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STAFF APPRAISAL REPORT

RWANDA

FOOD SECURITY AND SOCIAL ACTION PROJECT

MAY 26, 1992

Population and Human Resources Operation Division
South Central and Indian Ocean Department
Africa Region

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CURRENCY EQUIVALENT

Currency Unit = Rwandese Franc (FRW)
US\$1.00 = FRW 120 (January 1992)

WEIGHTS AND MEASURES

Metric System

GOVERNMENT OF RWANDA - FISCAL YEAR

January 1st - December 31st

ABBREVIATIONS

BCP	Bureau de Coordination du PNAS (PNAS Coordination Office)
CATGA	Cellule d'Appui Technique à la Gestion des Aides Alimentaires (Food Aid Management Support Unit)
EEC	European Economic Community
ILO	International Labor Office
LBWs	Labor-Based Works
MINAGRI	Ministry of Agriculture
MJEUMA	Ministry of Youth and Associative Movement
MININTER	Ministry of Interior
MINIPLAN	Ministry of Planning
MINEPRISEC	Ministry of Primary and Secondary Education
MINISANTE	Ministry of Health
MINITRAPE	Ministry of Public Works
MINITRASO	Ministry of Labor and Social Affairs
NGO	Non Governmental Organisation
PAIB	Programme d'Appui aux Initiatives de Base (Micro-Enterprise Promotion and Development)
PEP	Public Expenditure Program
PIC	Programme d'Investissement Communal (Communal Investment Program)
PIP	Public Investment Program
PNAS	Programme National d'Action Sociale (National Social Action Program)
PSAN	Programme de Sécurité Alimentaire et Nutritionnelle (Food Security and Nutrition Program)
PSTP/HIMO	Projet Spécial de Travaux Publics à Haute Intensité de Main-d'Oeuvre (Labor-Based Civil Works Project)
SDA	Social Dimension of Adjustment
UNDP	United Nations Development Program
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
WFP	World Food Program

This report is based on the findings of an appraisal mission which visited Kigali in December 1991. Mission members included Jacques Baudouy, mission leader; Eileen Murray, financial analyst; Ghislaine Delaine, statistician; Qaiser Khan, economist; Marco Ferroni, economist; Kees Tuinenburg, food security specialist; Sven Hertel, civil engineer; and Harley Johnson, community-development specialist. The report was drafted by J. Baudouy with the assistance of E. Murray, G. Delaine and Q. Khan. The peer reviewers are Tonia Marek, Harry Walters, Juan Gaviria and Steen Jorgensen. The report was processed by Ms. V. Fauconnier. Messrs. Francisco Aguirre-Sacasa and Alain Colliou are the Department Director and the managing Division Chief, respectively, for the proposed operation.

RWANDA: FOOD SECURITY AND SOCIAL ACTION PROJECT

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BASIC DATA

	Rwanda	Sub-Saharan Africa
GNP per capita (1990)	US\$ 300	US\$ 340
Population size (1991)	7.3 million	480 million
Rural areas	93%	72%
Urban areas	7%	28%
Estimated Population growth rate in 1991	3.6%	3.2%
Population density	280 per km ²	20 per km ²
Total fertility rate	8.5	6.5
Contraceptive prevalence rate	10%	6%
Active work force (1989)	3.2 million	N/A
Agriculture	2.7 million	
Formal sector	0.2 million	
Informal sector	0.3 million	
Dependency ratio	102.4%	97.6%
Adult illiteracy rate	53%	52%
Enrollment primary school	64%	67%
Life expectancy	49 years	51 years
Infant mortality rate (1990)	120 per thousand	107 per thousand
Under-five mortality rate (1990)	201 per thousand	179 per thousand
Food production per capita (87/89) (100 = 1979/81)	77	95
Daily calorie supply (% requirements)	85	96
Underweight under-fives	30%	29%
Newborns with low birthweight	20%	16%

DEFINITIONS

Dependency Ratio:

The ratio of the economically dependent part of the population to the productive part, arbitrarily defined as the ratio of the young (those under 15 years of age) plus the elderly (those 65 years of age and over) to the population in the "working ages" (those 15 to 64 years of age).

Infant Mortality Rate:

The number of deaths of infants under one year old in a given year per 1,000 live births in that year.

Life Expectancy at Birth:

The average number of years a newborn would live if current age-specific mortality rate trends prevailing at the time of birth were to continue.

Rate of Population Growth:

The rate at which a population is increasing (or decreasing) in a given year due to natural increase and net migration expressed as a percentage of the base population.

Total Fertility Rate:

The average number of children that would be born alive to a woman (or group of women) during her lifetime if during her child-bearing years she were to bear children at each age in accordance with prevailing age-specific fertility rates.

Communes:

It designates both the smallest territorial division of the country (there are 145 communes) and its local government which has an independent legal status and financial autonomy. The commune is headed by a Bourgmestre.

Préfectures:

It designates the administrative structure at the regional level. Rwanda is administratively divided into 10 préfectures and 22 sous-préfectures (to serve the communes further away from the préfectures).

CREDIT AND PROJECT SUMMARY

Borrower : Republic of Rwanda
Beneficiary : Not applicable
Credit Amount : SDR 14.0 million (US\$19.1 million equivalent)
Terms : Standard IDA terms, with 40 years maturity

Project Description:

Objectives:

(a) to improve the food security and social welfare of the poorest population groups; (b) to improve the government's capability to monitor living standards of the population; and (c) to initiate a long-term poverty alleviation strategy. Target groups include: (a) individuals with insufficient income-earning capabilities, such as landless farmers, poor female-headed households, AIDS-afflicted families, orphans and others (annual target: 75,000 people); (b) farmers faced with acute food insecurity (annual target can vary from 0 to 300,000 people); and (c) farmers with land smaller than 0.2 hectare which will need off-farm employment to survive (annual target: 25,000 workers and 125,000 dependents). In addition, potential micro-entrepreneurs will be the target of a micro-enterprise development component.

