With data for each province they indicate the numbers of cooperatives before and after the genocide. An important section of the paper is a section that reviews what they call success stories. These are COODAF - an agricultural cooperative, UBPR - credit and saving, ABATICUMUGAMBI-women, and KOABAMU - a cooperative dealing in milk supply.

Notwithstanding the case studies they point out a number of limitations on cooperatives as channels for poverty reduction. These are cited as lack of awareness of the importance of cooperatives, lack of a national policy on cooperatives, low participation among its members and inefficient management.

It is most likely that, had the authors written the paper today they would have included a cooperative of coffee growers in Maraba District. These called ABATICUMUGAMBI have made scholars and policy makers renew their interest in cooperatives after the success stories of the cooperative in Southern Rwanda. The cooperative with assistance from USAID has concentrated on quality of coffee. After selling quality coffee in European and North American markets they have reaped fabulous profits and bagged a number of awards. That notwithstanding, cooperatives in Rwanda are still weak despite having a large membership. The weaknesses are always the same as those pointed out by the authors in the previous paragraph.

### **The relevance of a regional and integrated approach**

The second part of the book consists of some papers that were presented during the second national workshop of OSSREA Rwanda Chapter. The theme of the workshop was generally on the relevance of the New Partnership for African Development. To Rwanda therefore, they amount to questioning the relevance of regional groupings and regional integration. Four papers are in this publication.

Chapter 6 is a paper that was presented by Dr JOSE. It is the longest and most detailed. It looks at agriculture in Africa generally and Rwanda particularly within the framework of NEPAD. But the paper takes off by first tracing the development of the New Africa Initiative (NAI). Of significance in the section are the merits of regional groupings. These are pointed out as taking advantage of larger markets, enhancing specialisation, increasing the volume of trade to lower costs and prices, optimal allocation of resources and ultimately to improve the welfare of Africans. However in the section are constraints which are related to the heterogeneity of political economies and differing economic problems among African countries.

A third section of the paper focusses on the Vision of NEPAD on agricultural development. The primary target is to reduce hunger, to reduce poverty and to fight food insecurity in general. The author then identifies the pillars of the vision which are; land and water management, infrastructure development, raising productivity and research and technology dissemination and adoption.

The fourth section gives data on investment levels envisaged by AD to meet the challenges. Section five moves further and shows



how the vision is being moved from a level of dialogue to that of action. The paper gives attention to Rwanda by first analysing the situation of productivity in the agricultural sector. After showing the trends in the sector using detailed statistics the author comes out with forthright proposals on water resource management in Rwanda and how food security can be ensured. In both, he proposes some plan of action.

The paper is rich in statistical data and strategic propositions. It focuses on a sector that is most dominant in Sub Saharan Africa. In recent times the sector has received a lot of attention in the NEPAD arena and Rwanda has evolved a plan of action in the same framework. It will be interesting for the author and other scholars to trace the development and assess the impact of the initiatives on people's lives in Africa and Rwanda in particular.

Chapter 7 is a paper that was presented by Dr MUSAHARA. The paper focusses on poverty. Firstly the author assembles a series of indicators showing how Africa is poor and marginalised. He shows how previous efforts since the Lagos Plan of Action had no tangible results such that NEPAD is necessarily a response to the previous failures. The paper then analyses how different forms of poverty are referred to in the core document of poverty. The aim of the section is to show that NEPAD has as a primary focus reduction of poverty in its various forms.

In showing the relevance of NEPAD to Rwanda the author compares its goals with those of Vision 2020 in Rwanda. By using a table it becomes vivid that its goals are generally similar such that Rwanda can lock in easily in the programmes and plans of NEPAD. Indeed using key indicators of poverty in Rwanda, the paper shows that the central problem of poverty in Africa is also central in Rwanda.

There is a section on issues that are critical in the debates on the relevance of NEPAD. Those singled out are the attainment of MDGs, the issue of marginalisation of Africa and whether the neoliberal approach is accused of having any negative bearing on its possible success. The last section raises the issue of political governance that has been a perennial problem in Africa and the hurdles that regional integration faces.

Poverty is multidimensional and has different faces in different societies. Looking at poverty at continental level is not always easy. However no doubt NEPAD is related to poverty reduction as well. Another route would be to assess how the new initiative can stimulate growth in economic terms and further participation of Africa in world trade. The question would then be how the growth interprets into better living conditions in Africa and Rwanda in particular.

Chapter 8 is a paper that was presented by Dr GURLEZ. It is grounded in political science. It is perhaps the paper that gives the best account on how NEPAD evolved. It emphasises the role of good politics. Then it analyses the interrelationship between globalisation and governance in Africa. The last sections focus more directly and specifically on how the virtues identified in NEPAD apply to Rwanda. It identifies the reforms and all actions and programmes that Rwanda has put in place to promote good governance.

Good governance is an important issue in Rwanda. If it cannot have indicators, its importance can be seen in terms of what it costs when there is bad governance. The author capitalises rightly on conflict and genocide as by products of bad governance. That NEPAD has given it a big emphasis through the African Peer Review Mechanism, shows how Rwanda also should take it up. Indeed ever since Rwanda has become one of the first two countries to accept self evaluation under the mechanism. Good governance is undoubtedly a way of mitigating future conflict in Rwanda,

### **Multidisciplinary analysis of poverty**

Part three of this publication is a set of short papers. These were not papers presented in a conference. When OSSREA Rwanda Chapter was advising the government on poverty reduction policies in 2001 it exploited the multidisciplinary composition of its membership. Each member was requested to write a short paper that would accompany the principal report. The paper was not supposed to be an academic one. It was supposed to reflect the vantage point of the discipline of the author in analysing poverty. In this part we present a few of these.

Chapter 9 by Dr MUSAHARA outlined the enabling environment for poverty reduction in Rwanda. The first section gives a background of the Rwandan economy. It also outlines the number of reforms undertaken by the government of Rwanda since 1995 and the results that were realised. Then it discusses briefly the preconditions for poverty reduction. These include economic growth, financial discipline, redistribution, human resource development and political stability. The last part of the paper shows some problems that needed to be addressed in specific districts of Rwanda as they were pointed out in a survey carried out by OSSREA Rwanda Chapter. It is supposed to be an analysis grounded in economics.

Chapter 10 was written by Dr LIZY. In this the author analysed the Interim PRSP to show the role of the financial sector. Dr LIZY is also an economist. She shows that there were fundamental weaknesses in the financial sector that may work against poverty reduction. The banks do not serve rural areas, interest rates are high despite financial liberalisation, no effective regulation of the financial sector

after the war, there are distortions in credit flows to sectors, there is no clear link between decentralisation and poverty reduction, no rural credit schemes and there is evidence of regional imbalances in accessing financial services.

The author then makes a number of recommendations in relation to the sector. These include increasing the role of the private sector, defining and putting in place a regulatory and legal framework for the financial sector, intensifying competition and efficiency in money markets, improving access to credit, carrying out a study on banks and banking in Rwanda preferably supervised by the Bank of Rwanda, creating a new bank that can serve the poor, mobilising savings, lowering interest rates and improving loan recovery.

Chapter 11 is also on the financial sector by Dr NDAGIJIMANA. His argument is based on the hypothesis that poverty reduction is related to non monetisation of the rural sector in Rwanda. He shows that the problem is three fold. Rwanda is one of the least urbanised countries in Africa, its agriculture is not professionalised and the levels of productivity are still low. He then, using a diagram, shows that there is a vicious circle of poverty which shows lack of credit. Using results from the OSSREA Chapter survey, he pinpoints lack of credit as a big hurdle to poverty reduction.

Additional data from secondary sources show that Rwanda has no banks for the rural poor. The People's Banks designed to serve the rural areas spend more resources on clients out of the sector. Only 10 per cent of credit goes to the sector. Together with this argument he says contrary to common belief, rural poor are not ignorant and are aware of the impact of lack of access to credit.

The author then makes a set of propositions. These are organising training modules to rural poor on income generating activities, build infrastructure that can generate employment, improving access to credit, reforming the banking sector and accelerating microfinance using a new Bank of Rwanda law. In substance this paper complements the previous one.

Chapter 12 is by Dr Bernard RUTIKANGA, a historian. It is on Unity and Reconciliation. He is surprised that in the field he undertook very few people cited and recognised the role of lack of unity in reducing poverty. He argues more directly that poverty reduction cannot succeed unless peace, unity and reconciliation are ensured in Rwanda.

The author then takes stock of what Rwanda has done to promote unity and reconciliation. He cites and explains in detail, the efforts to rehabilitate and shelter Rwandans after the genocide and return of Rwandans, creation of National Unity and Reconciliation Com-

mission, Civic Education, the role of the media, the role of arts and sports, community initiatives and conflict resolution.

Chapter 12 is a short but forceful paper by Dr KAMATALI, a lawyer. He also argues that the focus on poverty has been on consumption and meeting basic needs but the role of legal order is almost always forgotten. He points out rightly that legal order has to do with equal opportunity in accessing assets and services for poverty reduction. Just as law can maintain poverty, it can also be used to fight poverty.

The author then in more detail shows how poverty is related to justice. Here he points out that the poverty in Rwanda today is closely related to how laws were used to foment conflict and thus poverty in Rwanda. Poverty results from bad laws.

A second aspect he discusses is the role of Human Rights in poverty reduction. Poverty is closely linked to violation of human rights. Deprivation is consistent with lack of basic rights. He shows that law can be an incentive to poverty reduction. Specifically he points out labour laws, investment laws, credit laws and taxation laws. Just as poverty is multidisciplinary, approaches also require including various disciplines.

Chapter 13 is by Dr JOSE and focuses on food security and nutrition. The author revisits the problems of the Rwandan agriculture as an introduction. He recaps the need for application of technology. He then states that an analysis of the Interim PRSP shows consideration of food security as, rightly, being availability and access to food but that there are lacunae.

The lacunae included a narrow definition of food security, roles of stakeholders were not well defined, lack of a strategy for storage of harvests, lack of an integrated approach that includes equity and employment, and adjustment policy having not stimulated supply side responses in agriculture. He concludes the paper by outlining in a table what can be done in terms of making food available, improving access and ensuring stability of supply of food.

Chapter 14 by Dr RAMA analyses the role of the private sector in poverty reduction. He notes that although the role of the private sector is mentioned in the policy, little is evident in how its role can be operationalised in Rwanda. The areas where the detailed definition would be necessary are income generation and non form employment promotion, infrastructure and training and export promotion, rural marketing and microfinancing.

The author presents a long list of recommendations. These include macroeconomic stabilisation, promoting intersectoral coordination of private sector activities, defining the role of the state, legal measures to promote the private sector and private sector deve-

lopment to include cooperatives, export promotion and small enterprises. Other recommendations include making sure privatisation involves associations, human resource development to include entrepreneurship, promotion of enterprises, rectifying the financing sector and promoting tourism.

**Part I**  
**Facing Poverty Reduction**  
**Challenges**

## CHAPTER 2

### **GEARING RWANDAN AGRICULTURE FOR POVERTY ALLEVIATION: A BLUEPRINT**

***Dr A.M. JOSE***

#### **Introduction**

This paper probes into the issue of poverty in Rwanda by focusing on agriculture - a sector that has become 'a parking lot for the poor' in Rwanda. Agricultural stagnation and perpetuation of acute poverty raises concerns about Rwanda's Food security. After examining the agricultural scenario in Rwanda, it is attempted to outline the major interventions that are required to increase agricultural production in the country. These are viewed from the backdrop of poverty reduction among the millions of Rwandan rural people. It is certainly true that agricultural growth, particularly increase in food production, makes the life of the poor less harsh and precarious. The final outcome for the poor would depend on the characteristics of the growth process and even more, on the policy regime providing support to the poor.

The paper is organized as follows: section one discusses the trends in agricultural growth in Rwanda in the last few decades and also presents the factors underlying agrarian stagnation. While section two highlights the present Rwanda strategy for agricultural development, the third section delves into the theoretical underpinnings of a 'poor friendly' agricultural growth. The fourth section brings out the importance of increasing the agricultural production in Rwanda. The fifth and sixth sections probe into the measures to be taken up in Rwanda in order to lessen poverty through increasing agricultural production and productivity and, through diversifying the Rwandan rural economy. The last section is a conclusion

#### **Role of agriculture in Rwanda**

Agriculture is the main livelihood of the people of Rwanda. It is a land locked country, with land area of 26338 sq. km and a population of 8.2 million (1997). With a per capita income of about US \$ 251 (in 1998) it is one of the poorest countries in Africa. It is estimated that poverty has risen to over 70 percent of population (UNDP, 1999a).

The agricultural sector employs 91.1% of active population; it contributes 43% of GDP and 80% of exports. Agricultural production in Rwanda was in doldrums even before 1994 as shown in Table 1. Between 1980 and 1989 and between 1990 and 1998 agricultural sector growth rates were negative: - 1.4 and - 1.88 percent per annum respectively. Therefore, the present state of affairs in Rwanda

agricultural sector cannot be attributed solely to war and destruction: even prior to war the sector had shown signs of stagnancy. The traditional agricultural base of the economy is not under transition as seen from the sector's contribution to GDP between 1968 and 1998. During the three decades there is marginal increases in the sector's contribution to GDP, from 38% to 43%, which is not in tune with the general nature of agriculture's contribution to GDP which declines when countries develop.

**Table 1: Structures and Growth of Production in RWANDA-Selected years.**

Sector	Share of GDP (in percentage)			Annual growth (in percentage)		
	2	3	4	5	6	7
	1968	1989	1998*	1965-80	1980-89	1990-1998*
GDP	100	100	100	4.9	1.5	1.21
Agriculture	38	37	43		-1.4	-1.88
Industry	22	23	20	-	1.6	-1.53
Services	40	41	37	-	4.1	-0.26

**Note :** \* real GDP

**Source :**

*Figures in columns 2,3,5,6 are from USAID (1992), Country Programs Strategic Plan for Rwanda, Table 2, page 10.*

*Figure in column 4 and 7 are worked out from Table 7 of - Republic of Rwanda (RoR), (1999), Rwanda Development Indicators, Ministry of finance and Economic Planning (MINECOFIN).*

In Rwanda, the economic situation began to deteriorate at the beginning of the 1980's when the coffee (export earner) price fell and arable land became scarce as a result of demographic pressure. The economy continued to decline during the conflict in 1990-93 and collapsed in 1994. As seen, the pressure on land in Rwanda led to low per capita availability of land. Nearly 60 percent of all farm families live on less than one hectare of land (See Table 2). A recent estimate shows that per capita arable land in 1994-96 periods in Rwanda is 0.13 hectare (RoR, 1999).

**Table 2: Distribution of Households by size of land holdings - 1991**

Size of land holding (in hectares)	Distribution of households (in %)
<0.5	25.7
0.5-1.0	31.9
1.0-2.0	24.6
>2.0	17.8
Total	100.0

**Source:** USAID (1992), Country Program Strategic Plan for Rwanda, Demographic, Political and Economic Transition to the 21 Century, Kigali, Table 3.



Many people do not have enough land to feed themselves. The World Bank (1994) estimates show that among poor households only about 70 percent of the income comes from agricultural production and / or agricultural wages.

**Table 3: Area, Production and Productivity of Food crops in Rwanda: Average of Season A and B, 1998.**

<b>Major crops</b>	<b>Area (in Ha.)</b>	<b>Production (in Tons)</b>	<b>Productivity (Tons per Ha.)</b>
Banana	213195 (34.68)	2625485 (61.4)	12.31
Roots and Tubers	149796 (24.47)	1204203 (28.2)	8.04
Pulses	144288 (23.47)	177193 (4.1)	1.23
Cereals	97848 (15.91)	191226 (4.5)	1.95
Vegetables & Fruits	9655 (1.57)	78350 (1.8)	0.12
Total	614782 (100)	4276458 (100)	

**Note:** In brackets percentages are given

**Source:** *Republic of Rwanda (1999), Rwanda Development Indicators, 1999, MINECOFIN*

It is found by Save the Children Fund survey that poor typically have little land (SCF. 1998). The poor are more heavily dependent on agricultural labour.

The cropping pattern in 1998 shows that area under food crops (banana, roots and tubers, pulses, cereals and vegetable and fruits) was around 23% of the total geographical area of the country (see Table.3). this implies that there is decline in the area under food crops as it was estimated in 1987 that 42.4% of the land was under food crops (World Bank, 1991) in Rwanda. From Table 3, it can be seen that of the food crops, banana occupies lion's share of the area as well as production, 34.68% of area under food crops and 61.4% of the production. Roots and tubers occupy 24.47% of the area and 28.2% of output, Pulses have 23.47% of the area but just 4.1% of Production. Cereals have 15.9% of area and 4.5% of output. As seen from the table that the productivity level of all crops grown are far below to any international standards. This has been proven by World Bank report (World Bank, 1986) that since 1980's 'most of the major food crops, yield have not significantly increased'. According to MINAGRI (Ministry of Agriculture), food production could recovery only up to 86.7% of 1990 levels in 1998 (Republic of Rwanda, 1999).

Agricultural production and food imports have together been insufficient to meet national minimum food needs for at least the past decade (UNICEF, 1998). Production and imports covered only 77% in 1990, and in 1994 plummeted to 46%. Since there are more Rwandans in 1998 (7.9 millions) than in 1990 (6.9 millions) naturally there is food deficit. On a per capita basis, current food production is approximately 20% less than in 1990. (UNDP, 1999d). This raises serious concerns about Rwanda's food security situation. The country is depending more and more on food imports as shown in Table 4. During the decade 1987-1997, total food imports have grown at a rate of 17% per annum. It is true that almost 72 percent of the imports in 1997 were food aid. There are a number of problems associated with food aid. From the point of view of this paper, it should be pointed out that producer prices fall if the local market prevent farmers to grow more in their farms.

**Table 4: Food Imports 1987-1997 ('OOOTons)**

	<b>1987</b>	<b>1997</b>	<b>% Per annum increase</b>
Commercial	25 (65.8)	52 (28.6)	7.6
Imports Food aid	13 (34.2)	130 (71.4)	25.9
Total	38 (100.0)	182 (100.0)	17.0

**Note :** In brackets percentages are given

**Source :** *The World Bank (1998), Rwanda Poverty Note, Table 8.*

Rwanda depends on its agriculture for foreign exchange earnings: almost 80% of the exports came from two cash crops: coffee and tea. The area under coffee and tea cultivation was 49000 hectares (FAO 1990), which was about 1.86% of the total geographical area of the country. The productivity levels of these cash crops remain to be very low in Rwanda (Republic of Rwanda, 1999b). Therefore, it is seen that Rwandan Agriculture is subsisting on few crops and hardly 1/4 of its geographical area is under cultivation, productivity levels are very low, as there is absence of modern techniques in agricultural production.

**Table 5: Public Expenditure and Investment in Rwandan Agriculture**

	<b>Average of 1985-1987</b>	<b>Average of 1995-1997</b>
Current Budget Agriculture (% state budget)	4.3	12
Investment Budget Agricultural projects (% total budget)	25.1	14.8

**Source :** *Table 12 of the World Bank, (1998) Rwandan Poverty Note.*

It is pertinent to point out that public investment in agriculture in Rwanda has declined substantially in the period after the genocide, which is quite unwarranted (See Table 5). For instance, during 1985-1987 almost 25.1% of the investment budget was earmarked for agriculture, while during 1995-1997 this has come down to 14.8%. Even in the current budget too this is the tendency of expenditure on agriculture. Unless a rapid reorientation of investment towards agriculture is done, it may not contribute to poverty reduction.

The major problems of Rwandan agriculture (RoR, 1998a; RoR, 1998b) can be summarized as follows:

- Over populated agricultural sector with low per-capita availability of arable land.
- Stagnant agriculture since 1980's
- Traditional agricultural base-a banana economy
- Inequality in the distribution of land and lack of land rights
- Declining soil productivity
- Low use of inputs (like credit, fertilizer, irrigation etc) due to lack of access to it.
- Less public sector Investments in agricultural infrastructure
- Destruction of rural capital due to war
- Weak transport and marketing infrastructure
- Weak private sector participation
- Too poor households to take the risks of commercial farming
- Break down of people's organizations during war and therefore the existence of organizational lacunae.

Since poverty in Rwanda corresponds to peasants in rural areas, the analysis of poverty should focus on the determinants of income flow of poor agricultural households. Most of their incomes come from their agricultural output, therefore the main agricultural input, labour, land as well as irrigation and credit play a dominant role in understanding the nature and the causes of poverty. Among the major sectors, agriculture had the lowest rate of growth over the years in Rwanda. Such a growth scenario is particularly unfortunate from the point of view of the poor as areas with lot of poverty often turn out to be stagnating areas. When agriculture remains virtually stagnant, it creates acute distress among the poor. Indeed agricultural stagnation extracts a heavy price in terms of human suffering and perpetuation of acute poverty.

### **The Rwandan strategy for agricultural development**

There has been a growing concern on the performance of agricultural sector in Rwanda. More recently, the Minister of Finance and Economic Planning in his budget speech stated that Rwandan agriculture "is a backward agriculture which has changed little since 40 years (RoR 1999c). Regarding the policy implication of the emerging

situation, the agricultural strategy emerged after the initiative of the Ministry of Agriculture (RoR, 1998a) should be of particular interest to students of Rwandan economy as it has formulated a strategy based on a combination of bold measures for agricultural development with many steps to protect and help the poor. The following are the main features of the strategy. Ensuring food security and higher incomes for the rural Rwandans is the key objective of the policy of the agricultural sector. In tune with this objective, the strategy paper has proposed two sets of policies: one at technical and other at institutional level. At technical level, rehabilitation of production support infrastructure, intensification and regional specialization of agricultural production, valorization of production factors, and promotion of use of agricultural intensification inputs in order to increase food and cash crop production (inclusive of agricultural sub sectors like animal husbandry and forestry) are the major policies. At the institutional level, capacity building in the Ministry of Agriculture, legislative reform in order to facilitate private investments, the disengagements of the State from managing agricultural structures, amending land legislation, rene-wing the extension system, and involving farmers and their associations in the decision making process are the policies that the Government is supposed to put emphasis

The measures proposed in the strategy are appreciable, however, the following area needs special attention as it affects the lives of the poor. The agricultural strategy stresses a move of rural population towards cities and the development of non-agricultural employment. This shift is an absolute condition for the increase in crop production capacity in rural areas.

As almost 91 percent of the Rwandan workforce is in agriculture (a significant proportion of it is women), the difficult job ahead is to gain workforce transformation and better utilization of the surplus labour that is at the heart of equitable growth in an agrarian economy like Rwanda. In the short term it seems to be a formidable task. Secondly, as most of the peasants are below the poverty line and are at the periphery of the markets it is hard to deal with the issues of poverty in the context of the proposed strategy's emphasis on market mechanism. Only after they get access to some resources (productive assets, skills and stamina) that they can respond to the market stimuli. Large parts of the agricultural producers cultivate marginal and sub-marginal holdings. Their dependence on the market for procurement of inputs and sale of output is insubstantial. The strategic objectives related to these sections of the rural peasants are the expansion of their meager production base, raising productivity of their existing resources, providing them with the alternative sources of livelihood and, protecting them from the risk and uncertainties. Markets leave a limited role to play in meeting

these objectives. Inability of the poor to respond to market stimuli - due to lack of assets, their low 'reserve' prices, high transaction costs, information gap, distortions in the credit market and lack of infrastructure - keep them at the periphery of the market. Thirdly, equitable distribution of agricultural incomes is relegated to the background in the present debate on agricultural policy. Providing the poor with sources of entitlements based on production, trade, own labour or inherited assets are a means for ensuring adequacy of household incomes. Fourthly, the proposed agricultural strategy [even the 'Strategy and Action Plan for food security' (RoR, 1998b)], has failed to give adequate stress to a 'Public Distribution System' (PDS), which will address the agricultural production cycles and instability of prices.

Another recent document that has highlighted the strategy for agricultural development in Rwanda is 'Rwanda Vision 2020' (RoR, July 2000). It has unequivocally stated that 'the ideology that all Rwandans will subsist on land is no longer tenable', and has rightly identified that the issue in Rwanda's agriculture is not land size, it is productivity associated with the traditional peasant based subsistence farming. Agricultural intensification is the policy thrust in the document along with the following critical areas: a) institutional and legal reforms to ensure security of land ownership, b) development of a market in land assets; c) extensive research and extension services; d) investment in rural infrastructure, e) investment in rural infrastructure, f) use of high yielding varieties and intensive input use; and g) promotion of agro-based manufacturing. It is further stated that, Rwanda cannot rely on its agriculture as an engine of growth, therefore, there has to be an exit strategy from reliance on agriculture into other sectors. This exit from agriculture would be facilitated by a strategy of human resource development (HRD), which in turn will facilitate the development of secondary and tertiary sectors. There are two basic issues, with respect to the 'exit strategy' that has been propounded in "Vision 2020" document. They are first, so long as there is no clear-cut identification of the kind of industrial activity that will transform the Rwandan destiny (as it is stated in the same document that lack of viable natural resources, long and costly distance from ports, low public sector capacity, and fragile macro-economic situation constraints any kind of transformation into an industrial economy), it is doubtful that HRD will alone alter the Rwandan agricultural scenario. For instance, in Sub-Saharan Africa, life expectancy and school enrolment rates have increased dramatically in recent decades, but as a group the economies in the region have had slow and even negative growth since the early 1970's (The World Bank, 2000). Secondly, with specific reference to the agricultural policies listed, one of the noticeable omissions is the formulation of an appropriate agricultural price policy. It is just not able to manage the transformation of the Rwandan agriculture into a high

value/high productivity sector by ignoring agricultural prices. In fact, one of the reasons for the prevalence of subsistence farming in Rwanda is the non-remunerative price that the farmers get. An active agricultural price policy is the need of the hour to protect Rwandan poor farmers and to ameliorate the living conditions of them.

The debate on agriculture's role in general development has been on going. Here the issue is: do the poor benefits from agricultural growth? The following sections attempts to answer this issue.

### **Is agricultural growth 'poor friendly'?**

It is helpful to keep in mind the characteristics of growth process, which are critical in determining the impact of the process on the poor. First, the long-term growth rate needs to be high and remain steady over time. Second, when growth is broad based and is spread widely over areas and crops, not only would its accessibility to the poor be easy but, more important, even the relatively lazy and passive among the poor would find income augmenting opportunity within their own familiar neighborhoods. Third, labour-absorbing growth would obviously have a greater impact on the poor than when growth needs only a small number of highly skilled workers. Labour growth permitting quick entry and relatively fast increases in initial incomes would also make it easier for the poor lacking resources, skills and enterprise to acquire these step by. step and cross the poverty line with their own efforts. Lastly, if growth brings about larger increase in labour productivity, this would provide a base for continuing increased returns to producers and workers. Therefore, agricultural growth to become 'poor friendly' in its impacts these necessary conditions have to be met.

### **The importance of increasing agricultural production in Rwanda**

There are several reasons why increase in agricultural production is important. First, increase in agricultural production leads to an increase in availability of agricultural products for both urban and rural areas. Increase in marketable surplus of food grains is likely to increase the availability of food grains in the open market. (Rwanda's commercial food imports constitute nearly half of the consumption goods imports, off course food-aid is not included (Republic of Rwanda, 1999a). Thus, it will indirectly help in reducing the food prices and overall inflation.

Second, improvements in agriculture directly improve employment of agricultural labour and incomes of farmers. It reduces underemployment in agriculture by providing more labour days to the workers. Also, agricultural development increases the demand for agricultural labour and hence raises agricultural wages (in Rwanda agricultural wages are very low- around 1/2 \$ per day). In other words,

agricultural growth improves the incomes of both farmers and agricultural labourers.

Third, agricultural growth improves incomes in the non-agricultural sector. The forward and backward linkage effects of agricultural growth are likely to improve the incomes of the non-agricultural classes. For example, strengthening of the input delivery system, suppliers of implements and repairs, marketing and transportation etc. all get activated and open up new employment opportunities for the non-agricultural sector. The surplus labour from rural areas may be effectively siphoned off.

Fourth, agricultural-industry linkages are very vital for a country like Rwanda. On the supply side-agriculture provides raw materials like banana, coffee and tea to industry. The importance of the agricultural sector as a source of domestic demand for the products of the non-agriculture sector in general and of industry in particular arises primarily from the fact that, even today, over 9% of the population is located in rural areas, with the rural population still being overwhelmingly dependent on agriculture as a means of livelihood. Under these circumstances, despite per capita income/expenditure being substantially higher in urban areas, a major portion of the aggregate domestic expenditure on industrial goods as a group is linked to the fortunes of the agricultural sector.

Finally, the growth of some commercial crops may lead to a significant potential for promoting exports of agricultural commodities and bring about faster development of agro based industries.

### **Poverty alleviation through increasing agricultural production and productivity in Rwanda**

Increasing agricultural production and productivity is the sine qua non of alleviating poverty in rural Rwanda. The following sections highlight some of these urgent measures to be taken up in this country in order to achieve this task (see Figure 1).

#### ***Land reforms***

Insecurity of land tenure is continued to be a major factor constraining agricultural production in Rwanda. Long-term investment in the land necessary for higher productivity is non-existent due to obsolete systems of land management. Rwanda has many smallholdings. In fact small sized farming is one of the major characteristic of Rwandan agriculture and making these millions of small farms viable is indeed a stupendous task. As regards horticultural development, a more practical solution could be in organizing the farmers themselves into joint stock companies to own and operate their holding. This should bring home the benefits of scale in

exploiting technology as well as market while ensuring that the farmers enjoy a continued sense of ownership and participation in asset management.

**Irrigation**

Irrigation development and water management are the prerequisites and the most crucial for increasing agricultural productivity in Rwanda. Rwanda did not exploit the irrigation potential so far. As mentioned above, Rwandan agriculture entirely depends on the vagaries of weather. There needs to be scientific studies to estimate the ultimate irrigation potential, which is likely to be realized through surface water resources. Therefore, maximum attention should be given to investment in major and medium irrigation project development and they should be implemented on a war footing in order to increase agricultural productivity in the country. Irrigation potential from underground water resources is harnessed through dug wells and tube wells. At present there is no attempts to utilize this source of water. The government has to maximize the flow of irrigation potential from minor irrigation projects since they have short gestation periods and investment requirements are less, which will facilitate better private individual investment.

**Figure 1. Poverty Alleviation through increasing agricultural production and productivity.**

**Measures to be taken up in Rwanda.**

Land Reform	Govt, provide infrastructure to integrate production & marketing	Soil and Water Conservation & Introduction of New Technology	Crop diversification & Watershed Development	Agro food processing	Export
	Agricultural Research and Extension		Horticultural Development		
	Appropriate farmer organizations i.e. Cooperatives, self-help groups & Corporations		Dairy development, Animal Husbandry & Fisheries		

Efficiency of water use is also equally important as just spending money on irrigation project is not enough. To increase the efficiency of water use, drip and sprinkler irrigation should be encouraged. Improvements in irrigation technology would also lead to an increase in the ultimate irrigation potential in the country. In this context, the experiments of other countries such as Israel in water management



should be examined and their relevance to Rwanda assessed. Another way to increase efficiency is to transfer the responsibilities from government departments to farmers' organizations i.e. management by user farmers. Government of Rwanda should appoint a broad-based committee to review the Rwanda's irrigation economy.

### ***Soil and water conservation***

As mentioned above, the entire cultivated area in Rwanda depends on uncertain rainfall. Therefore, development of scientific rain fed agriculture is of paramount importance. Watershed development is going to be crucial for the development of agriculture in Rwanda. There should have effective co-ordination among the different departments in the government. The following points are crucial to any programme of soil and water conservation in Rwanda:

- Commune may be considered as a base for planning and also according to the land use capability, classification, water conservation work should be planned on micro watershed basis.
- Select the watersheds in which there are acute need for taking up water conservation work on a priority basis.
- To protect and strengthen the existing source of drinking water.
- In acute scarcity conditions, to create protective irrigation facilities to take at least one crop and make efficient use of created resources
- For implementation of the programme the co-operation of NGOs to be sought.
- Water planning and water estimation ideas to be established in the minds of rural community.

One of the important sources of increase in agricultural productivity is improvement in soils. Soil acts as a resource for the nutrient requirements of plants. Percolation and water holding capacity of soil plays an important role in providing water for growth and in facilitating uptake of nutrients by crops. One important component that improves productivity is the organic matter of the soil. Organic manure of plant and animal origin is an efficient and inexpensive substitute for inorganic fertilizer.

### ***Input subsidies***

The issue of agricultural input subsidy has become controversial in recent policy debate. In Rwandan agriculture the use of inputs like fertilizer irrigation, electricity and credit is very limited. For instance fertilizer consumption was just 100 grams per hectare of arable land during 1994-97 (ofcourse, arable land per capita in Rwanda is very low i.e. 0.13 hectare). Irrigation as seen is non-existent; so is the use of electricity in agriculture production. Agricultural finance system is

not developed and supply of credit is marginal. In none of these inputs, farmers are getting any subsidies. During the initial stage of the adoption of new technology in agriculture some of these subsidies (fertilizers, irrigation, etc.) may be justified. From the equity point of view, programmes for small and marginal farmers have to be organized in an efficient way. One of the real and difficult alternatives is to encourage the organization of co-operative farming. Some promotional subsidies may have to be continued in the initial phases, but they have to be removed once the purpose is served. The presence of subsidies in the public sector also hampers private participation because of disincentives to the latter. Privatisation of some of the activities may reduce fiscal imbalance and consequently the burden on the government.

### ***Role of corporate sector***

In keeping with the present economic reforms, the corporate sector will have to play a major role in increasing productivity particularly of commercial crops in order to meet the domestic and external demand. There is lot of scope for export of agro-based products. However, it needs to be emphasized that food security should not be sacrificed in the process.

### ***Crop diversification***

Area under different food crops in Rwanda has not shown any significant change over time. Except for bananas all other crop's area for season A and season B has come down in 1998 compared to 1990 figures. (R.O.R. 1999). This decline is attributed to the destruction that took place during war. In future, in order to generate income and employment in Rwanda, diversification of agriculture in favour of high value crops for both domestic and export markets is necessary. The agro-climatic conditions and large under-employment and poverty amongst the farm families and labours demand diversification of cropping patters.

A variety of horticultural crops can be grown in different agro-climatic zones. Fruits, flowers, vegetables, condiments and spices have lot of export potential. Horticulture can also provide large year round employment as compared to various other seasonal crops. While compared to food crops horticulture can provide double the number of days of employment per hectare. There are lots of constraints in the development of horticulture in the country, but mainly low productivity and improper varieties have proved a major bottleneck. As compared to the per-hectare yield of the developed countries Rwanda's yield of horticulture crops is very poor. The quality of the product in the context of processing and shelf life is also poor. For improving the per hectare yield vis-a-vis the quality of

the product continuous research and development, bio-technology and genetic engineering should be allowed to be carried out by the research institutes universities, private firms and industries and other voluntary research organizations. Rwanda's wasteland would be brought under the dry land horticultural crops. In addition to this, the lands that are not capable of providing 20% return of the expected yield may have to be considered as fit for the dry land horticultural crops.

### ***Agro food processing***

In future, agro-processing in general and food processing in particular is going to be an important sector for Rwanda. Value added products should be generated for export purposes. The following points are relevant for policy formulation.

The government with the help of agricultural institutes and private industries in the horticultural development sector should endeavour to supply the seeds and planting material and the high yielding varieties.

Certain areas in Rwanda be considered as fruits growing (or similar crop) belt for market-led production so as to stabilize the production in that particular area at the one end and stabilize the marketing in the consuming center at the other.

Agro processing has tremendous scope in Rwanda. Government policies have to be liberal in order to provide a lot of boost for agro processing industry. There is the need for a survey to identify the agro industrial potential of all the prefectures in Rwanda.

In Rwanda, agricultural marketing is more or less entirely in the hands of middlemen by whatever names they are called. Agricultural marketing is predominantly traditional in as much as it does not have strong network of post-harvest services, infrastructure facilities, and amenities and marketing systems. The governments should give top priority into agricultural marketing because small and marginal farmers are being exploited because of lack of regulated markets. A strong integrated marketing system by the farmer's co-operatives is recommended. These systems should consist of scientific harvesting and collection of farmer's produce at collection centers, scientific grading and standardization, improved and innovative packaging, appropriate storage and transport, marketing finance, etc.

A nodal agency for agricultural business Promotion Corporation on the lines of AGR1XCO in Israel is recommended for Rwanda. This will be a joint stock company with 51 percent equity for government and rest for the private sector. Dynamic public policy is the basic requirement for fostering the growth of agro industries. Policies for boosting marketing of agro-processed products should be geared

towards activating the domestic demand. Food and nutrition boards and other non-governmental and governmental organizations should emphasize requirements of nutritional aspects of intake of fruits and vegetables.

Adequate and reliable infrastructure is one of the major determinants of growth in the agro-processing sector. Infrastructure to support export needs for agro-processed products should be developed on a priority basis. For example, the export of vegetables, and fruits requires the availability of adequate cold storage and warehousing facilities. Roads and other transport facilities should be developed for the purpose. Over the next phase, agricultural production will have to be tied up to industrial processing so as to maximize returns to the primary producers and take advantage of the emerging market opportunities for ready to use products. The government may provide interest subsidy, working capital from the financial institutions, simplify procedures and provide other infrastructure benefit to integrate the production and marketing of agro-goods.

#### **Other areas of Diversification**

##### ***Animal husbandry***

Traditionally, in Rwanda livestock has been used both as a store of wealth and source of organic fertilizer for cultivator. During genocide livestock too were destroyed which made poor rural households more vulnerable to economic hardships. Rwanda should now aim at accelerated growth in the production of all livestock products, and through this growth to expand employment opportunities in the rural areas of the country as well as to assist the rural community to improve its economic and nutritional status. This is to be achieved through the development of cattle, poultry, sheep, goat and meat processing. While catering to these demands, it would be necessary to ensure there is a hygienic environment in the slaughterhouses. This is particularly important since meat processing has export potential.

##### ***Dairy Development***

The experience of India has shown that careful monitoring of the dairy sector can become a very effective and remunerative source of income for farmers throughout the year. Besides, it has a good potential for employment generation. The dairy sector in Rwanda has, however, showed stagnancy over the years. Therefore, the government's efforts would be concentrated towards increasing the production and procurement of milk by introducing modern and improved technology in dairy operation so as to ensure maximum

utilization of the existing potential. R and D for animal husbandry should be developed in order to increase the yield of milk in Rwanda.

### ***Fisheries***

Rwanda is blessed with many ponds and lakes, which form the major natural resource for the development of fisheries. Aquaculture is going to be an important area for diversification. Some other areas for diversification in Rwanda are sericulture and mushroom cultivation. Also, in future private participation is going to be increased in the efforts towards diversification in the country.

### ***Agriculture Education, Research and Extension***

Agriculture research and extension programmes, complemented by the schooling of farmers workers, are now recognized as important determinants of farmer efficiency and productivity in many countries. Rwanda has the unique distinction of having established for many years an agricultural research Institute - ISAR in Butare as well as agronomy department in UNR to enable effective research being conducted for the requirement of different agro climatic zones. Due to war and destruction many of the targeted programmes could not be achieved. The following future directions for agricultural research in the country are worth considering. It appears that there are no significantly high yielding/hybrid seeds yet available for un-irrigated agricultural economy of Rwanda. It is necessary to devote attention to these crops in the research programmes of agricultural research institutes/departments in University. Similarly, it is necessary to design investigations to firmly establish the best manner of application of water, taking the nature of soil into consideration and the suitable crops and crop rotations. It is important for the research centers to start research and extension projects of water use and management. The desired benefits of increased investment in irrigation depend upon sound water use technology and proper pattern, which have to be experimented and established early.

There is empirical evidence that agricultural extension is one of the important contributors to increase in productivity. In Rwanda there is considerable potential for increasing the yields by transferring laboratory knowledge to the fields. Also the state extension systems need to emphasise on common seed production. The extension service should help farmers to decide which hybrids to buy. More plant breeding programmes are required to develop improved varieties for the rain fed regions in which HYV's have not spread. More on farm research is needed to develop improved management techniques.

## CONCLUSION

### ***Sustainable Agricultural Growth and Protection for the poor:***

In simple terms, sustainable agriculture means maintenance of production levels necessary to meet the increasing needs of the population without degrading the environment and resources. It implies concern for increase in productivity and conservation particularly of non-renewable natural resources. In this context the following issues need considerations in Rwandan agriculture. We already discussed the importance of watershed development in conserving soil and water particularly in rain fed areas. Forests play an important role in maintaining ecological balance of nature. Due to continued degradation and destruction of the forests in the country, the evil effect in the form of soil erosion, increased run off, loss of genetic diversity etc are manifest. Forests cover about 11% percent of the geographical area of the country. However, these forests are varying in quality and only limited percent consists of good quality and productive forests. Sustainable management of this resource is of utmost importance.

In any development strategy, deliberate attention must be paid to protecting the interests of the poor, as it is they who require the development most. In this context, it may be noted that some of the agricultural reforms in particular (like reduction in subsidies) and economic reforms in general may directly affect small farmers and indirectly (through increase in prices) landless labourers. Regarding small farmers, government has to make efforts to shift them to higher value added crops like horticulture on the lines suggested above. There should be more alertness in implementation of minimum wages in the country. There is also need for increasing the efficiency in implementation of the various antipoverty and welfare programs and various social security programs. There should be effective co ordination between agricultural development programs and antipoverty employment generation programs. The diversification of agricultural activities to horticulture, animal husbandry, dairy development and fisheries will also help both small farmers and landless labours.

Despite the limitation and criticisms of government intervention, the role of government and consequently that of various governmental organisations and agencies cannot be wished away. What we would like to stress is that government effort in every possible activity need to be supplemented by people's active participation. For this, people should be motivated to pour their other wise meager and non-viable economic resources on an informal basis. This should inculcate a sense of self-discipline and co-operation.