Components:

The Food Aid and Nutrition component would aim at reducing food insecurity and malnutrition through: (i) food aid purchased locally or regionally and targeted at vulnerable groups (children and pregnant/lactating women from poor families, AIDS-afflicted households, orphans) in association with a package of nutrition activities (education, monitoring, micronutrient supplementation); (ii) coordinated emergency food relief to respond to local acute food insecurity; and (iii) support to the development of a national food policy. The Labor-Based Works (LBWs) component would increase the purchasing power (and thus contribute to improving food security) of the population of the 43 poorest communes in the country through community-based works including: (i) communal road rehabilitation and maintenance; (ii) anti-erosion and land improvement measures, such as reforestation and agricultural terracing; and (iii) other public works of public interest. The Micro-enterprise Promotion and Development would: (i) promote the creation of profitable micro-enterprises in rural areas as a mean of generating productive off-farm employment; (ii) identify potential entrepreneurs through a community-based network; and (iii) facilitate the creation of these micro-enterprises by appraising their viability and assisting entrepreneurs in obtaining financing from existing financial institutions. Finally, the Social Surveys component would aim at strengthening the government's capacities to: (i) monitor the living standards of the population through socioeconomic surveys and studies; and (ii) elaborate relevant social policies and strategies.

Benefits and Risks:

The proposed operation would provide rapid support to poor families in need of food and additional income. In the longer term, the project would contribute to a better monitoring of the living standards of the population, and overall social policy development. Indirect benefits will be generated by the LBWs and the micro-enterprise programs which would contribute to demonstrating the efficiency of switching capital for labor and the potential for off-farm employment, respectively. The main risk is that implementation delays occur because of inefficient project management. This risk will be addressed by: (a) establishing an adequate project management structure prior to credit effectiveness; (b) decentralizing the decision making process; and (c) involving beneficiaries in the monitoring process. Another significant risk is insufficient budgetary support from the government. This risk will be addressed by a close monitoring of the agreed-upon public spending on social sectors.

Project Cost Estimates

	US\$ million		
	Local	Foreign	Total
<u>Estimated Costs</u>			
Food Aid and Nutrition	8.1	5.9	14.0
Labor Based Works	13.4	4.4	17.8
Support to Micro-enterprises	2.7	0.6	3.3
Surveys	0.8	0.6	1.4
Project Management	0.6	1.5	2.1
PPF	0.3	1.0	1.3
Total Base Costs	25.9	14.0	39.9
Physical Contingencies	1.8	0.7	2.5
Price Contingencies	2.7	1.0	3.6
Total Project Costs	30.4	15.7	46.1

Financing Plan

	Local	Foreign	Total
IDA	12.5	6.6	19.1
UNDP	1.0	2.1	3.1
WFP	8.9	7.0	15.9
Government	*8.0	---	8.0
TOTAL	30.4	15.7	**46.1

* Part of the government's contribution will be covered by the Unified Counterpart Fund (pool of counterpart funds administered by the Treasury) and by the Unified Road Fund (managed by MINITRAPE) for communal road maintenance.

** Excluding US\$2.3 million equivalent for taxes and US\$0.70 million equivalent for import duties.

Estimated IDA Disbursements

IDA's fiscal years	FY93	FY94	FY95	FY96	FY97
Annual	1.5	4.4	6.0	4.8	2.4
Cumulative	1.5	5.9	11.9	16.7	19.1

RWANDA

FOOD SECURITY AND SOCIAL ACTION PROJECT

STAFF APPRAISAL REPORT

I. BACKGROUND

A. Introduction

1.1 With a GNP per capita estimated at US\$300 in 1990, Rwanda belongs to the group of the world's poorest countries. Rwanda is also one of the smallest African countries (26,000 km²). The country is confronted with severe development constraints: (a) the population density is the highest in Africa (280 per km²), which is having a negative impact on agricultural land availability and the environment; (b) the population growth rate (estimated at 3.6 percent in 1991) and the population momentum^{1/} are high and put pressure on the country's economic growth and investment capabilities; (c) foreign exchange earnings are excessively dependent upon coffee; and (d) its landlocked situation makes external trade dependent upon two long and expensive routes from the Indian Ocean. In the 1970s, thanks to political stability, high coffee prices and prudent economic and fiscal management, Rwanda enjoyed high rates of economic growth (5 percent per year on average) together with budget surpluses, large external reserves and a low debt service ratio. These were significant achievements in such a difficult environment. In the early 1980s, the economic situation started to deteriorate because of unfavorable terms of trade and excessive and inefficient public spending. This decline was precipitated in 1987 with the fall in world coffee prices.

1.2 In early 1990, the government requested the Bretton Woods institutions' support in preparing an adjustment program. While in the midst of opening its economy, Rwanda was invaded in late 1990 by armed opponents to the regime based in Uganda. Although the invasion was repelled, clashes with these opponents continue to occur. The low intensity fighting -- coupled with depressed world coffee prices -- have had a severe impact on economic activity; the government has increased security-related annual outlays to about 7.0 percent of GDP, from an annual average of about 2 percent over the past decade.

1.3 To complement economic liberalization and respond to domestic and external pressure, the government has also initiated a political reform process which has continued and intensified despite the clashes with the rebels. A new constitution was adopted in June 1991 which opened the way for multi-party politics. The political transition process is under way and an outspoken press has emerged.

1.4 Rwanda's economic difficulties have a negative impact on the social situation. Poverty has increased in the past years, as revealed by a recurrent state of acute food insecurity in the southern and western parts of the country caused by a combination of insufficient food production and purchasing power of the population. Public funding is insufficient to respond adequately to the demand for social services. In education, the government has given high priority to increasing primary education enrollment rates, but providing the necessary budgetary resources becomes more difficult because of budgetary

^{1/} The current population is estimated at 7.3 million. Would fertility remain constant, the population size would reach 16 million by 2010.

providing the necessary budgetary resources becomes more difficult because of budgetary constraints. In health, the situation has deteriorated with the combination of a worsening health environment (AIDS epidemic, expanding malaria endemic and increasing malnutrition rates) and insufficient budgetary allocations to the public health system. It is only recently (June 1990) that the government has formally issued a national population policy, therefore recognizing the need for addressing one of the nation's most critical development constraints.

B. The Economic Situation and the Structural Adjustment Program

1.5 The economic situation of Rwanda has been deteriorating rapidly during the past five years for three main reasons: (a) world coffee prices have fallen, reducing foreign exchange availability; (b) agricultural production has declined (agricultural output in 1990 was 9 percent lower than in 1987), mostly because of an increasing disequilibrium between agricultural land availability and population pressure; and (c) the government has failed to implement relevant economic policies. Real GDP declined sharply in 1989 (5.8 percent) and again in 1990 (1.2 percent). These negative trends had already started in the early 1980s when the government became more interventionist in the economy to try to compensate for unfavorable terms of trade: price controls were imposed, public expenditures (including civil servant salaries) were reduced, and local enterprises were protected by import restrictions. Restrictive import licensing was introduced to respond to foreign exchange scarcity and caused a slow down in many activities. The government, however, did not correct the highly overvalued exchange rate (one important cause of the lack of export competitiveness) and did not attempt to reduce excessive regulation and control over private enterprises. In view of the continuing deterioration of the situation, the government finally decided in early 1990 to prepare an adjustment program with the help of the Bank and the IMF.