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## CHAPTER 3

### POVERTY AND EDUCATION SOME CRITICAL LINKS AND ISSUES WITH REFERENCE TO RWANDA

*Dr Herman MUSAHARA*

#### **Introduction**

This paper outlines the issues which characterize discussions on the relationships between poverty and education. Besides presenting major theoretical and empirical evidence currently available, it raises some questions on the relationship using data on Rwanda. It also raises some issues on poverty and education that may need further research.

Section 1 is on the concept of poverty and education, by way of definitions. Section 2 presents the theoretical and empirical evidence on poverty and education.

Section 3 is data on poverty and education in Rwanda. Section 4 identifies three critical issues that need to be pursued and the last Section is a conclusion.

While the major aim of this paper is to stimulate a discussion in the direction suggested by the topic and which is a part of a major study by the author at present. It is a first attempt in this field in relation to Rwanda and can therefore not claim to be exhaustive.

#### **Concepts of Poverty and Education**

The definition of poverty is elusive and has often been prone to scholastic biases. Economists have tended to prefer, quantification and creation of indices of poverty while sociologists tend to prefer descriptive narratives using the figures available. In Development Studies the tendency is to combine these two and other approaches in order to capture the dynamics of the phenomenon without being bound up by the rigours of academic discipline. Perhaps in line with Sen (1983), the most important issue with poverty is not as much the descriptions as should be the prescriptions.

Three levels of conceptions of poverty can be identified, (Townsend, 1993). Firstly and earliest definitions in modern times were based on 'subsistence', (Rowntree, 1901). The poor were those whose incomes were not 'sufficient to obtain the minimum necessities for the maintenance of merely physical efficiency'. A family was treated as being in poverty if its income minus rent fell short of the poverty line. The definition has been heavily criticized, (Rein, 1970, Townsend, 1979). Human needs are not only physical, food, clothing and shelter. People are not organisms requiring to replace physical



energy. They live in society and have also social needs. Even the dominant need of the definition - food - is not easy to measure, because minimum needs always vary from society to society.

A second formulation, which became popular in 1970's is that of 'basic needs'. It has become popular with international organizations like UNDP, ILO, UNESCO and in reports like the Brandt Report. Basic needs are conceived to include two elements. Firstly are minimum requirements of a family, of adequate food, shelter and clothing as well as household furniture and equipment. Second, they include essential services provided by and for the community at large, such as safe drinking water, sanitation, public transport and health, education and cultural facilities. In this regard this conception put the meaning of poverty within a context of a nation's overall economic and social development. However, it has been difficult to have a consensus on which needs have to be included. Moreover, the formulation has not been able to capture some forms of poverty that have become rampant and deepened in minority groups, women, children and the disabled.

The third concept is that of 'relative deprivation', (Townsend, 1993). It is a measure that attempts to link income and deprivation and their change through time and across communities occupying different territories. Thus people are relatively deprived if they cannot obtain, at all or sufficiently, the conditions of life; i.e. diets, amenities, standards and services which allow them to play the roles, participate in the relationships and follow the customary behaviour which is expected of them by virtue of their membership of society, (Townsend, 1993:36).

In spite of the comprehensive approach in relative poverty, an income threshold or some poverty datum line is still required. In this sense, it will be a threshold below which withdrawal or exclusion from active membership in society becomes disproportionately accentuated. Implicit in the definition is the need to have adequate information on size, type of family, social as well as economic dynamics in constructing a poverty line, which is not a mean challenge in economies like that of Rwanda, where statistical databases are underdeveloped. In the rest of the sections, poverty will be denoted by the ordinary head count indices, complemented by anthropometric and other social indicators that characterize poor communities.

Education, in this paper refers to a three tier formal schooling, primary education in Rwanda takes six years and refers to children between the age of 7 and 13, if repetitions and dropouts are not considered. Secondary education, is usually six years involving cohorts of between 14 and 19 years of age. Tertiary education is considered to be four years for young men and women of between 20

and 23, although a few may get opportunities for post graduate training. A lot of debate has developed on whether in relation to poverty reduction, we should focus on formal education alone. This issue will be raised towards the end of the paper, with regard to non formal education, pre school education, adult and literacy classes, informal education and vocational training.

In this paper we confine ourselves to the public finances of poverty and education, particularly expenditure. It does not suggest that issues like curriculum and philosophy and even psychology of education have no links to poverty, but they are issues which would require separate and expert inquiry. For instance, we are aware of the question of intelligence scores of children, poverty and attainment in schools which were till recently areas under fierce debates, especially in the US. These and related issues are not within the scope of this paper.

### **Theoretical and Empirical Evidence**

#### ***The role of Education in Economic Growth***

The relationship between poverty and education used to be overshadowed by the 'chicken or egg' paradox surrounding economic growth and education. Which comes first? In fact, it has now been accepted that education is both a 'flower' and a "seed", (Harbison and Myers (19964): cited in Robinson, 1976). While there is ample evidence of the impact of economic growth on education, we have interest in the question of education as a tool for poverty reduction. The latter relationship can be examined in three ways. Firstly, the role of education in economic growth, the direct relationship between education and poverty and the indirect role of education in poverty reduction.

The role of education in economic growth has been appreciated from time immemorial. Plato believed 'education is indispensable to the economic health of good society because it makes a citizen a 'reasonable man'. A considerable part of community's wealth must be invested in education", (cited in Tilak, 1986).

Alfred Marshall emphasized that "the most valuable capital is that invested in human beings" and the 1950's saw what is called 'human investment revolution' in economic thought, (Bowman, 1966. cited in Tilak, 1986). Modern theory linking education to economic growth is usually attributed to the works of Schultz (1961) and Blaug (1976). The emergence of Economics of Education and the human capital theory established that education is not only a *consumption* activity but also an *investment* which leads to the formation of human capital comparable to physical capital

The rest of theoretical and empirical works in 1950's through 1980's have been reviewed by Tilak (1986). Some have been theoretical treatises and others econometric analyses. While others have been on countries or groups of countries, others have been on specific levels or types of education or some common proxies of development in education such as literacy rates.

In summary some of the reviews have made a number of informative and instructive findings. Grilliche (1964 and 1970) made clear that education could enter as a variable input in a production function. Aukurst (1959) using the Norwegian economy found that 1.81% of growth was attributable to education while Denison (1952), Kendrick (1977) and Jorgenson (1984) found contribution of education to GNP per capita in the US being above 15% in all studies for the period between 1909 and 1985.

Kruegger (1986) found education accounted for differences in income between countries while Psacharoupolos found that the percent of growth explained by education was 17.3% in Africa, 11.1% in Asia, 5.1% in Latin America, 8.6% in North America alone, 6.5% in Europe alone and 8.7% for all the 29 sample countries studied.

The majority of studies in 1960's to 1980's have been cross sectional evidence (Bowman & Andreson, 1963, Peasle, 1965 and 1976, Adam Curie, 1964, Beneth, 1976, Mc Clelland, 1966, Racin, 1977, Wheeler, 1980, Marris, 1982, Psacharoupoulos, 1979, Meyer, 1979 and Benant, 1985). Tilak and Psacharoupoulos (1993) have summarized the findings of major scholars in this field to tend to lead to the following conclusions:

*Education contributes to economic growth quite significantly, returns to education being fairly comparable with if not more than those to investment in physical capital.*

The contribution of education is also significant in reducing poverty and improving income distribution, transferring sometimes resources from higher income groups to lower income groups.

Both with respect to growth and income distribution the contribution primary education is more significant than that of higher levels of education.

Even when education's contribution is measured in non-monetary terms and measures in terms of physical productivity say in agriculture, the positive and significant relationships hold good.

The contribution of education is higher in developing countries compared to developed countries.

The contribution is higher from investment in education of socio-economic weaker sections compared to investment in socially and economically advanced groups of population.

These are arguments that emphasize the role of education in economic growth, but we need to be cautious on how we make conclusions about its role. The role of education does not have to be overemphasized. Robinson (1983) has even put it like this:

*"although education cannot transform the world, the world cannot be transformed without education".*

Nasson (1983) argues in the same vein that 'in social change, education can be seen as an important participant, but not as an arbiter'. To use a conventional wisdom in economics, education is a necessary but not sufficient condition to economic growth. Moreover, in our context, there is ample evidence in economics of development since World War II to suggest that mere economic growth does not warrant poverty reduction, an issue we turn to now.

### **Relationship between Education and Poverty**

The most classical case of direct link between education and poverty reduction has been the 'War on Poverty' in the US. The link was pronounced by Lyndon Johnson (1963) himself in declaring the war:

*"This is going to be an education program. We are going to eliminate poverty with education and I don't want anybody even to mention income redistribution. This is not going to be a handout. This is going to be something where people are going to learn their way out of poverty".*

Schultz (1966) subsequently showed how a lion's share of the funds for the 'War on Poverty' in the US was pumped in education. Fields (1980), using data from 66 countries, showed that educational attainment has an incidence on poverty favourably. Tilak (1986) found for 29 countries, significant negative correlation between education and poverty. In relation to the role of education in poverty reduction, two most recent available works worth noting are those of Tilak and Psacharopoulos (1993) and Von Keist (1984).

Tilak and Psacharopoulos (1993) studied the direct functional relationship between poverty and education.

Poverty = f(Edi) Equation 1

Where poverty refers to the percentage of people living in absolute poverty and  $j = 1$  rural and  $j = 2$  urban

Education variables include

LIT	adult literacy
SCH	mean years of schooling
ERP	gross enrolment ratio at primary level (%)
ERS	gross enrolment ratio at secondary level (%)
ERH	gross enrolment ratio at higher level (%)

They find that there is a clear correlation between the proportion of poor people below the poverty line both in rural and urban areas with SCH. The coefficient of correlation is -0.3430 in rural areas and -0.2165 in urban areas.

For the rest of education variables each has as expected negative signs suggesting that as education rises, poverty falls. Each variable is found, regressed separately to be significant in explaining at least rural poverty. That regressing them together no education variable was found statistically significant is suspected to be arising from a multicollinearity problem.

They further develop their equation to include GNP per capita as follows:

$$\text{Poverty } j = a + b_1 \text{ GNP/pc} + B_2 E_{di} + \mu, \text{ Equation 2}$$

Where GNP/pc refers to GNP per capita and others are as defined usually;  $a$ ,  $\beta_1$ ,  $\beta_2\mu$  and are respectively intercept term, the regression coefficients and the error term respectively.

The correlation between poverty and GNP per capita is -0.4561 in rural areas and -0.3131 in urban areas. They observe that there seems to be a linear relationship between variables meaning that economic growth automatically reduces poverty, although this needs to be qualified, in relation to what definition of poverty is being referred to.

In the new equation, all variables except ERS have the expected sign. Like in equation 1 SCH turned out to be statistically not significant. Literacy variable is not found to be significant. It is only primary and higher education that turn out to be significant and when all the three enrolment variables are regressed along with GNP per capita, it is only primary education that turns out to be significant. In urban areas again education is found to have no effects at all on poverty.

The study of Tilak and Psacharopoulos (1993) may have limited utility to a more comprehensive analysis of poverty such as relative deprivation and social exclusion. In general, it is one rather important theoretical study showing the relationship between poverty and education. Von Kleist (1984) is not a major theoretical work but it presents a non-quantitative analysis that assists in positing education in the poverty reduction perspectives. He was interested in aspects of poverty and education in Namibia.

He argues that poverty is caused by both systemic and personal variables. Systemic variables are macro variables that are general conditions affecting the whole population and subject to fairly direct policy control. These are for instance state transfer rules, land ownership and the economic system of a country.

Personal variables are at micro-level and show only long term reaction to government action. These include for instance attitudes, motivation and ability, interacting with human capital, increasing processes as formal education to produce quantitatively and qualitatively differing factor endowments, which are fundamental determinants of personal success and welfare.

It is after this analysis that he identifies the basic problem with education.

*"An analysis of the effect of education on poverty is complicated by the fact that a macro variable such as subsidized education interacts with various micro variables and that the importance of education can be weighed within the context of a model incorporating as many variables as possible".*

He concludes affirmatively that the power of subsidized education as an anti-poverty strategy flows from its impact on the most fundamental stage of income determination process - in so far as it succeeds in increasing productivity.

Of special interest to our analysis is how he uses a probabilistic model to show education relates to the probability of being poor.

$$P(\text{not poor}) = \frac{\exp(U(X))}{1 + \exp(U(X))}$$

U (X) =  $\sum b_1 X_1$  the  $X_1$  being the relevant macro and micro variables

On Namibia he found, for example that the probability of not being poor by a black with 0 to 5,6 to 7,8 to 9 and 10+years of education, to be 59%, 80%, 93% and 97% respectively. Such equations would be interesting to apply to similar poor economies relying on education as one of the major tools for poverty reduction and seeking evidence to promote this sector. Besides the evidence provided by the two studies, it is generally believed that education has indirect benefits that are anti-poverty. Blaug (1972) states that education contributes to improvements in health, fertility control, improvements in mortality rates and life expectancy.

Tilak and Psacharopoulos (1993) include also improving sanitation, improvement in performing household activities and making better citizens by what are called non-primary returns to education.

At this stage, this brief theoretical base should explain why opinion leaders in developing countries have argued for increased commitment to spending more on education. While we shall return to this in one of the major sections below, let us briefly outline the different lines of arguments that develop within the broad consensus we have just mentioned. It sheds light on the direction and content of government expenditure but most importantly, how far the government is thought to be required to intervene or not.

## **Differing approaches to poverty and education**

Three major schools of thought can be identified with regard to poverty and implicitly to education. These are the conservative, liberal and radical views. (Watchel, 1971; Stitt 1994).

The conservative theories look for the cause of poverty in terms of individual characteristics over which the individual is pressured to exercise control. The conservative theory of poverty relies upon markets in labour and capital to provide sufficient mobility either within a generation or between generations to alleviate poverty. If one does not avail himself of the opportunities for social and economic mobility through the market, the individual is to blame.

Like the conservatives, the liberals also attribute the causes of poverty to the individual. Unlike them, the liberals give recognition to institutions as partial causes of poverty as well as that social class is an intergenerational transmitter of poverty. The liberals concentrate on finding ways the government can assist the individual in adapting to prevailing conditions. A liberal social policy focus is equal opportunity and income transfers.

The radicals, do not hold that poverty is caused by individual characteristics and criticize liberals that they do not attempt to alter the structure or address the systemic problems. To them poverty is a condition of society. Poverty originates in the institutions of capitalism-markets in labour and capital, social stratification and class and the state.

To the radicals, living conditions of the poor, education, health and personal characteristics of the poor are mere attributes of a systemic problem. Studies involving age, sex, race, education, marital status, ect. are used to identify the causes of poverty with individual characteristics. To radicals this is a distortion. For instance, the cause of inequality in education and their impact on incomes must be analysed by examining social classes, the role of the state and the way educational markets function.

These three views bear strongly on what is regarded as the role of the government in eliminating poverty. The conservative theory of the state views origins of governments as emerging from the consent of the governed. In economic terms, the role of the state is to leave things alone - *laissez faire*. The state exists to protect the capital the basic institutions of capitalism, property, markets labour and capital and goods and capital and goods and services. In a word; do nothing to the poor, but protect their means to social mobility - free markets and capitalism.

Liberals views the state as the mediator between conflicting interest groups in a pluralistic in a society. The state should compensate the poor for the market institutions that do not work perfectly. The state

intervenes on behalf of the 'underclass' to redistribute wealth, opportunity and privilege - social welfare function.

Radicals view the origin of the state in terms of a class of people who exercise dominant decision-making power in state institutions and who transmit their class power intergenerationally. One's relationship to the means of production is an essential but not exclusive determinant of power and the education system is an intergenerational transmitter and legitimator of this power

These differing views on poverty, the role of the state and the location of education are an important background before one can discuss concrete situations like that of Rwanda and in identifying critical issues. For the purpose of this paper, perhaps a reasonable position is like that of Nasson (1983). He thinks the radical school in education of the Bowles and Gintis has continued to reinforce pessimism and bringing the school debate to a halt, without offering a way out. He cites work by one Dale who concludes his discussion by saying: "schools are regarded implicitly as being directly controlled by the needs of capitalists accumulation and hence it is only changing that, that we can change what goes on in schools!!!"

Besides that a substantial number of socialist economies have crumbled, the radicals themselves have not denied the transformative role of education. How education can be used as a tool for poverty reduction can be debated and fundamental contradictions identified. But public expenditure for education cannot be postponed to the time capitalism will have fallen. The critical issues surrounding the capacity of such expenditure can be directed to the reduction of poverty.

With this theoretical and empirical background, let us now turn to Rwanda.

### **Data on Poverty and Education in Rwanda**

This section outlines figures and descriptions related to poverty and education in Rwanda. The main purpose is not to show how education has contributed to poverty eradication, for we shall show that not only is poverty rampant but also education is still underdeveloped. We use World Bank, UNESCO, UNDP and Government Statistics to present the general features and characteristics with the ultimate aim of raising the critical issues of the two phenomena, in the penultimate sections of this paper.

#### ***Some Major Indicators***

The National Poverty Reduction Programme (2000) summarises the poverty conditions of Rwanda as follows:



- Up to 69% of Rwanda live on less than a dollar a day or what can be called absolute poverty;
- Up to 34% of all households in Rwanda are headed by women, widows or the aged;
- Primary school enrolment rate is 68% and only 40% complete primary education;
- Only 40% of the population has access to safe water and only 26% in each commune have access to health facilities;
- Rwanda is still prone to occasional food shortages, malaria and other diseases as well as high incidence of AIDS in excess of 10% of the population.
- With 26,338 km<sup>2</sup> in area, the density of the arable population is in excess of 300 people per km<sup>2</sup>. It has thus one of the highest population density in Africa. Land is not only scarce but also has a low yield per area;
- Fertility rate is in excess of six, down from a high of 8 children per woman recently.
- Rwanda is landlocked; has no direct access to the sea and has no rail road.

Estimated from Rwanda Development Indicators (2000) charts, the poverty trend using the Head Count Index could be 47.5%, 76%, 65%, 60%, 69% and 65.3% of the entire population in 1990, 1994, 1995, 1996, 1997 and 1998 respectively.

The Human Development Report (2000) also describes Rwanda as a very poor country. It is ranked 164<sup>th</sup> amongst 174 countries on the Human Development Index (HDI). Having been 149<sup>th</sup> out of 173 countries in the HDR of 1993, Rwanda has not improved in terms of human poverty. It can be easily understood that this must have been largely caused by the war and genocide of 1994.

The same Human Development Report (2000) estimates for the year 1998 a life expectancy of 46 and adult literacy of 64% for the 15 years old and above. Primary, secondary and university enrolment was 43% while 42% was for female pupils and 44% for male pupils. For the same year Rwanda was number 61 out of 85 least developing countries on what is called HPI (Human Poverty Index for least developing countries) in the report. People not expected to survive up to 40 plus years were estimated at 49.5% of the population, while those expected to survive up to the age of 60 plus for the period 1995-2000 were estimated at 70.7%.

The rest of the poverty and education data are in table 1. Where figures slightly differ with what is already presented or is common knowledge may be because the data was collected from a diversity of sources including estimates in some instances. A comprehensive analysis of the data would need more space and information. The Principal aim is to provide data that justifies our earlier assertions

that poverty is still rampant and education underdeveloped, although this may need qualification later when considering for instance primary school enrolments.

Needless to say the impact of the war and genocide in 1994, where if data is not missing, then they show scandalous contrasts with the pre-1994 period. Moreover, the content that the link between education and poverty is very clear for periods where there is consistency of data such as 1970-1990. For example, if life expectancy is taken as proxy of poverty, it moves in the same direction with primary school enrolment an indicator for education with a positive coefficient of regression of 0.1079. But the coefficient of determination was so low, 0.2227. It is safe to think the time series were too restricted perhaps that primary school enrolment does not explain the rise in life expectancy in the period. Since primary school enrolment in Rwanda has been high compared with the rest of Sub Saharan Africa, there is need to establish this lack of expected behaviour of the data. Including GNP per capita in the regressions diminishes the problem since  $R^2$  becomes 0.7. as expected using the Infant Mortality Rate as a measure of poverty conditions and primary school enrolment as a proxy of education, but also including GNP per capita gives us a regression coefficient of -0.1104 which is a well behaved relationship because consistent rise in school enrolment at primary school level should move in the opposite direction with infant mortality rates. The coefficient of determination,  $R^2$  is a good 0.8.

Higher fertility rates are not proxies of poverty but surely indicate possible roots of poverty-large families. There is no indication of better economic livelihoods, as crudely reflected by low levels of GNP per capita. Even if GNP per capita was to be increasing in all the years ignoring the impact of the war, poverty would not be significantly reduced given the indications of rising population as can be seen from the table.

The index of good food production per capita using 1988 as base year is fluctuating and declining after the base year itself. Low food security can be indicated in other years by generally declining calorie supply per day. FAO estimates that minimum required average per day for physical efficiency is 2360 calories.

Other indicators of education are not exceptionally impressive. Secondary education increased considerably but with considerable fluctuations. At low levels of economic development, secondary schooling is ignored in terms of poverty reduction. It is regarded as a 'dis-equaliser' but the wisdom of this assumption is questioned later in the paper.

In brief then, Rwanda poverty conditions have not improved and indices and indicators are still high, while primary school enrolments are considerably high in relation to Sub Saharan Africa. The latter

observation is watered down by other indicators and performance. In brief, education is still underdeveloped.

**Table 1 : Some Economic, Poverty and Education indicators on Rwanda (1970-1998)**

1	2	3	4	5	6	.....7.....	8	9	10	11
Year	ONP per cap \$	Popn 000'S	TER	UMR	LFE	Food Prod per cap	Color supply	PSE	SSE	HCI
1970	60	3.995	7.8	140	47.7	118.6	2.087	2.087	2	
1971	60	3.817	7.9	140	47	116.2				
1972	60	3.944	7.9	140	46.4	110.8				
1973	70	4.077	7.9	140	45.9	111.8				
1974	70	4.215	7.9	140	45.5	106.5				
1975	90	5.358	8	140	45	115.5	2.064	51		
1976	120	4.506	8	140	44.6	118.5		59		
1977	160	4.658	8	140	44.2	120.1		62	2	
1978	180	4.815	8	138.4	44.6	118.5		67	2	
1979	210	4.976	8	136.8	45	124.8		67	2	
1980	240	5.139	8	135.2	45.5	122.1		60	2	
1981	260	5.301	8	133.6	45.8	127.3			2	
1982	260	5.477	8	132	46.3	130.1		60	3	
1983	270	5.653	8	130	46.7	122.0		60		
1984	260	5.836	8	128	47.2	127.3		59	2	
1985	270	6.026	8	126	47.2	130.1	2.041	61	2	
1986	300	6.225	8	124	48.1	122.1		64	7	
1987	310	6.434	8	122	48.5	109.7		66	6	
1988	330	6.656	8	120.4	48.7	119.4		62.7	6	
1989	320	6.893	8	118.8	49	104	2.043	63.2	6	
1990	314	7.027	8.3	120	45	100	1.971	65.6		47.5
1991		7.092		94	45	98.8	1.953	75		
1992		7.372		92	45	89.6	1.971			
1993	257	7.526		91	45		1.953		11	
1994	144	5.200					1.963			76
1995	205	5.700					1.977			6.5
1996	225	6.200	6.5	125	49		1.971		10	60
1997	240	7.700		131	49		2.056			69
1998	251	7.880		129	40.6			78.3		65.3

Key-GNP[grossnational product] TRF (total fertility rate). IMR (infant mortality rate per 1000 children under five) m LFE 5life expectancy, PSE (primary school enrolment), SSE (secondary school enrolment) and HCI (head count index), and K (female)

**Sources** World tables, 1991 Rwanda Deployment indicators 1999, Human Development Report, 1994, Human Development Report 2000, Europa World Yearbook 1970-1998

### Some relative indicators

Poverty and income distribution inequalities are two distinct concepts. Nevertheless, the role of education in poverty reduction is also in relation to its capacity in reducing income inequalities even if it is over a period of time, (Psacharopoulos, 1994, Tilak, 1986, Reimers, 1999, etc.) basing on data for 1983-1985 which is presumably, the result of the Household Budget Survey income distribution in Rwanda is as shown in Table 2 below:

**Table 2. : Income Distribution Rwanda, 1983-1985**

Population Group	Percentage of income
Low 20%	9.7
2 <sup>nd</sup> Quintile	13.1
3 <sup>rd</sup> Quintile	16.7
4 <sup>th</sup> Quintile	21.6
Highest 20%	38.9
Highest 10%	24.6

*Source: World Development report, 1994*

From this table it can be seen that the highest 40% of income earners in Rwanda were receiving up to 60.5% of national income. The lowest 40% were receiving only up to 22.8% of national income. The human Development Report (2000) indicates that the skewness of income distribution in Rwanda has not changed at all. For 1987 to 1998, the poorest 20% still controlled 9.7%, while the richest 20% controlled 39.1% of national income, meaning a ratio of about 4: between the rich and the poor strata.

From this information, it is important to examine the position of education in Rwanda and revisit the question whether equity in education can reduce income disparities, if as stated above, education accounts for a large part of the income inequalities, (Kuznets, 1995; Shultz, 1963; Harbison, 1973; Tinberg, 1977; Knight and Sabot, 1983 and Ahluwalia, 1976). Some data on growth of schools and education budget are in Tables, 3,4 and 5.

**Table 3. :Growth in Education Numbers**

Years	Primary	Primary teachers	Secondary students	Secondary teachers	Tertiary students	Tertiary teachers
1970-71	4 19,059	7,025	10,117	770	670	137
1973-74	3,980,000	7,777	10,500	834	1,573	109
1981-82	1,104,902	18,937	94,986	3,913	3,381	640
1984-85	799,198	14,005	45,158	1,082	1,527	186
1989-90	1,058.529	18,524	65,890	3,616	3,389	646
1991-92	1,104,902	18,937	94,586	3,913	3,381	640
1993-94	1,100,437	19,183	70,400	2,802	3389*	646*

Source. *Europa World Yearbook several editions*

\* The data seems to be estimated from earlier years

**Table 4 : Gross and Net enrolment ratios by sex in Rwanda primary schools**

Year	MF	GER		MF	NER	
		M	F		M	F
1970	69.6	78.2	61			
1975	55	59.7	50.4			
1980	62.9	65.8	59.9	59.2	61.5	45.9
1981	64.1	67	61.3	60.6	62.8	58.3
1982	62.6	65.1	60.1	59.3	61.3	57.3
1983	61.9	64.3	59.6	58.8	60.6	57.1
1984	62.1	64.2	59.9	59	60.6	57.4
1985	63.1	65	61.3	59.8	61.1	58.5
1986	65	66.5	63.5	61.6	62.6	60.7
1987	66	67.3	64.7	62.5	63.3	61.7
1988	66.9	68	65.7	63.3	64	62.7
1989	66.9	67.8	66	63.6	64	63.2
1990	69.6	70.4	68.9	65.9	66.1	65.6
1991	81.3	82.5	80.1	75.4	75.8	75

Source : UNESCO Databases

Note: MF is male and female, M is F is female; GER is gross enrolment rate.  
NER is net enrolment rate.

**Table. 5: Public Expenditure on education in Rwanda**

Year	As percentage of GNP	As % of government expenditure
1970	2.3	26.6
1975	2.3	25.3
1980	2.7	21.6
1981	4.4	28.6
1983	3.2	24
1984	3.1	25.1
1986	3.4	22.6
1987	3.5	22.9
1988	3.4	22.2
1989	3.4	25.4
1990	3.8	20
1991		11.1
1992		15.5
1993		15.9
1994	-	-
1995	-	12.1
1996	-	12.1
1997	-	17
1998	-	21.2

*Source: UNESCO Databases and for 1990 Rwanda development Indicators 2000*

Behind the tables above lie a lot of analyses and inferences that we can not exhaust in the confines of this paper. But for our purposes, if the figures in Table 3 are compared with population figures in the respective age groups, the primary school enrolment has been considerably increasing. In fact it is supposed to be one of the highest rates in Africa. Why has it not contributed to income redistribution or reduction in poverty? This cannot be answered off handedly. Is it that enrolment is one thing and output of education another? Is it because the effect of primary school enrolment is lagged up to 15 years? It is also worth remembering that there are many factors other than education that can influence positively or negatively the condition of the people in Rwanda like elsewhere. These and similar issues will be raised again to demonstrate that it is not enough to talk of physical expansion of basic education, without answering a few more questions.

Table 4 aims at raising the issue of equity with regard to gender. Up to 1991 the enrolment of girls was lower than that of boys. In poverty reduction philosophies, education to the fairer gender is more pro-poverty reduction. This needs to be further studied at the level of

primary education in Rwanda. Do girls, leaving primary school, have better responses to poverty reduction initiatives than those who have not? Can we attribute the decline in fertility rate in Table 1 to expansion of primary education? If it is in combination with other factors, what is the significance of education in the change?

Table 5 raises questions of educational expenditure, it is important because it is not enough to refer to expansion of basic education, in terms of numbers only. Resources committed to education should be seen to rise. The table shows nominal figures, but it will be usually important to allow for the impact of inflation if we are to appreciate real growth. The table also shows that it may be growth as compared to the government budget, but also in relation to GNP. It can be clearly seen that the 1990's saw decline in educational expenditure as related to budgets. This is perhaps understandable given the fact that these were difficult times in the history of Rwanda. Ironically, military expenditure were going up, except in 1994. Of course the latter years perhaps reflect lack of official statistics otherwise it is supposed to have been the highest. However future research should establish the direction and composition of expenditure. Firstly, in many parts of Africa, a big chunk of expenditure, up to over 80% goes to pay salaries of teachers who in rural settings are a middle income stratum. Secondly we have not been able to get data on higher education expenditure. When we do, we do not expect to find a different picture from that of other African countries. Per capita expenditure on a higher education student per annum is usually more than 10 times the same on a primary school pupil. For Rwanda the Human Development Report (1994), estimated higher education to consume 16% of the entire education budget whereas in terms of numbers, it caters for less than 1% of pupil/student population. The issue of whether higher education can or cannot be pro poverty reduction is raised in one of the sections below. Thirdly, rural versus urban expansion and cross regional comparisons of growth are also issues that expose themselves to further inquiry. Regional distribution of primary education pupils is given in Table 7 below, but as can be seen there has to be further knowledge on the nature of expenditure. The point that is being made, is that educational expenditure growth as such, used by many people to show the state of education is still vague and will be even more vague when we want to make inferences with regard to poverty reduction.

Another issue which is crucial in relation to poverty and educational expenditure is the basis of comparison. In countries like Rwanda we can speak of a share of education in relation to government budget. But it is worth remembering that in poor economies the resources in aggregate are meagre in the first place. In table 6 we also show the educational expenditure compared to defence and total budgets. Again for the one with a keen interest of knowing the effectiveness of

the figures, a good practice is to compare it with movement of inflation in Rwanda. To be sure the average annual rate of inflation in Rwanda between 1990 and 1998 was 9,3%. Thus the decline in expenditure between 1990 and 1991 is even worse in real terms. Between 1991 and 1992 and 1993 there nominal rises of 19% and 12% respectively. In real terms, taking account of inflation, these are scaled down to roughly 9% and 3% respectively.

**Table 6. : Education Expenditure compared to defence and total budget in current year values: million Rwandan francs**

<b>Year</b>	<b>Education</b>	<b>Defence</b>	<b>Total</b>
1977	1,420,7	1,130.9	6,437.9
1978	1,534,4	1,369.8	7,669 8
1979	1,962	1,634	9,214.3
1981	4,677.3	2,499.4	15,599.3
1982	4,481.9	2,622.4	16,700.1
1983	4,491.3	2,692	16,368.3
1989	5,776	2,808.9	21,565.9
1990	7,219.5	7,963.5	29,574 4
1991	6,659.7	13,184 2	39,033
1993	8,200	12,900	55,200
1994	9,200	5,700	10,800
1995	5,300	14,700	56,100

*Source : Europa World Yearbook -several editions*

It is evident that the sketchy data on education in Rwanda can be subject to deeper analyses than space and time can allow here. In this section we identify three areas that need to be further studied in order to shed more light on the dynamics of poverty and education in Rwanda. These are the questions of quantity and quality of education, pragmatic realism in education expenditure and the question of other forms of education



**Table 7: Population and Primary enrolment by prefecture 1996/97**

Prefecture	POPULATION			ENROLEMENT		
	Total	Male	Female	Total	Male	Female
Butare	518.886	231.755	287.133	95.209	46.547	48.662
Byumba	598.434	280.520	317.914	108.150	54.783	53.367
Cyangugu	541.496	244.502	296.994	82.783	41.335	41.448
Gikongoro	40.562	206.220	224.342	71.317	34.520	36.707
Gisenyi	692.919	325.199	367.720	143.122	71.122	72.000
Gitarama	800.889	365.304	435.585	142.003	69.109	72.894
Kibungo	335.525	150.546	184.979	69.271	33.896	35.375
Kibuye	327.863	150.587	117.276	75.615	37.591	38.024
Kigali R	593.045	267.391	325.654	128.305	62.871	65.434
Kigali V	358.202	167.191	191.011	42.865	20.335	22.530
Ruhengeri	784.815	378.325	406.490	148.367	78.461	69.906
Umutara	184.845	89.662	95.183	47.761	24.074	23.689
Rwanda	6,167.483	2,857.202	3,310.281	1,154.768	574.642	580.126

*Source: Rwanda Development Indicators 1999*

### **Quantity and Quality**

A number of problematic issues were raised in the preceding sections. The most important was physical expansion of education with reference to primary education. It was pointed out that further analysis is required with regard to resources to be committed for providing basic education in quantitative, relative and real terms. That is, to look at expansion of education expenditure in relation to government budget and GNP and other sectors such as defence as well as appreciating the lagged nature of investing in primary education. It was even mentioned in passing that the content and direction of expenditure need to be studied such as rural-urban shares of expenditure and cross regional allocations. It was also pointed out that a large part of expenditure may be spent on salaries of teachers.

Supposing all these, by some ingenuity were taken care of, would primary education development be a way out of absolute poverty?

Quantity alone in delivering primary education is surely inadequate. There are still issues of quality that need to be addressed. A crude major of quality is efficiency in teaching. One indicator can be teacher student ratio. In Rwanda it is somewhere above 50 as indicated in the next section. Training more teachers needs more resources. Other authorities have debated about using shifts to optimise existing numbers of teachers. This requires careful study

and planning. It involves the question of motivating the few teachers who will be required to take extra workloads. Even if this was to be taken care of, there is a question of the qualifications of teachers. Recent estimates suggest that 48% of all teachers are under qualified in Rwanda (Rwanda development Indicator 1999).

The question of quality in delivering primary education in Rwanda is corroborated by the fact that the success rate is mere 21% of the entire pupil population. Note that secondary intakes afford only 7% of the total school leavers. This has also been caused, it is said, by lack of teaching equipment in primary schools. Other aspects of quality are mentioned in the section that follows this. The point is that we need to study not only how to expand primary education but also how to deliver quality education.

A related issue which is often debated is the role of higher education and especially tertiary education. Secondary education has recently been included as a basic educational need, (Human Development Report 1991). Tertiary education can also be used for anti-poverty struggles if curricula and practical orientation are properly tailored to the needs of Rwanda. It is also a very important task to ensure that by overemphasizing basic education we do not compromise the quality of higher institutions. In a context of human resource development and satisfaction of internal needs for expertise, tertiary education is more important than we are often made to believe. It is unimaginable to have a country without abject poverty, but also without its own experts.

### **Basic Education and "Pragmatic Realism"**

In the course of the last 30 years education and especially primary education has continued to emerge as a human right. Major events in this regard and reflecting world wide ambitions have been the Universal Declaration of Human Rights in 1948, UN Declaration of the Rights of the Child in 1959, World Conference on education for all in Jomtien Thailand 1990 and Human development reports, (UNDP, 1991). Failure to achieve Universal Primary education in a majority of poor countries has raised questions with regard to the wisdom and reality of the goal in poor countries.

Put in more subtle terms, it would be in order for all countries to make basic education a constitutional right. Even if such a clause was to be put in the respective constitution of a country, would it be of any help to poor families. Rwanda states in the constitution that primary education is a constitutional right, would a poor parent take the government to court to argue a case for a child who has not managed to continue with primary education because of lack of fees? Has the Human Rights Commission ever thought of taking to task the government because of its failure to provide basic education to all?

Even if the two parties mentioned above did sue the government, it would surely get away it. The resources available are too meagre to ensure primary education as a human or constitutional right This is what has been called pragmatic realism (Avalos, 1992) It is in simple terms; what can be possible under the circumstance The problem of meagre resources coupled with economic crises of the 1970 s high indebtedness of most poor countries has borne adversely on the sufficiency and efficiency of administering education as a whole let alone, primary education.

In Rwanda this contradiction is qualified by weak indicators of education flows and imbalances. The Human Development Report of 1994 had the following indicators for Rwanda:

- Teacher-pupil/student ration 1987-88	57%
- Primary school repeaters as % of grade 1 entrance	46%
- Primary entrants who proceed to secondary school	2%
- Secondary school repeaters 1988-90	6%
- Tertiary enrolment ration	1%

Human Development Report (2000) estimates that total enrolment rate in schools to be 42% for female and 44% for male students, the primary education enrolment rate is nevertheless considerably high at 78% of the primary education age group (1997 est ).

The question of 'pragmatic realism comes into focus in debates on educational adjustment. This is precisely the question of whether Structural Adjustment has been with a "human face', (Jolly, Cornia and Stewart, 1987& 1988; Adepoju, 1993; Jallade, 1993, Sameoff et al, 1994, etc).

The most typical course of structural adjustment supervised by the IMF and World Bank has been cutting down expenditure to cover budget deficits or the so called austerity measures. The most immediate consequences in developing countries is decline in educational expenditure, cost sharing in education, retrenchment of teachers and abolition or reduction of subsidies. It has observed that education has suffered under structural adjustment programmes, (OXFAM, 1999). This is an issue worth studying in relation to Rwanda, which started to be associated with the Bretton Woods institutions way back in 1990. In the meantime a "Pragmatic realist' will look for what can be done under circumstances of less resources for education.

Various measures have been contemplated and tried in some countries. For example Mehootra and Delamonica (1993) considers various strategies for improving primary education under constraints of resource availability using Uganda, Maynmar, Vietnam and Burkina Faso.

These include multiple shift schooling mentioned earlier, increasing teacher-pupil ratios, a shorter primary school cycle and lower level of curricular demand to reduce repetitions, (see also Coclough and Lewin, 1990). What can arise is to what extent can such efforts release more resources for basic education. It has also been pointed out that such measures can compromise the quality of education, (Avalos, 1992). Another way of economising resources would be looking for the type of education training that poor groups of Rwanda need, to alleviate poverty.

### **'Diploma Disease'**

Over-dependency on formal education alone is akin to what Rose Dore (1980) has called the 'diploma disease' in lay language it is over expectation accorded paper qualification tenable after formal schooling. In relation to poverty reduction let us consider three types of schooling that do not fall in the definition we set for our paper at the beginning. That is preschool education, non formal and informal education.

Ann Short (1984) introducing a paper on pre-school education and poverty reduction has given a concise historical evolution of this form of education and its role in poverty in the US in 1960's. The earliest logic was that pre-school education, like a typical nursery school would favour a poor child, a good start for future success in education, which in turn would assist him/her and the country in reducing poverty. There is a long debate on this form of education open to the well to do and middle class families

In Rwanda, the pre-school facilities available are concentrated in cities of Kigali and Butare. They cater for a very small population of Rwanda, mainly well to do families. UNESCO show that only 8000 children were receiving proper-school education in Rwanda in 1998. Today it may be slightly more but not yet a widespread form of education.

The issue here is however, if it can assist in the long term struggle to reduce poverty. How can pre school education be promoted in Rwanda? Can there be some form of pre-schooling in rural areas? Can for instance 4 to 5 year old children being taught how to read and write by a primary school leaver under a mango tree be of any long term impact on poverty reduction in Rwanda?

A second form of education that needs to be studied in relation to Rwanda is non-formal education. Duke (1985) has argued extensively how Adult Education can be used to combat poverty. Coomb & Ahmed (1974) have argued intelligently how rural poverty can be attacked using non-formal education. Paul Freire (1992) is a world renowned philosopher of 'education for cultural action' - how

adult education can liberate a poor man. Nyerere carried out a very wide ranging educational experiment which included Education for Self Reliance and Adult Education to combat rural poverty, (see eg Buchet 1994).

It is important to study the modalities, programmes, costs and benefits of carrying out non-formal education for poverty reduction. This can be administered to rural dwellers, to unemployed people in urban areas, to people with jobs as on job-training for future self employment and even to formal pupils/students to equip them with poverty fighting skills. For instance would it be plausible to have adult education programmes including numeracy, basic literacy, rural entrepreneurship techniques, family planning, small project management, micro credit technology application, peace and reconciliation and environmental conservation in one basket? What would it take to do that and how can it bear on poverty in Rwanda.

Informal education, is education that is given spontaneously in life that come about spontaneously for example within a family, a neighborhood etc. (HSRC 1981). It is not the same term as non-formal education. The latter is education that proceeds in a planned but highly adaptable way in institutions, organisations and situations outside the spheres of formal and informal education.

In Rwanda it is important for example to study how mass media can be used in a war against poverty. Another instance is using solidarity camps to impart techniques of fighting poverty to people of various categories or in cohorts of similar characteristics. Another approach would be to revive ways of building social capital in Rwanda such as traditional ways of assisting each other out of poverty.

In conclusion, research work should be able to give us 'hand rules' on education for poverty reduction, i.e. the five fingers of a hand representing the Why, Who, Where and When of education for poverty eradication.

## **CONCLUSION**

The purpose of this paper was to present the links that scholars have identified to be existing between poverty and education. Subsequently the theoretical and empirical evidence already in place was reviewed. Different lines of thought -radical, liberals and conservatives were identified to expose what could be the expected role of the state with regard to education.

The purpose of the first sections, were to bring to the front the role of education in poverty reduction and specifically to establish to what extent governments should commit resources towards education. Specifically we presented data on poverty and education in Rwanda and used them to identify the links between the two. The data has been used to show that the present state of data and information can not adequately inform poverty reduction or it can misinform it.

In a nutshell we can conclude by saying that there is ample evidence to show that education is very important for economic development. It is also technically possible to establish the association between education and poverty in a direct fashion or by showing positive externalities accruing to education. But between the generalities are a lot of questions that beg to be answered. These included level of education, expenditure in absolute and relative terms, composition of expenditure under 'pragmatic reality' quality of education, and informal and non-formal openings to education for poverty reduction. Thus it can be stressed that education is very necessary in the development of a country. But before we can get illusion with its power of reducing poverty in Rwanda there are several questions that should be answered scientifically. Data is not useful in itself. The argument is that not every formalistic schooling is necessarily pro-poverty reduction as much as to say education alone is not sufficient to eradicate poverty, although we well know that it is a necessary pre-requisite. It requires some research and planning.

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## CHAPTER 4

### FIGHTING POVERTY IN RWANDA. PROVISION OF BASIC MINIMUM SERVICES THROUGH PEOPLE'S PARTICIPATION

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#### **Introduction**

Neither economic growth nor poverty alleviation programmes can improve the quality of the life of the poor unless and until special efforts are made to provide basic minimum services to the poor to improve their economic well-being. It is true that progress has been halted in Rwanda due to war and conflict. However, now a regime has come with a motto of conflict resolution and progress of the millions of poor Rwandans. The country is progressing after the war and genocide but we find that the lot of the poor has not been improving at the desired level. The millennium refocuses attention on the ambitious international development goals of equitable and universal access to basic education and health services. Special efforts are underway to go well beyond "business as usual" in countries (many in Africa) that have the farthest to go in meeting the goals for literacy and education, health, nutrition and gender equity (World Bank, 1999).

This paper seeks to offer some comments regarding the Basic Minimum Services (BMSs) in Rwanda especially health and education services and advance the hypothesis that proper financing; strong public action and people's participation are the key to the effective coverage and quality of the delivery of these services. Provision of health and education at a reasonable level of standards throughout the country is a goal which given the present approach and pattern of resource allocations is difficult to achieve in the immediate future. Rwanda's attempt to halt the deterioration in basic health and education of the poor could not bring the desired results unless there is participation by the public. Expenditure on health and education is critical for human capital formation and hence for growth. Also, as Jean Dreze and Amartya Sen have demonstrated the significance of public action in fighting hunger and famine (Dreze and Sen 1993). It is very much true in regard to basic services as well.

for the purposes of this study health and education services are specifically selected. An analytical perspective of the problem has been highlighted by using secondary data and suggestions have been made to improve the basic minimum services to rural area through Peoples campaign as prime need for poverty eradication and finally Pared a design for decentralisation of basic services in Rwanda.

The study analysed three questions with regard to Basic Minimum Services-Health and education. First is the magnitude of the problem; second, what have been the deficiencies of planning in Rwanda for which we have not been able to provide basic health and education to the poor? Huge amount of investments have been made during the last decade to increase the rate of growth of income with social justice. A number of poverty alleviation programmes have been introduced to improve the economic well being of the poor. Where have they failed to bring about a change in social transformation in this country (rural & urban)? . Third what type of new strategy need to be introduced so that we can achieve the objective. These are imponderable questions but that they need to be answered to make the impossible possible i.e to improve the basic minimum services through people's participation as prime need for poverty eradication.

### **Basic Minimum Service**

As distinguished from comfortable or luxurious living, the basic minimum services refer to that living which should enable man not only to keep his pulse beating but also should provide him basic necessities of a healthy life to live as an active and conscious citizen. This hygienic living, primary health services, a minimum education, a minimum nutrition, housing for shelterless people, opportunity for his exposure to gainful channels of employment, etc. are the basic minimum needs for every person.

The BMSs are integral to productive capacity of an individual. They constitute the minimal social infrastructure requirements without which a person is socially deprived and suffers an inferior quality of life. Therefore BMSs have critical role and are interrelated having complex relationship and tend to have mixed impact at local level. For instance, health facilities and drinking water are closely related where one impacts the other. If safe drinking water was not available as required by the community, it would pressurise the health infrastructure because of water borne diseases, which can be contracted by the communities in the absence of such water.

Similarly, educational facilities can impart knowledge on health, sanitation and pollution, which can favourably affect health status in the community by making students aware of such interconnections. Hence it is important to appreciate the 'synergy' impact of BMSs which cannot be overlooked.

During 1970,s International labour Organisation devised this notion of the basic needs as a strategy of development (ILO, 1976). The basic needs strategy has not emerged from a comprehensive and coherent theory (Martinussen John, 1999). However, the basic needs approach is trying to provide chances for the full physical, mental and social development of the human personality (Streeten, Paul P-

et.al, 1982), The basic mode of reasoning in support of the basic needs strategy is summarised by Martinussen in the following way:" Genuine economic development implies not only growth, but also persistent and measurable progress and social improvements for the poor and resources-weak groups in a society. . . . In this connection it is emphasized that being poor in a devoping country is not just synonymous with inferior purchasing power-there is a whole range of other symptoms associated with poverty" (Poor Health, poor Housing Stand, No education, Under-/malnourished, low productivity, little Purchasing Power, low income etc. contribute into Economic Poverty). It is in this context, the basic needs strategy embodies the moral imperative that everybody should contribute to satisfying the basic needs of all human beings in the world. Normative elements of this kind characterise much of the literature on basic needs (Martinussen John, 1999).

The World Bank Development Report (1990) argues that improvement in health, education, and nutrition of the poor are important not only in their own right but also to promote growth in incomes, including the incomes of the poor. The report re-examines how policy can help to reduce poverty and explores the prospects for the poor during 1990's. The evidence in this report suggests that rapid and politically sustainable programmes for poverty reduction have been achieved by pursuing a strategy that has two equally important schemes. The first element is creation of assets through labour, while the second one is to provide basic social services like primary health care, family planning, nutrition and primary education, etc. for the rural poor to improve the quality of their lives. The bank in its recent report has stated that community-driven public work schemes- often nationally funded and locally designed-have emerged as an effective means of enabling the poor to expand their income-earning potential. Social capital serves as an insurance mechanism for the poor who are unable to access market-based alternatives (World Bank, 2000).

#### **Human Development Index : Rwanda's Poor Record**

The Human Development Index (HDI) developed by UNDP since 1990 is an attempt to measure humand evelopment efforts. HDI tries to Rapture the formation of basic human capabilities, via literacy, the first step towards leading a productive life in modern society through acquiring knowledge, life expectancy for enabling people to attain some of their valued goals within reasonable healthy life span, and income for meeting a decent standard of living. It is seen that Rwanda's position has worsened as is evident in Human Develo- pments Reports 1993, 1996 and 2000 (See Table 1.). It is true that 1993 Report uses information belonging to year 1990 and 1996 Report uses information belonging to year 1993, the pre-genocide year and 2000 report uses information belong to year 1998).

Rwanda's HDI Rank has come down from 149 to 152 and to 164 during the years referred (a low rank at the beginning of 1990, is indicative to the fact that after the independence of Rwanda in 1962, the three decades have passed with out much progress in the quality of life of the poor Rwandans and the war and genocide made things worse). On two counts Rwanda worsened its position-in life expectancy and in real GDP. On educational front it could marginally improve its position as seen from the same table.

**Table 1.: Human development Index of Rwanda Over the years**

Years	Life expectancy (Years)	Adult Literacy (%)	Gross Enrolment rate (%)	Real GDP (PPP\$)	HDI value	HDI Rank
1993	49.5	50.2	47.0	657	0.186	149
1996	47.2	58.0	39.0	740	0.332	152
2000	40.6	64.0	43.0	660	0.382	164

Source: UNDP, Human development Report 1993, 1996 and 2000

### Health series in Rwanda

Rwanda is significantly worse than the Sub Sahara Africa in the case of health development. Table 2 gives information regarding the poor state of the poor in Rwanda, and poor progress made in the health sector.

**Table 2.: Health Scenario of Rwanda : A Comparison with selected countries**

Country	Zimbabwe	Uganda	Tanzania	South Africa	Rwanda	Malawi	Kenya	Burundi	Botswana
Public Health Ex.as % of GDP 1990-97	1.7	1.9	1.1	3.6	0.3	2.3	1.9	1.0	1.8
Infant mortality rate per 1000 live birth 1997	69	99	85	48	131	13.3	74	119	58
Adult HIV prevalence 1997 % of population 15 49	25.8	9.5	9.4	12.9	12.8	14.9	11.6	8.3	25.1
Safe Water % population with access 1995	77	42	49	59	44	60	45	58	70

Source : Republic of Rwanda, Rwanda development indicator, 1999

Rising population growth necessitates larger expenditure on health-public expenditure on health, as percentage of GDP, is lowest in the case of Rwanda (0.3) when compared to other African countries. Morbidity and mortality of infants are very high in Rwanda ( see Table 2). Adult HIV the population get safe drinking water. Morbidity and mortality is increasing in Rwanda and population growth is one of the highest 3.6% per annum) in the world. It is again disheartening to note that only 44% of population live in Rwanda with access to safe water. Pure water is an essential requirement to fight diseases. Whatever meagre sources are present from springs, ponds and wells, often become contaminated with harmful micro-organisms and resulted into endemic diseases an human disaster.

**Table 3: Existing Availability of Basic Minimum Services in Rwanda**

<b>Health Services</b>	<b>Year</b>	<b>Number</b>
Health centre	1998	3332
People per health centre	1998	224164
Beds	1998	5478
People per bed	1998	45
<b>Education services</b>		
Literacy rate (in %)	1998	52
Enrolment in primary (in %)	1998	87.3
Examination pass rate (in %)	1998	21
Enrolment in secondary education (%)	1998	7
Students per qualified teachers	1998	123
Students per primary schools	1998	1940
Primary schools per 10 sp.kms	1998	0.74

*Sources : Same as in Table 2.*

The data presented in Table 3 pinpoints to the poor condition of quality of life of the poor. Due to the lack of proper health care one Rwandan child out of five does not reach the age of five, 13 new born out of 100 die before their first birth day, the Rwandan live on an average of 50 years and seven Rwandan out of ten live below the poverty line with less than 1\$ per day (World Bank, 1999, Documentation Centre, Kigali). The greatest killer in 1996 was still the familiar disease as is evident from the figures in Table 4; malaria to be the major killer followed by respiratory diseases.

**Table 4: Common causes of death in Rwanda 1996**

Malaria	36%
Respiratory	20%
Skin	5%
Diarrhoea	4%
Sexually transmitted	1%
Traumatic	3%
Eye diseases	2%
Dysentery	1%
Measles	1%
Others	21%

*Source* : same as in Table2

If we are to reach primary health care to the entire population, we have to establish a number of primary health centers. The programme structure needs to be rebuilt with technically feasible and physically as well as financially operational schemes. The focus should be on closer attention to promotion of health care for the vulnerable sections of society and effective control of communicable diseases. Availability of minimum nutritional norm has to be ensured particularly to children and expectant mothers..

There has been a comprehensive breakdown of basic health services in the country as is evident from the national health statistics. There is no doubt that basic health services are important to improve the quality of life of poor people in this country. The principal constraint to the quality of life of poor people in this country. The principal constraint to the quality of health services in Rwanda is the lack of qualified human resources, shortage of finance and lack of community participation (RoR, 1999).

#### **Education Scenario of Rwanda**

The disaggregated picture of literacy revealed by the country statistics presents an extremely depressing scenario. Literacy percentage is 52. True the enrolment has increased since 1991. But more than 50 percentage of the students in primary schools in rural areas drop out because of the pressures of poverty and poor schooling services. Poor progress of education sector is reflected by the fact that the literacy rates of 56.4% for men and 49.5% for women in 1996 are lower than the enrolment rates. Further it is seen that low examination success rate (21%), lack of qualified teachers (46%), high number of dropouts (only 24% children finishing in 1998 completed the full 6 years of primary education), low enrolment rate in secondary education (7% in 1998) etc. continued to be the maladies of Rwandan educational system. When one compares the

Rwandan scenario with other sub-Saharan African countries (see Table 5) it is clear that Rwanda is logging behind in this sector too.

In recent times the country has initiated a number of programmes to expand its BMSs in rural areas. It is too early to measure the impact of these on the quality of life. Anyhow before assessing this, one should consider the level of expenditure by the government and the kind of policy initiative by the government to launch a major peoples programme. In the following section we look at these issue.

**Table 5: Education sector in Rwanda-A comparison with selected countries**

Countries	Zimbabwe	Uganda	Tanzania	South Africa	Rwanda	Malawi	Kenya	Burundi	Botswana
1) Public Expenditure on education as % of GDP 1996	8.3	2.6		7.6	1.2	5.5	6.6	3.1	10.4
2) Secondary school enrolment % Relevant age group 1996	49	12	5	94	10	17	24	7	65

Source : same as in Table 2

### Public Expenditure on Health and Education in Rwanda

Public expenditure on health, education, and welfare relief is a decisive factor in government's ability to reduce poverty in the short and on the long run. While fulfilling the primary responsibility of the government for improving the basics needs of life of the poor the provision of public goods that can do the most to make the living levels of poor people better. Rising population necessitates large expenditure on health and education. It is true that expenditure on education is necessary and it increases the productivity of labour force. But rapid increase in population leads to too much expenditure on education. In addition to this, expenditure on health will also call for further enhancement. At present the economy finds itself in a difficult situation to feed, clothe, and house the existing Population. But when it is attempting to provide it more people are born and taking to poverty and associate problem persists.

When examining the Rwanda case, it can be seen that the most important objective of the government's economic programme is to reduce poverty incidence. The government's strategy to reduce poverty includes the following. Improving the quality and accessibility of basic health and education services by substantially increasing spending in those areas and improving the number of trained health workers, and teachers, the provision of material supplies and the geographical distribution of resource and the

second is improving agricultural productivity and rural incomes through the market for inputs and products, promotion of rural schemes and the adoption of land reforms law providing for security of land tenure and next one is implementing the targeted poverty alleviation programmes, with special attention to the most vulnerable group-such as female and child headed household (inference from numerous documents especially RoR,2000).

Keeping these objective and social indicators of development, we now look into the public expenditure trend in social sectors with special emphasis on health and education which are considered as the important aspect of human capital formation and hence for economic growth. Has there been a significant improvement in social sector spending since 1994? This is a vital question as it affects the largest segment of the population-the poor. We now look at this question by considering the available national statistics on public expenditure with special emphasis on social sector spending-education and health.

Rwanda's public expenditure on health as percentage to GDP is one of the lowest in the world adds poignancy to this trend. It was 0.47 percent in 1990 as against 13.3 percent for USA, 6.7 percent for Nicaragua, 3.2 percent for Zimbabwe, 7% for Burkina Faso, 2 percent for all developing countries, 1.8 percent for least developed countries and 2.4% for sub-Saharan Africa (UNDP 1996, Table 12 & 29).

It can be seen from Table -6 that budgetary expenditure on health as percentage of GDP remains very low during 1990 to 1998. Only in 1994 budget allocation to health sector went up to 1.27% of GDP. But it decreased continuously from 0.52% in the year 1995 to 0.36% in 1998. During this period population increased very rapidly with a growth rate of 3.6 percent per annum, which is the highest growth rate in the world. However the sum of spending on health sector remains stagnant and population is growing very rapidly deteriorating the health conditions of the poor. A growing population necessitates growing expenditure for providing minimum health. If this situation prevails in Rwanda, it may bring multiples of ill effect on growing population.



**Table 6: Details of Health budget, 1990-1998**

Year	National Budget	Health Budget (Million Frw)	Health budget (Heal)	Index Health Budget (Real)	GDP (Million Frw)	Health Budget % to GDP	Health Budget% to National Budget	Health Budget Growth rate in%
1990	31118	1003	940.0	100.0	213533	0.47	3.2	
1991	37815	1462	1202.3	127.9	237369	0.62	3.9	45.76
1992	46552	1879	1462.6	155.6	269015	0.70	4.0	28.52
1993	43611	1909	1336.1	142.1	81868	0.68	4.4	1.59
1994	22183	2100	1389.4	147.8	165792	1.27	9.5	10.00
1995	42093	1738	609.4	64.8	337200	0.52	4.1	-17.24
1996	55735	1390	445.7	47.4	431140	0.32	2.5	20.02
1997	64011	1686	461.6	49.1	562481	0.30	2.6	21.29
1998	75345	2275	598.6	63.7	631680	0.37	3.0	34.93

*Note :* 1. Deflated by using Consumer Price Index Base 1989=100  
2. Growth rate of health budget was 15.85% per annum during 1990-98 and 2.08 during 1994-98

**Source :** same as in Table 2

Table -6 also shows that the health budget as percentage of national budget is deteriorating during 1994-1998 and is not in a position to increase more than what was prior to war. When one looks into the real expenditure (deflated with consumer price index) on health, it can be seen that it has declined during the reference period. This is not in accordance with the requirement of the growing population. When we look in to recurrent expenditure as percentage of national budget, it was very high-29.5% in 1995, 11.8% in 1996 and 84.8% in the following years (RoR, 1999). It shows that the amount available for caring and nursing the poor in this country is very low and due to the occurrence of more recurrent expenditure in this year, there is no significant investment expenditure.

From the analysis it is clear that the government spending on health sector in Rwanda remains stagnant in the context of growing population and the deteriorating health conditions revealed earlier.

Education as a form of investment directly result in to the acquisition of skills that improve the income of the individual and the growth of the economy and indirectly increase productivity through better health, nutrition, and knowledge of and desire to practice family planning and will bring direct impact on population growth and eradicate poverty.

**Table 7: Details of Education Budget, 1990-1998 (Million Frw)**

Year	National Budget	Education Budget	Education (Real)	Index Education Budget (Real)	Education Budget as % N.B	Education Budget as % GDP
1990	31118	6239	5847.2	100.0	20.0	2.92
1991	37815	4188	3444.1	58.9	11.1	1.76
1992	46552	7214	5615.3	96.0	15.5	2.68
1993	43611	7385	5168.7	88.4	16.5	2.62
1994	22183					
1995	42093	5106	1789.7	30.6	12.1	1.51
1996	55735	6756	2166.1	37.1	12.1	1.56
1997	64011	10865	2974.5	50.9	17.0	1.93
1998	75345	15941	4194.1	71.7	21.2	2.52

**Source :** Same as in Table.2

It can be seen from Table-7 that there is increase in education budget as percentage of National Budget during 1995-98 and similar is the trend observed in the case of education budget as percentage of GDP. Even then, it remains very low compared with sub-Saharan countries (see Table-5), and in real terms it has not reached pre-war periods. Table-7 showed improvement in education budget because of the importance given by the government to this sector. Though the primary enrolment rate is high (87%) in Rwanda, there are many problems in the education sector. They are:

The quality of primary education is low as reflected in the low literacy levels of both men (56.4%) and women (49.5%), which are lower than the enrolment rates. This may be due to the lack of qualified teachers, teaching materials and high number of dropouts (76%);

The enrolment rate at secondary level is too low (only 7% in 1998);

Technical and vocational training is lagging behind when one looks at the labour market demand for such jobs; and

There are large regional variations in the education system of Rwanda as some of prefectures are performing very poorly (ROR, 1999).

#### **Provision of BMSs in Rwanda: Limiting Factors**

It is however painful to note that even after many years of independence from colonial rule, Rwanda has yet to achieve the objective of good living conditions to its citizens. It is true that, the country was war ravaged and most of the achievements were neutralized due to that. In addition to this, it is learned that the past regimes failed in developing a viable strategy to this end. The new government of Rwanda very recently adopted a decentralized planning policy and strategies with a view to giving more parti-

cipation to the people in the developmental activities. As per this, prefectures, communes, cells have the responsibility of local level area plans. These plans are important in improving basic services throughout the country in the years to come. But how many prefectures, communes, sectors and cells in Rwanda have duly constituted planning committees and put them into action? The experience elsewhere has taught us that no scheme can be properly implemented without the involvement of the actual beneficiaries. The capabilities of the people are best built up through better education, better health care and better participation in influencing the lives they are destined to live. Of course, the entitlements like land, right to work, social security etc. are equally important to participate in the market. All these are inter-linked in some measure, as education is basic to building capabilities. But the moot question is; Has the notion consciously built the capabilities of the people whose agency is critical in transforming the society?

The first and foremost reason for the failure to achieve the basic services has been the lack of financial resources. While financial allocations for health and education services have increased considerably after 1990, the increase is only in absolute terms. As analysis of allocation in terms of proportions illustrates that, it has in fact been reduced. At the same, the government had also not been in a position to raise additional funds for investments in health and education services (Lizy; MA.,2000).

Secondly, rapid population growth has been an important factor contributing to the deteriorating living standards, which has offset the education and health services in this country.

Thirdly lack of people's participation has also been a cause of poor education and health services. There is not much awareness among the poor people. This has been recently confirmed by the World Bank in its review of developmental efforts around the world; it stated that many services that affect the poor most-water, health, education, and transportation -are best managed at the local level in ways that respond effectively to local needs (World Bank,2000).

Deplorable state of BMSs in Rwanda raises a number of issues. For instance, comparatively poor state of health of men, women and children, levels of nourishment, kinds, duration and frequency of their illness prove detrimental to the quality of life and productive **capacities.**

### **Provision of BMSs through People Participation in Rwanda.**

People's participation in developmental programmes at local level in Rwanda was more of rhetoric than a grass root reality. Conventionally experts, development specialists, extension workers and others tell people what is best for them and how they should be

approaching their problems including problems of accessing basic minimum services. Many of the experts, still think that their professional and technical solutions are enough to resolve people's problems and alleviate poverty. Recently, however, there has taken place a shift of emphasis from "expert" planning to people planning for themselves (Robert Chambers, 1983; Korten, David C.1990). The following factors influence people's involvement in BMSs:

Plans and solutions prepared by outsiders to local community are not yielding satisfactory results. It is also realized that local communities understand their problems first; local communities can also suggest solutions and look for opportunities to implement such solutions; and local communities can themselves get involved in delivery of basic minimum services and have arrangements which are sustainable, e.g. they can form self help groups; contribute and maintain assets and take care of them in the long run.

In this context it is pertinent to be aware of the existence of a success model elsewhere. The human development report published by UNDP in 1996 depicted the example of links between growth and development through the experience of Kerala state in India with a population of 30 million and despite records of low income and low productivity growth, Kerala has made human development gains that outstrip those of other Indian states and may developing and developed countries. Its health indicators are similar to those of high human development countries. Mass literacy (100%), good health and good education are the two major cause of bringing up the level of human development index associated with the strategy of sustaining human development through public action by people, their organizations and the state [UNDP 1996, Human development report, Box3.5).

### ***Opportunities for People's Participation***

Local level institutions and planners and administrators have a great challenge as well as an opportunity to organize people's participation around BMSs like health, drinking water, education and others (Mukherjee Neela, 1993). For instance, by detailed health need assessment by local people, and ways and means of intervention, an action plan for health can be formulated. A panel data based on state of commune health can be constructed by community and updated from time to time. Such data can provide enough details for determining the nature of intervention and also plan for contingencies. Communes and the message of preventive health care spread amongst communities can revive indigenous medicinal system such as herbal and other treatment. Selected people can be trained in health care and their services contracted in local community-Seasonal health care can be emphasized by planning prevention and

treatment of epidemics, which occur seasonally. In Rwanda, the following points are relevant.

Learning from people : indigenous knowledge about various dimensions of BMSs rests with local communities. It is they who know best the issues in question, the problems involved and the nature and frequency of such problems, the extent of deprivation, the factors determining it the coping strategies adopted, and the ways to minimize or resolve such problems. It is the development workers who can learn lessons from locals about community perspectives. This is of paramount importance in any related planning

Ways of people's participation : What are the ways do it? There are powerful field methods for evoking people's participation and for doing peoples micro appraisal and planning. The participatory methods consist of ways, tools and techniques to evoke and organize participation so as to make it creative, interactive and analytical. The methods help in involvement of local communities because it is they who do their own analysis through such methods, explain their findings and propose actions on that basis. Some of the major methods are group formation, participatory mapping, joint walk, matrix scoring, time line etc.

Simple methods : The methods are verbal (or spoken) and visual or those which can be observed visually and involve use of signs, symbols, objects, models, measures, etc. They are based on maps, diagrams, and relative scoring and ranking for comparison, card sorting, listing and other different ways. They provide multiple framework for identifying causes and analysis of their effects and thereby help in moving into spheres of participatory action. They are simple and handy and can be used by literate/illiterate/semi-literate and professionals.

The methods help local community to be involved in making such plans an in implementing them. These methods help in projecting the perspectives of community members including the weak and the marginalized who otherwise tend to remain hidden and omitted.

### **BMSs-Suggestions for Development workers in Rwanda**

#### ***The following are the suggestions:***

Women-key informants: For the sake of participatory planning and action it is important to realize that one set of key informants regarding basic services are women. The women perform a crucial role in the area of provision of drinking water, educating their children and health care in addition other activities which include collecting fuel and fodder, cooking, child rearing, household activities and farm operations. This makes it important of women to have opportunities to participate in local level planning and actions

Strategies : Seasonal strategies for maintaining BMSs are integral to any such planning and action. In this case local people can be encouraged to provide minute details of planning for such services, and in this light, appropriate seasonal strategies can be formulated for encountering problematic seasons.

Role of local level government: local self-governments at all tiers can plan better supply and distribution of selected services like health and drinking water. For instance, the emphasis need to be on local critical periods in the areas concerned when supply of drinking water is required to be augmented. It can arrange for off-season employment opportunities of implementing vigorously wage employment generation schemes so that poor people have grater access to food, private health facilities and other accessories during critical period.

An enabling environment: There can be several poor groups within the community and it is important not only to recognize their identities, needs and priorities regarding health, drinking water, education etc but also create an enabling environment for their participation in meetings and decision making.

Sustaining local level actions: It is also important to thrash out issues in rights, duties, accessibilities, privileges, ownership claims, etc. for BMSs. Unless such issues are resolved and settled amicably sustainability of local levels actions cannot be assured.

Even after many years of self-rule and expert planning, we have not made much progress in the direction of providing BMSs to people of this country. This is mainly because we missed the grand opportunity of involving people in making their own plans and putting them into action. It is time that we recognize people's ideas, knowledge and capabilities and entrust them to become decisions makers by planning and implementing projects for delivery of BMSs. Rwanda's future at micro-level lies in people's participation and strengthening of decentralized planning process.

#### **Organisational auspices-A Design suitable for Rwanda**

The issues relating to organizational auspices for ensuring rural BMSs are critical but are by no means self-evident. While it is easy to identify the governments functional departments which are to initiate and support the various community services, such a choice is by no means easy with regard to the need based services with shifting programme objective. Secondly, it would strengthen the efforts of the government functional only in facilitating, monitoring and evaluation of the BMSs. The changing functional responsibilities of the various need based programmes due to a change in their objective, organizational auspices, and financing methods would call for an adaptive organizational response at the national level, which may adversely affect the entrenched bureaucratic interests. Givovanni and

Germano in their study on health status in sub-Saharan Africa argues that policies should enhance access to publicly guaranteed basic health services to all of the population by a multiplicity of providers regulated by public authorities (Giovanni Andrea Cornia, Germano Mwabn, 2000).

The next issue to be addressed is that efficient management of the rural BMSs would require a clear separation of the provision on the one hand, and production cum-delivery of the services on the other, in the rural areas. Without a decentralized strategy-both governmental and market based-it is not possible to achieve the ambitious coverage of the BMSs in terms of their quantity, quality and targeted beneficiaries. The ground rules for decentralized service provision have not been adopted so far at a policy level in the country. The issue as to when to decentralize service provision has not been adopted so far at a policy level in the country. The issue as to when to decentralize a particular service to the local government; including the choice of their particular level; and when to opt for non-governmental and market provisions. This should not be left to ad-hoc political decisions. The justification for decentralization may thus be related to the ability to mobilize a minimum level of local contribution for community public and semi-public services, together with the adoption of vouchers and food stamps as a substitution for bureaucratic delivery of consumption-support services. Such a strategy is indicated in Table 9, with a minimum level of expenditure sharing for the community component, and the use of non-government auspices for the need-based component of the rural BMSs have been suggested.

### ***Financing methods***

Financing is crucial to providing education and health services particularly to the poor. Financial management of education and health services needs to be rationalized. Apart from this private sector efforts for construction and maintenance of education and health projects could be encouraged and mobilized to the maximum extent feasible. Due to the limited revenue generation capabilities of the local self governments and unless this is corrected through their tax authority and entitlement to shared tax revenues, it is unrealistic to assume that these bodies would demonstrate necessary fiscal responsibilities (Lizy. M.A.1990).

On the other hand, if the non-government agencies-both voluntary and private-are able to generate the required the quantum of service charges from the beneficiaries which the local self-government are unable to do then there is no reason why the local self government are to be chosen for this purpose. The proportion of expenditure sharing by the Production delivery agencies, of course, notional has not been decided on the basis of performance experience. But

the requirement of latent competition between the local self-governments and other non-governmental agencies to be the basis of organizational choice has to be introduced. The possibility of de-bureaucratization in the production cum delivery of the BMSs through vouchers has been indicated for curative health, primary education and housing as alternative to expenditure reimbursements. There is need to restructure public distribution system in order to reach the target groups

The arrangement for expenditure sharing between the government and the functional departments and the production cum -delivery agencies would imply maintenance of earmarked accounts for each of the community services; in respect of expenditure reimbursement or their substitute instruments like vouchers and food stamps, the situation is relatively easier in organizational terms. Also alternative financing of social welfare services through social insurance has to be attempted to reduce dependence on budgetary support.

The main argument so far is that in order to achieve the high expectations of BMS in Rwanda, it is imperative that there should be a decentralized approach for the provision and production cum delivery of these services. While the decentralized strategy is neutral between the local self government and other non governmental agencies for community services, with regard to the need based services there is a possibility to adopt a de-bureaucratized strategy through the issuance of entitlement vouchers and food stamps. These methods are being used in other developing countries as well. The primary responsibility for initiating the thrust to widen the coverage for the community services, together with effective targeting of the need based services rests with governments functional departments through fixation of services levels, standards, and cost norms, and allocating necessary funds to the decentralized agencies through specific grants and expenditure reimbursements or their substitutes.

However, in the choice of the decentralized organization and strengthening the local self-governments in particular, the efforts of the functional departments are to be supplemented by a rural development department. These would be possible only when the cost and revenue centres for these services are properly identified and output targets fixed to achieve the specific functional objective.



**Table 8 : Design for decentralization of basic services in Rwanda**

Services	National level functional departments	Organisational auspice			Financing methods
		Provision	Organisation at Production/d elivery	Instrument	Expenditure sharing (%)
<b>Community services</b>					
Water supply	Public health	Commune	Sector/PA	Water tax /charge Specific grant	50 (50)
Village Roads	Public works	Commune	Sector/PA	General taxes Specific grants	(20) (80)
Public Health	Health	Commune	Sector/PA	Taxes/fees Specific grants	(50) (50)
Curative Health	Health	Préfecture	C/VA	Fees Vouchers/insuran ce	(20) (80)
Elementary Education E.g. Total literacy	Education	Commune	S/VA	Taxes/ local Contribution Expenditure reimbursement	(20) (80)
Primary education	Education/we I-fare	préfecture	C/VA	Fees Vouchers	(20) (80)
<b>Need based services</b>					
Nutrition (e.g mid day meals)	Education/ Welfare	Prefecture	C/VA	Fees Stamps	(-)
PDS (e.g. rural poor)	Civil supply/Welfare	commune	PA	Commodity rations Food stamps	(-)
Shelter (e.g. for landless)	Housing/health	Prefecture	VA/PA	vouchers	(-)

**Note:** P : Prefecture, C : Commune, S : Sector, VA : Voluntary Agency, PA : Private Agency, (.):Nil.

## CONCLUSION

Making arrangement for education and health for each and every person in a country like Rwanda is a stupendous task. Concerted efforts of the government and support of external agencies with people's participation at the grass root level would therefore be necessary.

There is a need for the active involvement of the people in ensuring success of the schemes. Peoples' involvement could ensure transparency and accountability of the system. They should be involved in the assessment of the situation, the definition of Problems and the setting of priorities. The first thing to ensure Peoples participation is to make them fully aware of the various schemes prevailing in this area. They could be made aware of, through effective propagation, relevant information, increased literacy, and the development of the necessary institutional arrangements, through which individuals, families and communities can assume responsibility for their education, health and well-being.

The problems and solutions are known for long. Only they need be addressed now quickly. While summing up, it may be opined that acceleration of the pace of implementation of education and health programmes is an urgent imperative and much more concerted effort needs to be made by the government through people's participation. The target of "Health for All" is a formidable task for a developing country like Rwanda. Though there may be a lag in providing safe water and primary health facilities to each and every citizen by 2005, all our efforts should be made to cover the poorest of the poor by adopting appropriate methodology and orientation. Further, substantially large financial investments need to be made for rapidly improving the education and health profile of this country.

Bringing people to the centre stage of the development process would make them the subjects of their own development and they would cease to be the objects to be studied and manipulated. The community should be encouraged through incentive to participate in the creation and maintenance of the schools and health centres and other facilities.

The varying levels of causality in social sector require special approaches to this sector of this economy. The study reinforces the urgency of additional resources for poverty alleviation through appropriate institutions. In this context it is important to recognize that there could be many other influences on poverty and that the principal responsibility for alleviating poverty objective should lie with government through peoples participation.

The task is difficult one. It requires recognizing the fact that there is a widespread poverty of the poor in this county, and it affects different ways and with different degrees of intensity every group and people including the non-poor.

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## CHAPTER 5.

### COOPERATIVES AND POVERTY REDUCTION IN RWANDA

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&

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#### **Introduction**

Rwanda is one of the poorest countries of the world. Sixty five percent of the population is living below the poverty line and other economic and social indicators also show the intensity of the poverty of the country.

The government of Rwanda is committed to an integrated development of the country through good governance, privatization and poverty reduction. As a part of its grand strategy it has a vision for poverty alleviation and working towards drawing a poverty reduction strategy to be implemented starting from 2001. Hence, this paper is a modest attempt to show how the cooperative sector can be adopted as a channel for achieving poverty reduction. This paper is based on mostly secondary data and the observations the researchers have made in their course of interaction with the cooperative enterprises and poverty problems.

The paper is presented in five sections. In section one poverty in Rwanda is analysed whereas the second section is devoted to present the scenario of cooperatives in Rwanda. The third section summarises the impact of some cooperatives in practice on poverty reduction. The lapses in cooperative sector are analysed in the fourth section. And the last section presents the recommendations and cites a model of cooperatives to be the effective means to alleviate poverty in Rwanda and to become vibrant means of economic development process.

#### **Poverty in Rwanda**

Poverty is a universal phenomenon but it has been deep rooted in Sub-Saharan African countries, and the case of Rwanda is most notable. At global level it is one of the poorest countries. Sixty five per cent of the population is living below the poverty line. As stated by MINECOFIN (Rwandan Ministry of Finance and Economic Planning) " Poverty in Rwanda is a complex phenomenon that is characterized by the double impact of inherent structural problems that date back last 30 years and the effect of genocide in 1994" (MINECOFIN, 22-23/02/2000:1). By quoting a World Bank poverty assessment (Household Budget Expenditure Survey) completed just before 1994, the DFID-UK country strategy paper reports that the

proportion of households below the poverty line has risen sharply from 40 per cent in 1985 to 53 per cent in 1993 and to a mind boggling estimated level of over 70 per cent in 1996 (DFID, 1999:2)

The nature of poverty in this country is multidimensional. The spread of poverty is wider in rural areas while it has been increasing in urban areas as a result of increasing unemployment and falling real wages. A high proportion of vulnerable groups such as widows and orphan survivors of the genocide, are deeply poverty stricken. The DFID country strategy paper (1999:2) claims that "Poverty in Rwanda is not just the result of devastation of the genocide; it reflects a history of conflict from colonial times because of failure to convert physical and economic assets which can be shared by all Rwandans; and growing pressure on land and other resources. The 1994 genocide was the latest and most serious manifestation of this".

The causes of the increase in poverty in rural Rwanda as identified by the participatory poverty assessment done by the World Bank (1998:13) include:

- Population displacement
- Destruction of livestock
- Lack of family labour
- Rise in price of basic goods
- Lack of seasonal savings
- Lack of access to appropriate seeds
- Restriction on labour mobility
- Soil degradation due to population pressure
- Uncertainty of land tenure or conflicts
- Price of/access to tools
- Lack of pesticides
- Lack of access to veterinary products, and
- Unemployment

The principal cause of increase in poverty in urban areas was the high food prices which can be correlated to the drop in agricultural production particularly during the post-genocide period. The increase in price of food and drinks was almost 400 per cent compared to 1989; The World Bank staff estimated that the price of the basic basket of foods typically purchased by poor households rose by over 98 percent between January and December 1997.

The World Bank (1998:25) maintains that the impact of this high degree of impoverishment is very severe as its participatory poverty assessment reveals.

Its includes:

- Reduction of number of meals per day
- Reduction of quantity and quality of food
- Withdrawal of children from school

- Recourse to traditional healers, self-medication or absence of treatment for hearth problem.

The basic characteristics of the economy testify the chronic and deep-rooted poverty in Rwanda. Table 1 reveals that Rwanda's economic indicators are comparatively far below the average levels of Sub-Saharan Africa. Rwanda's per capita income was \$240 as against \$510 of Sub-Saharan Africa and similarly foreign direct investment was only 0.1 percent of GDP against 1.3 percent as in the case of Sub-Saharan Africa. Financial credit to private sector as a percentage of GDP was only 8.1 while it was 65.1 for Sub-Saharan Africa. The domestic revenue as a percent of GDP was only 10.5 percent for Rwanda while Botswana ranks high with 49.4.

**Table 1: Rwandan economic indicators compared to Sub-Saharan African averages-1997**

<b>Economic indicator</b>	<b>Rwanda</b>	<b>Sub-Saharan African Average</b>
GNP per capita (US\$)	240	510
Foreign direct investment (%of GDP)	0.1	1.3
Financial credit to private sector (% of GDP)	8.1	65.1
Unemployment (% of total labor force)	31.1	11.1

*Source* ; MINECOFIN (1999), *Rwanda Development Indicators*, Kigali.

Even in comparison to the world's average (26.6 percent) Rwanda stands far behind.

On the social front the country has been facing several setbacks. Table 2 depicts the salient social indicators, in which the relative position of Rwanda is presented. Life expectancy is lower by two years compared to Sub-Saharan African average. Infant mortality rate is higher by 40. There is a sign of improvement with reference to access to safe water and sanitation as Rwanda had the benefit of creating these facilities covering greater percent of population.

**Table 2: Social indicators of Rwanda compared to Sub-Saharan average-1999**

<b>Economic Indicator</b>	<b>Rwanda</b>	<b>Sub-Saharan African Average</b>
Life expectancy at birth (years)	49	51
Infant mortality rate (per 1000 live birth)	131	91
Access to safe water (% of population)	66	45
Access to sanitation (% of population)	86	37
Literacy (% of population aged 15+)	48	43
Combined first-second third level gross enrolment ration (%)	43	44
Gross primary enrolment (%)	80	75

*Source.* MINECOFIN (1999), *Rwanda Development indicators*. Kigali

Less than half of Rwanda's population is literate but Sub-Saharan African's average is lower. It may be attributed to the increased primary enrolment to the tune of 80 percent. However, it can be noticed from the table that the combined first-second -third level gross enrolment ratio is only 43 percent which is lower by one percent compared to Sub-Saharan African average. This is due to low enrolment at second and third level.

The grim social and economic indicators exemplify the structural weaknesses of the economy which act as the bottlenecks and incapacitating the people to be improved on economic front. A MINECOFIN (22-23/02/2000:2) report discloses that peculiar to Rwanda is the genocide related poverty and it resulted in the emergence of the "new very poor" category. To quote the report " The percentage of the households considered "complete"-with two or more able -bodied adults -fell from 86 percent before the war to 16 per cent after the war, with the remainder made up of female-headed households, male widowers, child -headed households, old and the handicapped".

#### ***Attempts to reduce poverty***

The government of Rwanda is engaged in fighting poverty; It has created the National Programme of Poverty Reduction operating in the Ministry of Finance and Economic Planning. The objective of the programme is the elaboration and implementation of the participatory poverty reduction strategy in Rwanda. The organs of the programme are the Inter-ministerial Commission as the Policy coordinator; the Steering Committee as a supervisor of the technical committee for the formulation of the poverty reduction strategy; and the Technical Committee.

The Government has been meeting exceptional social spending through the Victims of Genocide Fund (VGF) (MINECOFIN022-23/02/2002.°; The VGF was established in 1997 by law with a provision of allocating five percent of all revenues to the fund.

With regard to macroeconomic initiatives targeted at poverty reduction, the government emphasizes that "macroeconomic policy must promote stability and incentives which are friendly to economic growth-which require incentives to encourage increased exports" (MINECOFIN, July 1999:63).

In pursuance of these objectives, the government has prepared an interim poverty reduction and growth strategy (PRSP) paper in which policy actions to raise growth and reduce poverty are integrated into coherent framework of microeconomic, structural and social policies. A final interim poverty reduction strategy paper was developed in September 2000 with an aim of developing a full-fledged poverty reduction strategy in 2001 after getting the results of household living standards survey.

As a component of the overall development strategy in association with the government of United Kingdom, the Rwandan Government is committed to the following strategic actions aimed at poverty reduction (DFID, September 1999:11):

- Programmes to raise rural agricultural productivity which is the main focus of poverty.
- Employment generation, vocational training and skills development to try to absorb the rising number of unemployed youth;
- Rebuilding rural capital and incomes.
- Improving secured access to land by reforming the land law.
- Promoting employment creation through private sector development.
- Promoting national infrastructures (roads, water, power) as necessary.