1.6 The economic reform program described in the 1991-93 Policy Framework Paper includes: (a) promoting private sector activities and international competitiveness; (b) improving public resource management; (c) developing human resources; and (d) improving the management of the country's natural resources. In November 1990, the government began implementing this program, starting by one of the most politically difficult measures -- the devaluation of the Rwandese franc (67 percent in local currency terms, 40 percent vis-à-vis the SDR). Thereafter, the government took several measures to promote the private sector's involvement in the economy by eliminating price controls and certain cumbersome administrative procedures for enterprise creation. In the agricultural sector, which will remain the mainstay of the economy for, at least, the next generation, self-sufficiency strategies are being replaced by specialization and production for both external and internal markets. In parallel with the development of these measures, the government has shown a concern about the social situation and the effects of the adjustment measures. Starting in August 1990, the government has worked with Bank staff and UNDP to design a social safety net aimed at responding to basic needs of the population, particularly the poor.

1.7 Economic Developments in 1991. The economic situation continued to deteriorate in 1991 (GDP decline of 2.9 percent), mainly because of the war situation. Trade has been severely affected by the closure of the route from Mombasa through Uganda. Transport is hindered by security-related traffic restrictions within the country. Private investments are minimal because of the lack of confidence vis-à-vis the country's overall situation, contributing to poor supply response. Tax revenue fell by at least 10 percent because of the slowdown in economic activities and lower imports. In consequence, the fiscal deficit rose to 14.8 percent of GDP (grants excluded) and was largely financed by

accumulating arrears through the domestic banking system. In the external sector, the current account deficit remained at 13 percent of GDP and the external debt rose to about 31.5 percent of GNP. As noted, the current fiscal imbalance was associated largely with war and one of the most serious problems was the crowding out of civilian expenditures by military expenditures now accounting for 42 percent of the budget. The Social Safety Net which had been incorporated in the adjustment program was adversely affected (e.g., spending on essential drugs was only 25 percent of the budgeted allocations). If these trends continue (civilian expenditures have decreased in real terms by 33 percent over the past two years), the social sector situation will further deteriorate in the coming years.

II. POVERTY IN RWANDA AND BANK'S ROLE

A. Poverty in Rwanda

Social Indicators

2.1 Social indicators are strongly determined by the poverty level of a country and Rwanda's indicators are slightly below the average for Sub-Saharan Africa (see basic data, page (i)). Health indicators are poor: life expectancy has not yet reached 50 years; under-five mortality rate is still around 200 per 1,000 and the pace of infant mortality reduction is one of the slowest in Africa. The malnutrition rate among young children is estimated at about 30 percent using international standards for weight and age. In many cases, malnutrition starts at birth because of the poor nutritional status of many mothers: about 20 percent of newborns are underweight. Education indicators are about average for Sub-Saharan Africa but have already shown signs of deterioration because of an increasing discrepancy between the huge increase of school-age population and limited financial resources. If recent trends were to continue, the primary education enrollment rate would decline from the current 62 percent to about 50 percent within the coming 10 years.

Poverty Profile

2.2 A poverty profile for Rwanda has been prepared^{2/} on the basis of the national 1983-85 household consumption survey. The premise of the study is that, while Rwanda is a poor country by international standards, certain groups are poorer than others and they have a special claim on targeted assistance to raise their income and consumption possibilities. These groups either do not have the necessary means for adequate physical and mental survival, or they are at considerable risk of falling below that level of entitlement, temporarily or for a longer period owing to fluctuations in their income. While the results of the study are still preliminary, certain interesting elements have already emerged as described below.

2.3 Total real expenditure per capita has been used as a proxy for the standard of living of the households. The "poor" have been defined as the bottom 40 percent of the sample, and the "hard-core poor" as the bottom 20 percent. The incidence of poverty is much greater in the rural areas than in urban areas as shown by the large gap between urban

^{2/} This poverty profile has been prepared by the Technical Department of the Africa Region (Social Policy Division) as an input for a more comprehensive poverty assessment.

and rural expenditure levels (urban expenditures are 2.4 times higher). The rural areas represent more than 98 percent of all poverty in Rwanda, with the South Central zone having the highest incidence of poverty.

2.4 Labor and land are the two most important assets of the poor and their variations have a strong correlation with the level of poverty. The dependency ratio is 1.14 for poor households and 0.87 for the non-poor, which means that poverty is more common among large households. In rural areas, the incidence of poverty is greater among female-headed households but the difference is small (the difference, however, tends to increase with the depth of poverty). By contrast, in urban areas female-headed households tend to be much poorer than their male-headed counterparts (but still better off than their rural counterparts). With regard to land, the association between farm size and poverty is negative (as expected) in spite of smaller farms having a larger per-hectare productivity.

2.5 Income Patterns. Agricultural production accounts for over 70 percent of the income of poor households and for 52 percent of that of non-poor households. While policies which strengthen agriculture production will contribute to alleviating poverty, a sizeable portion of new agricultural employment is likely to be absorbed by the non-poor. This applies to any employment creation in rural areas. It would be, therefore, necessary to target employment (through a combination of types of works, level of wages and poverty criteria) in order to absorb a higher proportion of poor.

2.6 Other important findings include: (a) the predominance of food produced for own-consumption; (b) the food crop sales (including banana beer) significantly higher than cash crop sales; (c) the share of cash crops (including coffee) representing only 7 percent of agricultural production; and (d) the minor role of purchased inputs. These patterns do not vary greatly between poor and non-poor households, but illustrate the difficulties of promoting cash crop production in Rwanda.

2.7 Expenditure Patterns. The poor (arbitrarily estimated at the bottom 40 percent of the population as previously mentioned) account for about 25 percent of total expenditures and, on average, food represents 70 percent of household expenditure. Non-food purchases are significantly lower for the poor (12 percent) than for the non-poor (26 percent). The study provides also certain interesting findings with regard to the potential for food subsidy: (a) there are no "inferior" foods; (b) there are no foods for which a subsidy would yield larger benefits for the poor than for the non-poor; and (c) there is no obvious self-targeting food subsidy in Rwanda.