But the development strategy contains no indication about the process of implementation and means of implementation. In line with this poverty reduction component of development strategy, the MINECOFIN (22-23/2000:2) categorically aimed at that the poverty reduction strategy for Rwanda must deal with :

- Low productivity, low value agriculture and livestock
- Problems of vulnerable groups to ensure sustainability
- Low skills and
- Employment creation

An attempt is made in the following paragraphs to show how the cooperative form of organization can be best used to meet all of the objectives set in reducing the poverty. It looks back at the historical evolution of cooperatives for the case of supporting the poor, cites the practical examples of cooperatives making significant contribution to Rwandan case and ends up with a framework of cooperative system that help poverty reduction in a practical way.

### **Cooperatives-away to fight poverty**

Mr Boutros Boutros Ghali a former UN Secretary General, once acclaimed that "Cooperative enterprises provide the organizational means where by a significant proportion of humanity is able to take into its own hands the tasks of creating employment, overcoming poverty and achieving social integration based on equity, justice and solidarity". (Sanjeev Choprea 1998:1). Significantly the three important issues viz creating productive employment, overcoming poverty and achieving social integration are highly relevant to Rwandan case. As there is a pressing need for achieving these three much wanted results, the cooperatives can be adopted as means of implementation.



### ***Genesis of cooperatives as a responsible to the poor***

The cooperative system originated in Europe as a response to the poor people who were adversely affected by the industrial revolution in England, Germany and other parts in mid 18<sup>th</sup> Century (International Cooperative Alliance and International Federating of Agricultural Production, 1967:10). The Rochdale system (England) was cropped up to meet the problems of poor consumers due to spiraling prices. Thus the pioneers showed the way by organizing themselves into cooperative on the lines of agreed principles. The Raffeisn system (Germany) on the other hand was the result of the peasants organizing process to become farmers as a consequence of the new factors of production. The Schulze-Delitzsh system (Germany) was born in response to the artisans who were losing the security of their guilds as new impersonal technologies created a complete alienation.

While agreeing with the fact that the poor needed cooperation as a means of survival much more than the privileged sector, Sanjeev Chopra (1998:4) by quoting a CDF discussion paper maintains that " by constantly repeating that cooperatives are only for the poor, we seem to be missing out one major opportunity to promote a more rational equitable tomorrow".

Recognizing the truth that the cooperatives are for the poor who need protection, support and guidance, it is imperative to understand that the mighty arm of the state is required to protect them from the market. It is essential because the poor must be subjected to a different regime of interface with the state than the rich. For instance in India, the registrar's role in companies Act is limited to registration while the registrar of cooperative societies has a large role to play (B.S. Mathur, 1999:501). Besides registering the cooperatives and administering the cooperative law, the registrar of cooperatives does a host of things such as auditing, elections, dispute resolution, staff matters, amendments of byelaws etc.

Rwanda's history of cooperatives began with the passing of a decree on cooperatives on 16<sup>th</sup> October 1949. At present there exists many successful cooperatives contributing to the fulfillment of the members needs Table 3 provides a comparative picture of cooperatives and pre-cooperatives prior to and after genocide. It indicates that the full-fledged cooperatives were reduced by around 63 percent from 707 to 263 because of the tragedy of 1994; However pre-cooperatives are exhibiting an increase by 23.7 percent from 3008 to 3721. it shows that the people of Rwanda have been slowly resorting to the cooperative effort. It is a good sign, which deserves appreciation, The table indicates that the Ruhengeri and Gisenyi prefectures have been affected; much as the number of cooperatives decreases by 95,92 per cent and 83,26 per cent respectively.

With regard to pre-cooperatives there has been considerable progress in the registration of pre-cooperatives in PVK, Kibungo, Ruhengeri and Cyangugu prefectures. On the other hand, there was no improvement in the remaining prefectures as the number of pre-cooperatives have not yet reached the number existing prior the genocide. Gisenyi, Kibuye and Gikongoro were worst hit in this aspect. Gerard NDAMAGE (August 1999) reveals that there are successful cooperatives in Rwanda working in the sectors like agriculture, livestock, fishery etc.

**Table 3. : Prefecture wise number of cooperative and pre-cooperatives before and after genocide**

PREFECTURE	COOPERATIVES			PRE-COOPERATIVE		
	Before genocide	After genocide	% Decrease	Before genocide	After genocide	% change
GITARAMA	48	34	41.14	220	180	-18.18
RUHENGERI	49	2	95.92	272	812	+198.53
GISENYI	239	40	83.26	275		-100.00
KIBUYE	44	18	59.09	196	19	-90.31
BYUMBA	43	19	55.81	493	300	+39.15
UMUTARA		2	0			
KIBUMBO	55	26	52.73	1333	550	+313.53
KIGALI RURAL	48	35	14.58	388	450	+15.98
PVK	51	12	76.47	61	300	+391.80
GIKONGORO	42	22	47.62	202	40	-80.20
BUTARE	51	31	39.22	525	620	+18.20
CYANGUGU	37	2	40.54	243	450	+85.19
TOTAL	707	263	62.80	3008	3721	+23.7

**Source** MINAFASO (28 -29 August 1999), Report on the seminar on the National policy for the Development of Cooperatives in Rwanda, Kigali

They include CODERVAM, CODERIBU, COPRORIZ, CONFIGI, COVEPABU, KOABOMU, BENINKA, COOPTHE, COPLINK. He claimed that these are the enterprise which have roots in Rwandese culture and use domestic resources, hence they need to be promoted and encouraged. Other cooperatives which deal with money are Banques populaires, COOPEDU and CEPS. These are savings and credit cooperatives.

#### **Some success stories from the practice**

For the purpose of the present paper the following cooperative have been taken for brief analysis :

1. CODAF ..... AGRICULTURE
2. UBPR ..... CREDIT AND SAVING
3. ABATICUMUGAMBI... WOMEN COOPERATIVE
4. KOABOMU ..... MILK

## **COODAF - RUHENGARI**

COODAF stands for the Cooperative pour le Developpement Agricole, l'elevage et Foresterie. It is located in Kigombe commune of Ruhengeri prefecture. It came into existence on 11<sup>th</sup> June 1997 out of the initiative of those people who were suffering from agricultural related problems. The cooperative has three essential activities viz farming, cattle keeping and forestry. The nine founding members started the cooperative with a contribution of 100.000FRW each in 1997. Its activities include undertaking farming activities, marketing of outputs and supply of inputs. N1YONZIMA Gaetan (May 2000:35) diagnosed that the COODAF succeeded in achieving its objectives. Its own capital has grown to the level of RFW 24.60 million while the asset base reached the mark of RWF 52.27 million. The profit earned by the cooperative was to the tune of RWF 10.13 million. The types of agricultural products it is producing include a wide variety such as potatoes, beans, sorghum, wheat, maize and even some livestock such as rabbits.

There was a quantum jump by 20 times in the production of potatoes from 19 tones in 1997 to 381 tones in 1999. Similarly the output of tomatoes rose by two and half times from 400 tones to 1000 tones in 1999. The other products were also produced either in the same or related quantities. It has also distributed a wide variety of inputs such as fertilizers, pesticides etc. It distributed 104 tones of fertilizers in 1998 and 160 tones in 1999. Thus the COODAF stands for a vibrant economic force which attained remarkable results within a short period. The success may be attributable to the active participation of members in their cooperative and also to a certain extent of the favourable climatic conditions. As a vibrant economic force with its value additions, it has members prosper by facilitating them to come out of the vicious circle of poverty.

## **UBPR**

People's Bank Union of Rwanda (Union des Banques Populaires du Rwanda) is a credit and saving cooperative bank operating throughout Rwanda. It was established in 1975 with the assistance of Swiss government. Today the UBPR has 141 local people's banks working in different areas of the country. People's banks effectiveness was affected adversely due to 1994 war and genocide, but started operating slowly with the financial and managerial constraints. People's Banks union has the major goal of contributing towards capital formation. Spreading in all of the prefectures of the country, UBPR has more than 300.000 members.

The distribution of deposits by social and professional categories according to UBPR 1998 statistics is as follows

Farmers	19.5%
Teachers at primary schools	5.2%
Other employees	19%
Traders	12%
Artisans	2.9%
Cooperatives and small business	6.5%

This shows that UBPR has succeeded in penetrating the country, especially the rural area, in mobilizing savings and capital formation. More than 70% of the members are people with low income and majority of them are living in rural areas. Hence we can say that UBPR is pro-poor.

On the other hand, the mobilized savings allow UBPR to deliver credits. The distribution of credits among different social and professional categories is a good indicator of whether UBPR is or not pro-poor. UBPR statistics of 1998 show the following distribution of credits:

- Farmers	5.4%
- Employees	3%
- Traders	18%
- Artisans	5.1%
- Housing	49.2%
- Transport	6.2%
- Coffee Businesses	1.8%

Although the distribution of credit among different social and professional categories shows that the most savers are not the most credit receivers (because farmers' deposits constitute 19.5% of the total deposits and they receive only 5.4% of total credit). The larger part of UBPR credits goes to rural area and has indirect benefit to rural poor. In that context, we can also say UBPR is pro-poor

#### **ABATICUMUGAMBI**

ABATICUMUGAMBI is a women's cooperative established in 1975 with a total membership of 100 women in Kinyamakara of Gikongoro Prefecture. ABATICUMUGAMBI is an example of women initiative in attaining economic and social integration especially after 1994 war (KEMIGISHA Annah, October 2000). The cooperative had a small piece of land (two acres) and took activities of common farming of rice, wheat, sorghum, beans, maize etc. Besides the cooperative also deals with livestock operations. The members of the cooperative helping each other in times of distress. The cooperative offers such benefits like medical treatment, maintenance of houses and education to children. It is observed that this small cooperative with

limited means has succeeded in helping the members to sustain and able to :

- Provide employment
- Mobilize little resources
- Provide education to members to enhance the productivity of farms
- Provide shelter
- Provide health services
- Create good neighborhood and
  
- Collaborate with international NGOs such as World Vision.

**KOABOMU (K1PERATIVE Y'ABAHINZI BOROZI BO MU MUTARA)**

KOABOMU stands for the Umutara Farmers Cooperative Society. It was started in August in 1994 in the then prefecture of Byumba, Commune Ngarama, Secteur Nyagatare which later formed out of the newly created Umutara Prefecture. Its membership has grown to 426 from a number of 86. It significant contribution to the rural development can be witnessed from the Table 4. It presents answers from 100 members with regard to the facilities crated, assets acquired and the benefits accrued to them because of their membership in KOABOMU (KAMAANI John MUTAGANDA, October, 2000). It is evident that the majority of them had acquired a house, radio, some piece of land and cows, education to children and access to the market for their products. Interestingly the KOABOMU has acquired the Nyagatare Dairy Plant under the privatization program. Thus the KOABOMU has been able to create an awareness among the members about the importance and utility of cooperative effort and in fact helped the members to come out of the vicious cycle of poverty.

**Table 4 : Facilities/Assets/Benefits accrued to members of KOABOMU**

<b>Facilities accrued</b>	<b>no. Of respondents (n 1 100)</b>
House	85
Radio	80
Television	20
Motorcycle	10
Cars	2
Clothing	99
<b>Assets accrued</b>	
Land	90
Cows	100
<b>Other benefits</b>	
Education to children	90
Other ceremonies	60
Feeder roads	70
Market for their products	94
Creation of employment	20

**Source :** KAAMANI John MUTAGANDA, *The role of Cooperatives in Rural Development in Rwanda, NUR, Butare, 2000*

### **Constraints of the growth of cooperatives**

The success stories in Rwanda cooperative sector are very few. A majority of cooperatives are not functioning well. The field visits made and the association with some of the cooperatives in the process of their reorganization the authors could comprehend the following constraints to be limiting the growth of cooperatives in Rwanda.

The general public has failed to understand the importance of cooperative as a means to sustainability and development. In most of the cases the general public perceive the cooperatives as the vehicles through which some aid can be received.

Absence of a systematic national policy for the development of cooperatives. The much wanted promotional policy is not in place to propagate the utility of true cooperatives.

The patronizing levels among members is also at low level. They often do not hold responsibility and do not participate in operations, meetings etc.

Another major constraint is the inefficient management. Very often the problems are cropped up due to inefficient boards. Due to lack of professionalism, the cooperatives are unable to do well in their production, financial, human resources and marketing activities.

On the basis of the analysis made in the above sections, an attempt has been made to chalk out a strategy to make cooperatives more dynamic and to address to the problems on the ground.

### **Model of cooperative structure to be an effective means of poverty alleviation**

Poverty in Rwanda is wide spread in rural areas and it would be very difficult unless a serious thought and coordinated effort is put in place. Cooperatives can be means of using the collective strength and mutual help to support weak individuals. On the basis of the understanding arrived at the above paragraphs a model of cooperative structure is suggested for Rwanda. In addition, some strategies are cited to promote the cooperative sector to be the vibrant force in the economy.

#### ***Cooperative structure :***

A four tier structure of cooperative is suggested for Rwanda as depicted in Fig-1. It may consist of primary members of cellule, secteur or communal level. The primary cooperatives are to be federated at communal, prefectural and finally at national level. Such an institutional framework is essential to empower the cooperatives as effective means of development in the country.

**Primary level cooperatives :**

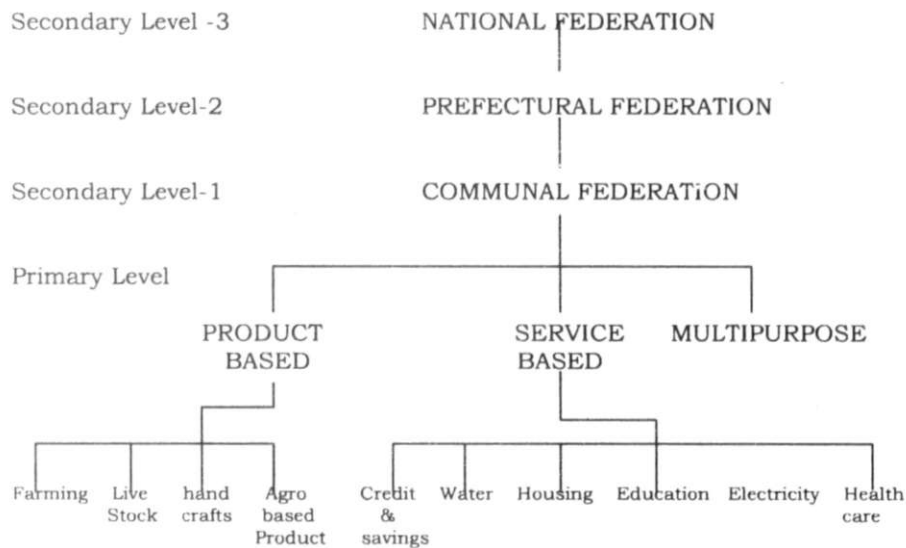
The primary level cooperative may operate at cellule, secteur or communal level as the case may be. These cooperative may be client owned. The primary level cooperatives may be organized on voluntary basis catering for the common needs of the member. They may be either product based or service based. There is no limit over the type of activity that can be taken up in cooperative sector.

Product based cooperatives produce something related to farming, livestock, handicrafts or agrobased products whereas service based cooperatives render services to the members and the public such as credit and savings, water, housing, electricity, education and even health care. Given the size of the country and spatial distribution of population it would be more effective, if the commune is made as the operating area of cooperative. However, the operating area can be kept open, flexible from cellule level to communal level.

**Secondary level cooperatives :**

In order to strengthen the cooperatives and to empower them making them competent enough to compete with other types of enterprises; there is a need to facilitate the primary cooperatives to federate at communal level. Such an organization shall be large in size and can be effectively organized for providing necessary policy and operational directions and support to member-cooperatives.

Similarly the federation of the communal level cooperative at prefectural level are also expected to yield positive results as they can be stronger, hence can have more bargaining power with other stakeholders. A national federation of cooperatives shall be needed as to enable the cooperative to interact and to gain the benefits of the cooperation at larger scale. The national federation can take up the export business of the products where in the country has an advantage, and the import of necessary inputs.



**Figure 1 : Proposed cooperative structure for Rwanda**

**CONCLUSION**

There is an urgent need on the part of the government of Rwanda to finalize the national cooperative policy giving a clear cut direction to the cooperators of the country.

The cooperative culture has to be groomed in a proper way by educating the people about the importance and utility of cooperative enterprise. Cooperatives should be included in the curriculum starting from secondary schools up to the university level. Cooperative education must be given priority in adult educational program. Legal provision may be crated to provide guidance in all matters relating to judicial and administrative practices; An amendment to the existing cooperative law in tone with the new cooperative policy is urgently warranted.

The government of Rwanda has to lend active support to research on cooperatives, publication and diffusion of those results. It should diffuse information for expanding knowledge of cooperative movement. Measures to improve situation of cooperation may be initiated.

To facilitate the healthy growth of the cooperatives, various promotion measures to be taken up by the government such as concessional fiance, guarantee fund, support for all forms of collaboration and partnership among public systems, giving priority to cooperatives in the privatization programme, etc.



Government of Rwanda represented by the Ministry of Local Administration and Social Affairs has to make necessary institutional arrangements for collaboration and partnership. In evolving an international framework, the government has to ensure favourable conditions among all governmental institutions. For this purpose a single permanent office has to be established with certainty. In this direction the Department of Cooperatives in the line ministry may be further strengthened.

The government of Rwanda may put in effort to seek assistance from various international agencies to strengthen the cooperative sector of the country enabling it to tackle the poverty issue. Such international bodies with assistance in poverty reduction through cooperatives include:

- International Cooperative Alliance
- World Bank
- International Labour Organization
- Food and Agricultural Organization
- COPAC - Committee for the Promotion and Advancement of Cooperatives

Rwanda is capable of reducing its poverty level through cooperatives as this strategy ensures the involvement of people concerned in this process. It would be attained only when a sound national policy for cooperatives is developed and supported by a well structure institutional framework and strategic promotional measures. The cooperatives can uplift the poor and integrate them into the main socio-economic fabric of the nation. Cooperatives thus can be a means of social integration as well as they can lend a supportive role to entrepreneurial zeal of the people which lead to their economic improvement and poverty reduction.

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**Part II**  
**An Integrated Approach  
to Development Challenges:  
NEPAD**

## **CHAPTER 6.**

### **THE NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT AND THE AGRICULTURAL DEVELOPMENT STRATEGY OF RWANDA**

*Dr A. M. JOSE*

#### **Introduction**

This paper intends to examine the New Partnership for Africa's development (NEPAD) with respect to African agricultural development in general and its relevance to Rwandan agriculture in particular. The paper is structured in different sections as stated below. Section two deals with, at theoretical level, the possible advantages and disadvantages of regional economic cooperation. Following that in section three the NEPAD's vision for the development of African agriculture is presented. This section and following two sections are entirely based on NEPAD's document on "Comprehensive Africa Agricultural development Programme" (CAADP) which was prepared by Food and Agricultural Organisation of the United Nations (FAO). A summary of the proposed African agricultural development is presented in order to generate discussion as well as to analyse the role which Rwanda has to act in the whole strategy. In section four the investment levels and Africa's own investment commitments under NEPAD's CAADP are detailed. Also, in this section the role of different partners who are behind the operationalisation of the strategy is highlighted. In the fifth section the actions that are to be initiated in order to operationalise the proposed plan are examined. In the last section the Rwandan agricultural development strategy is discussed in the backdrop of NEPAD's vision. This section also gives a plan of action for two important areas -irrigation planning and food security. This is in accordance with NEPAD's initiative. The objective of this paper, therefore, is to generate discussion on the strategies that are visualised by NEPAD and its relevance to Rwanda.

#### **NEPAD - the New African Initiative**

Realising that Africa can only take its proper place in the international community if it gains economic strength, African Heads of State and Government, under the New Partnership for Africa's development (NEPAD), have set an ambitious target of 7 percent annual growth rate in GDP over the next 20 years to eradicate Poverty, achieve food security and build the foundations of sustainable economic development on the continent.

NEPAD, which seeks to complement other African initiatives and to use existing frameworks for action, concentrates on priorities organised under two broad themes: *Peace, Security, democracy and political governance* and *Economic and corporate governance*. Specific themes include: i) Peace, Security; ii) Democracy and political governance; iii) Infrastructure; iv) Human Resource (education, skills development, reversing the brain drain); v) Health; vi) Agriculture; vii) Access to markets; viii) Environment; ix) Culture; x) Science and Technology. For all these, NEPAD intends to mobilise domestic and external resources and to establish new forms of partnership with the domestic and international communities.

The advantages of regional economic groups are the following:

*Regional economic co-operation in trade enlarge the size of the market of the products of member countries. Consequently, the scope of internal and external economies increases.*

Large market and greater specialisation would induce the producer to use sophisticated and modern techniques of productions which are conducive to furtherance of modern industrial development. Besides, the possibility of specialisation for regional trade would encourage the flow of investment into industries which enjoy comparative cost advantage. Consequently gains from interregional trade would increase.

Increased volume of total trade may bring favourable change in the cost and price structure, and consequently the composition and direction of foreign trade may become more favourable to economic development.

The regional economic co-operation may result in optimum allocation of resources. This will lead to an increase in efficiency in production. The co-operation may result in an increase in the general welfare due to efficient production, more consumption at low prices and increase in real income generated by overall growth and development of economies of member countries.

Thus a regional common market is economically more growth friendly to the relatively small national market protected by tariff and quotas or other restrictions. Regional economic grouping in Africa would increase the opportunities for investment but would also ensure a pattern of investment which would not only ensure sustained growth of industries producing for the export markets which may be created by a suitable organisation of African economic co-operation like NEPAD. Moreover, African economic co-operation would also reduce these countries' dependence on trade, especially in the field of consumer goods, with the western world of developed countries. This will release more foreign exchange for the developmental imports from the advanced countries. Further, the co-

operation will increase the bargaining power of developing African countries against the developed countries.

However, on the following grounds, it is argued that regional groupings are not possible for African countries. There are wide differences in their political environment and nature of government. Thus they lack political basis for making such regional groups.

Different African countries have different economic problems and they are in different phases of development. Therefore, all African countries do not require the same external tariff supports or import restrictions. Consequently, the formation of regional economic groups between African countries is not a practical proposition.

It is opined that it is very difficult to form a successful regional economic group in African region in the circumstances of cultural, economic and political diversities in the region.

It is clear that to form regional economic groups in Africa is very difficult. However, it does not mean that African countries should not make a beginning for economic cooperation in one form or another. Hindrances and difficulties in the formation of regional economic groups can be overcome if efforts are made. NEPAD, in this sense is a new initiative in the new millennium.

### **NEPAD and a Vision for African Agriculture**

The NEPAD goal for the agricultural sector is an agricultural-led development that eliminate hunger, reduces poverty and food insecurity thereby opening the way for an expansion for exports and put the continent on a higher economic growth path within an overall strategy of sustainable development and preservation of the natural resource base.

The vision for agriculture is that the continent should, by the year 2015:

- Attain food security (in terms of both availability and affordability and ensuring access of the poor to adequate food and nutrition);
- Improve the productivity of agriculture to attain an average annual growth rate of 6 percent, with particular attention to small-scale farmers, especially focusing on women;  
Have dynamic agricultural markets among nations and between regions;
- Have integrated farmers into the market economy including better access to markets, with Africa to become a net exporter of agricultural products;
- Achieve more equitable distribution of wealth;
- Be a strategic player in agricultural science and technology development; and

Practice environmentally sound production methods and have a culture of sustainable management of the natural resource base (including biological resources for food and agriculture) to avoid their degradation.

### **Enabling Conditions for African Agricultural Development**

Agriculture operates in an environment that in many African countries has some of the following attributes that need attention if the environment is to be enabling:

- A sparse and dispersed domestic market expensive to serve due to lack of concentrated demand and respectable disposable incomes.
- An international market where prices are falling and unstable; which is expensive to access (due to small volumes being traded and long distances from Africa's largely land-locked production sites); which demands sustained quantity and quality levels Africa has difficulty in meeting; where subsidised large-scale producers offer direct competition.
- Production is dominated by large numbers of unorganised producers, many unskilled and therefore little able to absorb new technologies.
- Farmers are generally small-scale players with no capital or access to capital necessary to improve production and begin to generate investable surpluses.
- The withdrawal of the state from direct production functions towards creating and maintaining a conducive climate for private sector initiatives has at times been rushed and, in the absence of a sound private sector, has caused severe dislocation of production and farm trade and of support services to them.
- Poorly defined property rights inadequate to satisfy requirements of serious investors.
- In parts of Africa, the health status of farmers is deteriorating with the advent of HIV/AIDS.

African agriculture has for long been starved of investment; the prolonged neglect has resulted in a poorly productive, uncompetitive and declining sector. The widespread hunger as well as the growing number of hard-core poor people in the continent is the distressing manifestations of this decline. In attracting limited investment, African agriculture mirrors the African economy in general, which is perceived to be uncompetitive, poorly productive, a risky venue for investment. In addition, however, agriculture in particular is often considered unattractive in comparison with other options, even if the macro framework for the economies were to be corrected.

For creating a positive environment for agricultural development the following are the possible NEPAD Principles:

- Establish and maintain a sound macroeconomic policy framework and an open economy based on continued and enhanced economic reforms, liberalised exchange and trade systems and investment regimes, strengthened institutional, legal and regulatory systems, reformed state institutions that operate with transparency, accountability, competence and professionalism, and the rule of law.
- Ensure efficient physical infrastructure through regulatory reforms, privatisation, and additional investments in key infrastructure (including road/rail transport, telecommunications, power, ports, shipping and transit facilities), harness modern information and communications technology, and encourage private sector participation in infrastructure financing and operation.  
Encourage and promote the growth, diversification, and deepening of the financial sector so as to facilitate savings mobilisation to meet the investment and working capital requirements of business, within the context of a deregulated but prudentially supervised system of financial intermediation.
- Removing obstacles to cross-border trade and investment, including harmonising tax and investment codes to promote regional integration.
- Undertake measures to enhance the entrepreneurial, managerial and technical capacities of the private sector.
- Strengthen national and sub-regional mechanisms for investment and trade promotion by disseminating information about business opportunities, identifying and targeting prospective investors and export markets, servicing investors, and providing export credit and insurance schemes.
- Strengthen chambers of commerce, trade and professional associations, and regional networks to provide market information and training for their members, in order to promote exports and investment.
- Organise dialogue between government and private sector to develop a shared vision of economic development strategy and remove constraints to private sector development.
- Strengthen and encourage the growth of micro, small, and medium-scale industries through appropriate technical support from service institutions and civil society, and improve industries' access to capital by strengthening micro-financing schemes, with particular attention to women entrepreneurs.



- Provide assistance to improve technical and managerial capabilities of business enterprises by supporting technology acquisition, production improvements, and training and skills development.

### **Pillars for Priority Investment**

The picture of African agriculture portrayed earlier speaks of crisis. It also demands crisis response, hence the proposed initiatives under the NEPAD Comprehensive Africa Agriculture Development Programme (CAADP) as currently formulated focus on investment into three "pillars" that can make the earliest difference to Africa's agricultural crisis - i) land and water management; ii) infrastructure and trade related capacities for improved market access; and iii) support to productivity-increasing activity among small farmers in the context of food security programmes. The long-term capacity to maintain competitiveness, the 4<sup>th</sup> pillar, by ensuring high productivity is to be ensured by research and development, allied with technology dissemination for widespread and effective adoption. A brief explanation of these 'pillars' is as follows.

#### ***Pillar 1: Land and Water Management***

World-wide, the application of water and its managed use has been an essential factor in raising productivity of agriculture and ensuring predictability in outputs. Water is essential to bring forth the potential of the land and to enable improved varieties of both plants and animals to make full use of other yield-enhancing production factors. By raising productivity, water management (especially when combined with adequate soil husbandry) helps to ensure better production both for direct consumption and for commercial disposal, so enhancing the generation of necessary economic surpluses for uplifting rural economies.

#### ***Pillar 2: Rural Infrastructure and Trade-related Capacities for Improved Market access***

*Infrastructure:* Africa's rural infrastructure is inadequate by almost any measure and its road network is particularly underdeveloped. Africa's people face the longest distances to nearest large markets. A rapid look at the overall scene compared to other regions reveals the following: (a) a fifth of Africa's population is landlocked - all other regions have less than 10 percent; (b) less than a third of Africans live within 100 km of the sea compared to over 40 percent for other developing regions; (c) rail freight in Africa is under 2 percent of the world total, marine freight capacity 11 percent, and air freight less than 1 percent; (d) power generation capacity per capita in Africa is less than half of that in either Asia or Latin America. The poor state

of Africa's infrastructure reflects neglect of investment but also the fact that the level of production cannot often justify the required investment and maintenance costs. External investment in economic infrastructure (including communications, energy, transport, water, sanitation) in the period between 1990 and 1996 for Sub-Saharan Africa had US\$26.7 billion compared to US\$41.4 billion for Latin America and the Caribbean and US\$101.9 billion for Asia, of which some US\$71.9 billion for East Asia alone.

*Trade-related capacities for improved market access:* Africa's share of overall world trade is insignificant and continues to decline. According to a recent G-8 report, Africa's exports account for only 1.6 percent of global trade despite Africa having 13 percent of the population. In agriculture, the share of Africa in world exports has dropped steadily, from 8 percent in 1971-1980 to some 3.4 percent in 1991-2000. These numbers are causes for concern in that if it continues to matter so little economically, it will continue to be hard for Africa to be taken seriously in any sphere of international affairs; furthermore, these numbers suggest that Africa is in no position to influence world prices - it must be a price taker for most of what it exports, including in agricultural trade.

Reversing the decline in Africa's share of international trade will require increased efforts by the African countries, with the assistance of the international community, to alleviate their domestic supply-side constraints. These can broadly be divided into structural constraints, which are particularly prevalent in Sub-Saharan Africa and concern their high dependence on a limited number of export commodities, weak technological capacities, inadequate legal and regulatory institutional frameworks and insufficient transport, storage and marketing infrastructure, and policy-induced constraints resulting from trade and macroeconomic policies that have biased the structure of incentives against agriculture and exports.

With regard to intra-Africa trade in particular, constraints are outlined, including inadequate physical infrastructure, unstable market opportunities related to production variability, relatively small markets, lack of current market information and trading skills, uncertain policy environments, and rapidly changing trade regulations. Given the hurdles Africa would continue to face in global markets, regional integration may, despite its challenges, be an important way forward for African countries and can be a learning ground for more ambitious global trading if they can resolve the bottlenecks that constrain even the limited existing trade opportunities. Attention is given to improving African countries' trade-related capacities for better market access through a number of policy and institutional related themes including developed countries acting to improve access to their agricultural markets; building capacity in African countries for effective use of the multilateral

trading system; strengthening food safety and quality control systems; and diversification of the production and export base from low value-added to high value-added products.

*Investment requirements:* Investment requirements for *rural infrastructure and trade-related capacities for improved market access* are a function of more general socio-economic demands, in addition to underpinning the increased agricultural production. However, a substantial proportion of the existing rural road network is in a poor operational condition and, consequently, investments will have to include the rehabilitation of existing stock, as well as the construction of new works and overall maintenance.

### ***Pillar No 3: Increasing Food Supply and Reducing Hunger***

For long, hunger has remained widespread in Africa. Despite gains in some countries, hunger remains a major peril for far too many people, with many adverse consequences for health and productivity of the population, so reinforcing poverty. In Africa as elsewhere, the poorest and the most hungry tend to be one and the same people, living on the margin of survival and highly vulnerable to any shock. There is no doubt that eventually Africa will develop a diversified agricultural sector with commercial as well as smallholder farming. In the short-term, however, the need is for an immediate impact on the livelihoods and food security of the rural poor through raising their own production. The approaches to making an immediate impact on farmers' livelihoods through agriculture cover two things: (a) the need for Africa to deal with food security in the short-term perspective of disaster-induced food and agricultural emergencies; (b) provision of safety nets; and (c) food security through enhancement of production.

Africa can itself do much to attain a higher level of food security but there is need for partnerships with other developing as well as industrialised countries and the multilateral system. Within countries, successful action requires partnerships among communities, governments and the private sector.

*Emergency-Related Food Security:* Far too often, there is need for preparedness in Africa in the context of *emergency-related food security*. The number, scale and intensity of emergencies in Africa have all been increasing due to both natural disasters (especially droughts and floods) and human-caused calamities including civil strife and conflict. Wars and related factors have become the single most serious cause of food insecurity in much of the region. Large numbers of Africans are displaced within or outside national borders by wars and productive lands are frequently flooded or rendered barren by drought; such extreme events can reverse overnight long-term agricultural development gains. Therefore, in looking at Africa's

immediate needs for agricultural renewal, it is absolutely essential that the emergencies be kept in mind. The weakness of economies and of its institutions place Africa at a great disadvantage when calamity strikes. Thus, given its high indebtedness and current account deficit, Africa is obliged by emergency-related needs to divert its very scarce resources to food imports - it does so at a cost to investment in its future; Africa is a continent that is consuming without being able to create assets for the future. Therefore to ignore the emergency dimension would be a disservice to securing stable agricultural development in the region.

*Safety Nets for the Food Insecure:* Africa has many vulnerable groups; true food security will require targeted attention to their needs. Apart from those exposed to emergencies, attention is needed to the disabled, children, pregnant women and others. *Safety net initiatives* to cover their needs include feeding programmes (such as for schools); food for work; food for training; mother-child nutrition or combinations of these.

*Improvement of production:* Food security can also be secured through *improvement of production*. One approach towards promoting vigorous large-scale community-based programmes is to improve the performance of small farms throughout the continent. It draws mainly upon the example set by the Special Programme for Food Security (SPFS), launched by FAO as a means of achieving and sustaining a higher level of household and national food security. In each country, the SPFS (or similar national framework) is planned within the broader vision of a National Strategy for Food Security and Agricultural Development. Thus the SPFS approach complements and builds upon already existing strategies and programmes for agricultural development and food security developed by African governments and regional organisations. It is implemented in two interrelated Phases. Phase I aims at enabling households and communities to attain higher levels of food security and better livelihoods, initially on a pilot scale but quickly followed by progressive scaling up. Phase II addresses food security issues at national level through creating an enabling policy and institutional environment for food security and supporting the preparation of bankable projects.

The SPFS approach promotes the view that food security does not mean just subsistence food sufficiency but also implies addressing the other underlying causes of persistent rural poverty. Thus, while it may appear to emphasize production, this is not in exclusion of

demand considerations in that the incentive for continuing output growth is the "market". The approach also respects economic fundamentals: African production must be competitive as it makes little sense to have high cost products whose markets are easily undermined by cheaper imports. For this reason, SPFS-type

interventions need complementary investments in infrastructure, water and land management that can boost yields, reduce unit production costs and contain the costs of storage, transport and marketing. The approach seeks to reduce both weather-related and other environmental risks as well as economic risks, all of which have a significant depressing impact on the level of private investment in the agricultural sector. Raising the output of the small farmer sector depends on the decisions of millions of households throughout the continent and, in such a situation; the role of governments should be to provide a policy and incentive framework that is conducive to agricultural growth. With this in place, much of the investment in raising production will be made by the farmers themselves

National programmes can benefit from complementary food security interventions at regional level that can facilitate trade-related capacities for improved market access, the development of common standards and the diagnosis and control of transboundary pests and diseases. Regional Programmes for Food Security (RPFS) offer measures to expand intra-regional trade and competitiveness in external markets, to assist in creating improved conditions for the sustainable growth of agriculture, including through trade facilitation, harmonisation of policies and underpinning of national SPFS, especially in areas of accelerated technology development and information, to ensure sustainable use of cross-boundary natural resources, to provide for control of transboundary pests and diseases. Regional co-operation in support of food security is an area where NEPAD, in close collaboration with Regional Economic Organisations, can make significant early contributions.

For Africa, the intention to *increase food supply and reduce hunger* would raise the performance of some 15 million rural households (affecting the livelihoods of some 100 million people) by 2015 which would require some \$7.5 billion. Of this, \$6.5 billion would be for national level and \$1 billion for regional action programmes (FAO, 2002).

#### ***Pillar No 4: Agricultural Research, Technology Dissemination and Adoption***

In Africa as elsewhere in the world, agriculture will need a scientific and technological underpinning if it is to have sustained productivity gains necessary to remain competitive. The difficult situation of African agriculture is: falling productivity, low spending on research and development; inefficiency of ongoing research in reaching the farmer; the need for reform towards sustainable research and its funding at national, sub-regional and regional levels; integrating technology adoption; strengthening institutions.

To avert food insecurity and reduce poverty, African leaders have set a target to increase agricultural output by 6 percent a year for the next 20 years. At present, many countries barely achieve 1 percent annual growth in output and some are regressing. Without technological upgrading and adoption, even large-scale investment would soon perform sub-optimally and fail to gain for Africa the success it needs.

Achieving a 3 percent annual growth rate will require: (a) acceleration of adoption for the most promising available technologies so as to support immediate improvement of African production by way of linking, more efficiently, research and extension systems to producers; (b) technology delivery systems that quickly bring innovations to farmers and agribusinesses so making increased adoption possible, notably through an appropriate use of new information and communication technologies; (c) renewing the ability of agricultural research systems to efficiently and effectively generate and adapt to Africa new knowledge and technologies, including biotechnology, needed to increase output and productivity while conserving the environment; and (d) mechanisms that reduce the costs and risks of adopting new technologies. To do this requires several lines of action, of which the following may be highlighted:

- Increasing investment in research and technology development;
- Increasing the share of private sector funding of agricultural research;
- Institutional and financial reforms aimed at making national agricultural research systems more sustainable.

The goal is to double the current annual spending on agricultural research in Africa within 10 years. In essence, this would amount to annual investments of some US\$1.6 billion for the period till 2015 (PAO, 2002).

The proposed NEPAD research programme would be comprised of four sub themes which would collectively contribute to testing the central hypothesis: *"that conservation and efficiency of use of soil and other natural resources will be optimised under conditions of market and/or policy and institution driven productivity"*. The four research themes are:

- Integrated Natural Resource Management;
- Adaptive management of appropriate germplasm;
- Development of sustainable market chains;
- Policies for sustainable agriculture.

In addition, there is to be a crosscutting initiative: Scientific capacity building. Underlying the importance of research is the key message that in pursuing immediate responses to its agricultural crisis, Africa cannot afford to be short-sighted: it must keep an eye on factors

essential for its continuing long-term competitiveness and productivity.

### **Investment Levels and Strategies**

There is renewed recognition that financing agriculture is essential in national development of low-income countries. In industrial countries, despite agriculture being a minor contributor to overall economic production, governments have always provided sustained support to the sector and the level of subsidies for it and for farm exports remain high. The total estimated investment requirements for the NEPAD programme for agriculture are summarised in Table 1. A notable feature is the significance of emergencies now and in the near future but also of infrastructure to create conditions for competitive agriculture. Table 1 also breaks down the investment by time horizon into the immediate, short-term and medium term; Table 2 offers a plausible break down by source of investment.

#### *Levels of Investment:*

The Table 1 presents the overall investment estimates under NEPAD initiative for African agricultural development. It is seen that the highest percentage share in investment is visualised for rural infrastructure development and its operations and maintenance (52.2 per cent). Irrigation development gets next importance by earmarking 27.4 percent of the total investments. Therefore, as seen, infrastructure and land and water development have been given utmost priority in NEPAD strategy.

**Table 1: Estimates of Overall Investment**

Objective of investment	Estimated investment US\$ billions (rounded)			
	Immediate (to 2005)	Short term (2005-2010)	Medium term (2010-2015)	Total
Land and water	10	20	7	37 (14.7)
Land and water systems: operations and maintenance	2	12	18	32 (12.7)
Other rural infrastructure	23	37	33	94 (37.5)
Other rural infrastructure: operations and maintenance	7	13	17	37 (14.7)

Trade related capacities for improved market access	0.8	1.5	0.5	2.8 (1.1)
Safety nets and emergencies	12	15	15	42 (16.7)
National programmes for food security	1	2	3	6 (2.3)
Regional programmes for food security	0	1	0	1 (0.3)
All investment	56	100	95	251 (100.0)

*Source:* FAO (2002), *New Partnership for Africa's Development (NEPAD): Comprehensive Africa Agriculture Development Programme, November.* Available at <http://www.fao.org/docrep/005/Y683IE/Y6831E00.htm>  
*Note:* In parenthesis percentages are given.

In Table 2 the gross estimates of investment by source is presented. It is visualised that Africa contributes 50 per cent of the total investment. Public domestic sources have to harness about 39 percent investable resources, and private domestic 11 percent. Concessional assistance constitutes a major source of external assistance (about 35 per cent).

**Table 2: Gross Estimates of Investment by Source**

source of investment	Share of total investment (US\$ billion)			
	Immediate future (2002-2005)	Short term (2006-2010)	Medium term (2011-2015)	Total 2002-2015
<i>Africa</i>				
Public domestic sources	196 (35)	40.0 (40)	37.8 (40)	97.4 (39)
Private domestic	2.8 (5)	10.0 (10)	14.2 (15)	27.0 (11)
Sub-total	22.4 (40)	50.0 (50)	52.0 (55)	124.4 (50)
External				
Concessional assistance (i.e. ODA)	25.2 (45)	35.0 (35)	28.3 (35)	88.5 (35)
Non-concessional loans	5.6 (10)	10.0 (10)	4.7 (5)	20.3 (8)
Foreign direct Investment (private)	2.8 (5)	5.0 (5)	9.5 (10)	17.3 (7)
Sub total	33.6 (40)	50.0 (50)	42.5 (45)	126.1 (50)



Rounding off error adjustment	-	-	-	0.8
Total	56.0 (100)	100.0 (100)	94.5 (100)	251.3 (100)
Annual	14.0	20.1	18.9	17.9

Source: Same as Table 1.

Note: In parenthesis share of total investment in percentages are given

*Africa's own investment:* The majority of African countries have been exposed to years of fiscal austerity programmes and often of failure to find alternative sources of income to replace declining revenues from weaker terms of trade in their traditional markets. Levels of both ODA and private finance have fallen in real terms: in 1990, Africa received 30 percent of global agricultural ODA, but its share declined to 21 percent in 1998 (FAO, 2002). This lack of funding has contributed not only to insufficient infrastructure construction but also to a lack of appropriate maintenance - hence there are also substantial needs for rehabilitation. It is against a background of re-emerging international recognition of the importance of agriculture that Africa's own commitment to funding agriculture should be seen: if countries that can do without agriculture and still prosper are willing to continue financing it heavily, why should Africa, where 70 - 80 percent of the people depend on the sector, not do the same? Financing for agriculture under this NEPAD CAADP is therefore based on the double assumption that (a) Africa itself will increase its investment and (b) that its external partners will come forward and support it. With this in mind, attempts have been made to estimate what Africa itself can reasonably raise as investment, leaving the rest to be raised at the international level.

Table 3 presents the magnitude for Africa's Contribution to investment. Of the total investment of 251 billion US \$, Africa has to contribute half of it, i.e. 125 billion US \$. About 54.4 per cent of it goes into investment and the rest for operations and maintenance. Of the total investment half of is earmarked for the two major thrust areas of NEPAD strategy, i.e. land and water investment, and rural infrastructure development.

*Public versus Private Investments:* Estimates of the likely distribution of financing between public and private sources must remain, at this stage, highly conjectural and will require specific country conditions to be taken into account. As said elsewhere, detailed breakdowns between public and private sector would almost certainly show contrasts among the areas of investment. For water and land development, the public sector is expected to take the lead, as also for rural infrastructure. The estimated cost of increasing food supplies (US\$7.5 billion) would also be mainly a charge to the public sector but would be matched by considerable farmer contribution.

The total incremental investment requirement would therefore amount to about US\$15.7 billion per year between 2002 and 2015 (including operations and maintenance), thus drawing upon both national public and private resources and upon international co-operation, in line with the Monterrey commitments on financing for development. As elsewhere in the world, most African development investments will occur at national level; this is expected to continue. However, there is growing recognition that some issues require regional approaches.

**Table 1. Investment and Operations & Maintenance Requirements for the African Development Bank Region, 2002-2015 (US\$ billion)**

Objective of investment	Investment (US\$ billion) (rounded off)							
	Immediate: 2002-2005		Short term: 2006-2010		Medium term: 2010-2015		Total: 2002-2015**	
	Total	Africa	Total	Africa	Total	Africa	Total	Africa
<b>Investment:</b>								
Land and water investment	10	4	20	10	7	4	37	18
Rural infrastructure	22	9	35	17	32	18	89	44
Trade related capacities for improved market access	1	0	1	0	1	0	3	1
National Food Security	1	0	3	1	3	2	7	3
Regional food security	0	0	0	1	0	0	1	1
Research & Technology	1	0	1	0	3	2	5	2
<i>Subtotal</i>	<i>35</i>	<i>13</i>	<i>60</i>	<i>29</i>	<i>46</i>	<i>26</i>	<i>141</i>	<i>68</i>
<b>Operations &amp; Maintenance:</b>								
Land and water	2	1	12	6	18	10	32	17
Rural infrastructure	7	3	13	6	17	9	37	18
<i>Sub-total</i>	<i>9</i>	<i>4</i>	<i>25</i>	<i>12</i>	<i>35</i>	<i>19</i>	<i>69</i>	<i>35</i>
<b>Humanitarian, etc.:</b>								
<i>Safety nets and emergencies</i>	<i>12</i>	<i>5</i>	<i>15</i>	<i>6</i>	<i>15</i>	<i>6</i>	<i>35</i>	<i>17</i>

Rounding off error adjustment	-	-	-	-	-	-	- 1	-
Total	56	22	100	50	96	53	251	125
Annual total	13.9	5.5	20.0	10.0	19.2	10.6	18.0	8.9

Source: Same as Table 1

*Note: In this table, the ratio of Africa's contribution has been kept the same for all objectives of investment. In reality, Africa's capacity to invest varies according to whether heavy infrastructure or emergencies etc. is involved. Such detail, however, can be taken up at planning stage. The function of this table is to provide indicative magnitude of the investment envelope Africa could plan towards.*

*\*\* Because of rounding off, the numbers do not necessarily add up to the exact totals for each column or row to the reference numbers in Appendix Table 1.*

*Therefore, the implementation of the NEPAD programme will also be undertaken in co-operation with Regional Economic Organisations. Detailed investment projects will have to be prepared at national and regional levels, with FAO support where this is needed.*

### **Partnerships:**

References to public and private investments might be viewed as proposing separation of action. In fact Africa will need complementary action by many parties and the key to success will be partnerships for success. If, as recently as a decade ago, governments in the Region saw themselves as the prime motors of economic development, today there is increasing recognition by the governments themselves that their direct role in economic activities is a more limited, though at the same time more strategically important in creating conditions for growth. It is a role which is focused particularly on the key area of establishing the policy, legal and institutional framework which enables the private sector to play the leading role in economic development, and in selectively investing in key public goods which will catalyse broad-based economic growth. This requires that governments in the Region increasingly establish strategic partnerships with a range of partners to achieve their development objectives, and that their investments are targeted particularly at reducing transaction costs both in public service and in the market place.

The main players in ensuring broad-based economic growth are smallholder producers themselves. Agricultural production services must not only effectively target smallholder producers, but must ensure that the services provided respond to the constraints they face and opportunities open to them. At the same time, there is need to strengthen the capacity of smallholder producers to define and articulate their requirements in terms of services; organise

themselves to better access inputs, produce markets and production services and conduct their own agricultural experimentation; establish a strong voice for themselves in the policy and institution-building process. Supporting the development of producer groups associations is a crucial part of such an approach.

The private sector - beyond the small-scale producer - is also a key partner. The large-scale formal private sector - particularly agribusiness, is in a number of countries of the Region probably the major development partner for smallholder producers. Future progress depends on a broad-based and equitable expansion of these relations - something that will only happen on the basis of mutual interest. The commercial private sector wants to make money. It can do so - and at the same time help poor farmers make more money, if it expands its commercial relations into a realm of self-organised smallholders who are aware of market options. More and more governments in Africa recognise the crucial role that the private sector must play, and are willing to undertake investments - in policies, institution-building as well in infrastructure - which reduce the transaction costs that the private sector faces in doing business with smallholder producers.

NGOs are increasingly recognised as having specialised skills in areas of crucial importance for promoting rural development - particularly in 'soft' areas such as participatory planning, capacity building, group development, etc. More and more governments in the Region are willing to work in partnership with suitably experienced NGOs operating as service providers: such arrangements are expected to be further strengthened in the future.

Partnerships in today's world also involve the donor community. Such partnerships must be built on respect by donors for the sovereignty of the countries involved, and by an explicit recognition that it is the governments of those countries which must co-ordinate the support and activities of the donors, within a consistent sectoral policy and strategic framework.

Partnerships exist not only at the national level; and indeed one of the areas in which NEPAD can add value is in supporting the development of two-way or larger partnerships across the continent - among national governments, sub-regional organisations, national farmers associations, and NGOs and private sector organisations in different parts of the continent. Such partnerships can provide the opportunity for lessons learnt in one location to be applied in another; the exchange of technologies, approaches and institutional arrangements; and the promotion of investment within and across the continent.

### **Moving from Dialogue to Action**

With the CAADP endorsed by sector ministers at their Rome meeting on 9<sup>th</sup> June 2002, its operationalisation must now take centre stage. The approach to converting the broad themes of the CAADP into practical action and investment requires a different process than the preparation of the document itself. In essence, NEPAD offers Africa new opportunities to move forward with agricultural development, placing this sector at the forefront of economic and social progress. To succeed, NEPAD will above all need to harness the commitment and energies of its member countries but also to attract the support of its partners, both traditional and new.

A primary need appears to be greater publicity for the CAADP and constituency building for it. Although the process of preparing the document has involved seeking comments from and a review meeting for senior government officials, ministers, and regional economic groupings, ignorance about NEPAD programmes remains widespread among large swathes of civil society and the private sector. Furthermore, within Africa's governments, the NEPAD process in agriculture is currently better known to officials at the top in ministries of agriculture, external affairs and the presidency from where officials have been most involved with NEPAD. Still excluded from dialogue are the ministries responsible for planning and budget, which will in the end create the budget lines for the required increased agricultural investments to meet NEPAD goals.

In view of this, the primary step for operationalisation of NEPAD agriculture must be building a constituency and ownership for itself. A concerted publicity campaign is needed, using the most appropriate media for the various sub-regions and societal groups in Africa. In addition, the holding of a series of consultations at continental, sub-regional, and national levels is a prerequisite for developing the sense of ownership and generating the interest necessary for success. The primary targets would be national governments, regional and sub-regional economic organisations (including development banks), the commercial private sector, civil society, and donors. Such meetings, both custom-designed and opportunistically organised to take advantage of other meetings, would sell the "value-added" of NEPAD above and beyond national programmes; explain what type of programmes could carry the NEPAD label; how they could be processed without a stifling and inefficient centralisation; what steps would be needed to raise significant funding from within Africa (both public and private); how to monitor implementation; and what roles the countries and their internal constituencies should play.

The consultations would also provide fora for interpreting the main CAADP pillars into specific priorities for Africa's diverse national, sub-regional and all-Africa realities; for agreeing on necessary balance between systemic interventions (non-project policy and institutional changes that create enabling conditions or capacity to execute actions) and project interventions requiring investment. Following the building of a constituency, there will be four critical needs:

*Creating a basis for informed choice in setting investment /intervention priorities* through analytical work to identify areas of agricultural production, agro-processing and agricultural trade where Africa has or can relatively easily develop comparative advantage so that the choice of investments has a high probability of commercial success and sustainability. Such preparatory analysis is necessary also to draw attention to cases where African countries might work at cross-purposes in their investments and so to suggest complementary investments among them ;

*Formulating and funding of additional concrete projects* (accompanied by review of key ongoing and planned initiatives to identify those that can most usefully link up with NEPAD intentions). *Formulating and funding of additional interventions* should include both investment and systemic capacity/institutional/policy improvement interventions for domestic funding or technical co-operation;

*Integrating NEPAD programmes into African development budgets* -of national development plans and of Regional Economic Organisations in Africa; and *concerted action to promote private sector engagement and interest*. This will require that the private sector be a close partner from the earliest stages of constituency building and projects identification but also that African governments should create the policy and institutional conditions to make agriculture attractive to private capital.

Given that NEPAD has fundamentally political origins, it may prove important to ensure collective ministerial oversight and support arrangements for its programmes in agriculture. Being a political process involving many countries also requires that commonly accepted arrangements be developed for assessing progress and judging success so that there can be full transparency and accountability to the political leadership in NEPAD and related mechanisms.

## Rwanda's Agricultural Development Strategy

Having seen the NEPAD's programmes for agricultural development, this section intends to review the agricultural development strategy that has been adopted in the country in the backdrop of present agricultural scenario of Rwanda. Also, it is intended to present a plan of action under the major thrust areas visualised by NEPAD i.e. for water resource management and food security in Rwanda.

Table 4 highlights the trends in agricultural productivity and yields in Rwanda. Any strategy of development has to address this state of affairs of falling production and productivity of many traditional crops grown in Rwanda as well as to attempt to diversify the rural economic activities so as to multiply the sources of income of the peasant households (Jose, 2002).

**Table 4.: Trends in agricultural productivity and yields in Rwanda.**

	1984	1989	1990	2000	1984	1989	1990	2000
	Prod	Prod	Prod	Prod	Yields	Yields	Yields	Yields
	(tons)	[tons)	(tons)	[tons)	(kg/ha)	(kg/ha)	(kg/ha)	(kg/ha)
Bananas	1.00	1.13	1.06	0.82	1.00	0.89	0.81	0.72
Beans	1.00	0.82	0.80	0.84	1.00	0.92	0.82	0.71
Peas	1.00	0.93	0.65	0.82	1.00	0.77	0.57	1.35
Peanuts	1.00	0.67	0.57	1.04	1.00	0.47	0.47	0.89
Soya	1.00	2.07	4.62	1.58	1.00	0.69	1.14	0.40
Sorghum	1.00	0.74	0.83	0.91	1.00	0.84	1.07	0.79
Maize	1.00	0.84	0.86	0.56	1.00	1.02	0.94	0.80
Cassava	1.00	0.96	1.23	2.51	1.00	0.82	0.64	2.35
Potato	1.00	0.95	1.13	3.80	1.00	0.89	0.84	1.26
Sweet Potato	1.00	1.06	1.12	1.40	1.00	0.82	0.79	1.06
Coffee	1.00	0.76	1.15	0.45	1.00	0.62	0.88	n/a

SOURCE: Government of Rwanda. 2002. *Poverty Reduction Strategy Paper, National Poverty Reduction Programme, Ministry of Finance and Economic Planning, June. Annex 2- Table 2.5.*

Rwanda's strategy of agricultural development was highlighted in various documents (Republic of Rwanda, 1998a; Republic of Rwanda, 1998b; Republic of Rwanda 2000; and Republic of Rwanda 2002a). There has been a growing concern on the performance of agricultural sector in Rwanda. The following are the main features of the agricultural development strategy of Rwanda (Republic of Rwanda, 1998a). Ensuring food security and higher incomes for the rural Rwandans is the key objective of the policy of the agricultural sector. In tune with this objective, the strategy paper has proposed two sets of policies: one at technical and other at institutional level. At technical level, rehabilitation of production support infras-

structure, intensification and regional specialisation of agricultural production, valorisation of production factors, and promotion of use of agricultural intensification inputs in order to increase food and cash crop production (inclusive of agricultural sub sectors like animal husbandry and forestry) are the major policies. At the institutional level, capacity building in the Ministry of Agriculture, legislative reform in order to facilitate private investments, the disengagements of the State from managing agricultural structures, amending land legislation, renewing the extension system, and involving farmers and their associations in the decision making process are the policies that the Government. supposed to emphase.

The measures proposed in the strategy are highly appreciable; however, the following areas needs special attention as it affects the lives of the poor. The agricultural strategy stresses a move of rural population towards cities and the development of non-agricultural employment. This shift is an absolute condition for the increase in crop production capacity in rural areas. As almost 91 percent of the Rwandan workforce is in agriculture (a significant proportion of it is women), the difficult job ahead is to gain workforce transformation and better utilisation of the surplus labour that is at the heart of equitable growth in an agrarian economy like Rwanda. In the short term it seems to be a formidable task. Secondly, as most of the peasants are below the poverty line and are at the periphery of the markets it is hard to deal with the issues of poverty in the context of the proposed strategy's emphasis on market mechanism. Only after they get access to some resources (productive assets, skills and stamina) that they can respond to the market stimuli. Large parts of the agricultural producers cultivate marginal and sub-marginal holdings. Their dependence on the market for procurement of inputs and sale of output is insubstantial. The strategic objectives related to these sections of the rural peasants are the expansion of their meagre production base, raising productivity of their existing resources, providing them with the alternative sources of livelihood and, protecting them from the risk and uncertainties. Market leaves a limited role to play in meeting these objectives. Inability of the poor to respond to market stimuli - due to lack of assets, their low 'reserve' prices, high transaction costs, information gap, distortions in the credit market and lack of infrastructure - keep them at the Periphery of the market. Thirdly, equitable distribution of agricultural incomes is relegated to background in the present debate on agricultural policy. Providing the poor with sources of entitlements based on production, trade, own labour or inherited assets are a means for ensuring adequacy of household incomes. Fourthly, the Proposed agricultural strategy [even the 'Strategy and action plan for food security' (Republic of Rwanda, 1998b)], has failed to give adequate stress to a 'Public Distribution System' (PDS), which will address the agricultural production cycles and instability of prices.



Another important document that has highlighted the strategy for agricultural development in Rwanda is "Vision 2020" (Republic of Rwanda, 2003). It has unequivocally stated that the ideology that all Rwandans will subsist on land is no longer tenable', and has rightly identified that the issue in Rwanda's agriculture is not land size, it is productivity associated with the traditional peasant based subsistence farming. Agricultural intensification is the policy thrust in the document along with the following critical areas: a) institutional and legal reforms to ensure security of land ownership; b) development of a market in land assets; c) extensive research and extension services; d) investment in rural infrastructure; e) use of high yielding varieties and intensive input use; and f) promotion of agro based manufacturing. It is further stated that, Rwanda cannot rely on its agriculture as an engine of growth, therefore, there has to be an exit strategy from reliance on agricultural into other sectors. This exit from agriculture would be facilitated by a strategy of human resource development (HRD), which in turn will facilitate the development of secondary and tertiary sectors.

There are two basic issues, with respect to the 'exit strategy' that has been propounded in "Vision 2020" document. They are: first, so long as there is no clear-cut identification of the kind of industrial activity that will transform the Rwandan destiny (as it is stated in the same document that lack of viable natural resources, long and costly distance from ports, low public sector capacity, and fragile macro-economic situation constraints any kind of transformation into an industrial economy), it is doubtful that HRD will alone alter the Rwandan agricultural scenario. For instance, in Sub-Saharan Africa, life expectancy and school enrolment rates have increased dramatically in recent decades, but as a group the economies in the region have had slow and even negative growth since the early 1970's (The World Bank, 2000.). Secondly, with specific reference to the agricultural policies listed, one of the noticeable omissions is the formulation of an appropriate agricultural price policy. It is just not able to manage the transformation of the Rwandan agriculture into a high value/high productivity sector by ignoring agricultural prices. In fact, one of the reasons for the prevalence of subsistence farming in Rwanda is the non-remunerative price that the farmers get. An active agricultural price policy is the need of the hour to protect Rwandan poor farmers and to ameliorate the living conditions of them.

The agricultural development strategy in the specific context of poverty reduction has been well elaborated (see Appendix-1) in the PRSP document (Republic of Rwanda, 2002a). As far as the agricultural sector strategy is concerned, it is a clear shift from the past approach of food self sufficiency towards greater market-orientation, underpinned by intensification in input use, diversification in agricultural production. This transformation is intended to be

achieved by households operating small areas of land, but only if they are supported by energetic public action. Basically the Government's strategy thrust upon supply-side measures such as raising the average farm size, decreasing the person-to-land ratio, promoting access to fertilizer etc. (the major input that is visualised under CAADP i.e. irrigation development has received little attention in this document.). However, the strategy is not that clear on two accounts. First, the demand-side factors did not get adequate attention as how to bring out increased market orientation by the millions of subsistence oriented peasants. Secondly, the operationalisation of the strategy calls for 'public action' which is not clear in its details. From the point of view of agriculture intensification the Government strategy has to be strengthened in its 'managerial' aspects as it is quite vague how to achieve the intended transformation in Rwandan agriculture. In the following sections it is attempted to present a tentative strategy for strengthening Rwanda's irrigation sector and food security. This is in tune with NEPAD's stress on water control and increasing food security.

### ***Water Resource planning in Rwanda - A framework for action.***

Water resource planning in Rwanda has not been given adequate attention so far. Water is an economic and social good - if we are thinking of the use of water for irrigation or power generation or for process of cooling purposes in industry. But water for drinking and washing is basic human (and animal) need, and in this context it would be wrong to describe it as a 'social or economic good': it is a basic human (and animal) *right*. Sustenance of aquatic and riparian life and the natural environment is also the prime functions of water; here too it is hardly an 'economic good'. Water, which is a scarce resource, becomes still scarcer.

Irrigation is about the supply and demand for water as a variable input into crop production. Irrigation policy is about the role of state in promoting irrigation facilities. Irrigation represents a classic example of *market failure*, and thus state involvement of one kind or another has been virtually axiomatic in most kinds of irrigation development. Rwanda has to exploit its irrigation potential as its agriculture entirely depends on the vagaries of water. Irrigation development and water management are the prerequisites and the most crucial for increasing agricultural productivity in Rwanda; which happens to be one of the major strategies of NEPAD's CAADP. small-scale irrigation is indeed pro-poor and pro-women.

The ultimate objectives of irrigation policy in Rwanda may emanate from the following theoretical basis:

- Irrigation reduces risk by diminishing the adverse impact of rainfall variation on crop and yields.

- The incentive to use cash inputs at optimal levels is increased due to reduction in risk.
- Irrigation increases crop yield directly.
- Irrigation permits higher value crop mix (use of HYV seeds), which are more responsive to high levels of complementary inputs.
- Irrigation permits a rise in the multiple cropping indexes.
- Irrigation extends the margin of cultivation into semi-arid or arid regions, which means that more land will be brought under cultivation.
- Irrigation increases demand for landless rural workers created by more multiple cropping.
- Ultimately, irrigation provides for food security and poverty reduction in Rwanda.

Two policy issues dominate the irrigation policy. These are: first, the issue of choice of technology, second, the issue of institutional choice in the management of irrigation schemes.

Water resource management should become the watchword for the future of Rwandan development. Economy in the use of this scarce and precious resource and the conservation of available supplies will have to be central to planning. This would include increased efficiency and avoidance of waste in all uses, recycling used water, maximising utility per unit of water, and so on. It would also include careful management of ground water.

Water planning should be essentially local. The effort should be to make each locality manage its own water needs through water harvesting and conservation schemes. The thrust in future planning in respect of water must be towards bringing about a vast network of thousands of local initiatives.

There needs to be scientific studies to estimate the ultimate irrigation potential, which is likely to be realised through surface water resources. Irrigation potential from underground water resources is harnessed through dug wells and tube wells. At present there is no attempt to utilise this source of water. The government has to maximise the flow of irrigation potential from minor irrigation projects since they have short gestation periods and investment requirements are less, which will facilitate better private individual investment.

Efficiency of water use is also equally important as just spending money on irrigation project is not enough. To increase the efficiency of water use, drip and sprinkler irrigation should be encouraged. Improvements in irrigation technology would also lead to an increase in the ultimate irrigation potential in the country. In this context, the experiments of other countries in water management should be examined and their relevance to Rwanda may be assessed. Another

way to increase efficiency is to transfer the responsibilities from government department to farmer's organisation- i.e. management by user farmers. Government of Rwanda should appoint a broad-based committee to review the Rwanda's irrigation economy.

As mentioned above, the entire cultivated area in Rwanda depends on uncertain rainfall. Therefore, development of scientific rain-fed agriculture is of paramount importance. Rwanda has several advantages in terms of location, soil, rainfall pattern and other agro-climatic conditions for development of horticulture. Rwanda is also blessed with many ponds and lakes, which form the major natural resource for the development of fisheries. Aquaculture is going to be an important area for diversification. Watershed development is going to be crucial for the development of agriculture in Rwanda. The following points are crucial to any programme of water conservation in Rwanda:

*Districts may be considered as a base for planning and also according to the land use capability, classification, and water conservation work should be planned on micro watershed basis.*

Select the watersheds in which there are acute needs for taking up water conservation work on a priority basis. As a long term drought proof measure, the water shed development approach has been identified to sustain the carrying capacity of land in the dry region and also to ascertain a socially acceptable living to the people in the region.

In acute scarcity conditions, to create protective irrigation facilities to take at least one crop and make efficient use of created resources. Water planning and water estimation ideas to be established in the minds of rural community. The local people should understand the importance of watershed development in conserving soil and water particularly in rain fed areas.

As to the strategic sequencing of various components of the policy of irrigation privatization; privatization initiatives involving WUAs (Water Users Associations) NGOs, private consultancy and contracting companies and the general public can be promoted as an interim strategy.

Since the majority of Rwandans are rural inhabitants and will continue to be so for some time to come, it follows that smallholder agricultural growth has to accelerate not only to address hunger, but also in part as an engine for generating the rural linkages for overall economic growth. Investing in rural areas becomes essential not only in infrastructure such as small-scale irrigation, but also in human resources.

Table 5 presents a summary picture of constraints, policy instruments, target variables and goals of water resource planning in Rwanda. Any intervention from the part of policy makers may have to take into consideration the different dimensions of the problem.

**Table 5.: Water Resource planning for Agricultural Development and Poverty Reduction in Rwanda**

Constraints	Policy instruments	Target variables	Goals	Ultimate goal
Uncertain rain fall, High risk to farmers, Lack of new/appropriate technology	Scientific rain-fed agriculture, Irrigation R&D	Extensive and intensive agriculture	Increased agricultural output	Resource use efficiency, Equity, Sustainability, Food security, & Poverty reduction
Lack of water conservation, Existence of arid or semi arid areas.	Watershed management- District may be the unit of planning	Land use capability. Land classification, Water conservation work, Drought proof measure on a priority basis in areas where acute water shortage	Being an important input for agriculture, make available it to poor peasants.	
Lack of drinking water	Protect and strengthen existing source of drinking water.	Safe drinking water	Protection of Health of the rural poor	
Acute water scarcity	Protective irrigation	To take at least one crop	Safeguard from famine	
Lack of awareness about water planning	Water planning and estimation ideas to be imparted to rural people.	Water shed development, Conserve soil and water	Rain-fed areas are protected from famine.	
Lack of private sector participation in irrigation	Water users associations, NGOs, Private consultancy and contracting companies, Irrigation co-operatives.	Irrigation privatisation	Strategic sequencing of irrigation privatisation	

Lack of minor irrigation projects	Lift irrigation from pond and lakes	Utilisation of available water sources	Better agriculture with new technology
Lack of public sector initiative	Earmarking of more investable resources, Estimation of irrigation potential	Government's more commitment to irrigation development	Dynamic agriculture
Unexploited ground water source	Estimate and utilise	Ram fed areas agriculture development	Multiple cropping Increased incomes to farmers
Lack of efficiency of water use	Drip irrigation. Sprinkler irrigation	Efficiency of water use especially in plantation crops like coffee	Better yield
No studies on the irrigation economy of Rwanda	Appoint a committee to study it.	Knowing the ultimate irrigation potential	Plans can be done accordingly
Lack of funds	Mobilise local resources, Use wage employment programmes like food for work	Social security as well as community m e t creation	Safeguard in acute poverty among landless
Lack of a Land development Bank	Promote co-operative land development bank to finance irrigation development	Poor peasants gets finance to set up irrigation projects	Institutional support to irrigation development
Lack of crop planning	Promote high value crops	Crop planning. Multiple cropping	Out put increase
Lack of water pricing	Being a public good, and having externalities appropriate pricing policies may be planned	Resource allocation in the presence of market failures	Equity - poor peasants should benefit from irrigation

### **D'Ubb]b[ 'Zf': ccXgWf]hm]b FkUbXU! '5 'ZUa Ykcf\_ 'Zf'5W]cb**

The PRSP document has clearly identified the twin basic food security challenges of the present Rwandan scenario- that of

maintaining the availability of food with in the country and of expanding the economic access to food. The policy measures suggested are of short, medium and long term in nature. It includes primarily agricultural revitalisation giving thrust to selected food crops and rural re-capitalisation, use of traditional storage system and setting up of a grain reserve fund at district level. Following the spirit of PRSP strategy this section intends to list out clearly the roles to be played by the national government and governments at local levels. There should be clear demarcation of roles so as to make the strategy work in a cohesive manner. Second, though PRSP mentions the need for a storage system but it fails to clearly spell it out. The storage system alone will not solve the equity issue of food security. A major instrument for equity in the matter of food distribution is the Public Distribution System (PDS). The benefit of PDS is that it can target to the poor and needy. Third, there is the need for integrating the principle of equity and employment with those of economics and ecology in the development of food and agricultural policy. The path ahead in the farm sector in Rwanda involves accomplishing three major goals- productivity improvements, natural resource conservation and poverty eradication- in an integrated manner. Development that is not equitable will not be sustainable in the long term (as per the Household Living Survey the Gini coefficient in Rwanda in 2000 was 0.45 indicating that inequality is very high; Republic of Rwanda, 2002b).

Table-6 provides the medium-term food security policy emphasising availability, access and stability. Table-7 gives the decision making system that is relevant for food security at different levels in the country and Table-8 presents the indicators for a food security information system in Rwanda.

**Table 6 : Food security policy-medium term**

Availability	<p>Maintain a long range marginal cost based agricultural price policy to achieve high agricultural growth such that farmer gets an adequate rate of return on fresh investments and utilisation of existing capacity based on soil and waters.</p> <p>Adjust agricultural output and input prices to global prices and ensure availabilities at that level.</p> <p>Abolish quantitative interventions in the domestic markets and import restrictions and export quotas. If absolutely necessary agricultural support prices and consequent purchases by parastatals to maintain such prices.</p> <p>Policies to be designed to improve the economic incentive structure for farmers; special care to be</p>
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	<p>taken for new lands and areas of low capacity use. In well defined problem areas development of cooperatives and public investment package for example, completion and modernisation of canal systems, extension strategies, development of agricultural markets, private channels for inputs, agricultural credit markets etc.</p> <p>Maintain a minimum system for limited supplies of a small basket of commodities to specified vulnerable sections of society, i.e. Poor households particularly in areas where hunger and anaemia incidence is higher, school children, pregnant and lactating mothers.</p>
Access	<p>The widespread agricultural growth programme would generate employment/income. To be supplemented with special employment programmes integrated with rural/urban infrastructure/ economic development programmes. Emphasis on NGOs community participative programmes.</p> <p>Improvements in markets to ensure access to supplies at favourable prices.</p> <p>Nutrition education and technology programmes to improve access to nutrition with limited budgets. Emphasis on literacy, drinking water, women's programmes.</p> <p>Public distribution systems or intervention mechanisms like food stamps as a method of last resort.</p>
Stability	<p>Improve market channels so that inter-regional inter-seasonal and inter-year price spreads are minimised.</p> <p>Introduce future markets to stabilize prices.</p> <p>Government inventory policies with domestic purchases and imports to work on the margin to operate food prices in a specified band.</p> <p>Minimum supplies to be ensured on a regular basis in specified regions or to specified households/classes.</p>



**Table 7: Decision making system for food security**

National level	<p>Purchase of food items in international markets or recourse to bilateral or agencies.</p> <p>Decisions on adjustment of domestic stocks as also on desired levels of domestic prices of food items.</p> <p>Use of support prices, tariff and domestic taxes, restrictions and subsidies.</p> <p>Optimal internal stock movements and the related question of price-spreads in regional markets.</p> <p>Access and vulnerability question of classes of consumers.</p> <p>Decisions relating to financing, credit and foreign exchange requirements of operational food policies.</p> <p>Decisions with a medium term horizon like assessment of food demand, incentives and support policies for domestic producers, development of improved processing and marketing infrastructure, standardisation, nutritional and quality aspects, and employment and income supplements for marginal populations and areas.</p>
Provincial level	<p>information requirements at the Provincial level are of three kinds which relate: i) to the expansion of supply potentials, ii) to marketing, trading distribution and information infrastructure, iii) to improvements access to food by different segments of the population. At the Provincial level the requirements of information for decisions will be more direct and pressing. Such as a) Data of a continuous kind on prices and quantities marketed in agricultural markets, b) estimates for area, production and yield and forecasts for the current agricultural season, c) data on govt and private stocks and movements, d) on the demand side, population and workforce data by location, sex and age distribution</p>

**Table 8.: Indicators for a food security information system**

<p><i>Short term</i></p>	<p>Estimates of public stocks of food items; beginning/middle/end of each crop season; location of stocks            Price trends of food items and comparisons with earlier years; variation and spread between markets through space; wholesale-retail spread.            Estimates of private trader stocks of food items at agricultural/wholesale market levels.            Crop output expectations            International price trends and stock change            Domestic demand trends            Weather fluctuations, disasters, food import indicators            Estimates of infrastructure relating to food performance: storage capacities; performance of milling industry/cold storage, transport capacities.            Agricultural credit for trade/farm operations.            Government decisions on support prices; costs of production            Taxes/ tariffs/ quantitative restrictions on food movements, domestic and abroad            Major technological achievements relating to food availability, transport, processing.            Food aid indicators</p>
<p><i>Medium term</i></p>	<p>Expected increase in agricultural potential in next three to five years.            Expected trends in food crop acreages            Expected changes in price environment for agricultural sector            Expected increases in demand for food items            Policy adjustments expected and their impacts on food items.            Expected developments in agricultural markets/storage.            Likely trends in nutritionally at risk populations and their regional spread            International price and food aid trends            Major changes in regional demand/supply configuration such as new cities, new agricultural lands, development and impact on food availability.</p>

**CONCLUSION**

This paper examined the importance of developing Rwandan agriculture in the backdrop of Comprehensive Africa Agricultural Development programme (CAADP) of NEPAD. The major conclusions one can draw from NEPAD initiative and that are relevant to Rwanda are: i) Management and use of scarce water resource for agriculture development is the vital factor in order to safeguard the food production from the vagaries of the weather, ii) Correction of supply side bottlenecks in order to ensure the competitiveness of Rwandan

agriculture is the need of the hour. Lack of rural-infrastructure enhances costs of production in Rwanda. Also, Rwanda needs trade related capacity building in order to enhance market access, iii) Application of modern production techniques is very important so as to achieve food security in Rwanda, iv) Promotion of research and development in order to guarantee long-term sustainability and diversification of Rwandan agriculture is another thrust area which CAADP demands. Unless Rwanda reduces its enormous cost of importing food supplies there is little prospect of achieving the high rates of economic growth to which NEPAD aspires. Agricultural led development is fundamental to cutting hunger, reducing poverty, generating economic growth, reducing the burden of food imports and opening the way to and expansion of exports.

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## CHAPTER 7

### NEPAD AND POVERTY: ITS RELEVANCE TO RWANDA AND CHALLENGES TO RESEARCHERS.

*Dr Herman MUSAHARA*

#### **1. Introduction**

The New Partnership for Africa's Development is the most recent concept in the chain of initiatives that have been taken in Africa to design strategies of bringing rapid economic progress and sustainable development in Africa. Its one of the most comprehensive in that it has evolved through a number of similar programmes in Africa and is so far the most ambitious in that it has become an important component of the African Union. In brief it can be regarded as the economic programme of African Union.

In this paper I argue that NEPAD is important in view of scandalous levels of poverty in Africa and Rwanda. But I point out multiple issues that are raised against it. Finally I conclude by pointing out that the critical issue is not what NEPAD is or should have been. The most important problem is designing an effective approach that will make NEPAD face poverty in Africa effectively. And as for Rwanda I suggest that the most important task is to accommodate NEPAD objectives without compromising national strategies and to use it to enhance its long-term competitiveness in the region and in the continent. Rwanda can use NEPAD also as a means to accessing and optimising resources that Rwanda can mobilise for economic development.

In section 2 the rationale of NEPAD and its position on poverty reduction in Africa are identified.

Section 3 focuses on the relevance of the strategy to Rwanda with emphasis on similarities of approaches and programmes and the expected impact of NEPAD projects on Rwanda as a country.

In section 4 is a review of major issues as well as the challenges to NEPAD and the shadow they cast on Rwanda in general and to researchers in particular. In the section is also a brief review of major contentions.

Section 5 concludes the paper.

## **2. NEPAD And Poverty**

### **2.1. The rationale**

Africa is the poorest region in the world today. With 11% of the world population Sub Saharan Africa has 1.4% of world GDP (The Economist Report 2001). The last 24 countries on the Human Development Index are all from Sub Saharan Africa (Human Development Report 2000). The share of African exports and imports in the world trade is so minute that there is an attitude that the world can live easily without it (Samir Amin 2002). UNCTAD estimates that SSA has 1.6% of export trade globally. It is marginalized.

Indicators of conditions of health and education show poor access to basic social services. While there are 16 doctors per 100,000 people in SSA the same number of people have 253 doctors in the developed world. It is estimated that 34.6% of Sub Saharan Africans are not expected to survive beyond the age of 40. Up to 46% have no access to safe water. The adult illiteracy rate for over 15 years is still over 40% (Human Development Report 2000). Out of 34 million living with HIV/Aids globally 25 mil are in SSA (UNAIDS 2002). In many countries population is still growing at more than 3% per year and the debt burden estimated to be above \$200 billion is sharply increasing. In the last decade of the 20<sup>th</sup> century 53 violent conflicts took place in Africa. Greg Mills (2002) description of Africa's condition is even more captivating. SSA is the poorest region in the world:

The total combined GNP of its 48 economies is just US\$300 billion (almost the same as that of Belgium) of which more than 40% is contributed by South Africa and 11% by Nigeria. The remaining 46 countries -or 450 million people- survive on US\$ 140 billion

This combined GDP is less than the US\$ 350 billion agricultural subsidies allocated annually to the Organisation for Economic Co-operation and Development (OECD) countries

It accounts for less than 2% of world trade, down from 3% in the 1950s. Without South Africa, SSA's share of world trade is just 1%

- Aid transfers amount on average to 9% of GDP
- 250 million people (40%) lack access to safe water
- 200 million (33%) have no access to health services
- More than 40% of its 600 million people live below the internationally recognised absolute poverty line of US\$ 1 per day
- Its share of the world's absolute poor grew from 25% to 30% in the 1990s
- Two million children will die before their first birthdays

- At the start of the 20<sup>th</sup> century there were 223 deaths from malaria per 100,000 people annually: today this figure is 165 per 100,000
- Seventy per cent of the world's Aids cases are to be found on the continent

Thus the creation of NEPAD as an economic project of the African Union is justified and logical sequel to the tragic conditions Africa is facing today. Paragraph 1 explains the vision of NEPAD clearly as follows;

*This New Partnership for Africa Development is a pledge by African leaders, based on a common vision and a firm and shared conviction, that they have a pressing duty to eradicate poverty and to place their countries, both individually and collectively, on a path of sustainable growth and development and, at the same time, to participate actively in the world economy and body politic. The Programme is anchored on the determination of Africans to extricate themselves and the continent from the malaise of underdevelopment and exclusion in a globalising world.*

In paragraph 4 of NEPAD document itself there are more figures that depict the graphic magnitude of poverty in Africa. In Africa, 340 million people, or half the population, live on less than US \$1 per day. The mortality rate of children under 5 years of age is 140 per 1000, and life expectancy at birth is only 54 years. Only 58 per cent of the population has access to safe water. The rate of illiteracy for people over 15 is 41 per cent. There are only 18 mainline telephones per 1000 people in Africa, compared with 146 for the world as a whole and 567 for high-income countries.

That poverty is rampant and deep in Africa is not a disputable fact. That an initiative to address the problem is necessary is equally obvious.

## **2.2. The previous efforts**

What is new in the New Partnership? A major response to the question is that since 1960s after independence Africa has put in place several initiatives and strategies but these failed to extricate Africa from the scourge of poverty, underdevelopment and marginalisation. NEPAD is an attempt to overcome weaknesses that were apparently inherent in these.

A few that were formulated after 1980 and are the most prominent need to be cited (Adebayo Adedeji 2002).

- LPA- the Lagos Plan of Action for the economic development of Africa 1980-2000 and the final act of Lagos (1980)

- APPER- Africa Priority Programme for Economic Recovery 1986 1990 which was later converted into the United Nations Programme of Action for Africa's Recovery and Development (UN-PAAERD) (1986)
- AAF-SAP -the African Alternative Framework for Structural Adjustment Programme for Socio-Economic Recovery and Transformation (1989)
- The African Charter for Popular Participation for development (1990) and
- UN-NADAF- the United Nations New Agenda for the Development Agenda of Africa in the 1990s (1991)

Adebayo argues that they failed because they were opposed, undermined and jettisoned by the Bretton Woods institutions while NEPAD seems to be welcomed by the institutions and donor community. This may be part of the explanation for the failure but it is true that NEPAD comes in the shadow of past efforts that did not succeed as evidenced by the degree of backwardness and poverty of Africa.

Wiseman Nkhulu (2003) accounts for the design of NEPAD from a slightly different perspective;

*In formulating NEPAD many previous declarations, United Nations resolutions and other work done on the continent had been taken into account. There are however some differences between NEPAD and the previous processes. Some of these differences are good political governance and Peer Review Mechanism to ensure that this transformation actually happens and focus on food production and security, which were not adequately addressed in previous programmes (Maputo meeting of NEPAD Secretariat and African Organisations Of Civil Society July 2003)*

Anyang' Nyong'o (2002) identifies a few more reasons why NEPAD differs with the previous programs.

NEPAD unlike say LPA mentions democracy directly. While the latter was an 'economistic' document the former is conscious of the 'political economy' of Africa.

NEPAD while aware of structural problems in the world economic system does not admit dependence and subservience but calls for engagement into the system and suggests partnership. NEPAD gets to the level of defining African-level projects above calling for collective self-reliance.

Whether previous processes failed because of external forces or/and internal problems of governance and food security NEPAD has emerged as a new and presumably wiser proposition against African poverty than previous initiatives.

### 2.3 Poverty in NEPAD

Poverty is explicitly focussed in the principal document of NEPAD. In Section I major forms of poverty in Africa are identified. **Marginalisation** of Africa in international trade and aspects of economic prosperity is a form of **exclusion**. A major cause of underdevelopment in Africa is the scandalous disparities in economic development between the developed world and Africa. Indeed the NEPAD document has on record that the present levels of underdevelopment have roots in the historical evolution of imperialism, colonialism and exploitation (Section II para 18 -26).

But NEPAD also realises implicitly that the poverty of Africa is **structural** in character. A major exhibit of this is that Africa is poor although it has an abundance and variety of resources. Four components of resources that Africa has are rich mineral resources as well as the flora and fauna, the ecological lung which is a public good characterised by rain forests and a clean environment, the palaeontological and archaeological sites that link Africa and the cradle of mankind and the richness of the Africa's culture (Section II para 10). That Africa is poor despite the abundance of such resources clearly point to a previous problem of resource exploitation and use.

The graphic description of poverty in Africa (Section 1 para 3) and a later emphasis on improving the anthropometric indicators of living conditions in Africa as well as food security are clear indications of concerns on deep levels of **absolute poverty** in the continent. They also reflect high levels of **human poverty** that have to be challenged.

The position of NEPAD on poverty is stated in a forthright manner under the Programme of Action (Section V para 67). Its long-term objectives are stated as follows;

*To eradicate poverty in Africa and to place African countries, both individually and collectively, on a path of sustainable growth and development and thus halt the marginalisation of Africa in the globalisation process; To promote the role of women in all activities.*

Section III is an expression of the will of Africa leaders to changing the gloomy scenario of poverty and backwardness of Africa. The statement and the objectives in para 49 is an indirect confession that Africa's poverty is not only structural but also **transient** and **Political**. Poverty in the past decades can be related to bad governance, corruption, soft states, lack of accountability and transparency. The same is also reflected in Section V where the condition for poverty reduction emphasize peace, security, democracy and good governance(para 71 to 85).