2.8 With regard to non-food expenditures, the poor account for 40 percent of health services (it means that the poor spend as much in absolute terms as the non-poor), and for 28 percent of expenditures on used clothing, school uniforms, tobacco leaves, and kerosene. These findings have certain implications in the context of adjustment (as related to devaluation): the main impact for the poor would be higher prices for used clothing, drugs, and kerosene. In addition, changes in the cost of health services would have a significant impact on the poor.

Food Security

2.9 It is useful to analyze the poverty situation from a food security perspective, since food security is the most pressing concern of poor people. Until 1985, food production kept pace with population growth. Since then, population growth rates have steadily increased above those of agricultural production. New land has become scarce and per capita food production slowed down. In 1989, food production per capita was estimated at 77 percent of its 1979 level and the situation has continued to deteriorate. Cash crops have been largely insufficient for providing the income necessary to an increasing number of families in order for them to purchase food. Rwanda has entered into a period of structural food deficits, not only at the national level, but increasingly so at the level of rural households.

2.10 Food security is mostly a rural problem, since 93 percent of the country's population is rural. The underlying cause of food insecurity is the fast rising population density: family holdings are becoming too small for making a living solely out of agriculture. The government has estimated that one-third of the rural population (some 2 million people) had plots which were too small to cover 100 percent of household needs through agricultural revenues. This percentage will increase over time. While the new agricultural strategy will aim to enhance productivity through a number of policies, intensification, specialization and production for the market, the solution to rural food security will have to be found through the creation of off-farm employment. In the meantime, special transfer programs will be necessary to prevent increasing malnutrition and famine.

2.11 Because of the increased population pressure, the agricultural system has become so vulnerable that even relatively minor shocks such as erratic rainfall, pests, plant diseases and reduced cash income from coffee have a disproportionately large impact. In 1989, these shocks led to a situation where over 300,000 rural people were estimated to be in need of assistance. For 1991, an identical number of people have been estimated to be at risk of acute food insecurity (most of them in the préfectures of Gikongoro, Butare and Kibuye). Two categories of food insecure have been identified: the chronically food insecure, e.g. the old and the handicapped, as well as the landless; and the transitory food insecure, suffering from a lack of food and/or income during the période de soudure^{3/}. Both categories receive assistance from certain NGOs (such as CARITAS, an international Catholic NGO specialized in social programs and active in Rwanda for many years), the government (through occasional food aid provided by bilateral donors and the World Food Program (WFP)), and from relatives, neighbors and friends. However, the latter form of assistance (solidarity-based) is becoming increasingly difficult because the majority of the population is suffering from the deteriorating economic situation. In any case, for the foreseeable future, rural Rwanda will be regularly confronted with the effects of structural food insecurity at the household level, which will be particularly felt during the période de soudure. The threat of famine (and actual famine if no action is undertaken) is likely to become a regular phenomenon in rural Rwanda that the government has to address in a systematic way.

2.12 Two new factors increase food insecurity in both rural and urban areas. The first factor is the increasing number of AIDS-related deaths. Rwanda's AIDS epidemic is one of the worst in Africa: in Kigali, about 25 percent of adults between the ages of 15 and 45 are

3/ The période de soudure is the time between two harvests when food reserves can become insufficient at the family level.

seropositive; in rural areas it is estimated that 3 percent of adults in the same age group are infected. Many families in urban as well as in rural areas are losing income earners killed by this disease and have difficulties purchasing food. Orphans are becoming numerous and are at high risk of food insecurity if they are not adopted. It is difficult to assess the overall economic impact of AIDS on the national economy because of the lack of data. It is likely, however, that this impact will become increasingly significant because AIDS kills people in their most productive years and tends to strike better-off families (even in rural areas). The second factor with a negative effect on food security is the loss of employment caused by the contracting economy particularly in urban areas where a significant number of small enterprises are closing down and laying off their employees.

Employment and Labor Market

2.13 With the current population growth rate, the number of new entrants in the labor market will increase from 130,000 per year in 1990 to 360,000 per year in 2015. It will be difficult for the Rwandese economy to absorb this workforce because the agricultural sector is already saturated and the development of off-farm employment will take time. The industrial sector consists mainly of small-scale agro-industries; its expansion will necessitate adjustment measures and one cannot expect major job creations in the near future. The development of small and micro-enterprises is hampered by: (a) excessive government regulations and insufficient promotion; (b) lack of easy access to credit; and (c) poor domestic markets. Migrations from rural areas to cities where migrant workers could find opportunities in the informal sector are made difficult by a law restricting individuals' mobility. Migrations towards neighboring countries are limited either by political reasons (Uganda, Tanzania, Burundi) or by the absorptive capability of the neighboring regions (for example, the southern Kivu region of Zaire is already overpopulated). In 1991, Tanzania decided to expel about 25,000 Rwandese migrant workers who had to be relocated hastily by the government. Similar events could occur repeatedly in the coming years, increasing the pressure on an already depressed labor market.

2.14 Rwanda has reached a point where a large, and increasing, share of the abundant labor force is not employed productively. The most recent large scale survey on employment (1988-89) shows that 72 percent of the labor force work less than 40 hours per week (the threshold usually used to differentiate part-time from full time employment). In the traditional agricultural sector (which employs 90 percent of the work force), the percentage of part-time work reaches 77 percent, a high figure by any standard. The on-going structural adjustment program should improve the situation by stimulating the creation of new employment opportunities and increasing average revenues, thus expanding local markets. In particular, the elimination of restrictive labor regulations is included in the conditions for second tranche release. But these changes will take time and meanwhile transfer programs will have to be established to alleviate the effects of this pervasive underemployment. In addition, the restructuring or closing of inefficient public enterprises will lead to laying off a limited number of workers who should be taken care of in the context of a social safety net.