The appeal to the peoples of Africa (Section IV) as an indication of the disregard of **participation** in previous processes and programmes. NEPAD in the same section mentions and emphasizes in the document the need for African **ownership** of economic initiatives. By emphasizing building the confidence of Africans and the recurrent mention of the need to incorporate women in its endeavors resonates the relation between poverty and powerlessness. NEPAD subsequently capitalizes on the **empowerment** of the poor or say the African and the woman.

Low quality **human resources** are also a salient feature of poverty in Africa as reflected by social indicators mentioned earlier and that feature prominently in the NEPAD document. Human Resource development, education and health development are put in sectoral priorities as way of prioritizing poverty in NEPAD (para 115 -120 and 123-128). Obviously even other sectors prioritized like infrastructure, water and sanitation, energy, agriculture and transport are also pro poverty reduction.

Again poverty is given a focus in paragraphs on debt relief (para 146-147) and implementation strategies of NEPAD (Section VII). In para 186 the harbinger to the implementation of NEPAD and drawing of projects has an implicit focus on poverty particularly fighting HIV/AIDS, Malaria, Tuberculosis and Debt Reduction among others.

All in all NEPAD is obviously related to poverty reduction. However it is a broader concept. Thus poverty reduction is also reflected in its philosophical and ontological thrust. The overarching objective is sustainable development that is premised on a number of fundamental assumptions, linked to several sectors and braced by actions and policy accelerators.

The assumptions that have to be worked for to provide preconditions for sustainable development are peace and stability, democracy, sound economic management and people-centered development. Sectors range from infrastructure, through energy, transport, water and sanitation, education, health, agriculture, environment, culture, Science and Technology, Tourism, Mining, Manufacturing, Services to Trade.

Policies and accelerators range from private sector promotion, ODA reforms, Debt Relief initiatives, Domestic Resource Mobilization, Private Capital Flows, and Diversification of production to promoting market access. These and the related actions relate to the diverse sectors also. In this regard again poverty is implicit as a residue following the attainment of sustainable development.

At the economic level therefore it can be stated that poverty reduction will follow a sustained economic growth and income inequality. NEPAD sectoral strategy on infrastructure, capital

accumulation, human resource development, structural diversification, institutions, competitiveness, health and good management of the environment is not geared only to high growth rates but to sustain them (para 64). Heavy investment in these is required to permit a growth rate of GDP of over 7% for the next 15 years (para 64 and 70). It is by sustaining that rate of growth that the International Goals outlined in the next section can be attained. But what they mean in terms of poverty is that poverty can be halved by 2015.

Together with economic growth NEPAD is expected to stimulate job creation and employment. If the programs and projects envisaged by NEPAD in the various priority sectors are realized then surely some jobs will be created. What would be interesting would be how many of these in Africa and what would be their impact on poverty in tangible terms.

Another positive outcome of NEPAD's program for a sustained economic growth is reduction of inequality (para 69). A clear goal that is geared to reducing inequality is the promotion of the role of women. Moreover the recurrent efforts of covering gaps in different sectors. One such gap mentioned as the first is structural arising from a low and lopsided infrastructure development inherited from colonial rule. It is admitted that in many countries infrastructure was laid to tap and exploit African economies. With NEPAD infrastructure will be a pillar to accumulation, economic growth and poverty reduction (para 96 ff). Other such gaps to bridge are the digital divide (para 104) and the education gap (para 117).

To sum up then, it is clear in black and white that NEPAD is a broad and far reaching concept that is geared towards eradicating poverty explicitly and reducing it through economic growth and sustainable development. What remains to be seen and which comes for discussion in one of the sections below is whether what is contemplated and planned in NEPAD can be realized and poverty reduced effectively.

### **3. Relevance to Rwanda**

By the mere fact that Rwanda is a member of the African Union and a signatory to NEPAD then the concept is automatically relevant to Rwanda. Rwanda is also an active member of NEPAD, a member of the Eastern African Sub Committee and is currently one of the 16 countries that have accepted the African Peer Review Mechanism. By the latter Rwanda cannot accept to be peer reviewed by partner countries if she had not thought goals and economic and political objectives of NEPAD were not relevant. But the relevance is perhaps realizable in the convergence of goals and strategies and the resulting convenience of putting NEPAD's vision into action in Rwanda.

Firstly and at a simple level NEPAD's organic strategy does not differ from that of Rwanda. The parallels and convergences are discernible from the Table 1 below

**Table 1: A comparison of NEPAD goals and strategies and Rwanda Vision 2020**

	NEPAD	Rwanda VISION 2020
Super goal	To bring sustainable economic development to Africa	To bring sustainable development and remove Rwanda from the list of poor countries by 2020
Economic target	Growth of GDP by at least 7% over the next 15 years	Growth of GDP of at least 8% over the next 15 years
Specific Objectives	<p>To realize IDG goals and half poverty by 2015</p> <p>To reduce the proportion of people living in extreme poverty by half between 1990 and 2015</p> <p>To enrol all children of school age in primary schools by 2015;</p> <p>To make progress towards gender equality and empowering women by eliminating gender disparities in the enrolment in primary and secondary education by 2005;</p> <p>To reduce infant and child mortality ratios by two-thirds between 1990 and 2015;</p> <p>To reduce maternal mortality ratios by three-quarters between 1990 and 2015;</p> <p>To provide access for all who need</p>	<p>To realize IDG goals and half poverty by 2015</p> <p>To reduce the proportion of people living in extreme poverty by half between 1990 and 2015</p> <p>To enrol all children of school age in primary schools by 2015;</p> <p>To make progress towards gender equality and empowering women by eliminating gender disparities in the enrolment in primary and secondary education by 2005;</p> <p>To reduce infant and child mortality ratios by two-thirds between 1990 and 2015;</p> <p>To reduce maternal mortality ratios by three-quarters between 1990 and 2015;</p> <p>To provide access for all who need reproductive health services by 2015;</p> <p>To implement national strategies for sustainable development by 2005, so as to reverse the loss of environmental resources by 2015.</p>

	reproductive health services by 2015; To implement national strategies for sustainable development by 2005, so as to reverse the loss of environmental resources by 2015.	
Priority sectors or pillars of the visions	Peace, security and political governance Priority sectors, Infrastructure, HRD Agriculture Environment Culture S+T Diversification of production Implementation Fast tracking communicable diseases, ICT, Market access, +debt reduction Projects in agriculture, promotion of private sector, Infrastructure and regional integration	Reconstruction of the nation Efficient state that unites and mobilizes Human Resource development Rural development and development of basic infrastructure Enterprise development and promotion of the private sector Modernization of Agriculture and livestock Gender Protection of the environment ICT Regional Integration
The baseline	People centered market oriented and growth led development	Growth as a prerequisite to poverty reduction

Like the rationale at the continental level NEPAD as a continental project on economic development is relevant in light of the economic condition and poverty of Rwanda. Key economic indicators are presented in Table 2

**Table 2: Key Indicators**

Land surface	26, 388 sq. km.
Population	8, 1 mi (1999)
Density/(habitants/km <sup>2</sup> )	337
GNP (mill US \$)	2
Per capita GNP (in US \$)	250
Long term growth rate 1965-99	2.7
GDP average annual growth Per capita	-0.1
Population annual % growth	2.8
Life expectancy	49 (1999)
Infant mortality in 1000	123
Infant mortality under	203
HIV/prevalence (15-49)%	137
Access to portable water (% of the population)	44
Adult literacy %	48.3
Primary education enrolment	97.1
Secondary education	7.0
Tertiary education	1.0
Human Development Index	0.382
Index of human poverty %	5.4

Source: *Rwanda Development Indicators 2001*

Moreover the fact that poverty of Rwanda is related not only to the legacy of a long history of colonial exploitation and genocide makes the NEPAD's approach appropriate for Rwanda. The latter cause of poverty has been linked to poor leadership and bad governance of the post independence regimes. A programme such as NEPAD that invoke political stability, peace democracy and good governance becomes a model of what the Rwandan economy desire and take as preconditions as well.

#### **4. Issues and Contentions on NEPAD**

Major issues that can be raised on NEPAD appear as criticisms that can be grouped into four categories (Dot Keet 2003). They are criticisms that focus on the lack of broad consultations in the formulation process of NEPAD. A second category is the observation that NEPAD has been generally externally oriented. From a radical position NEPAD is regarded as a fund raising project geared largely to attracting foreign aid and investments. A third category consists of criticisms of the paradigmatic framework of NEPAD and the fourth is a combination of all or some of these.

In this section we review some of these criticisms as they relate to poverty, approaches and paradigms, NEPAD's projects and challenges Rwandan and other researchers can draw from most of these.

### **Criticism related to poverty**

It has been argued that NEPAD does not have a clear **focus on poverty**. There is no explicit mechanism on how country PRSP will be linked to NEPAD. The emphasis on growth lacks a clear consideration of the pattern of growth (Addis Tribune 2002).

This may be true but one would not expect a document representing the views of the Heads of State to get to that level of details. That NEPAD should use existing frame works such as PRSP is mentioned (para 115). I also believe NEPAD is not a poverty reduction plan per se. It is broader and involves sustainable development, institutional and policy reforms, sector prioritization etc although surely in the long run the target is eradicating poverty in Africa.

A related criticism is on the time frame for **International Development Goals**. IDG projections such as reducing people under poverty by half by 2015 was designed in 1990. NEPAD adopts the same targets 11 years later. One explanation would be that most African countries may have been using the targets already but even then there is evidence that targets are far from being realized.

A related remark is that NEPAD has not clearly indicated how its **projects** will be implemented at regional and sub-regional levels. This is true with regard to the core document. But again NEPAD is a process and defining and clarifying projects should be some Work In Progress.

NEPAD'S major poverty concern is the **marginalisation** of Africa. But it is argued that Africa is not excluded as such. It is part of the globalization process. The problem is in the long-standing, subordinate and exploited nature of the inclusion in the asymmetrical international economy.

NEPAD is also criticized on lack of clarity on how **distribution** will be with an increased access to water and infrastructure. At a more general level this criticism is related to the impact of NEPAD on inequality in the long run an issue closely related to a growth led development.

NEPAD is also criticized of not giving attention to other poverty related economic sectors particularly **land**. Land is an important concept to poverty reduction in Africa but NEPAD does not define the role of states in solving land problems or carrying out land reforms. One could argue that NEPAD not being a poverty reduction strategy

per se could not have gone to the level of analyzing the role of land. Nonetheless the link between land and poverty in Africa cannot be ignored.

Kanbur (2001) has pointed out that in many aspects and on poverty NEPAD is rather **general**. He points out rather correctly that as a document on a continental body it perhaps cannot avoid being so general. It is also true that poverty is also a complex issue that it cannot be addressed adequately and particularly as would be desired. Moreover he point out clearly that there are **long** and **short run** consequences on **poverty**. In this regard a dam or development of a piece of infrastructure may not be pro-poverty reduction in the short run. It may be even regressive to poverty. NEPAD does not in every case bring this out. This is also the same case as a direct or indirect impact of a program on poverty as mentioned elsewhere in this paper.

Some scholars have even criticized NEPAD on **gender** insensitivity (Zo Randriamaro 2002). While acknowledging that NEPAD mentions the increased role of women their argument is that past neo-liberal programs such as SAP did not adequately address inequality, poverty and especially how it affects women. The gist of the argument is that NEPAD, as a neoliberal programme will fall in the same trap. Moreover it is pointed out that while feminizing poverty NEPAD does not have a detailed approach to women in relation to labour and resource allocation including time. Most of the criticisms seem however discontent more with the neoliberal approach than women as such.

### **Issues related to approaches**

NEPAD is grouped into the neo-liberal paradigm and positioned in the Washington Concesus. In essence **liberalization** and **openness** are the main instruments for expanding intra African trade and trade with the rest of the world (Dot Keet 2003). Critics have tended to identify recent problems of de-industrialization, economic decline, indebttness, poverty, social crises and peripheralisation of Africa with neo liberal policies. One such example is the structural adjustment policies. Joseph Stiglitz is cited to have written that *'today it is without dispute that the Washington Consensus policies have pushed policies, which enhance instability. Instability on the other hand is the most important causes as well as manifestations of poverty'*

NEPAD has been a top down approach designed by Heads of states without **consulting** the broad masses of Africa. Even at the level of Heads of States some were pulled in after the first consultation with the donor community and IFIs. The absurd part of the approach is that now NEPAD is starting a process to include various stakeholders like civil society. Unless it designs a system of taking on

board the African people it will continue to be considered as a design of and for political elites (see e.g. Nabudere 2002).

A remark has also been made on the concept of **partnership** itself. Adebayo Adedeji (2002) draws an informed account of the nature of partnerships that have characterized for example Euro-Africa agreements and conventions. A *cooperation* is now deemed as inadequate but a *compact* is regarded as being strong. It invokes interdependence and international cooperation. However as long the relationship will continue to be the domination of the strong against the weak, drain of resources from the poor to the rich and appropriation of an increasing share of world resources the concept will continue to be essentially a misnomer.

NEPAD advocates **rapid integration** of Africa into the global economy. The question that is crucial is however that already African economies are locked in the workings of the global economy and structural dependent on the developed countries. The economies of Africa are generally outward oriented and have limited internal forward and backward trade and production linkages. The emphasis should be then internally integrated and largely self-sustaining economies.

**Polarization** or widening gap between the wealthy and poor within and between countries is regarded as an outcome of globalization. To some scholars in fact the process is intrinsic to the globalization of the free market economies. Dot Keet (2003) explains it as follows;

*While enabling and encouraging the already strong, well endowed, well placed, favored, fortunate or ruthless to prosper, the removal of protective regulations for the more vulnerable, in order to allow open competition, simultaneously plays upon and intensifies the disadvantages of the weaker countries, communities and social groups*

NEPAD does not therefore note adequately that there is a lot in globalization that increases poverty and inequality in the world.

NEPAD again regards effectively managed integration and cooperation between governments and private institutions way in **globalization**. That is to say that the cooperation can lead to fair and just globalization process. A criticism of this approach is that *'governments in the industrialized world cooperated with global corporations to restructure international relations, and re-regulate international and national economic policies to optimize their advantages and maximize access and rights all over the world'* (Dot Keet 2003). The form, content and process of globalization serves the interest of those nations NEPAD is calling to cooperate for a just system.



NEPAD rightly points to the role of internal weaknesses of African countries in creating crises in Africa. It even shows the role of colonialism in the impoverishment of Africa. It should however note the **role of rich countries** in making Africa position marginal in the world economy. There are trade policies in developed countries that make it difficult for Africa to take part substantively in international trade. It is common knowledge that some developed countries protect their trade. Direct neo-colonial, economic, political and military interventions in Africa are still practiced by rich countries.

Finally Kanbur (2001) has suggested a framework for analysis that may be cast on the effectiveness of NEPAD. One mentioned implicitly in the last subsection is whether a NEPAD program has direct impact on poverty. The second on whether NEPAD has a **comparative advantage** in assuming a leading role in the program. For example in training and developing research networks bodies like Universities may play a better role. NEPAD has already started devising such division of labour. For instance governance codes and standards are being assigned to UNECA whereas financial accountability is being assigned to African Development Bank (APRM 2003). In analyzing the twin guiding principles Kanbur also uses a GRNL frame. The frame is assessing whether a NEPAD action can be better captured at Global, Regional, National or Local level. Of course poverty being about conditions of human beings is better captured at local level. However a lot of action at global (beyond the continent) and Regional levels can have direct or long run impact on poverty. For instance research on malaria or change in prices of commodities can have impact on poverty. As suggested in the challenges NEPAD would require some specific national and local actions that augments its vision at the same time challenging poverty more frontally.

His analysis raises another interesting issue. NEPAD document does not clearly show the criterion of **prioritizing** projects. In this regard it is not explained why communicable diseases, ICT, debt relief and market access are fast tracked in NEPAD. The curious issue would be of course whether they have a more direct or relatively more effective impact on poverty that some other actions.

### **On NEPAD's project proposals**

Most of the issues raised on the project proposals have been mentioned. In this section some of those that were not mentioned are reviewed according to the core proposals in the NEPAD document.

In some sections above we mentioned that an important NEPAD project is the creation of **infrastructural interlinkages**. The approach is that foreign investors will create partnerships and use the private sector involving a private-public-partnership. A remark

on this is that in the partnership is that the public bears the bulk of the risk while the private sector reaps the economic benefits.

### **Encouragement of capital flows**

There is a tendency to depend on foreign capital inflows in NEPAD than on capital flows within Africa

### **Complementary and/or cross-border production**

NEPAD supports what is called global structural adjustment. What in effect that means is that developed countries should move to high-tech manufacturing and leave the rest for the developing world to produce. It amounts to saying that the developed world should be left to run the most inefficient and highly pollutant industries. NEPAD despite mentioning that growth and employment are important it does not urge for promotion of labor-intensive industries.

### **Human Resource Development**

In orthodox or say neo-liberal economics HRD is regarded as a factor of production. Critics point to NEPAD as similarly regarding labor as a production requisite. However human resources in line with charters that NEPAD does not cite is part of human rights.

### **Agriculture and food security**

In some parts of Africa more that 70% of the people depend on agriculture. In others it goes up to 90% and above. It is the backbone of most African economies and basis for food security. Yet despite some mention no serious consideration is given to agriculture in the core document.

### **Trade**

NEPAD advocates for trade within and between Africa. A fear that may be expressed with for example promotion of financial markets is that trade may become a privileged reserve of strong African economies. These are for example South Africa, Egypt, Mauritius and Kenya.

### **Market Access**

NEPAD seems to advocate for a better market access without addressing the fundamental problems inherent in the African market. There are still problems of supply competitiveness, volumes of goods, lack of infrastructure, trade financing and commercial information. NEPAD seems to encourage trade in traditional items.

## **Multilateral trade system and WTO**

A major remark on this is that the Uruguay Round Agreements have been said to be unfair to Africa and led to imbalances. Some estimates put the extent of loss in trade by Africa following the Uruguay Round as between US\$ 2.5 billion to 3 billion. Other scholars point out that actually it is the developed countries that frequently evade WTO rules. It thus may seem that NEPAD underrates WTO negotiations.

## **5. Challenges to Rwandan and other Researchers**

In section 2 above we discussed the relevance of NEPAD in a forthright manner. After raising issues and criticisms on NEPAD can we say in affirmative that it is relevant to Rwanda? It is definitely an African project that is in place. Dispute is therefore not whether it is yes or no. The real challenge to the academia is to assess to what extent it is relevant to Rwanda and how that relevance can be enhanced. A major argument in this regard is that a lot of criticisms are leveled on the processes of NEPAD and none or few on its being an African project.

A second challenge to researchers is on how policy can be used in favour of Rwandan or African people. Neo-liberal policies have been criticised frequently especially in the progressive and radical scholarship. But neo-liberalism is the policy favored by the one Africa and Rwanda depends on for financing. It is possible NEPAD and Africa leadership embrace the policy to secure resources critical for running projects. It is possible through research to establish parallel policies that can ensure that the poor are not worse off in the process. It is possible. For example while developed countries embrace neo-liberal policies in their economies they have safety nets and social policies that ensure distributive justice and protect the poor. If NEPAD degenerates into a neo-liberal policy both up stream and downstream, which other policies at national level can, we advocate for augmenting its impact?

An apparent line of difference between NEPAD and some scholars is that the former places a lot of blame for past performance on the Heads of Africans particularly bad governance politically and economically. While this is true it is part of the truth. Scholars need to continue to show how much external factors have been instrumental in Africa's poverty and social crises.

NEPAD has come at a time that there have been attempts at integration -at least at regional level. NEPAD is blamed on not showing adequate linkage to existing structures or promotion of new regional integration systems. It is important to study the modalities, working and benefits and costs of such bodies that NEPAD could make use

of. Sub regional integration is important in a world of globalization that does often marginalize Africa.

Of course NEPAD itself needs continuous analysis. In this regard the document and linkages to individual countries can be improved. The importance of NEPAD engaging research as an important component is that there would be a continuous check on balances between different forces. For example balance between society and the market and the private sector and government with the view of making it a strategy that will address better African problems. One major area that is under debate is whether NEPAD is in grasp of what made previous initiatives fail to deliver in Africa.

There have been concerns about ownership of NEPAD. That Heads of States initiated it may not a problem now. It is important to see how Rwandan can be pulled on board NEPAD processes in an effective manner. In an effective manner is involving the grass roots levels. Genuine ownership cannot be created by TV and media operations only. An informed intervention should also show how NEPAD can be of benefit to an ordinary Rwandan.

NEPAD should appreciate the bottlenecks and difficulties Africa has undergone. Studies should identify how these can be removed if NEPAD will not soon be on the list of failed projects mentioned in previous sections. In the same vein is the need to study and define properly a partnership that will genuinely favour Africa. If it is difficult to create a partnership between a fox and fowl normally then it could be by a protracted struggle to set proper rules of the game.

Although not given a big attention there is need to analyze how small economies like Rwanda may ensure net gain from the processes. The reverse argument is that NEPAD can easily favour large economies like South Africa and Nigeria. It is important to analyze how Rwanda can rapidly develop competitive advantage and rapid responses to windows of resources and economic opportunities that NEPAD may offer as an African body.

## **6. CONCLUSION**

It not proper to thrash out NEPAD or any other system if we cannot provide alternatives. Whichever alternative the post cold war scenario tends to give in to neo liberal policies and its drawers. A progressive inquiry would be in my opinion that which will make us gets something better from the bad if what is regarded as bad is the only alternative.

But in this regard NEPAD can only be bad if it is analyzed statically. NEPAD cannot be the document or the meetings of committee. As a dynamic process NEPAD is already a platform from which

modifications can be suggested and strategies recast. For decades it has been virtually impossible to design an economic program or write a document that can be unanimously agreed upon by both the rich and poor countries at the same time. The game of wits in international geopolitics has been lamentably harsh to Africa. The rules need to change constantly and tactics modified. Although NEPAD is not the best document on poverty to some scholars it may be the tactical tool of engagement Africa has now.

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## CHAPTER 8.

### GOVERNANCE, PEACE AND ECONOMIC DEVELOPMENT NEPAD, THE AFRICAN CHALLENGE fit REFLECTIONS ON RWANDA

*Dr. Mohammad GULREZ*

#### 1. Introduction

The New Partnership for Africa's Development (NEPAD) is a recent initiative by Africa's Heads of State and Governments which intend to reverse, for good, the highly embarrassing image of the continent through a 'sustained engagement' with the developed world. Africa needs fair and accountable Political and Economic governance that works in the best interests of poor people, at the national, regional, and international levels. The development of Nepad is an explicit effort towards this continental and global partnership based on shared responsibility and mutual interest through the instrumentality of political and economic governance on the continent.

This paper is divided into four sections. The first examines the trends and nature of this new globalization and its possible effects on Governance issues in Africa with respect to the new development initiative. This section also discusses the genesis, origin and structural framework of Nepad. The second section critically attempts to interrogate the question of good governance in the context of Nepad. The third section analyses the challenges that governance poses to Africa's political leaders in their developmental efforts towards good governance, conflict resolution and development with special reference to Rwanda. The last section, which also concludes the paper, is concerned to identify as to what extent the Nepad's documented provisions are capable of aiding the process of constructing a developmental state on the continent with possible suggestions as emerging during the course of this study.

#### 2. Global politics and changing patterns of Governance :

Over the course of recent decades, national economies and governances have become integrated economically and politically to the extent never seen before. This statement holds whether one refers in quantitative or qualitative terms. For the first time in history , Africans speak meaningfully of a "global governance."

By "governance " we mean the *domain of policy* that governments are called upon to manage, as well as their *ability to manage* effectively. In other words, it is in relation to the government's *mission* and its *capacity* to-discharge that mission. However in the context of global governance, one can argue that the capacity of national

governments to affect the economic well being of their citizens has been diminished significantly by the continuing globalization of economic life. However, this diminution of capacity does not portend the demise of the nation-state, as some have argued. Instead, the rise of a global economy, it is believed will induce a shift in the mission of governments in national, regional, continental and international arenas while redistributing the capacity of governments at all levels to execute effective economic policy. In short power is shifting across levels of political authority, and this carries important implications for world politics. (Pollins, 1993:1-2) It is not yet entirely clear whether such coordination is desirable, or even necessary given that global financial markets already impose ever-stricter discipline on national fiscal and monetary policies. An important school of thought argues that international policy coordination is either irrelevant or harmful. (Mortimer-Lee,1990:73-75). Nevertheless, arguments are also made that open and explicit efforts toward international/continental policy coordination will play an important role in the future global political economic order, while strengthening the hand of national leaders dealing with domestic interest groups. The development of Nepad is a part of that thinking tracing the possibilities for new order emerging from cooperative endeavors of governments across different levels of authority in Africa.

It is thus important to discuss the origins and structural framework of Nepad to cross examine how well its policy guidelines and structure supports this new kind of partnership with Africa both in terms of partnership and governance.

### **3. Origins, Growth and Development of NEPAD**

Despite being rooted in different elements of earlier philosophical discourse, the political and economic context within which Nepad is taking place and the magnitude of challenges facing the continent seem to be new. The end of the Cold War in the late 1980s pulled down the proxy cover for leadership and administrative inadequacies in and around Africa. The blame for Africa's problems could no longer be placed at the door of industrialised world and global capital. There was now an acknowledgement that Africa needs to nurture the seeds of democracy and development by pioneering a new relationship between themselves and the rest of the world. This relationship should be driven by the desire to reinvent the continent and shake off the chains of poverty and underdevelopment that have affected the majority of its population for decades.

Based on this vision Nepad is a strategic framework designed by African leaders to respond to globalization and resultant marginalization of the continent. Amongst the relationships that Nepad seeks to forge, is the relationship between African leaders and their

people. Political pluralism, democracy and good governance are seen as the basic preconditions for development in the continent.

### **3.1. Origins of Nepad**

Nepad is a merger of the Millennium Partnership for the African Recovery Programme (MAP) and the Omega Plan. After long debates, consultations and discussions its policy framework was finalized on 23 October, 2001 by the Heads of State Implementation Committee (HSIC) in Abuja, Nigeria.

NEPAD represents a vision by those African states, which signed on, together with the OAU, to reposition Africa globally, eradicate poverty and to place the continent on the road to sustainable development. It is premised on the attainment of peace and stability through sound governance based on democratic values and principles. The Nepad document defines its objectives by saying that it is aimed at meeting the Millennium Development Goals (MDG's) of reducing poverty in Africa by 50% by 2015 and to transform our societies in order to place them both individually and collectively on a path of sustainable growth and development (Mkalipi,2003:1-2).

### **3.2. Relationship between NEPAD and African Union**

NEPAD is a mandated initiative of the African Union. The NEPAD Heads of State and Government Implementation Committee has to report annually to the Union Summit. The Chair of the Union as well as the Secretary General of the Union are ex-officio members of the Implementation Committee. The Commission of the Union is expected to participate in Steering Committee meetings. In this sense NEPAD is not a separated continental organization, but a project of the African Union. NEPAD thus is not an organization, but on the contrary it is a programme of the African Union.

### **3.3. Leadership and Management of NEPAD**

At the inaugural Heads of State and Government Implementation Committee meeting held in Abuja on 23 October 2001, the Heads of State and Government established a 15 member Task Force for the implementation of Nepad. Subsequently, a three tier governing structure for Nepad was accepted as follows:

#### ***1. Heads of State and Government Implementation Committee***

Chaired by President Obasanjo, with Presidents Wade and Bouteflika as Vice-chairpersons, the Implementation Committee is comprised of fifteen states (three per OAU geographic region), including the five initiating states, South Africa, Nigeria, Algeria, Senegal and Egypt. The composition is as follows:



- North Africa: Algeria, Egypt, Tunisia
- West Africa: Nigeria, Senegal, Mali
- Central Africa: Cameroon, Gabon, Sao Tome & Principe
- East Africa: Ethiopia, Mauritius and **Rwanda**
- Southern Africa: South Africa, Botswana and Mozambique

The main function of the Implementation Committee is to set policies and priorities and the Programme of Action. The Implementation Committee is expected to meet three times per year. It reports annually to the African Union Summit.

## **2. Steering Committee**

The Steering Committee is composed of the personal representatives of the five initiating Presidents, and is tasked with the development of the Terms of Reference for identified programmes and projects, as well as overseeing the Secretariat. The duty of the committee is to instruct the Nepad Secretariat to co-ordinate and implement projects and processes that have been identified by the 'Heads of State & Government Implementation Committee,' (HSIC) as being of priority (e.g. the development of benchmarks and indicators for the Nepad Peer Review Mechanism -NPRM).

## **3. Secretariat**

The full-time, small core staff of the Secretariat located at the Development Bank of Southern Africa in Midrand provides the liaison, coordination, and administrative and logistical function for NEPAD. It is also responsible for out sourcing of work on technical detail to lead agencies and/or continental experts. The Secretariat is thus the coordinating and the liaison arm of the Nepad Steering Committee.

Apart from the organizational structure ,five task teams are also established to urgently identify and prepare specific implementable projects and programmes. In terms of working arrangements, South Africa is to coordinate the Peace, Security, Democracy and Political Governance Initiative; Nigeria the Economic and Corporate Governance/Banking and Financial Standards/Capital Flows Initiatives; Egypt the Market Access and Agriculture Initiatives; Algeria the Human Resources Development Initiative; and Senegal the Infrastructure Initiative.

In addition, the Implementation Committee decided to develop a set of governance principles and to develop a mechanism for peer review. The Steering Committee is also mandated to develop a strategic plan for marketing and communications at the national, regional, continental and international levels. (<http://www.dfa.gov.za/docs/nepa275a.htm#origin>).

#### **4. Cardinal Principles of NEPAD**

Nepad is a programme that is based on a desire to ensure that African problems are resolved in a manner consistent with the reality of socio-economic and socio-political conditions in the continent. It is in this regard that it is viewed as the programme owned and led by Africans. It seeks to ensure that Africa no longer relies on the generosity of the industrialised world, but anchors its redevelopment on the resources and resourcefulness of the African people. To this effect it seeks to accelerate and deepen regional and continental economic integration. It is only through increased competitiveness that African countries would be able play a meaningful role in the world political and economic system. The building blocks of Ncpad are spelled out in its various documents including the Declaration on Democracy, Political, Economic and Corporate Governance which was signed by Heads of State in July 2002, Durban. The following areas are put forward as the fundamental requirements for African recovery to gain momentum: 1. Peace, security, democracy and political governance 2. Economic and corporate governance, focussing on public finance management 3. Regional cooperation and integration. Priority sectors: 1. Infrastructure 2. Information and communications technology 3. Human development and poverty reduction, focussing on health and education 4. Agriculture 5. Promoting diversification of production and exports, focussing on market access for African exports to industrialised countries NEPAD recognizes that if peace and security is to lead to sustained growth and development, it is of the utmost urgency that the capacity of the state in Africa to fulfill its responsibilities be strengthened. These responsibilities include poverty eradication and development, entrenching democracy, human rights and respect for the rule of law, creating a conducive environment for private sector mobilization, and responding appropriately to the process of globalization.

Regarding the enhancement of capacity for conflict prevention, management and resolution in Africa, the Heads of State and Government extended its full support to the ongoing efforts aimed at reviewing and enhancing the effectiveness of the African Union Central Organ (expected to be renamed the Peace and Security Council) including the review of its mandate, its membership, its methods of work and funding. It also underscored the need for greater coordination of DDCG mechanisms for conflict prevention, management and resolution; the African Union Mechanism for Conflict Prevention, Management and Resolution and the UN Security Council. Furthermore, the Heads of State supported the process of the ongoing discussions and consultations on the establishment of the Council of the Wise to complement the efforts of the envisaged African Union Peace and Security Council.

These efforts include the establishment of political and economic *Good Governance Peer Review Mechanisms*, these are sets of norms, values and criteria by which African elites commit to hold each other accountable .

This is the most important aspect of Nepad as it deals with the process regarding how states will implement the objectives spelled out in the Declaration and what will happen in case of defaults. The Nepad Peer Review Mechanism, henceforth referred to as NPRM. It is an institutional design that will be in the interim be administered and coordinated by an Independent Personnel of Eminent Persons (IPEP). Its major task will be to review the adherence by member states within the principles spelled out and agreed by the heads of state in July 2002 in Durban commonly known as the Durban Declaration.

For example, the initial drafts of the Political and Good Governance Peer Review Mechanisms stress the importance of political will' to keep to core values, commitments and obligations on democracy, human rights and good governance. It recognizes the need to 'empower people and institutions of civil society' so as to ensure an active and independent civil society that can hold government accountable to the people'. It stresses the need to adhere to principles of a constitutional democracy, the rule of law and the strict separation of powers, including the protection of the independence of the judiciary'.

It hopes to ensure the periodic democratic renewal of leadership, in line with the principle that leaders should be subjected to fixed terms in office'. It is committed to the freedom of expression, inclusive of a guaranteed free media'.

The *Peer Review Process* commits those signed-up members to ensuring 'impartial, transparent and credible electoral administration and oversight systems'. It promotes a dedicated, honest and efficient civil service', and wishes to establish oversight institutions providing necessary surveillance, and to ensure transparency and accountability by all layers of government'. It is also strongly in favour of creation and strengthening of institutional capacity to ensure the proper functioning of democratic institutions and instruments'.

The *Economic and Corporate Governance Peer Review Mechanism* on its part goes beyond just neo-liberal economic and fiscal dictates. It recognizes that good political governance is a prerequisite for good economic and corporate good governance. It says the ability of the state to deliver on its promises is key. The peer review singles out a number of areas in need of institutional reform. These include, administrative and civil service; strengthening parliamentary institutions; promoting participatory decision-making; adopting effective

measures to combat corruption and embezzlement; and undertaking judicial reforms. It states that the key factors which enhances good governance of economies are transparency, accountability, an enabling environment for private sector development and growth, and institutional capacity and effectiveness.

The Report on Good Economic and Corporate Governance states that: "Good economic governance would attempt to evolve well-defined structures; harmonious and complementary fiscal, monetary, and trade policies; coherent development strategies and programs; promotion of a dynamic domestic private sector and establishment of monitoring and regulatory authorities for promotion and coordination of different economic activities".

The African Peer Review Mechanism, it is expected will enhance African ownership of its development agenda, through a system of self-assessment that ensures that policies of African countries are based on best current knowledge and practices. An effective Mechanism, designed, owned and managed by Africans, must be credible, transparent and all-encompassing, so as to demonstrate that African leaders are fully aware of the responsibilities and obligations to their peoples, and are genuinely prepared to engage and relate to the rest of the world on the basis of integrity and mutual respect. This would enable the continent to make the necessary interventions in any situation considered to be at variance with the principles contained in these agreed documents. The Steering Committee is mandated to review the Report on Good Governance and Democracy, (<http://www.dfa.gov.za/docs/nepa275a.htm#origin>).

Since its inception in 2001, NEPAD has been the focus of African civil society and the G8 countries for various reasons. Civil society saw this institutional development in African politics as a tool that could be used to engage their governments around issues of accountability, transparency and good governance. The G8 countries on the other hand rightly or wrongly viewed the NPRM as positive development with regards to the entrenchment of democracy and good governance objectives as it envisages that NPRM will monitor each other's performance and decide who qualifies for aid.

The NPRM has become a centre of focus and controversy in that it is one of those areas that will determine whether there is indeed genuine commitment to change among the African leaders. It has already created contention between African leaders and their partners in the G8 regarding the location of the review of political governance. Few days prior the Abuja Summit in November 2002 there was a discussion regarding the possibility of having the review of political governance carried out under the auspices of the African Union. This sent shock waves throughout the developed countries of

the G8 as earlier statements by African leaders and Mbeki the chairperson of the African Union did not suggest that this was going to be the case. However, it would seem that a compromise is made that in the interim all reviews will be carried out under Nepad and only later will they be absorbed by the relevant institutions of the African Union once it has completed its own transition.

In order to get this development started, it requires a lot of investments, new ideas and initiatives. It requires regional co-operation. It requires work on national, regional and African-wide levels. But it also requires peace and security within Africa. And this in turn requires a lot of work on political reforms and democratic development with African countries. It is therefore imperative to discuss the issues of governance in the theoretical perspective and in the context of Nepad.

##### **5. Globalization, NEPAD and the Governance Question in Africa**

In the last decade or so, under the framework of global governance, the notion of 'good governance' has increasingly been used as part of the conditionally for continued 'aid' to developing countries. It has become a cherished concept within the donor community, the chancelleries of diplomatic capitals and among aid recipient countries. It is agreed that the continued globalization of economic life will bring a new political map before us. One may imagine, therefore the possibility for a new order emerging from cooperative endeavors of governments across different levels of authority. Under present circumstances global business and commerce require an underlying order for their conduct. In recent decades, as the Britton Woods Monetary regime dissolved into history and trade liberalization under the GATT stagnated, national governments have made numerous attempts to recreate new economic-political order. These attempts have taken two basic forms: coordination of economic policy among nations, and cooperative initiatives to build new international economic agreements and institutions. To date, the most important efforts to coordinate national economic policies are the G-8 summits. Thus while coming decades will not witness the demise of nation- state or the state system, other political authorities and economic units will come to share the stage to a far greater extent than we have ever seen before.

Nation-states, it is believed will continue to be important players, but as old levers of control slip from their hands, power will devolve to supra-national and sub-national authorities. In it inter-governmental organizations managing financial and commercial affairs will become more important, and sub-national authorities will find a greater role in acting as an intermediary between home industries and the global economy.

As this process occurs, the mission of government at all levels will also shift from short-term, business -cycle concerns to long -term tasks focused on financial stability, market openness, and provision of the physical and human infrastructure necessary to gain and maintain competitiveness in global markets. Oddly, all this may be complicated by the apparent triumph of democratic norms: the prospects of elections has never encouraged politicians to abandon short-term goals for long -term gains.(Manji and O'Coill 2002, 579).

Although this perspective is essentially political and directly depends on the performance of the national governments, it is also related to the concept of good governance at the national level. Here, as visualized good governance means legitimate government, one that is properly put in place by the electorate themselves and that stays in close touch with the people. Good governance therefore requires a functional state that is institutionally strong, efficient and effective anchored on publicly determined, predictable and increasingly routinized Yules of the game'. The objective would be to guarantee "public security and the rule of law, necessary conditions for both economic development and democratization" (Carlos, 2001:163). Thus, good governance is a call for "the emergence of a reformed state, governed by the rules of cooperative agreements required by global economy .legitimacy, transparency, accountability and responsibility." (Tsikata 2001, 3-4).

Good governance in this sense would mean the pursuit of two mutually reinforcing agendas: Globalisation, Plural democracy (governance). Nonetheless, to some this concept of governance, nevertheless remains slippery, highly contentious, and one whose province is also a contested terrain.

One of the concern of Nepad therefore is the enhancement of political and economic governance. If one examines a number of international instruments, be they the human rights charters of the United Nations or the OAU, many have been signed by African countries where they commit themselves to democracy, to human rights and many good things. But what really happens in their respective countries is different: they sign these things but when they get back to their countries these instruments are never talked about. Nepad's political governance initiative, which will develop political standards, will deal with these issues. The political standards are being drawn from international experience and from processes that Africans have participated in, both in Africa and internationally. This will be underpinned by *credible peer review mechanisms* around which sizeable progress is reported. According to this mechanism Participating states will be supported in undertaking such desired institutional reforms where required. Within six months of its institutionalization, the leadership of the New Partnership for Africa's Development will identify recommendations on appropriate diag-

nostic and assessment tools, in support of compliance with the shared goals of good governance, as well as identify institutional weaknesses and seek resources and expertise for addressing these weaknesses.

The purpose of the Democracy and Political Governance Initiative is to contribute to strengthening the political and administrative framework of participating countries, in line with the principles of democracy, transparency, accountability, integrity, respect for human rights and promotion of the rule of law. It is strengthened by and supports the Economic Governance Initiative, with which it shares key features. Taken together, these initiatives will contribute in harnessing the energies of the continent towards eradication of poverty and development.

## **6. Good Governance, NEPAD and the Governance Question in Rwanda**

Rwanda is a former trustee territory of Belgium. It is a small , but nonetheless one of the most densely populated areas of Africa. It is a landlocked republic located slightly south of the equator and bounded by the Democratic Republic of Congo to the West, Uganda to the North, Tanzania to the East and Burundi to the South. The complexity and the history of Rwanda is nothing other than genocide. Following the genocide and civil strife when the Government of National Unity came to power in 1994, the political and economic situation in the country was extremely difficult. Rwanda had lost one million people in the genocide and infrastructure in the country was totally destroyed. There was no administration, the entire population was displaced, either having fled to the neighboring countries or was internally displaced. Such a situation put a big challenge before the government and required a comprehensive, phased programme to build the country afresh on the sound foundations of governance and nation building. The Government began this difficult task of rebuilding the country from the scratch. Central to the whole development agenda was the issue of security & stability of Rwanda and its people. Unity and reconciliation, human rights, promotion of transparency and accountability. With in government institutions were other hard hitting issues government had to address on priority basis.

Under these difficult circumstances, the government showed considerable commitment to strengthen national cohesion and ensuring good governance. Actions to ensure good governance since 1994 have included the passing of the genocide law to challenge the impunity which characterized acts of violence in Rwanda for three decades before 1994; adherence to the Arusha accords of 1993 in the composition of the Government of national unity and National

Assembly; and cooperation with international agencies in monitoring human rights standards . The civil service has been rebuilt and is successfully carrying out core state functions. Given the damage to trust and community relations caused by the genocide, Rwanda has also rebuilt a functioning civil society: in particular, strong women's associations have been developed since war.

In recognition of the need to develop a national governance programme, the GoR held a national conference in April 1998, on governance, and identified seven priority areas for governance interventions in Rwanda:

- public sector reform
- strengthening of justice sector
- support to the parliament
- decentralisation and local governance
- civic education and social communications
- and support to government coordination

A series policy "brainstorming "meetings led by the office of the President between May 1998 and March 1999 also led to the development of GoR's vision on governance issues such as unity and reconciliation, democracy, justice, economic policy and security, and which led to a number of imaginative policy proposals such as the 'Gacaca' community justice initiative.