Social Programs

2.15 The health system provides basic medical coverage to about 60 percent of the population. The remaining 40 percent are either too far from any health facility for an easy access or are too poor to afford the cost of drugs and other treatments. Approximately 40 percent of basic services are provided by church-affiliated facilities where the quality of care

is usually better than in public facilities (higher user charges, however, have a disincentive effect on the poor). There is no potential for a rapid increase in health coverage because public funding is insufficient to cover the recurrent cost implications of an expanding health system. Major public health programs (such as immunizations, AIDS control, and malaria control) are heavily subsidized by external agencies. The Primary Education System is effective (including good female enrollment), but the primary enrollment rate is likely to decline because of increasing population pressure and insufficient public funding. The poor are affected by the cost of school uniforms which represent a significant expenditure in small household budgets. There is neither a social security system nor a national health insurance system in Rwanda. Civil servants are partially covered by the government for health costs, disability and pensions. Certain private employers cover employees' health expenses but there is no specific legislation to this effect. Unemployment is not covered by any program.

2.16 Most welfare services are provided by NGOs (more than one hundred have been listed), including religious organizations. Their activities are usually small scale and localized as part of broader development programs (such as intersectoral rural development projects). CARITAS is an exception, with food aid carried out in numerous communes and support programs for orphans and AIDS-affected families. A few NGOs (such as IWACU and ARDI) provide training and technical assistance to other NGOs. There has been some attempt to coordinate the activities of NGOs (such as the creation of the Conseil des Organismes pour les Appuis aux Initiatives de Base which regroups a dozen NGOs) but most NGOs prefer to work independently and tend to compete for foreign aid rather than collaborate.

B. The Government's Social Policies and the Bank's Role

2.17 Early in the process of preparing the structural adjustment program, the government requested the Bank's assistance to define and prepare a social action program. Initially conceived by the government as a broad set of activities aimed at alleviating the negative social effects of certain adjustment measures, the concept of the program has evolved towards a comprehensive social policy package with a three-pronged strategy: (a) establishment of a social safety net including: (i) the strengthening of core programs in education, health and population of public spending on education, health population and a national social action program (Programme National d'Action Sociale - PNAS) targeted towards the poorer segments of the population (this program is supported by the proposed operation); (b) resource mobilization to ensure adequate funding of this core social expenditure program from both external aid and domestic budgetary resources (including counterpart funds); and (c) close monitoring of the financial and physical implementation of the social expenditure program. The government has summarized this approach in a Policy Statement on human and social development policy which was finalized with IDA during the negotiations of the proposed operation (para. 7.1) and which will serve as a reference during project implementation. The social sector strategy implies a close coordination with the structural adjustment process, particularly with regard to the preparation and monitoring of the core social expenditure program. The programming process for public expenditures on the social sectors has been integrated into the Structural Adjustment Program as a part of the component aimed at improving public sector resource management. This process has two main elements: (i) a review of the public investment program to eliminate all investments inconsistent with sectoral policies or economically and financially inefficient; and (ii) adequate budgetary allocations to cover operating costs of essential development programs, such as the social safety net. The major constraint to adequate budgetary allocations for social sectors are

the competing requests from other sectors, including the army which has become particularly expensive due to the recent military conflict. In order to avoid under-funding of social programs, the annual review of social sector public expenditure programs will be a covenant of the proposed operation. During negotiations, agreement was reached with the Government that: (a) the social sector Public Expenditure Program (PEP) for the next three years will be submitted to IDA for review and approval no later than October 31 of each year of project implementation (para. 7.1 (a)); quarterly audit reports on actual non-salary spending of the ministries of health (including spending on population activities), primary and secondary education and planning (for social expenditures only) will be prepared by independent auditors and submitted to IDA within four months following the end of each quarter (para. 7.1 (b)); and (c) the implementation review of the Social Sector PEP for the past year will be submitted to IDA for review and discussion no later than June 30 of each year of project implementation (para. 7.1 (c)). Preliminary estimates of the 1992-94 public expenditures for the Social Safety Net are summarized in Table 2.1 below. A more detailed analysis is provided in Annex I. During negotiations, agreement was reached with the government that the approval by IDA of the 1993-1995 social sector public expenditure program will be a condition of credit effectiveness (para. 7.2 (a)). The monitoring of physical implementation of the social safety net will be done at the sectoral level, with the support of the relevant IDA-financed operations.

Table 2.1: 1990-94 Social Sector Public Expenditures
US\$ million (1991 price)

	ACTUAL		PROJECTED		
	1990	1991	1992	1993	1994
PRIMARY & SEC. EDUCATION	74.8	72.8	73.9	77.3	79.0
- Investment	21.0	18.3	18.2	18.3	18.3
- Recurrent	53.8	54.6	55.7	59.1	60.7
HEALTH	27.5	22.6	26.3	31.7	31.6
- Investment	17.8	12.7	8.4	6.8	5.6
- Recurrent	9.7	10.0	18.0	24.9	26.0
POPULATION	5.3	7.7	6.7	3.3	3.4
- Investment	4.0	6.2	5.4	2.3	2.4
- Recurrent	1.3	1.5	1.4	1.0	1.0
PROPOSED PROJECT	0.0	0.0	0.5	10.5	10.7
- Investment	0.0	0.0	0.5	9.5	9.2
- Recurrent	0.0	0.0	0.0	1.0	1.5
TOTAL SOCIAL SAFETY NET	107.6	103.1	107.6	122.8	124.8
- Investment	42.8	37.1	32.5	36.8	35.5
- Recurrent	64.7	66.0	75.1	86.0	89.3
TOTAL GOVERNMENT EXPEND.	359.4	432.1	392.1	405.8	414.4
- Investment	100.8	141.8	165.0	174.4	175.0
- Recurrent	258.6	290.3	227.1	231.4	239.4
SAFETY NET AS % ABOVE	29.9%	23.9%	27.4%	30.3%	30.1%
- Investment	42.5%	26.2%	19.7%	21.1%	20.3%
- Recurrent	25.0%	22.7%	33.1%	37.2%	37.3%
PROJECT AS % GOVT. EXPEND			0.1%	2.6%	2.6%
- Investment			0.3%	5.4%	5.3%
- Recurrent			0.0%	0.4%	0.6%
PROJECT AS % SAFETY NET			0.5%	8.5%	8.6%
- Investment			1.5%	25.7%	25.9%
- Recurrent			0.0%	1.2%	1.7%

Source: Appraisal Mission (December 1991)

2.18 The proposed operation is an integral part of IDA's strategy in Rwanda and complements not only the Structural Adjustment Credit but also several investment operations, including: a Population Project (FY91); an Education Sector Project (FY91); and an ongoing Family Health Project (FY87). In addition to these social sector projects, several other IDA-supported operations are likely to have a positive impact on the social situation: an Agro-Industrial Sector adjustment operation (appraised in FY92) which aims at increasing agricultural revenues and a Financial Sector adjustment operation (negotiated in FY92) which will help the creation of private enterprises and increase employment. The proposed operation has been designed in such a way that it does not duplicate other projects but complement them and fill the gaps in reaching the poor. IDA will also assist the government in promoting aid coordination and encouraging co-financing.

III. THE PROJECT

A. Project Objectives and Design

3.1 The proposed operation would support the national social action program (Programme National d'Action Sociale - PNAS) which is an integral part of the social safety net established as part of the structural adjustment process. As conceived, the PNAS combines three essential elements: (a) a comprehensive transfer program aimed at providing both rapid consumption transfers (mostly food) to the extremely poor and employment opportunities to those who are able to work; (b) a community-based investment program aimed at improving the basic infrastructure and the environment in poor rural areas; and (c) a policy element aimed at improving the development and implementation of poverty alleviation strategies. The objectives of the PNAS are to: (a) reduce food insecurity, malnutrition, and other effects of poverty among the poorest population groups of Rwanda; (b) induce policy changes with regard to the use of the most important asset of the poor, their labor force; and (c) improve poverty assessments as well as the monitoring of the implementation of the national social policy. An indirect objective of the PNAS is to improve the developmental role of the communes and their interactions with the communities.

3.2 The PNAS has three complementary operational components - Food Aid and Nutrition, Labor-Based Works (LBWs) and Micro-enterprise Promotion and Development - and a Living Standards and Poverty Monitoring component. Each operational component has specific target groups. The Food Aid and Nutrition component is aimed at: (a) individuals and families with no or insufficient income-earning capabilities, such as landless farmers, poor female-headed households, AIDS-afflicted families, orphans and others (annual target: 75,000 people belonging to this category); and (b) farmers faced with acute transitory food insecurity (annual target can vary from 0 to 300,000 people). The LBWs component is aimed at under-employed or unemployed people in rural areas (such as farmers with land less than 0.2 hectare) who will need off-farm employment to survive (annual target: 25,000 workers and 125,000 dependents). The Micro-enterprise component is aimed at potential entrepreneurs who could benefit from small credits and training to start a profitable micro-enterprise (annual target: 300 entrepreneurs, 1000 workers and 4000 dependents). The quantitative estimates, while based on cross-checking of various sources (including primary data collected during field trips), are subject to revision as more data become available. Each component has specific targeting mechanisms to reach the intended beneficiaries, such as the

establishment of a poverty index to identify the priority communes which will benefit from LBWs. These mechanisms are described in more details for each component.

3.3 They are significant differences among the components in terms of urgency, scope and degree of public sector involvement. The Food Aid component is designed to respond to immediate needs of the most vulnerable population groups and this component will benefit from large amounts of external aid. The LBWs component is of a longer-term nature and addresses the needs of people able and eager to work, with a mix of public sector involvement (through financing and some technical assistance) and private sector participation (through the contractors). In addition, this component, while providing cash transfers to the poor, contributes to basic infrastructure development at the community level. Finally, the Micro-enterprise component has a long term purpose: its goal is to explore the potential for profitable and sustainable off-farm employment. The quantitative impact of this component will be rather limited but it could contribute to the development of an approach to job creation which would prevent a certain proportion of the entrants in the labor force in rural areas from falling into poverty.

3.4 The PNAS does not intend (nor has the capacity to) to respond to all social problems in Rwanda. The PNAS is an important element of the overall social safety net that the government wants to implement in parallel to the adjustment program. It would complement in a rational way many other actions that are carried out by line ministries (Health, Population and Education), donor-supported rural development projects and certain NGOs. The PNAS would not replace these actions but would increase the amount of resources allocated to poverty alleviation activities. The proposed project, in addition to supporting the PNAS has an important policy dimension: the comprehensive conditionality linked to the preparation and monitoring of the social sector public expenditure program (the social safety net) would allow the government to assess on a regular basis the implementation of the national social policy and make the necessary adjustments.

B. Project Description

Food Aid and Nutrition

3.5 Background and Justification. As already indicated (paras. 2.9-12), Rwanda has entered a period of permanent risk of food insecurity. This has been demonstrated in 1989-90 by the famine situation in the southern part of the country, initially caused by a crop failure (itself caused by the combination of adverse climatic conditions, pests, plants diseases and soil acidity). The government estimated the number of people affected by this famine at 300,000. The main cause of this situation was not the absence of food (certain northern regions have excess production of food crops), but the lack of purchasing power among poor rural households. One-third of these families have plots that are too small to provide any cash income. This situation will worsen with the high population growth rate which is making land ever more scarce. In addition, the prevailing conflict in the northern parts of the country has greatly reduced border trade, thereby further increasing the number of people requiring food aid. As already mentioned, the AIDS epidemic will also have an impact on food insecurity and malnutrition among urban and rural families as an increasing number of income earners will die of the disease. The need to reduce food insecurity in Rwanda will continue until the purchasing power of the population has increased through economic adjustment and sectoral strategies which will: (a) reduce population pressure; and (b) create more lucrative off-farm employment. IDA's contribution to this component (which will be

mostly funded by WFP) will consist of technical assistance and operational support aimed at: (a) improving the targeting and use of food aid; (b) monitoring the social and nutritional impact of this component; and (c) developing a more effective national food aid policy, including program food aid.

3.6 Objectives and Scope. The main objectives of this component will be to: (a) reduce chronic food insecurity among vulnerable groups which include malnourished mothers and children, orphans and families of AIDS victims; (b) improve the government's ability to provide assistance to target groups during transitory periods of acute food insecurity; and (c) contribute to the elaboration and implementation of a food aid policy with a special focus on program food aid. Several guiding principles will be applied during the implementation of this component. First, a large share of food aid will be purchased locally so as to stimulate agricultural production and avoid gluts which would have a negative impact on the domestic markets. Second, food aid will be linked to nutrition programs, including nutrition education and efficient food allocation within families. Third, an exception to the second principle will be emergency responses to famines or other disasters. Finally, food aid will be part of a comprehensive food policy in order to allow the government and donors to keep a long term perspective on key factors influencing the national food security situation.