Following the April 1998 Governance conference, an Interim Governance Programme (1998-2000) was developed, which was extended through 2001. During this transition period, international donor community including UNDP provided support to the implementation of various projects in support of these goals.

As regards the above transitional period, Rwanda can be proud to note numerous successes.

- Since 1994, stability and security have been restored.
- Political and administrative structures have been established with decentralize power to the local level .
- In targeting poverty, Rwanda has produced a poverty reduction strategy paper as well as Vision 2020, and the programme for fighting poverty through *Ubudehe*; CDF funding mechanism.
- In terms of its governance, the decentralization process has been undertaken, with local elections already having been held.
- New constitution has. put in place and general elections and presidential election completed successfully.

To date the consequence of these efforts has been considerable in strengthening of the quality and effectiveness of local institutions including decentralized local administrative set up of government, better financial management, health and education systems, revenue collection. Sizable progress has also been made in disbursing the



cases under Gacaca judicial system of justice and in the security sector. This is in itself an improvement in the quality of governance.

On the occasion of the 12<sup>th</sup> Board of Governors Meeting of the African Capacity Building foundation (ACBF), on June 26<sup>th</sup>, 2003 in Kigali, President Paul Kagame said, "a capable state is a state that makes development central to its agenda, actively working hand in hand with all its citizens to promote economic and social progress." He believes that development can only be indigenous; it can not be imposed even by well -wishers. According to him. "Real development can only come about if the entire process of identification of problem, articulation of strategies and solution emanates from and is owned by the country and the population it serves." (Jha &Yadev, 2003:11).

However in the post transition phase, with even greater emphasis underway or on the horizon (including decentralization, Gacaca, democratization and implementation of new constitution) -there is an even greater need for a coherent and integrated governance programme with clearly defined priorities. In order to achieve this goal, help and support from NEPAD could be catalyst. A systemic approach should be adopted as developed under NEPAD whereby objectives and activities are complementary and interlinked to ensure coherence and synergy to maximize impact.

In the arena of economic governance too, Rwanda has adhered well to the economic targets set by the IFIs. Since 1995 she continues to qualify for new lending, with the help of budget support from the United Kingdom and Netherlands. There remain concerns, however, about the quality of spending and a possible resurgence of corruption. A further weight is the high level of multilateral debt, that is unlikely to be forgiven. Servicing this debt, paying government salaries and defense spending will continue to consume all revenues, leaving development and capital expenditure to donors. Rwanda has built a case for consideration for accelerated benefits as a highly indebted poor country (HIPC), and the World Bank has established a special Trust Fund through which bilateral donors can help repay Rwanda's multilateral debt arrears, (<http://www.acdi-cida.gc.ca/C1DAWEB/webcountry.nsf/VLUDocEn/Rwanda-ProgrammingFramework>).

Rwanda has been an active supporter of NEPAD since its embryonic stages as OMEGA Plan, Millennium Partnership for Africa Programme (MAP), and New African Initiative (NAI). Rwanda is amongst 15 African Union (AU) Member states who have signed the Memorandum of Understanding of the African Peer Review Mechanism (APRM) demonstrating her commitment to accept best practices in political, economic and corporate governance in Africa. (HSGIC, May 28, 2003).

Over the last eight years, Rwanda has made some remarkable achievements in its quest to use governance and public administrative reform for poverty reduction. However, despite the speed of its recovery, the nation still faces challenges in shelter, demobilization, the legal system, and the restructuring of political institutions. Further, the history of conflict in the Great Lakes Region has left a very complex legacy of questions about her concerns of border security.

Rwanda's foreign policy is based on developing cooperation with countries around the world. Rwanda is especially keen on developing closer relations with east African countries. 70% of its imports come from Kenya, Tanzania and Uganda. It is also participating in regional groupings like COMESA, the Southern African development cooperation (SADC) and the East African Community (EAC).

Rwanda is signatory to the Lusaka Peace Agreement and considers it a viable solution to the problems in the Democratic Republic of Congo. Rwanda has also made an attempt to reach an understanding with the DRC under Pretoria Agreement. Highlights of the agreement include:

The DRC agrees to disarm and repatriate the interahamwe and all other groups which participated in the 1994 genocide. Rwanda agrees to withdraw her forces from DRC

Rwanda has already appealed to all parties including the UN to fully play its role as stipulated in the Lusaka Agreement in particular with the specific view to addressing the security concerns of Rwanda.

A basic level of physical and economic security, therefore is a necessary condition for Rwanda's development. Without security, Rwanda cannot overcome cycles of suspicion, competition, conflict and revenge. Hence Rwanda's development cooperation with the countries in the region within the frame work of Nepad is very important. This is in line with the cardinal principles of Nepad regarding the enhancement of capacity for conflict prevention, management and resolution in Africa. As an active supporter of Nepad's Cardinal principles and as one of the signatory of Memorandum of Understanding of African Peer Review Mechanism, Rwanda expects Nepad to play an active role in this region, through positive initiatives in protecting our security within a stable global framework.

At the regional level, therefore, there is a need to re-invigorate forms of political and economic cooperation as envisioned under Nepad, especially with regard to peace-building and peace-keeping measures. It is perhaps at this level that the best chance lies for finding new approaches to deal with those accused of committing

crimes against humanity, war crimes, and profiteering from war economies, as well as combating corruption. In the context of Rwanda, Nepad must work finding solutions to these pressing problems rather than trying to invent new structures or arrangements to start its efforts a fresh.

To strengthen Nepad's peace initiatives, it is therefore vital that efforts should be made to develop Nepad's capacity to manage conflicts especially in four key areas:

- the prevention, management and resolution of conflicts
- peacemaking, peacekeeping and peace enforcement
- post-conflict reconciliation, rehabilitation and reconstruction
- combating the illicit proliferation of small arms, light weapons and landmines

Perhaps we (Rwandans & well wishers) may not be aiming too high from Nepad, but then there is nothing wrong in giving things a push of our concern. NEPAD is ideally mandated & placed to work in this direction.

According to OXFAM, within the framework of Nepad efforts must also be taken on the following:

- Active and immediate support must be given to existing African peace processes.
- Conflict and the extraction of natural resources are inextricably linked in many of Africa's trouble spots, as different groups fight over the wealth that oil and minerals provide. G8 and NEPAD must lead the rest of the world in providing the means to track monies earned from exploiting natural resources in Africa.
- The G8 must adopt legally binding regulations to control business activities in Africa's war zones. These regulations should ultimately be enshrined in international law;
- Leaders must use the opportunity of the G8 summit to encourage the voluntary disclosure by companies exploiting natural resources of all payments to governments involved in conflict in Africa.
- African leaders must commit themselves to opening up military spending to public scrutiny so it can be tracked alongside social, health and welfare spending designed to tackle poverty. Initial budget allocations to the military must be made transparent, and then followed up by independently scrutinized reports of actual total expenditure.

\*The G8 must adopt legally binding regulations to control business activities in Africa's war zones. These regulations should ultimately be enshrined in International law( Oxfam -Africa: <http://www-oxfam.org.uk/policy/papers/g8-2002/africa.html>).

In addressing some strategic bottlenecks to economic stabilization, conflict resolution at local and national levels, and building local capacity G8 and Nepad can be a long-term partner of Rwanda with a commitment to assisting Rwanda to achieve sustainable development.

However, the biggest problem to date with NEPAD is the fact that no constituency or legitimate forum of civil society anywhere in Africa is known to have contributed to its formulation or execution. This is an issue which is likely to consume the interest of African civil society. In this context African governments and international donors should improve accountability by strengthening the role of national and regional African civil-society organizations and by encouraging joint planning, such as through the PRSP process. This is particularly important in conflict situations. (<http://www.dse.de/ef/nepad/-balia.htm>).

## **7. Conclusion**

There is no 'one size fits all' solution to the African crisis. Steps must be taken immediately to tackle issues concerning the governance, development, peace building & conflict resolution through concerted diplomatic action, and provide humanitarian assistance to affected populations. These efforts will need to take into account the underlying causes of conflicts, including issues of natural resource extraction. At the same time, much more generous support must also be given to those countries taking positive action to reduce poverty and strengthen governance with the involvement of civil society.

Efforts must also be taken to improve governance through a true Partnership between African citizens, their governments, and the international community. Finding sustainable solutions to the gravity of the problems facing Africa today will lie in the ability to move forward both these strategies simultaneously. At an international level there appears to be greater willingness to help address the crisis in Africa. Though it is still unclear whether this will lead to the dramatic change in political will that is required. The Nepad initiative has been well received by the main development players in Africa, including the G8, the European Union, the UN, and the World Bank. International donors appear to be in agreement about Africa's unique problems and the need for special arrangements in a range of development areas. Recent studies conducted both by former President Zedillo of Mexico for the Monterrey meeting and the World Bank has suggested that there is need for doubling of development assistance to Africa from the current \$50 billion to \$100 billion if the world is to meet the Millennium Development Goals. It is also

encouraging to note that at Monterrey the European Union also committed to increase its overseas development assistance from the current level of 0.33 per cent of Gross National Income to 0.39 per cent by 2006. This means the EU will spend an additional \$7 billion a year by 2006, when the US will also be giving an extra \$5 billion a year compared with current levels. Monterrey has therefore marked a welcome reversal of the long-term decline in aid levels. This follows the UK reversing the decline in spending under its previous government, and increasing aid spending by 40% since 1997. This has meant that our spending in Africa has risen by 70 per cent to \$1.2 billion a year. This increase aid within the framework of Nepad can be better utilized helping the countries adhering to the norms of good governance under the framework of Nepad. (<http://www.-sarpn.org.za/Activities/april2002/clareShort/lecture.php>).

Taking action to address these fundamental causes is not only a moral imperative; it is also in the security interests of the world community. It is time to make globalization work for the poor, and to reform a range of interconnected policies that lie at the heart of global security

The problems facing Africa can only be addressed through a focus on justice and genuine partnership. This requires a different kind of engagement at global, continental, regional, and national levels between the international community and African leaders, underpinned by a new commitment to accountability from both.

Prosperity and peace in Africa can only be achieved if the local, national, regional, and international dimensions of the current crisis are addressed. Now is the time when words might actually be turned into deeds, when Africa might be helped to take the right path from the crossroads at which it now stands. The challenge for Africa is not wondering which route to take, or what to do, but generating the will to do it.

If NEPAD is to succeed it must transform the relationship between Africa and the rest of the world. It must not create new meetings and bureaucratic processes. It must bring a new drive, a new political energy and a greatly sharpened focus to our joint efforts to push forward the development of Africa. Most important of all, the people of Africa must be empowered to demand more of their governments and of the international community - both of which have let them down too badly for too long.

In the present Nepad seems to be the only African initiative that has the potential to bring an end to the enduring socio-economic morass wreaking havoc in the continent. Despite the conceptual and operational limitations apparent at this stage, it appears that it cannot just be dismissed as a wish-list that will not achieve any of its stated objectives. It has so far placed the development of the African

continent vigorously on the agenda. However, this does not mean that it should be accepted uncritically. According to Mkalipi from the Governance Unit at The Institute for Democracy in South Africa (Idasa) Cape Town RSA, Nepal is still in its embryonic stages and there is still a laborious journey to travel before the rebirth of the continent can be achieved. This places a challenge to governments, private sector and civil society to ensure that, that journey is traveled in a manner that will deliver on the poverty stricken masses whose expectation have already been elevated.

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**Part III**

**Multidisciplinary Approach  
to Development Challenges  
in Rwanda:**

Poverty Reduction Policy  
Relevance Test

**CHAPTER 9**  
**ENABLING ENVIRONMENT**  
**FOR POVERTY REDUCTION**  
**IN RWANDA**

*Dr Herman MUSAHARA*

**Introduction**

Rwanda poverty is both structural and conjunctural. For several decades now, poverty in Rwanda has been related to land scarcity, low productivity and demographic pressure. On the other hand since the beginning of the last century there has been recurrent famines and poverty related to seasonal and climatic variations. Towards the end of the last century, specifically in 1994 the worst massacres and genocide took place and further deepened the level of poverty.

This analysis focuses on the question of creating an enabling environment for poverty reduction in the light of Interim-Poverty Reduction Strategy Paper and in view of the forthcoming final Poverty Reduction Strategy Paper.

The second section gives a brief background to the conditions of poverty in Rwanda. The third section elaborates on the first set of conditions for a conducive economic environment. Section 4 is on non economic conditions a summary of constraints as seconded in the district of Rwanda. Section 6 is a conclusion.

**Background to the present conditions**

The land area of Rwanda is 26, 388 square kilometres. On a fixed surface area, population has almost quadrupled in the last 40 years (see Table 1).

**Table 1: Population of Rwanda**

Year	Population
1948	1,890,000
1952	2,143,973
1955	2,309,499
1956	2,374,33
1957	2,452,737
1960	2,750,000
1964	3,069,000
1970	3,995,000
1975	4,358,000
1980	5,139,000
1985	6,026,000
1990	7,027,000
1993	7,526,000
1994	5,200,000
1998	7,880,000
2001	8,600,000

*Source Various data bases*



The immediate result of population growth in a fixed land area has become increasing density of per land area which is higher than 300 per square kilometre and goes up to 1000 persons per square kilometre in some parts of Butare province (Prunier : 1996 ) Another problem arising from demographic pressure is land fragmentation and environmental degradation. Tables 2 shows the change in land size and percentage of the population. In the 1950s the majority of households in Rwanda had at least 2 ha.

**Table 2 : Land size distribution**

Land size	% Rural	% urban
< ha	59.2	17.6
1-1.99	17.6	5.5.
2-3.99	6.7	4.6
4-5.99	0.8	0.8
6. hat	0.3	0.4

*Source : Preliminary data CWIC*

Natural and climatic mishaps have been frequent. The first recorded famine was Ruyaga in 1902 through 1903. Another was Rumanura, followed by Kazuba a few years later and Gakwege in 1924 through 1925. The most devastating famine was Ruzagayura in 1943-44 which decimated about a third of Rwandan.

Famines followed political upheavals in 1959, 1963,1973,1980s and 1990 through 1993. The genocide in 1994 claimed about 10% of the population, and ravaged the economy and property. GDP is thought to have fallen by 50%.

The point is that poverty in Rwanda, is not a recent phenomenon. Per capita GNP in current values was. 110 in 1976, \$300 in 1987, \$210 in 1997, \$ 250 in 1999, \$ 269.1 in 1999 and was estimated at \$ 290 in 2000. At any international level, these are indicators of a poor economy.

Using the Head Count Index 40% Rwandans were below a poverty line of a dollar a day in 1985, rising to 53% in 1993 and reaching the highest ever percentage of 70% in 1996, of course because of genocide. On the Human Development Index of united Nations Development Programme Rwanda ranks 164<sup>th</sup> of 174 countries, or among the 10 poorest countries of the world.

Thus it is only logical that Rwanda embarks on a comprehensive poverty reduction strategy. It comes at a time when multilateral donors have also come up with a new poverty reduction conditionality which requires among other things creating an enabling environment for poverty reduction spelt in the Poverty Reduction Strategy Paper.

It is recorded that Rwanda's macroeconomic environment started deteriorating in mid -1980s and especially in 1987 when the coffee market crumbled. Both economic growth and per capita income started to stagnate and fall respectively Table 3 shows some indicators of economic performance from 1980-1994.

**Table 3 : Select indicators of economic performance 1980-94 (average growth and ratios, %)**

	1980-85	1986-90	1991	1992	1993	1994
GDP growth %	2.7	1.4	-4.5	8.4	-10	-50
Per capita income growth (%)	0	-1.3	-7.2	5.7	-12.7	-50
Investment/GDP (%)	137	14	9	10	9	11
Agricultural output (%)	1.2	-1.3	5.3	5.3	-15	-42
Inflation (%)	4.5	2.1	20	9.2	12.7	64

In this regard, there was a deteriorating environment in economic conditions. Two observations are worth noting. First, Rwanda like any poor country had been hit by internal and external shocks of the late 1980s which are often related to world trade arrangements and prices of petroleum. Second, when Rwanda entered into agreement with the International Monetary Fund in 1990, the same year war broke out. It is also said Rwanda never fully undertook what adjustment required.

The period after 1994 to 2000 has been called the period of transition. The government of National Unity undertook very ambitious reforms with the view of creating an enabling environment, rehabilitation, macro economic stability and building capacity.

Reforms since 1995 have included the following:

**Table 4: Major reforms since 1994**

Reform	Result
Revenue	Rwanda Revenue Authority
Expenditure Management	CEPEX, MTEF, Budgeting
Social Sector	Expenditure allocation rising.
Economic Governance	National Tender Board
Civil Service Reforms	Rationalisation of civil service
Public enterprise reform	<b>Privatisation process</b>
Private Sector	RIPA
Gender	Ministry of Gender
Trade liberalisation	Tax rates reduced release expenditure to social sectors
Demobilisation	Reduction of military expenditure
Accountability	Auditor General's Office

The Macro economic performance is reflected in table 5.

**Table 5 : Macro economic indicators 1995-1999 % change)**

	1995	1996	1997	1998	1999
GDP growth (%)	36.8	15.82	12.8	9	8.1
Investment (%GDP)	8.6	10.3	10.	9.9	16
Private Investment (% GDP)	0.7	1.1	1.8	3.4	6.5
Current revenue (% GDP)	9.5	10.0	9.6	10.6	10.9
Current expenditure (%)	12.1	12.6	11.0	13.4	13.3
Current fiscal	2.6	2.6	1.4	2.8	2.4
Inflation (%)	22	8.9	12	6.8	5

It is with this economic picture that the National Poverty Reduction Programme was launched in 2000. One task of the Programme has been to draft the Poverty Reduction Strategy Paper. It is expected to draw on a number of economic preconditions

### **Economic preconditions**

The following are a few of the conditions that have been set as preconditions to poverty reduction.

#### *Economic growth*

This is the single and important precondition besides economic stability. It has been projected that Rwanda needs at least a growth rate of GDP per annum of 8% for the next 15 years if poverty has to be halved by 2015.

It equally needs the same rate to remove Rwanda from the list of poor countries by 2020 (Vision 2020). This is a difficult environment to create because of a number of reasons.

Firstly population growth rate has to be controlled, because for instance if it is 3% per annum, then the real growth rate of economy realised will be 5 % only.

Secondly, the growth of the economy will depend on the rate of saving which should augment the rate of investment. The rate of domestic saving is currently negative and therefore for foreign direct investments to be attracted into Rwanda, conducive investment environment and incentives have to be put in place.

Thirdly, economic growth has to be promoted by engaging in high yield economic activities. The traditional foreign exchange earning crops, and food crops have very little capacity to stimulate rapid growth

#### *Financial Discipline*

The International Monetary Fund requires besides a series of reforms, strict discipline in financing government and also in monetary policy. A specific instance is keeping inflation at 5% and

current deficits as near to zero as possible. These preconditions have often been criticised of having not much to do with growth. For instance, it is pointed out that not every rate of inflation dampens growth and some deficits are not bad, if they follow substantial investments such as construction of rural roads.

The criticism does not however in general suggest dismissing the need for austerity in financial, fiscal and monetary policies.

#### *Redistribution*

Income redistribution and reduction of inequalities including gender are also important in poverty reduction. The argument is that growth is unlikely to be pro/poor unless there are more equitable economic opportunities /PRSP/ requires policies that complement the macro-economic framework...

#### *Non economic aspects*

Besides economic reform and discipline there are other issues which are crucial to creating an enabling environment for poverty reduction in the next two decades.

#### *Governance and justice*

Genocide damaged the social fabric of Rwandan Society. Thus national reconciliation is of one the highest priorities as without it sustained peace and economic progress would be elusive. Ensuring justice and the rule of law and improving governance are elements of national reconciliation in Rwanda.

Gacaca, Human Right Commission, Constitutional Commission, Unity and Reconciliation /Commission/ and structures to improve transparency and accountability such as Tender Board and Auditor General's Office, are in place to strengthen the conditions for creating an enabling environment for reconciliation.

### **Human Resource Development**

Poverty reduction will be constrained by lack of capacities, low quality health and education and rampant HIV/AIDS. A climate of continuous capacities building is necessary for the implementation of PRSP. In this regard, the Human Resource Development Agency is set to create such a process.

### **Political stability in Rwanda and in the region**

Rwanda has been characterised by political upheavals, since 1959. It is crystal clear that this political instability has contributed greatly to

poverty in Rwanda. Poverty reduction efforts, including attracting foreign investors and tourists need that there be peace in the country and among the neighbours.

### Issues related to enabling environment in the PRT survey

There were problems and weaknesses identified across the country which reflect lack an enabling environment for poverty reduction. Although they are enumerated in the table below by district, the principal aim is to make an inventory of the situation countrywide.

**Table 6: Problems and weaknesses**

Ns	District	Weakness in Environment	Ways out
1.	RUSUMO	Agriculture lacks a reliable market Belief in witchcraft	promote agribusiness intensive training/seminars
2.	MIRENGE	People have not appreciated the need to look for their own development	sensitisation
3.	RWAMAGANA	Lack of market for farm produce	small industries for Processing groundnuts, sunflower etc
4.	RUHANGO	Traditional farming, not using fertilisers Improper use of wetlands	modernise agriculture for growth in production
5.	NYARUGENGE	Weak private sector AIDS	Strengthen private sector Anti AIDS campaign
6.	KANOMBE	Little marketed agriculture produce	Agricultural marketing bottlenecks to be removed to be removed
7.	GASHORA	Recurrent drought Lack of means to harness marshes	Lake water and wetlands management
8.	NGENDA	No use of fertilisers Participation of people not yet concretised Lack of qualified teaches	modernise agriculture put in place mechanisms for promoting participation develop HRD strategy
9.	NYAMATA	long dry seasons gap between leaders and led Malaria/AIDs Nyabarongo wetlands not utilised	Devise mechanisms to mitigate effects of long dry seasons
10.	KAHI	Few teachers, few schools	HRD strategy
11.	RUKARA	Qualified teachers-40% AIDs/%Malaria few schools	HRD strategy
12.	RWAMIKO	High drop out rate Gender insensitive population Leaders do not put into practice what is planned Lack of market of what, vegies etc.	School going children should be compelled to attend schools Exploit existing sources of growth
13.	RUTSIRO	Gap between led and leaders	Promote good governance
14.	GISUNZU	Drop out rate high Shortage of chemical fertilisers	Make school compulsory Promote modern agriculture

15	KARABA	Ill training	HRD
16.	NSHLI	Remoteness	Road connections
17.	NYARUGENGE	Limited access to schooling Few schools Lack of qualified leaders Few health centres	HRD strategy
18.	KADUHA	Remote Ignorance and laziness	Promote road networks HRD
19.	MUHANGA	Lack of fertilisers Unemployed youth Ignorance Corruption	modernise agriculture and promote off farm activities HRD
20.	NTONGWE	Lack of capacity to take children to school Bad leadership Lack of training for the youth Some leaders egoistic	Good governance Capacity building HRD
21.	NGOMA	Low capacity to solve school, health, clothing at problems Corruption and ignorance	Capacity building Good governance
22	SAVE	Unemployed youth Ignorance Lack of basic implements	Off farm activities HRD
23.	NYAKIZU	Low growth indicators poor soil small plots few schools	identify alternative source of growth
24.	GIKONKO	Low human resource base	HRD use improvement
25.	KIGOMBE	Land related growth	Land use improvement
26. 27 28	BUKONYA NDUSU GATONDE	Lack of roads AIDS Land related problems Weak HR base Private sector weak	HRD strategy Address structural problems
29. 30.	BUGARURA RUHONDO	Land related problem School related problems	Address structural problems Promote HRD
31.	KAYOVE	Bad soil School related problem Insecurity	Improve soils Justice and good governance
32.	KAGEYO	Negative attitude towards government policy HR related problems	Sensitise people towards good governance
33.	ITABIRE	Old soil and erosion Unemployment Overpopulated class rooms	Model farms
34.	BUKUNZI	AIDS, ill health and few health facilities School drop out and related education problem	HRD Strategy
35.	1MPALA	Steep areas, erosion Coffee does not bring in much cash Overpopulation School related problems	HRD
36.	KADUHA	Weak agricultural base Opposition to some government policy	Improve agriculture Good governance

Surely, even the rest of the problems in the tables point to a weak environment for poverty reduction. Moreover it is assumed that similar problems are common through out the country.

## **CONCLUSION**

The issue of creating an enabling environment is a major challenge. However we cannot say that the PRSP process should stop and begin only when the environment is conducive to poverty reduction

Creating an enabling environment to poverty reduction should be an ongoing process. As PRSP will start to be implemented, all constraints should continue being removed. This should be on short, medium and long term bases.

## CHAPTER 10

### I PRSP AND THE FINANCIAL SECTOR

*Dr M.A. LIZY*

#### **Introduction**

Finance is central to development of any economy, hence the role of financial intermediation in poverty reduction. The banking system dominates the financial sector of Rwanda and has been the major focus of the reforms, although some efforts have begun reforms intended to develop capital markets and encourage the growth of non-bank financial institutions (NBFIs) such as leasing and finance companies. This note concentrates on those areas where policy interventions are needed in the banking system so that this sector can contribute to poverty alleviation in Rwanda.

One of the major objectives of the poverty reduction policies is to build more efficient, robust and deeper financial systems, which can support the growth of private sector enterprises, both in urban and rural areas in Rwanda. Efficiency involves two components: improved credit allocation and more, or higher quality, financial services for a given level of inputs. The second component of efficiency could be brought about through increased competition, with competition resulting from liberalised entry and/or removal of regulations (like interest rate controls). Financial sector reforms can contribute to enhancing robustness through three mechanisms; reducing one of the causes of fragility, government direction of credit to un-creditworthy borrowers; restructuring distressed banks; and strengthening prudential regulation and supervision. However, in Rwanda market failure, arising from informational imperfections, is pervasive in financial markets, and is especially severe in rural areas. The segmentation of financial markets between formal and informal sectors impedes the efficacy of liberalisation to enhance competition and efficiency. Micro-finance organisations could improve the range of services they offer the poor by placing greater emphasis on the provision of savings facilities.

The reforms implemented in Rwanda included liberalisation of financial markets, institutional reforms and prudential regulatory framework of banks. The interest rates were liberalised. Rwanda allows new entry by private sector banks and other financial institutions. A major objective of financial sector reforms in Rwanda is to boost financial depth, and therefore increase the resources available for financial intermediation. The main channel through which this should occur is interest rate reforms (raising controlled rates or deregulating interest rates), which are intended to lead to higher real deposit rates and hence price incentives for depositors



(Fry Maxwell, 1988). Greater non-price competition among banks for deposits might also boost deposit mobilisation.

### **Financial sector and IPRSP- a Critique**

The IFRSP document clearly pointed out the need for strengthening financial sector as the financial system in Rwanda was weakening, net foreign assets were declining and, banks were burdened with non performing loans. The most disturbing feature of policy Reforms in Rwanda is their failure to bring about an investment recovery. The following are areas where the IPRSP has not put much attention:

IPRSP has not addressed the issue of how macro policy has effected financial inter-mediation either positively or adversely. I-PRSP text appeared to have concentrated on weakness of financial institutions but was silent on savings mobilisation and credit allocation, to be more specific the role of financial intermediaries in poverty reduction.

The new entrants (both foreign and domestic banks) have avoided the rural areas, hence what benefits have occurred have been confined to the urban areas. Some rural areas are likely to have suffered deterioration in the availability of financial services as a result of branch closures after civil strife. It is likely that financial liberalisation has also affected the sectoral allocation of credit. Banks extend less credit to agriculture and to small farmers in particular because of the removal of lending directives, the cut back of special lending and closure of rural branches, although some banks fund the larger commercial farmers. The share of agriculture in total bank lending has fallen. Because of the high administrative costs, informational problems and difficulties in enforcing loan repayment, lending to small farmers on a purely commercial basis is unlikely to be viable for the banks.

Despite financial liberalisation and increased competition in financial markets, interest rates are still prohibitively high. The large domestic borrowing requirements of the government are also financed by the auction of Treasury Bills in which most commercial banks and other financial institutions are interested, because of excessive increases in money supply. While this has encouraged financial institutions to finance commercial activities with quick and assured returns, it has deterred them from providing long-term capital to finance the fixed investment necessary for Rwanda's sustainable development. This points to the need for Rwanda to exercise more fiscal prudence by bringing their expenditure under control and by curbing the growth in money supply.

Despite the reforms, Rwanda still faces a number of constraints to the effective regulation and supervision of the financial system- Supervision is impeded by human resource constraints. As in many

other developing countries, there is a shortage of qualified professionals, bank supervisors require substantial training in the specific techniques of bank supervision, and there is strong competition from the private sector to attract qualified professionals.

Distortions in sub sectoral credit flows from institutional sources during 1991-1999 shows that the major share of credit disbursed was for trade, restaurants and hotels followed by manufacturing industries. This trend indicates that the lending by banks was by and large security oriented with anticipation of regular and assured income.

Non-poor friendly financial sector as there is inaccessibility of the rural poor to institutional credit and other banking facilities. Financial sector in Rwanda avoids the concept of micro finance in their nature and content.

The role of financial sector /institutions in the context of the decentralisation in economic and administrative management and poverty eradication is not clear. The much needed local development will be affected if the banks fail to give them credit support.

Absence of the concept of rural credit system. Hence the following is totally missing from the concern of the financial sector: Prefecture/District level credit plan, opening of special branches for agricultural lending, service area approach, and village/commune adoption scheme.

The financial sector in Rwanda has been suffering from certain weaknesses such as distortions in the allocation of financial resources, erosion in viability profitability efficiency and productivity, deterioration in customer service, outdated procedures and techniques and high costs.

Absence of rural branches, denial of credit to weaker sections and least response to priority sector lending.

The regional imbalances in development would be magnified unless adequate care is taken to ensure minimum flow of credit to all regions.

In the name of liberalisation there is a move to liberate the banks from all regulations.

Absence of financial securities market. The most disturbing feature of policy reforms in Rwanda is their failure so far to bring about an investment recovery.

**Financial sector/financial institutions for poverty reduction:  
(Learning from the ground report)**

The survey done by OSSREA has once again urged that support programmes for the poor, strengthening of rural credit, revival of agricultural credit, revitalisation of local administrative set up and other grass root bodies form the immediate requirement of the time. It is also observed that mere allocation of finance for eradication of poverty or for education and health is not enough. The emphasis must shift to revamping the delivery systems and administrative structures for these programmes to make them much more accountable and responsive to the intended beneficiaries.

The success of the poverty alleviation programme depends upon active participation, cooperation and close liaison among various development agencies involved in the task. The report reinforces the conclusion that the magnitude and complexity of the problem of poverty in Rwanda is staggering. A closer look into the experiences on the ground points out the following suggestions:

Formation of financial organisation for the poor is an essential prerequisite for poverty alleviation. Through this organisation the poor can save and invest.

Expand existing rural organisations and create new organisations through which they can participate in development.

Poor need their own institutions as well as the support mechanism because these are serious systemic obstacles to their joining the main stream. The support mechanisms could be varied, e.g. governmental organisations, banks for the poor, cooperatives even decentralised government agencies working with new norms.

Empowerment, of the poor is the means to poverty eradication. The state would provide the enabling policy framework and environment.

**Recommendations to be included in the PRSP**

The task before the financial sector/financial institutions will be formidable and complex as it has to deal with two diverse challenges, namely, one having small individual credit need (demands of the poor) but accounting for a high proportion of total credit needs and the other requiring huge amount of credit for practising capital-intensive, export -oriented high-tech agriculture. Hence what is needed is to gear the credit system to these challenges.

This calls for strengthening the credit structure either by nursing the existing system or by reinforcing the new entities such as self-help groups. Increasing the outreach of credit and maintaining the viability standard of the institutions must be the priority for strengthening the existing credit system/mechanism. Emphasising

the priority sector lending will provide for a higher share of credit to the rural poor. Structural constraints and institutional weakness prevent an effective functioning of financial institutions. Recognising the emergence of two types of clientele in rural financial market, i.e. capital-intensive production- oriented individual loans and credit support to rural poor. Measures to meet the basic preconditions for an effective financial sector, including the necessary institutional and infra-structural changes are as follows:

- Stimulate and enable private sector participation in the sector, especially in their roles as savers and investors;
- Strengthen the legal, regulatory and supervisory framework of the sector;
- Rationalize the role of Government in the productive and financial sectors;
- Promote competition and efficiency of the money market;
- Proper sequencing of financial sector reforms, and proper relationship between the formal and informal financial sectors.
- Ensuring access to credit in the rural areas for augmenting agricultural production, alleviating poverty and improving the efficiency of the rural credit delivery system. Without permanent access to institutional credit especially institutional micro finance, most poor continue to rely on meagre self finance or informal sources of micro finance, which limit their active participation in and benefit from the development opportunities.

The core issue of the financial system in Rwanda is how to improve the rural credit delivery system. One approach that succeeded in some parts of the LDCs is the implementation of service area approach.

The Banking in the rural sector has to be viewed in the broader context of bringing into the formal main stream a large section of the population, which was oppressed by the informal moneylenders. To strengthen the banking system the first step is to know the real financial position of the banks. Improving financial health of banks and introducing greater transparency in their balance sheet is an urgent need.

The National Bank of Rwanda must appoint a study group to look in to the financial health of the banking institutions.

Financial intermediation has become complex, covering a broad spectrum of activities ranging from micro credit at lower end to corporate market instruments at the higher end. Banks need to prepare their staff, motivate and encourage them through incentives, which can result in whole-hearted participation in the development programmes meant for the rural poor. Appointment of rural service volunteers can be thought of.

Poor who are still outside the purview of institutional credit suffer from non availability of credit facilities and insurance facilities. Formation of a new bank for the rural poor would attract fresh capital, which would finance creation, expansion, modernisation of rural enterprises and rural infrastructure. Also it would function as a catalyst to attract and enable rural entrepreneurs to focus on setting new ventures and self-employment. Formation of a new Bank for the poor can result in financial services, saving facilities, credit facilities, transfer / payment.

Savings mobilisation - the generation of funds from savers is considered a key feature of self -sustaining credit institutions.

Interest rate level -a self- sustaining financial system requires an interest rate on loans sufficient to cover the three components of (i) the rate paid to savers, (ii) the average cost of making transactions (iii) a risk margin to cover the probability of default.

Loan recovery- there are many reasons for low rates of loan recovery. There is therefore no single solution to the problem, though tougher recovery discipline, more realistic interest rates, more joint savings and borrowing operations, all have a role to play.

Institutional innovations - the successful reorientation of credit from the mainly supply-led type of scheme requires imagination and experimentation in devising new credit institutions. Credit provisions needs to be located in a context of diverse institutions providing several different services. The required elements of more appropriate and efficient institutions are viability, self-sufficiency, access, and efficiency. Whatever the institutional models adopted for credit agencies the state is required to continue to play a regulatory role financial markets.

There is need to create development banks and specific financial institutions to re-direct liquidity to risky and/or long-term investments. These specialized banks have to cater for specific needs of entrepreneurs.

The strategy of building a sound financial system should include building a link between the formal and informal financial system. In this regard, micro-finance institutions have a role to play in economic growth.

The policies of central banks encourage only big financial institutions, which don't serve the needs of small and micro enterprises. There is need to create intermediate banks to fill the gap between very large banks and micro-finance institutions. These banks should have relatively lower minimum capital requirement.

The motivation of micro saving is for security reason and for access to credit for investment and consumption purposes. Low revenue and the lack of diversification of products tend to be the main constraints for expansion of micro saving.

Provide adequate training to women to enable them to start and manage profitable economic activities. Technology should be adapted to the gender aspect of poverty and diversification of the economic focus of women beyond petty trade.

**Table 8: Financial sector planning for poverty reduction in Rwanda**

Constraints	Policy instruments	Target Variables	Goal	Ultimate Goal
Lack of private sector participation	Stimulate their roles as savers and investors	Saving and investments	Higher levels of Savings and investments	Poverty Reduction & Economic development
Weak regulatory and supervisory framework	Strengthen the Legal framework	Legal environment	Confidence in the general public	
Lack of clarity in govt, 's role	Rationalise the role of the Govt	More facilitative role of govt in rural finance	Higher levels of Investment in rural areas	
Lack of competition in money market	Entry of new banks including foreign banks	Efficiency in money market	More Saving and investment	
Absence of effective rural credit delivery system	Set up specialised institutions to revamp rural credit	Ensuring access to credit in rural areas and to cater to the specific needs of entrepreneurs	Opportunities for poor to participate and benefit from development	
	Service area approach	Involvement of banks in rural credit delivery	Banks commitment to rural development	
	Set up a National Bank for Rural Development	National level planning and resource mobilisation	Refinancing of loans through which more investable resources can be pumped to rural areas	
	Set up micro-finance institutions	Link between the formal and informal financial system	A sound financial system	

Poor financial health of banking institutions	Appointment of a study group to examine it	State's role in development	Efficient banking system	
Poor loan recovery	Tougher recovery discipline, more realistic interest rates more joint savings and * borrowings operations	Credit recycling	Credit as the engine of growth	
Lack of skilled personnel trained in development banking	Training institute for bankers in development banking	Motivated young professional bankers in rural banking	Banking at the doorsteps of rural poor	

## CHAPTER 11

### FINANCING THE RURAL AREAS FOR POVERTY REDUCTION (MONETISATION OF THE RWANDAN RURAL ECONOMY)

*Dr UZZIEL NDAGIJIMANA*

#### 1. The problem

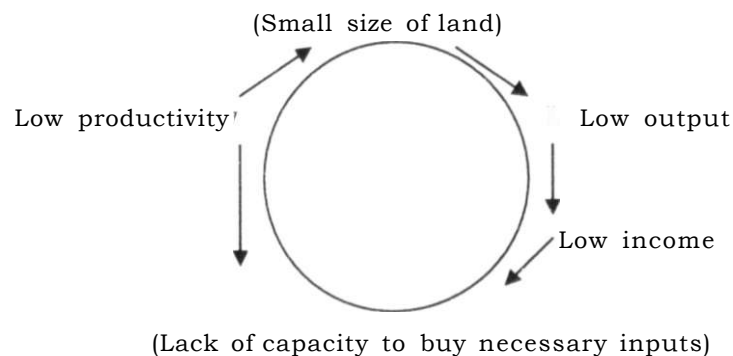
Rwanda is one of the least urbanised countries in the world. Only 10% of its population live in towns and 90% live in rural areas. Rural people live almost exclusively of traditional and non-productive agriculture. They practice subsistence agriculture rather than market oriented agriculture.

Agriculture in Rwanda is not professionalised. It is abandoned to unskilled farmers without enough knowledge on production technology and marketing of their products. In fact, in Rwanda one goes into agriculture because of lack of alternative occupation. Agriculture in Rwanda has become synonymous of poverty. When one loses his job Rwandans say "Yasubiye ku isuka"(literally, He is going back to the hoe), meaning that he is going to become poor.

Low productivity, low output, use of archaic technology, small size and low quality of land, low skills of farmers are some of the main characteristics of Rwandan rural economy. Those characteristics are the major causes of low monetary income and poverty in rural areas.

Ninety per cent of the 8 millions of Rwandan population, i.e. 7,2 millions constitute an important potential for domestic market but they are deprived of the purchasing power. They constitute in fact, a negligible market both as suppliers because of low productivity and low output, and as consumers because of low monetary income.

We can observe a vicious circle in our rural economy: there is no monetary income because there is not enough production, and there is not enough production because there is no monetary income (for example to buy inputs). This vicious circle of Rwandan rural economy can be illustrated with the following figure:





( ) *In brackets are intermediary relations*

The problem here is therefore, what point on the circle, either low productivity, low output, or low income, to start from in order to quit the vicious circle of Rwandan rural economy. As the major indicator of rural poverty is low monetary income or lack of money, it is clear that the increase of monetary income in rural areas can initiate the process of rural economy transformation from traditional and subsistence agriculture to modern and market oriented agriculture. This change can have positive multiplier effects on non-farm activities in rural areas and on the national economy as a whole. If the problem of where to start from is solved, the next problem is how to monetise the Rwandan rural economy.

## **2. Monetising the Rwandan rural economy: The analysis**

Considering the above described vicious circle of Rwandan rural economy, it is evident that the current rural economic system is unable to generate necessary financial resources for modernisation of agriculture and the rural economy in general. Therefore, external sources of finance, i.e from outside the rural economic system, are indispensable to initiate the process of transformation of the Rwandan rural economy.

Potential sources of financing the rural economy may be commercial banks, Banques populaires, Banque Rwandaise de Developpement, Savings and Credits Cooperatives, NGOs, and different forms of informal credit ("tontines" for example). Other sources of finance in the rural economy may be different kinds of income generating employment like the construction of infrastructure.

The Rwandan banking system has marginalised the rural economy for years. The credit allocated to agriculture is around 1% of the total bank credit extended in the economy. Even Banques Populaires, which are supposed to be rural-oriented, allocate not more than 10%. It is time for banking system to participate in poverty reduction by investing in rural economy.

Many other sources of finance do exist in the rural economy of Rwanda, but they are not well known. It is nonetheless sure that they could play a significant role in poverty reduction if promoted. These sources include informal sector like "tontines", credits in kind (animals, fertilisers, improved seeds, etc.), and income generating employment provided by the public sector like the construction of roads, health centres, schools, etc., and by the private sector in the form of investment in rural areas.

### **3. Monetising the Rwandan rural economy: The point of view of rural people**

There has been a misconception among leaders and educated people of Rwanda saying that the rural people are ignorant ("injiji"). But after some discussions with rural people one can realise that they are not ignorant as the elite perceive it. This is my first finding in Gikongoro and Kibuye, where I led a research team on the Poverty Reduction Policies Test. Rural people know the major constraints of their area and they even suggest solutions to overcome them. What they lack is the capacity to implement those solutions.