3.7 Activities. A three-pronged strategy has been identified to reach the above objectives: (a) targeted food aid and nutrition activities for the reduction of chronic food insecurity; (b) rapid response to acute food insecurity; and (c) program food aid policy development. Most activities involved in this strategy already exist in Rwanda. They require, however, strengthening, rationalization, restructuring, targeting and intensification. The PNAS would contribute to all these operational aspects, as described below.

(a) **Alleviation of chronic food insecurity.**

3.8 This sub-component is targeted to the most vulnerable groups (malnourished mothers and children, AIDS victims and orphans). It has been estimated during project preparation that a total of approximately 150,000 people were currently in need of permanent food aid under prevailing conditions in Rwanda. The proposed operation would aim at reaching about 50 percent of this target group, assuming that the remaining half is and will be covered by existing programs supported by various external agencies, including NGOs, such as CARITAS, OXFAM and CARE. This assumption will be reviewed during the mid-term implementation review of the project and the necessary adjustments will be made in collaboration with the World Food Program (WFP) which will finance most of this sub-component. The key elements of the proposed activities are summarized below. A more detailed description is provided in Annex II.

- (i) Targeted food aid for vulnerable groups. This program will be supported by WFP which has developed a specific project (accepted by its Governing Body in December 1991) for this purpose. The initial duration of the program will be four years and might be extended for two additional years if necessary. As previously stated, the target groups eligible for food aid include: malnourished children in the 0-30 months age group and their families; pregnant and lactating women; AIDS-afflicted families; and orphans. The first and second target groups will be reached through the existing network of nutrition centers; the third and fourth target groups would be reached

through programs and institutions run by CARITAS. This project of US\$15.9 million will be partly financed by food aid - wheat (8,000 MT), milk powder (1,400 MT), oil (1,000 MT) and sugar (700 MT) and partly by a cash contribution of US\$7.0 million for local purchases of food (or purchasing in the region) of maize and sorghum. The wheat will not be distributed through rations but sold on the market (private mills) and the funds generated (US\$1 million) will also be used for the purchasing of maize, sorghum and beans on the domestic or the regional markets. It will be distributed through the nutrition center network in a phased approach starting with approximately 60 centers selected on the basis of operational criteria established by the Ministry of Health (MINISANTE) and poverty levels of the communities they serve. The program will be progressively expanded to 160 nutrition centers over a four-year period.

CARITAS will be responsible for executing the AIDS and orphans program. Part of the cash generated by the sales of imported food aid would be used to finance school tuition for children of AIDS-afflicted families. The PNAS coordinating office (Bureau de coordination du PNAS - BCP) will ensure the financing and overall monitoring of the logistics for food aid transportation and distribution. It is expected that other poverty alleviation activities of the PNAS and economic improvements induced by the adjustment program will allow permanent food aid to be strictly limited to individuals with no other means of survival. A thorough assessment of the food aid impact would be part of the mid-term review of project implementation.

- (ii) Nutrition activities. The Nutrition Division of the MINISANTE would be responsible for undertaking a major strengthening of the national nutrition program, including: (a) definition of a package of activities to be carried out by each nutrition center, such as: (i) growth monitoring and diagnostic of malnutrition among children and women; (ii) nutrition education and promotion of family food production; and (iii) provision of complementary measures such as dewormization and supplementation in Vitamin A, iron and iodine (as necessary); (b) the programming of training and supervision activities that would be needed to carry out such activities at the periphery; and (c) the establishment of a monitoring system. Several donors (including IDA through the on-going Family Health Project) would provide support to these activities; UNICEF and WHO have agreed to provide the necessary leadership and guidance at the operational level. Nutrition centers benefitting from food aid will be the first to participate in this nutrition program because of the expected increase in attendance.

(b) **Rapid Response to Transitory food insecurity.**

3.9 This sub-component will address those households who face acute transitory food insecurity. Such a situation may occur because of unexpected circumstances (people displaced by war), natural disasters (hailstorms, landslides, drought) or increasingly because,

in certain areas of the country, the balance between population and land has been jeopardized. Many farmers are now left with so little land that their precarious food security situation can be rapidly upset by small changes in food production and income. The famine of 1989 in the southern part of the country is an example of this. The PNAS team has prepared a rapid response system to the threat of acute food insecurity, as described below.

3.10 Early Warning System. Famine situations can be prevented more easily in Rwanda than in Sahelian countries because: (a) it is a small country with a good communication system; (b) there are a wide diversity of food crops and at least two harvest seasons; and (c) regional exchanges can contribute to food security. On this basis, no sophisticated early warning system is proposed but simply to strengthen data collection carried out at the commune level by MINAGRI. Data to be collected will include harvest estimates for all key products, agricultural prices and wage prices (to assess the purchasing power, a key element for food security). As soon as certain indicators show a potential risk of food insecurity, MINAGRI will convey the information to a food security task force whose constitution and role are summarized below.

3.11 The Food Security Task Force. This task force is constituted by two commissions and the Cellule d'Appui technique à la Gestion des Aides Alimentaires (CATGA). The first commission (Inter-ministerial Committee on Food Aid) is chaired by MINIPLAN and is responsible for monitoring program food aid to the country and making projections. The second commission (Technical Committee of Emergency Food Aid) is chaired by the Ministry of Labor and Social Affairs (MINITRASO) and deals with emergency requests from communes ("project" food aid). It includes all donors involved in food aid, under the informal leadership of Canada and WFP. The CATGA has been created with Canadian support to rationalize food aid. It is responsible for collecting, analyzing and disseminating all information pertaining to food aid in Rwanda. Its mandate includes food aid related to balance of payments support (program food aid), specific projects (such as the WFP project previously described) and emergency food aid. In practice, the CATGA acts as a technical secretariat to both commissions which meet on a periodic basis or when there is an emergency situation. Management of food aid logistics and monitoring will be under the responsibility of the executing unit for the component (see para. 3.17).