During our research we asked the people, among other questions, to define poverty according to the reality in their districts and to list 3 major causes of poverty and 3 major solutions. Poverty was defined in general as incapacity to meet the basic needs, such as food, shelter, basic education, etc. and it was pointed out that with a monetary income these basic needs could be met. They identified lack of money or low monetary income as the major cause of poverty. When asked to list the categories of persons considered as poor, they mentioned not only vulnerable people, but also civil servants with low salaries and people with reasonable salaries but with many dependents.

The propositions of rural people on how to monetise the rural economy can be summarised as follows:

Train rural people and make them able to develop income generating activities, such as productive agriculture and animal husbandry, artisans, simple mechanics, etc.

Build infrastructure, such as roads, schools, health centres, etc., to create employment for rural people and to promote private investment in rural areas.

Facilitate access to credit for poor people who don't have assets of collateral value. Some forms of micro-credits already exist in Gikongoro and Kibuye, such as "rotating credits" in kind (credit rotatif) but they function at very limited scale. Few farmers receive goats and after they give birth, the born goats are transferred to neighbours and the process continues. This kind of credit is well appreciated by the people but they complain that the number of animals is limited and only few people have access to them. They are convinced that animal husbandry is the best solution for agriculture.

## **CONCLUSION AND RECOMMENDATIONS**

### **A. Conclusions**

1. Lack of money or low monetary income in rural areas is the major cause of poverty. With money, people can meet their basic needs.
2. Described vicious circle of the Rwandan rural economy shows the necessity of financing the rural economy by external to the rural economic system sources, to initiate the process of modernisation of agriculture and other rural activities, since the current rural economic system is unable to generate enough resources to do so.

There is a need to transform the Rwandan banking system and make it pro-poor. It has marginalized the rural economy for years. It is now time for it to play a significant role in rural investment and poverty reduction. Rural Rwanda constitutes 90% of the total population, which is an important potential market. To transform this potential market into an effective one, it is necessary to increase the purchasing power of this population and their capacity to increase the production by monetising the rural economy.

### **B. Recommendations**

1. To make Rwandan banking system pro-poor and incite it to invest in rural areas;
2. To finalise and implement the BNR micro-finance project;
3. Banques Populaires, which are present all over the country and have succeeded in collecting savings from rural people but have failed to reinvest those savings in the rural economy, should find ways of financing the rural economy and participate more effectively in poverty reduction. They should, for example, assist rural people in the elaboration of viable projects and in their monitoring. This could reduce the risk of investing in rural economy and therefore reduce the importance of collateral security, which is the major constraint excluding poor people having access to credit;
4. To promote existing mechanisms of financing the rural economy, including informal ones, and make them more effective in reducing poverty;
5. To create a training structure in favour of the rural people. This was one of the priorities identified by the people in all of the districts visited. As far as finance is concerned, rural people should have training on basic agro-business, small Projects elaboration and management, basic marketing and elementary accounting.

## CHAPTER 12

### UNITY AND RECONCILIATION

*Mr Bernard Noel RUTIKANGA*

#### **The Problem**

In their crusade to raise their standard of living the main concerns of the Rwandans are such necessities like good infrastructure, easy accessibility to agricultural inputs, credits, etc

In six districts of Gikongoro and Kibuye provinces which I visited in May and June, 2001, nobody expressed concern about disunity being a hindrance to poverty reduction programme. The peace making initiatives in Rwanda have started to bear fruits. A middle aged woman in Rubengera, Kibuye district said, "things are better now than immediately after the war, and I hope things will be better in the near future than they are today.

The woman's husband and brother are in prison due to their alleged participation in the genocide. She told me that her relationship with genocide survivors who denounced her husband and brother, was sour for a long time. When she met them they did not greet each other leave alone talking to each other. Rather, they exchanged cold stares full of animosity. Things have been changing for the better, according to her:

Today, our relationship has changed drastically. We interact with each other and we help each other in several ways. When I take food to the prison, I leave my children in their care, and sometimes they give me food to take to the prison."

Such stories of reconciliation are many across Rwanda. After decades of violence and bad governance, the journey to unity and reconciliation has been tortuous, nevertheless, the government of National Unity has doggedly persisted in its quest for durable peace and unity.

This journey started with the formation of the government of National Unity after the genocide. Power sharing in the government institutions, the cabinet, the National Assembly, down to grassroots level became a reality. Discrimination and exclusion based on whatsoever criteria, ethnicity, regional or religious affiliation came to an end.

In its early days, the government was faced with trials and tribulations. About one million people had perished during the genocide, they deserved to be buried with honour. There were traumatized survivors, desperate widows and orphans, they expected the government to help them.

There were about 3 million refugees who had been forced to flee into exile by the genocidal regime; they were encouraged to come back home and they were integrated in the society. There were the 'old case load' refugees who were coming back to Rwanda, after almost three decades in exile, they needed assistance to start new lives.

There was insecurity and bloodshed was common, perpetrated by the defeated army's incursions from Democratic Republic of Congo. The infrastructure had been devastated by the retreating army.

The government coffers were empty, and the International Community was not supportive as it should have been. Prisons were full to the brim with people suspected to have participated in the genocide.

For the past seven years, the government assisted by the civil society and some foreign agencies has achieved much in reconstruction and forging unity and reconciliation. Its agenda in this crucial mission of healing can be summarized by a poem written by Mr Dullah Omar, an anti apartheid crusader:

Instead of revenge,  
There will be reconciliation;  
Instead of forgetfulness,  
There will be knowledge and acknowledgement,  
Instead of rejection,  
There will be acceptance by a compassionate state;  
Instead of violations of human rights,  
There will be the restoration of moral order, and the respect  
for the rule of law. (Jacques, G, 2000:24)

The struggle against poverty cannot be successful unless the people are assured of peace, unity and reconciliation. A teacher who has lived in Kigali for the past 30 years told me, 'Gone are the days when one had to sleep fully dressed, ready to dart out of the window at the slightest cracking of a dry twig outside'.

The government institutions are creating a good environment of unity and reconciliation, that is why, the teacher is no longer sleeping fully dressed.

An exchange of two characters in Gabriel Garcia Marquez's novel express what the people expect from the government:

'What kind of government would you like for your country?  
Any government that would make poor people happy, just  
imagine! 1995:1)

In pursuit of the above ideal the government has come up with policies, which are paving and consolidation unity and reconciliation. The wrongs of the past are being rectified so as to eradicate the causes of the recent tragedy.

The following are the measures which have been taken to stabilize the society after the devastation of the war and genocide.

The refugees were repatriated and the full restitution of their properties has been completed. The 'old-case load' refugees have been helped to settle in different parts of the country.

Burial ceremonies for the victims of the genocide have been conducted and memorials for them have been erected. A National Fund for the Survivors of the Genocide has been created and it is providing health and educational services to the survivors. The Fund has also helped them to build houses or to rehabilitate them and is supporting them to establish income-generating businesses.

Efforts to institute the rule of law, decentralisation and democratisation are in full swing. When Gacaca (the restorative judicial system) starts to operate, it will hasten the trials of the genocide suspects, an aspect which will consolidate unity and reconciliation.

The creation of the National Unity and Reconciliation Commission has further promoted unity and reconciliation in a society, which has been suffering from hatred, mistrust and discrimination implanted by colonialism and post-independence bad governance. Unity and reconciliation are vital elements in creating conducive atmosphere for poverty alleviation that is why the Commission needs to be dealt with in details.

#### **The National Unity And Reconciliation Commission.**

The Rwandan unity and reconciliation is not expected to be achieved overnight. It is a gradual process due to our recent history which has been written with blood.' Unity and reconciliation are the foundation of sustainable peace and development, that is why much energies and resources are being invested in this sector.

It started during the Arusha Rwandan Peace Negotiations between the then government of Rwanda and the Rwanda Patriotic Front. In the Peace Accord, especially in the Protocol of Rule of Law, the necessity of forging national unity and reconciliation was agreed upon.

The consequences of the genocide, further gave an impetus to the need of fighting against divisionism, mistrust and hatred, which date back from the colonial rule's policy of divide and rule.

The Reflection Meetings, which took place in the President's Office from May 1998 to March 1999, recommended the formation of a National Commission charged with devising means and ways to unite and reconcile the population.

This was realized in March 1999 when Law no 03/99 was passed and which set up the National Unity and Reconciliation Commission (henceforth NURC). It is answerable to the President's Office and the cabinet and it keeps the transitional National Assembly and the Supreme Court informed about its activities.

It has nine objectives, which revolve around sensitising the population about harmonious co-existence, safeguarding the ideals of unity and reconciliation and assisting socio-economic programmes which promote unity and reconciliation. To steer the society on the right path and to involve the population in setting the agendas, the NURC in 1999/2000 conducted national-wide consultations.

A cross-section of the population was consulted: government leaders at all levels, the civil society, professionals, business people, students and vulnerable groups. This move was important because the NURC wanted to find out what the people identified as the causes of their disunity and what remedies they prescribed.

Another consultation at the national level was conducted between 18-20 October 2000. This was a national summit on unity and reconciliation. One component of the NURC's structure is a National Summit.

This was the first held and it brought together government leaders from the grassroots to the national level, leaders of the civil society, political parties, academic institutions and Rwandans living in the diaspora. Some foreigners were invited also to attend the summit. The issues the summit dealt with were: good governance, justice, poverty and a new approach of teaching Rwandan history.

The NURC has three main activities; civil education, community initiatives and conflict mediation.

### **Civic Education**

According to many respondents, the civic education has had a positive impact in the country. At the beginning the solidarity camps (ingando) were misconceived as military training barracks. But today people appreciate the learning of our history, culture and ethics and the fruitful interaction of people from different ethnic groups, from different regions and from different social backgrounds which take place there. The transparency encouraged in the camps spreads beyond them when the recipients complete their courses.

The target groups which today benefit from solidarity camps training at least for one month are: the youth, students, leaders at all levels and security agents . The militias and soldiers of the former regime who are captured when they attack Rwanda or those who surrender,

their duration of training is 4 months. There are also short courses ranging from one day to two weeks.

It has been asserted that, 'since wars begin in the minds of men, it is in the minds of men that the defences of peace must be constructed'. Stability and harmony are the springboard of economic prosperity. In Rwanda, the solidarity camps have a big role to play in quest of peace. They instil into the recipients the tenets of the rule of law, democracy, toleration and patriotism. They also impart to them adequate analytical tools to understand better their history.

Every group has its special emphasis. For the students and the youth, they are prepared to become exemplary citizens, full of patriotic zeal, and having the virtues of tolerance and solidarity. The mastery of Rwandan history is not underrated.

The former militia and ex-soldiers, are prepared to be integrated into civilian life and are taught about unity and reconciliation. For the leadership group, they are taught leadership skills based on equality, justice democracy and transparency.

Between June 1999 and June 2000, groups and number of solidarity camp participants were as follows:

Local defence forces.....	3 537
Students preparing to join universities.....	3 949
Grassroots leaders.....	100
Middle -level government leaders.....	332
Captured or surrendered ex -soldiers and militia members..	3 402
Short-term courses (1-9 days) for different groups.....	763
<b>Total :</b>	<b>11 083</b>

The NURC collaborates with civil society in its civic education programme The Catholic Church supported by the Catholic Relief Service (CRS) organised solidarity camps in Byumba, Kigali, Butare and Kabgayi dioceses. Also CRS, supported Rwanda Episcopal Church to organise solidarity camps in Gahini and Ruhengeri dioceses.

The Unity Club (an association of women ministers and wives of cabinet ministers) collaborated with NURC to sensitise secondary school students on unity, reconciliation and AIDS.

There is a rwandan proverb which asserts that, 'An infection from the top spreads fast.' At grassroots level, organisations are undertaking activities related to strengthening unity and reconciliation. For example in schools and institutions of higher learning, students are organizing clubs to champion unity and reconciliation. Seminars about peacemaking involving students are becoming common.



### **The Role Of The Media**

Peacemaking has become the second literacy, as important as the first literacy of reading, writing, and arithmetic according to Dr Federico Mayor, the Director General of UNESCO. In its civic education programme, the NURC does not depend on solidarity camps only. It is waging its campaigns about unity and reconciliation through the media.

It has a newsletter which is disseminated across the country, and a weekly radio programme. Its activities are well covered by the print media, radio and television. To give its programmes a high profile, the NURC has entered into an agreement with three newspapers, two government -owned (Imvaho Nshya and Nouvelle Releve) and a Catholic Church paper (Kinyamateka) to publish extensively its articles. A television programme is still in the pipeline.

### **Art And Sports**

The role of arts and sports in mobilising the population to unite and reconcile, cannot be underestimated. Sports, songs, poems and dances dedicated to unity and reconciliation are used to attract big audiences. When such performances are held, they draw big crowds, bringing together children, the youth and adults of all sexes. These are also broadcasted by the radio and television and visual cassettes are produced and sold throughout the country. Now and then NURC organises competitions about songs of unity and reconciliation.

### **Community Initiatives**

At the grassroots level, the NURC is two birds with one stone. It is cultivating unity and harmonious co-existence at the same time promoting economic well-being of the target groups. Poverty breeds violence, so poverty alleviation has become one of the various approaches to foster unity and reconciliation.

The target groups of the NURC are the associations and clubs, which transcend the ethnic divide, and which have a core objective of cementing unity and reconciliation. Also, they should be aiming at the promotion of the welfare of their members and contributing to poverty alleviation among the vulnerable groups, such as the handicapped, the aged, street children, orphans, Twas, genocide widows, the homeless and child-headed families.

Such associations and clubs have been formed by men, women, the youth, and demobilized soldiers (from Rwanda Patriotic Army and ex-soldiers of the former regime). Activities chosen by them depend on the prevalent socio-economic problems in a given area and the viability of certain income-generating businesses which can raise the

living standard of the members. The main criterion for funding is whether the promotion of unity and reconciliation is central to the group's activities.

There are many economic activities undertaken throughout the country. There is mushroom growing in Gitarama Province by a small association under the patronage of Humura (an umbrella organisation). Poultry farming (chickens and ducks) and animal husbandry (pigs, sheep and goats) are popular because apart from their market value, they fertilise the farms. Small businesses include, carpentry, metalworking, sewing, vaseline and soap making. In Kibuye town, the demobilized soldiers teamed up with street children and women and started a novel business. They are responsible for cleaning and garbage disposal in the town, and they have been assigned by BRALIRWA (a brewery) to load and off-load its cargoes. AJENI Association in Bukunzi district, Cyangugu province and Twisungane Cooperative in Gisenyi province, are selling fertilisers and other agricultural inputs. The NURC has increased their working capital by loaning them 1,000,000 Frw and 1,048,000 Frw, respectively.

Due to the destruction of houses during the genocide and the repatriation of the 'old case load' refugees, there are many homeless people in Rwanda and others live in dilapidated building as well as in makeshift plastic-sheeting shelters. Some associations are constructing houses for the needy and the NURC is allocating funds to boost this exercise. This project has started in Rwamiko in Gikongoro province and Rwamatamu in Kibuye Province.

The welfare of thousands of orphans has also been another concern of these associations. Some have been adopted; others are still being looked after by these associations. All the needs of those who are going to school are well taken care of. For example in Kibuye an association initiated a contribution of grain which is sold and the proceeds used to pay school fees. In Cyimbogo district, scholastic materials such as pens, books and school uniforms are being provided to the needy school children.

In Ruhondo district, Ruhengeri province an association of women is making education accessible to poor children and medical services accessible to poor families through a local medical care service. This association is also training women in basic health and hygiene. As this training is a long-term programme, a training centre is being built at Rwaza.

To consolidate the promotion of unity and reconciliation through art, the NURC has allocated funds to two associations, the Scouts of Mudasmwa in Gikongoro Province and Twizerane Association in Gisenyi Province. These associations use songs and dances to foster unity and reconciliation. Both associations are interested in rearing

animals, pigs for the Scouts, ducks, pigs, goats and sheep for Twizerane.

When the NURC undertook a familiarisation tour among the associations and clubs in seven provinces (Gitarama, Gikongoro, Kigali Urban, Kibuye, Cyangugu, Ruhengeri and Gisenyi), it scrutinized 25 of them. Their combined funding request was 22,293,635 Frw but the funds approved amounted to 15,501,800 Frw for 23 associations.

There are three ways in which the NURC assists the associations:

**Humanitarian assistance** The vulnerable groups are given resources needed for their welfare, e.g construction materials, school fees and other scholastic materials.

**'Revolving funds'.** It gives interest free loans, which are repaid to Community Development Committee which in turn loans them to other associations involved in the consolidation of unity and reconciliation

**'Revolving livestock.'** It gives livestock to associations. Each member receives either a piglet, a lamb or a young goat on the condition that he/she repays later a young animal to the Community Development Committee which loans the repaid animals to other associations.

Three foreign organizations have shown interest in the NURC's Community initiatives. These are Swiss Cooperation, the German Society for Technical Cooperation (GTZ) and Catholic Relief Service (CRS)

So far, the Catholic Relief Service, which has been contributing much to the process of reconciliation, has laid a ground-work for community initiatives. It has selected five provinces (Kibuye, Cyangugu, Ruhengeri, Kigali Rural and Gisenyi) where it is going to fund vulnerable groups' projects. The funding for Kibuye, Cyangugu and Ruhengeri amounts to 6,856,900 Frw. As for Kigali Rural and Gisenyi, the funding is still on the drawing board.

Dialogue through interaction and cooperation is crucial in fostering unity and reconciliation. To achieve this the NURC has been encouraging twinning of districts and inter-district visits. For example districts in Gikongoro province in the southwest are twinned with districts of Umutara province in the northeast. Recently, Umutara pastoralists gave cattle to the people in Gikongoro. The recipients reciprocated by giving people in Umutara timber. When Bugesera region faced famine due to a long drought, people in Ruhengeri province contributed food for them.

One of the least known activities of the NURC is its role in repatriating refugees from the Diaspora. It has been sending delegations

near and far to encourage them to come back home and it has succeeded in some areas.

### **Conflict Mediation**

*"A stone which is spotted in time cannot harm a hoe"*

*A Rwandan proverb.*

The third major programme of the NURC is conflict mediation. Not much has been written about this, however, much has been achieved behind the scenes. As a watchdog of unity and reconciliation and a link between the population and the government institutions, it ensures that the existing laws and those which it proposes to be enacted or amended encourage unity and reconciliation. In case the government organs, non-governmental organisations or any section of the population breach any ideal of unity and reconciliation, it proposes appropriate measures to be undertaken.

Conflicts are sometimes functional as much as they provide the catalyst for social processes, i.e. the stimulus, challenge, change and progress. But one has to be aware of their dysfunctional costs; hostility, violence and destruction (J.D. Sandole, 1987: 260).

The NURC tries to prevent conflicts escalating into violence by nipping in the bud any misunderstanding which can turn the people against each other. Recently, the leadership crisis of Democratic Republican Movement (MDR) became a great concern of the NURC. It tried its level best to defuse it, through mediation. To facilitate this task it involved also other relevant government institutions.

### **CONCLUSION**

One peacemaker lamented that, it is easier to make war than peace, easier to spread hatred than love, easier to destroy than to build, much easier to hurt than to heal. The NURC has a herculean task of healing a society which has suffered long from division, hatred, and violence. It needs adequate human and financial resources to fulfil its short term and long term objectives. It has some constraints which need to be dealt with in order to consolidate its achievements.

## CHAPTER 13

### LAW AND POVERTY

*Dr Jean Marie KAMA TALI.*

It was revealed throughout the Policy Relevance Test (PRT) that poverty is mainly reflected by the inability to access or not having sufficient, secure and sustainable basic needs. This inability results from several causes but one of the main reasons is the lack of a legal order creating and securing an enabling environment for poverty reduction. A legal order, understood as a systemic inter-action between institutions that create, secure and maintain patterns of behavior has a significant impact on poverty. Without legal order, there cannot be equal opportunity for everyone to acquire, use and dispose in all security his property. In any society, the law is needed to maintain order or internal peace, define the rules of social change and organize justice. Law can therefore be an instrument to create and maintain poverty, as it can also be an instrument to fight it. In the former case it becomes a tool of the rich and powerful to exploit the poor and the weaker whereas in the latter case it is an instrument to protect the poor, create justice for everyone and act as an incentive to overcome poverty.

This contribution intends to analyze the link between law and poverty and the role it should play in poverty reduction. Law shall be understood as an instrument of justice and human rights as well as an incentive to poverty reduction. In the former case its impact, although indirect, is a precondition to the implementation of any poverty reduction policy, in the latter case law acts as one of the policies of poverty reduction.

#### **Poverty And Justice**

The master plan of poverty reduction studies and research in Rwanda 2001-2003, recognizes that poverty reduction action implies also the promotion of the rule of law and justice. In this context justice is understood as both giving to each the portion he deserves according to his position in the society (distributive justice) and giving to each what belongs to him as an individual or what is due to him as a result of commutation (commutative justice).

The experience of the PRT shows that poverty results also from bad laws and bad implementation of good laws which both affect the poor and his situation. Bad laws are the results of colonial legacy whose policy was not poverty reduction oriented but rather that of maximization of production by exploiting the poor for the benefice of the colonial authorities.

With the independence many of those laws were maintained because they benefited the new authorities. Bad laws results also from the adoption of legal texts without verifying if they fit with national realities. In the specific case of Rwanda, laws have been mostly copied from developed countries and incorporated in our system without any investigation on their relevance to local realities and particularly that of poverty.

Besides bad laws, which, by the same token are badly implemented, there are also good laws that are badly implemented. Most of the time, it is not the laws that are missing, it is rather their enforcement that is lacking. Despite the existence of laws punishing corruption, embezzlement, traffic of influence, abuse of power, it was revealed during the PRT field research, that people still complain about such acts done by their authorities. In some instances law enforcement machinery does not work properly or leave some people unpunished.

Some authorities, instead of giving a good example in observing laws, they put themselves above it and with time bring people to see it as normal. This culture of impunity has an important impact on the perpetuation of poverty as people on the one had, instead of valuing hard working as a solution to overcoming poverty they rather see illegal practices as the only source of wealth. On the other hand this practice discourages revenue-generating activities because those who produce are not necessarily the beneficiaries of their labor.

Another aspect of law enforcement with impact on poverty is the protection of private property. As long as there is no guarantee for individuals and groups for the protection of their property, the poor will prefer to remain poor instead of working to produce what will be taken away illegal as a result of crimes. On the other hand, the rich will prefer to keep his property abroad where it can be safe.

In the present context of post genocide, the link between poverty and law is even stronger. It was observed that the great majority of the 120.000 suspects of genocide presently in our prison were mainly the economically active members in their respective families. Their arrest is a loss and impoverishment, not only to their families but also to the country.

Besides the specific problem of genocide, there is the general problem of access to justice by the poor. This access which is limited by the organization of Rwandan courts which are not close to the citizens, procedural complications which make inaccessible to courts those with little legal knowledge and finally the cost of justice which discourages those with little resources obliges the poor to give up the pursuit of the justice.

## **Poverty And Human Rights**

Poverty is not only a source of violation of human rights but it is also by itself a violation of human rights. Poverty leads to criminality and deprives its victims the enjoyment of a number of basic human rights. Studies have shown that criminality is much higher in poor townships than in rich neighborhoods.

On the other hand people in the situation of poverty are deprived of such rights like for example the right to food, the right shelter, the right to education and the right to health, considered as fundamental and basic rights to each human being. It is evident that the problem of a child who cannot go to school because his parents cannot afford school fees is not just an economic problem. This problem touches also the right of this child to education and therefore becomes a human right problem.

Basically there should not be any separation between civil and political rights on the one hand and economic, social and cultural rights on the other. Hence, for example, the death of a child due to a famine in Gikongoro should be equally considered at the same level of violation of the right to life as the death of a victim of police beating during a demonstration. Furthermore, there is no reason why the state can be concerned by the right to health and the right to shelter of its prisoners, and remains unconcerned by the same rights of its innocent people in poverty situation.

Considering poverty as a violation of human rights implies that the situation of poverty is unjust and therefore should be fought against. People have the right not to stay in poverty. This right corresponds to the obligation of the states and other duty bearers in human rights law to do everything possible to reduce this poverty. This obligation results even from the right of people to development, which has now acquired a significant recognition in international law. According to this right, people should be allowed to participate, to contribute and to enjoy the benefits of development. On the other hand it implies that, states, donors and the international community have the obligation to provide necessary means and capacity to the achievement of this development.

It is therefore important for Rwanda to include in its strategy and policy of poverty reduction the human rights approach to poverty reduction. This will bring about more participation of the poor and other vulnerable groups in the decision making on issues affecting their lives, the changing of attitude of human rights organizations so that they can also monitor the violation of economic, social and cultural rights, and the involvement of donors and the international community as a whole in fighting poverty as a violation of human rights itself as well as a source of violation of human rights.

### **Law As An Incentive To Poverty Reduction**

The State's laws, some more than others, can induce or reduce poverty. Those laws are for example those regulating the means of production, and the means of redistribution of wealth. Labor law, investment law, credit law, taxation law and land law have a significant impact on poverty.

In the specific case of Rwanda the question of land law remains a sensitive one and the way it will be handled is likely to have a strong impact on poverty. The questions such as who should own the land (the State or the citizens), the mode of transfer of land and the obligation attached to it are very fundamental to the extent that the government should carry out a wide popular consultation before deciding on their answers. The way this law will be drafted will either induce or reduce poverty of the majority of Rwandans living on agriculture.

Laws on taxation, credit and investment can also be drafted to encourage investment and business or to obstruct them and therefore lead to poverty reduction or poverty induction. Legal barriers are very powerful obstruction to economic development. The studies on legal barriers to investment are needed to identify all obstructions to investment and particularly rural investment. Such studies should analyse the system of taxation in Rwanda, the access to credit and the system of conflict resolution on economic problems.

The laws regulating the relationship between the employer and the employed as well as the system of protection of the latter have also an impact on poverty reduction. The choice to be made is whether this the autonomous free will of parties involved in the contract or if the state should intervene in this relation. Put in a more general context, it is relevant to analyze if labor law and social security law contribute to reducing poverty or to make some richer by exploiting others.

As a conclusion, it appears that the role of law in poverty reduction is evident and should not be neglected. Poverty reduction is a business of economists as well as other social scientists including lawyers. Poverty is unlikely to be reduced if there is no justice, the respect of human rights and incentive laws to poverty reduction. Law should therefore be included as a means of poverty reduction.

Three points should therefore be recommended. First of all, the state should concentrate in enforcing existing laws, particularly those on the protection of individuals, groups as well as their properties, second, the state should include in its policies of poverty reduction an approach based on human rights; considering poverty as a violation of human right by itself and a source of violation of human rights and third, the state should adopt laws encouraging poverty



reduction activities particularly in field of land law, investment law, taxation law, credit law and labor law. In a nutshell, the Rwandan legal and judicial system should be, and now more than ever before, poverty sensitive.

## CHAPTER 14

### FOOD AND NUTRITION SECURITY IN RWANDA.

*Dr A.M. JOSE*

#### **Introduction**

The challenges involved in ensuring food and nutrition security relate to both the production and distribution of food in Rwanda. Past experience in food production efforts in Rwanda provide signs of despair. Since 1980's Rwandan agriculture remains stagnant, the country failed to utilise its scarce resources like water and land more efficiently.

The technology that is used remains obsolete and much of the food requirements are still met through commercial imports or through food aid. Since a regime has come up in the country that look for strategies that will contribute to enhance agricultural production and productivity, the following points may be worth considering for achieving food and nutrition security in Rwanda.

#### **The IPRSP and food security**

The IPRSP document has clearly identified the twin basic food security challenges of the present Rwandan scenario- that of maintaining the availability of food within the country and that of expanding the economic access to food. The policy measures suggested are of short, medium and long term in nature. It includes primarily agricultural revitalisation giving thrust to selected food crops and rural re-capitalisation, use of traditional storage system and setting up of a grain reserve fund at communal level.

There are few lacunae as far as the present thrust of IPRSP strategy is concerned.

First, the IPRSP failed to list out clearly the roles to be played by the central government and governments at local levels. There should be clear demarcation of roles so as to make the strategy work in a cohesive manner.

Second, IPRSP has perceived food security in a limited perspective. It would be better if one looks at livelihood security for the households and all members within which ensures both physical and economic access to balanced diet, safe environmental sanitation, primary education and basic health care. This will be in tune with World Nutrition Congress resolution of 1992 that identified food security in its composition with nutrition security and accessibility not only in terms of availability but also concurrently with entitlement.

Third, though IPRSP mentions the need for a storage system, it fails to clearly spell it out. The storage system alone will not solve the equity issue of food security. A major instrument for equity in the matter of food distribution is the public distribution system (PDS). The benefit of PDS is that it can target the poor and needy, which the IPRSP failed to elaborate upon

Fourth, the IPRSP is unsuccessful in integrating the principle of equity and employment with those of economics and ecology in the development of food and agricultural policy. The path ahead in the farm sector in Rwanda involves accomplishing three major goals: (i) productivity improvements, (i) natural resource conservation and (ii)poverty eradication; in an integrated manner. Development that is not equitable will not be sustainable in the long term.

And last, but not the least, structural adjustment programmes (SAPs) in Rwanda are not generating a sustainable supply response in agriculture, particularly from smallholders. The escalations of fertilizer prices, the demise of public sector credit systems for smallholders and reduction of marketing services have created new challenges for smallholders. Though SAPs have been the dominant stimulus for policy change in the agriculture and food sector, SAPs have had limited positive impacts on input and output markets and prices. IPRSP has to address this issue.

#### **Findings from the OSSREA field study.**

OSSREA study has perceived the need for food security at local level. Generally food insecurity was attributed to agricultural stagnation and therefore any effort to bring in food security warrants enhancement of food crop output. Among other things, the people at grass-roots level made notice of the absence of community granaries. The following tables provide a framework for policy action towards food security in Rwanda.

#### **Recommendations towards food and nutrition security in Rwanda.**

Table-1 provides the medium-term food security policy emphasising availability, access and stability. Table -2 gives the decision-making system that is relevant for food security at different levels in the country and Table-3 presents the indicators for a food security information system in Rwanda.

**Table 1: Food security policy- medium term**

Availability	<p>Maintain a long range marginal cost based agricultural price policy to achieve high agricultural growth such that farmer gets an adequate rate of return on fresh investments and utilisation of existing capacity based on soil and waters.</p> <p>Adjust agricultural output and input prices to global prices and ensure availabilities at that level. Abolish quantitative interventions in the domestic markets and import restrictions and export quotas. If absolutely necessary agricultural support prices and consequent purchases by parastatals to maintain such prices.</p> <p>Policies to be designed to improve the economic incentive structure for farmers; special care to be taken for new lands and areas of low capacity use. In well defined problem areas development of cooperatives and public investment package for example, completion and modernisation of canal systems, extension strategies, development of agricultural markets, private channels for inputs, agricultural credit markets etc</p> <p>Maintain a minimum system for limited supplies of a small basket of commodities to specified vulnerable sections of society, i.e. Poor households particularly in areas where hunger and anaemia incidence is higher, school children, pregnant and lactating mothers.</p>
Access	<p>The widespread agricultural growth programme would generate employment/income. To be supplemented with special employment programmes integrated with rural/urban infrastructure/economic development programmes. Emphasis on NGOs community participative programmes.</p> <p>Improvements in markets to ensure access to supplies at favourable prices.</p> <p>Nutrition education and technology programmes to improve access to nutrition with limited budgets Emphasis on literacy, drinking water, women's programmes.</p> <p>Public distribution systems or intervention mechanisms like food stamps as a method of last resort.</p>
Stability	<p>Improve market channels so that inter-regional inter seasonal and inter-year price spreads are minimised.</p> <p>Introduce future markets to stabilize prices.</p> <p>Government inventory policies with domestic purchases and imports to work on the margin to operate food prices in a specified band.</p> <p>Minimum supplies to be ensured on a regular basis in specified regions or specified households/classes.</p>

**Table 2: Decision making system for food security.**

National level	<p>Purchase of food items in international markets or recourse to bilateral or agencies.</p> <p>Decisions on adjustment of domestic stocks as also on desired levels of domestic prices of food items.</p> <p>Use of support prices, tariff and domestic taxes, restrictions and subsidies.</p> <p>Optimal internal stock movements and the related question of price-spreads in regional markets</p> <p>Access and vulnerability question of classes of consumers.</p> <p>Decisions relating to financing, credit and foreign exchange requirements of operational food policies.</p> <p>Decisions with a medium term horizon like assessment of food demand, incentives and support policies for domestic producers, development of improved processing and marketing infrastructure, standardisation, nutritional and quality aspects, and employment and income supplements for marginal populations and areas.</p>
Prefecture level	<p>Information requirements at the Prefecture level are of three kinds which relate: i) to the expansion of supply potentials, ii) to marketing, trading distribution and information infrastructure, iii) to improving access to food by different segments of the population. At the Prefecture level the requirements of information for decisions will be more direct and pressing: such as a) data of a continuous kind on prices and quantities marketed in agricultural markets, b) estimates for area, production and yield and forecasts for the current agricultural season, c) data on govt and private stocks and movements, d) on the demand side, population and workforce data by location, sex and age distribution</p>

**Table 3: Indicators for a food security information system**

Short term	<p>Estimates of public stocks of food items; beginning/middle/end of each crop season; location of stocks</p> <p>Price trends of food items and comparisons with earlier years; variation and spread between markets through space; wholesale-retail spread.</p> <p>Estimates of private trader stocks of food items at agricultural/wholesale market levels.</p> <p>Crop output expectations</p> <p>International price trends and stock change</p> <p>Domestic demand trends</p> <p>Weather fluctuations, disasters, food import indicators</p> <p>Estimates of infrastructure relating to food performance: storage capacities; performance of milling industry/cold storage, transport capacities.</p> <p>Agricultural credit for trade/farm operations.</p> <p>Government decisions on support prices; costs of production</p> <p>10) Taxes/tariffs/quantitative restrictions on food movements, domestic and abroad</p> <p>11) Major technological achievements relating to food availability, transport, processing.</p> <p>Food aid indicators</p>
Medium term	<p>Expected increase in agricultural potential in next three to five years.</p> <p>Expected trends in food crop acreages</p> <p>Expected changes in price environment for agricultural sector</p> <p>Expected increases in demand for food items</p> <p>Policy adjustments expected and their impacts on food items.</p> <p>Expected developments in agricultural markets/storage.</p> <p>Likely trends in nutritionally at risk populations and their regional spread</p> <p>International price and food aid trends</p> <p>Major changes in regional demand/supply configuration such as new cities, new agricultural lands, development and impact on food availability.</p>

**CONCLUSION**

While recognising the importance of the market and respecting its role in ensuring food security through efficient resource allocation and pricing, distortions in market and limitations of the market on account of the inequitable purchasing power, and lack of capacity for the resource-poor to transact in the market, rendering them food-insecure, cannot be discounted.

## CHAPTER 15

### PRIVATE SECTOR IN PRSP

*Dr. Rama RAO*

Poverty is a multidimensional issue to be tackled. Multisectoral strategies are prescribed to put it down by all means. They range from macro to micro initiatives involving every stakeholder including the private sector. Private sector is being assigned a major role in the execution part of economic policies. Following this understanding privatisation, liberalisation and globalisation is the order of the day in the world. This brief write-up presents a critique of IPRSP in relation to the finding of OSSREA research in relation to this topic and the possible inclusions into the final PRSP.

#### **Critique of i-PRSP**

I-PRSP aimed at ensuring macro-economic stability through private sector by reducing the role of public sector. It stressed the need for creating an enabling environment for private sector development. I-PRSP pointed out for providing secured land tenure system enabling farmers to invest in their lands. It is a sign of privatisation of land but it is silent on the role of private sector in water management, soil fertility, afforestation and protection of biodiversity.

1-PRSP reveals that there has been a high rate of disinvestment in rural sector and slow down in foreign direct investment which shows the marginalised role of private sector. Further it identified the need for assuring property rights and enforceable contracts for the sake of private sector development. The strong link in 1-PRSP is that the government is committed for the private sector led growth by maintaining stable macroeconomic framework, establishing liberal and transparent legal, labour trade and tax framework, developing enterprises and reducing business costs through the provision of infrastructure and public utility services at comparative costs. The privatisation process shall be accelerated. Role of Private Sector Federation has been emphasised besides that the RIPA is expected to play a big role in boosting investment in the country.

I-PRSP document reviewed the status of infrastructure of the country but did not indicate the extent of the role that the private sector can take in these areas. It also advocates for the widening up of the institutional framework to extend financial assistance to private sector including micro-finance.

It further identified the export opportunities for private sector participation in traditional and non-traditional sectors. I-PRSP stressed the relevance of ICT for private sector participation. I-PRSP

was elaborate in various sectoral policies targeted for poverty reduction which include land use, savings, micro-finance, natural assets, rural market infrastructure, energy, agricultural research and extension, food security, education and adult literacy. However, it is found critical that how private sector can be involved in agricultural extension services.

I-PRSP was not clear about private sector role in creating off-farm employment, education, health, water, sanitation, waste management, etc. The strong point of IPRSP is that it gave importance, third in the order, to private sector involvement as a criterion in prioritising and sequencing of programmes for poverty reduction.

### **Findings of OSSREA on poverty reduction policy relevance test**

The Poverty Reduction Policy Relevance Tests conducted in stage II and Stage III indicate that there are no symptoms of private sector playing a role in infrastructure provision and financial services for poverty reduction. The respondents suggest that the private sector can play effective role in the following:

- promotion of income generating non-farm activities,
- availability of information and training,
- export oriented activities and finding new opportunities,
- rural marketing especially food,
- infrastructure building and
- micro-financing systems,

For regional poverty reduction they suggested coffee and livestock for Kayove, co-operatives for Butare and cattle credit for Rwamagana/Ruhango.

In sectoral areas they suggested that the farmers should have liberty to replace coffee with other crops, community involvement in arresting land erosion, creation of non-agricultural employment, promotion of co-operatives, rural marketing facilities etc.

They asked for land ownership and clarity of rights. They wondered how the education cost can be shared between parents and the state. They expected that the government should continue to offer educational services. They advocated for the private sector role in a starting health centres, development of grass root financial structures for micro-credit and also strongly favoured promoting production associations involving youth.

### **Recommendations for inclusion in final PRSP**

The following recommendations are made to include the role of private sector in different topics of final PRSP:

**Macroeconomic stability :**

national policy on saving giving a big role to private sector with necessary promotional measures and incentives.

**Private Investment:**

pro-private sector regulations, incentives, security, (Foreign Direct Investment).

**Inter-sectoral projects:**

coordination of these in existence already various poverty reduction projects at a higher office like PRIMATURE to ensure better coordination and to integrate with PRS.

**Role of state:**

the modus operandi of participation of all social and economic groups in the economic activity.

**Legal measures:**

creation of an awareness among the masses about the legal reforms and the likely outcomes of property rights.

**Private sector Development:**

- co-operative enterprise as a means to strengthen private sector participation
- promotional measures to increase exports.
- possibilities of encouraging small private investments through the introduction of stock exchange system.
- major thrust should be on using appropriate technology to - reduce business costs and TQM to increase competitiveness.

**Privatisation and Regulation :**

- priority to associations/co-operatives of Rwandan citizens and employees in the privatisation process
- pro-poor privatisation and should have major distributional effects.
- HRD: entrepreneurship development must be the major focus of the educational institutions.
- Infrastructure: private sector participation in energy communication in rural areas through co-operatives.
- Trade liberalisation: Enabling environment to domestic enterprise to compete efficiently by measures to arrest smuggling and proper taxation.



***Encouraging Investment, competitiveness and Enterprise Development:***

- Competitiveness through innovation and by services niche,
- Corporation/co-operativisation investment promotion by incentives.
- Strengthening the Financial sector: Encouraging role to private sector in non-bank financing such as venture capital, lease financing, investment funds, etc. Micro-financial institution on the times of Grameen Bank.
- Sources of Growth: Tourism may also included in the various sectoral policies wherever they are appropriate.

These components shall be included in the various sectoral policies wherever they appropriate.

**CONCLUSION**

The 1-PRSP has recognized the key role of private sector in poverty reduction in conjunction with the Vision 2020 document. Private sector's role in poverty reduction can be summarised as follows:

- Employment creation
- Relieving the state budget from social expenditure on infrastructure.
- Offering concessional pricing to the poor out of their profits.
- Meeting its social obligation of reducing poverty as responsible corporate citizens.

*Pro-poor privatization.*

Given the Rwandan existing situation of weak private sector, the government has to continue to regulate its activities and to involve in some sensitive issues like food security and maintaining competitive situation in the economy.

## **CHAPTER 16**

### **CONCLUSION**

The papers and contributions to this publication were a reflection of a few activities undertaken by OSSREA Rwanda Chapter. Not every activity could however be included. Two issues emerged.

Firstly any discourse related to development of Rwanda cannot escape taking into account the legacy of conflict. This is the reason; every paper and contribution fits in well the theme of the publication-facing challenges of development in a post conflict transition.

Secondly, consistent with the transition, every fact and argument can be seen to change and will have changed. While the publication was undertaken on the occasion of OSSREA's Silver Jubilee, it is imperative that future impressions indicate the changing character of the challenges. Meanwhile a number of conclusions can be arrived at.

Poverty is a post conflict challenge that supersedes emergency and conflict. In its development phase, Rwanda still confronts high incidence and deep seated poverty. Solutions to the problem can be found in transformation of agriculture, improving access to services and institutional reforms in strategic areas such as the co-operative movement. But surely that is not all. Poverty is multifaceted and interventions to reduce it are multiple.

Rwanda is part of the poor world. Initiatives that involve regional arrangements such as NEPAD should not be underestimated. They can accelerate internal efforts, stimulate synergies in resource mobilization and allocation and exploit economies of scale. NEPAD particularly has provided a framework for good governance, which is one of the primary conditions for poverty reduction.

Some more lessons are related to the role of OSSREA Chapter. It cannot afford not to consider the context of development and poverty in any analysis. As part of a regional network and as a multi-disciplinary group, it should be able to contribute effectively to the understanding of the challenges our country and our continent are facing. Doing that earnestly and with excellence is the best tribute to the OSSREA network on its Silver Jubilee.