3.12 The Reserve Stock. This stock would be constituted of food purchased locally with the unified counterpart fund (see para. 5.7) and would allow the first rapid response to the threat of acute food insecurity in a given area, on the basis of reports from the Ministry of Agriculture (MINAGRI)'s early warning system. The decision to intervene is taken by the MINIPLAN after a plenary session of the Food Security Task Force. The stock of approximately 4,000 tons would cover the needs of approximately 60,000 people over a one-month period. The stocks will be maintained in a few selected storage facilities run by the national food storage authority (OPROVIA). Food aid transport will be financed by the BCP (PNAS coordinating office) which will contract out to private companies for the transport of food to the préfectures. At the préfectures' level, the local authorities will be responsible for transporting the food to the communes at need (in most cases small private truckers will be used under BCP financing). At the commune level the distribution of food will be carried out by the local administration on the basis of well publicized lists of priority needy families. Communal councils, which include representatives from the churches and other NGOs will ensure the transparency of this process. Simultaneously, with the use of this food reserve, the CATGA will request external contributions on the basis of the anticipated gravity and duration of the food insecurity situation: at the minimum, a donor will be asked to replace the part of

the reserve that has been used; if the situation is more severe, a documented request stating the magnitude of the problem and the specific needs will be prepared by CATGA and transmitted to the donor community.

3.13 The Emergency Fund. In the event of a severe and durable famine situation, there might be a gap between the use of the food reserves and the arrival of additional food aid. The Food Security Task Force could then use an emergency fund of approximately US\$1 million drawn from the unified counterpart fund and centrally managed by BCP. This fund would be used by WFP to buy food either in food surplus regions of Rwanda. Logistics are the same as the ones described for the food reserve. When additional food aid becomes available, the fund is reconstituted through the sale of food on the local markets.

(c) **Food Aid Policy Development.**

3.14 Rationale and Objectives. The need for developing a coherent food aid policy arises from: (a) the likelihood that food insecurity will increase in the coming years because of the demographic pressure and the expected slowness of economic recovery; and (b) the significant risk of negative effects of an unplanned food aid in a country with small markets. Food aid, if poorly managed, can easily compete with local and/or regional productions and thus depress further the supply response of an essentially agricultural economy. In addition, food aid can introduce new and more expensive eating habits in the population that are not sustainable on the long term. In this perspective, a food aid charter between the government and key donors would provide some guarantee that food aid would be used in a prudent fashion.

3.15 The charter would deal with quantities and prices and would stipulate that no government request would be considered unless a technical annex is appended to the request with the following elements: effective demand (on the basis of the purchasing power); national production of the food solicited; national reserves of this food; commercial imports; cross-border trade; program food aid needs; and specific amounts requested from each donor. The charter would not be considered as a binding legal document but rather as a planning tool that all parties involved agree to use.

3.16 Preparation of the Charter and Monitoring. A food aid expert will be recruited to assist CATGA to prepare the Charter. The draft will be submitted first to the technical food aid committee for inputs from the donors involved in food aid and then to the Inter-ministerial Committee for final approval. The monitoring of the use of the Charter will be done by the CATGA which will periodically report to the Food Security Task Force. The task force will use these reports to assess overall food aid needs, taking into account other interventions which contribute to food security (such as LBWs and other investment projects).

Component Coordination and Monitoring

3.17 An executing unit (Bureau Exécutif du Programme de Sécurité Alimentaire et Nutritionnelle, Bureau Exécutif PSAN) has been created within MINTRASO as part of the institutional framework of the PNAS (see para. 4.2). This unit will be responsible for coordinating all actors involved in the component and monitoring progress at the commune level. It will work in close collaboration with the WFP office for all logistical aspects of food aid and with the BCP for all financial matters. The executing unit will include a technical assistant whose specific tasks will be to: (a) assist the WFP office in food distribution

management; (b) establish a monitoring system to assess the impact of food aid associated with nutrition activities; and (c) follow up on the progress on food aid policy development. This technical assistant will be part of the overall TA project described in para 4.7.

Labor-Based Works (LBWs) Component

3.18 Background and Justification. The long-term goal of this component is to contribute to the promotion of labor-based methods in public works to take advantage of Rwanda's large and under-employed work force. The short-term purpose is to provide income earning opportunities for the poorest segments of the population. Through this four-year project, over 100,000 families (25,000 each year) will have access to income earning opportunities. This will provide some relief to the poorest Rwandese until the benefits of the various economic and sectoral adjustment programs (including the nascent population control program) reach them. The project will also train and contract work to Rwandese private sector enterprises and NGOs in labor-based construction. Thus, it expects to be a catalyst in switching Rwanda's construction sector to labor-based methods more suitable to the country's situation.

3.19 Labor-based public works (LBWs) in Rwanda have numerous advantages over equipment intensive works. For example, in the case of communal roads, LBWs: (a) cost less; (b) create much more employment; (c) reduce import needs significantly; (d) increase expenditures on local goods and services; and (e) benefit mostly workers from the poorest households. The above are findings from a study of the pilot special labor-based public works program (Projet Spécial de Travaux Publics à Haute Intensité de Main-d'Oeuvre - PSTP/HIMO). It was carried out before the 1990 devaluation. The likelihood is that, following the devaluation, the cost advantage of LBWs over equipment intensive works has increased significantly. The only significant negative consequence of the LBWs when compared to equipment intensive works was the loss in tax revenues from imported goods such as fuel and heavy equipment. The tax system reforms which are part of the structural adjustment program are expected to reduce the heavy reliance on trade taxes on a few goods and consequently the revenue loss in switching to LBWs will become less significant.

3.20 The reasons why LBWs have failed to be generalized despite the above findings include: (a) preference among technical specialists for equipment intensive works on the grounds of quality despite evidence to the contrary from other densely populated countries such as China or India; (b) lack of private sector capacity (including NGOs) to implement LBWs; (c) shortage of the specific management and technical skills required for LBWs; and (d) lack of involvement of private sector firms in the PSTP/HIMO. Closer examination revealed that, while stating a verbal preference for LBWs, the Ministry of Public Works (MINITRAPE) uses bidding documents and procedures that have a built-in bias in favor of equipment intensive works. For example, by using fairly complex bidding procedures, it provides an advantage to the larger equipment intensive contractors rather than smaller labor-based contractors. Furthermore, design and bidding documents were often prepared by external consultants with training and experience in labor scarce economies who did not adjust their technical standards to Rwanda's particular situation. In addition, the PSTP/HIMO which

was responsible for implementing the pilot LBWs program, did not make enough effort to train private enterprises in LBWs and work through them rather than through force account^{4/}.

3.21 Objectives and Scope of the Proposed LBWs Program. The key objectives of this program are: (a) to finance LBWs in the poorest communes of the country (43 communes out of a total of 145); (b) to develop local private sector capacity in LBWs; (c) and to strengthen local government capacity in managing and implementing small-scale infrastructure investments. Small and medium private enterprises (SMEs) and NGOs expressing an interest in LBWs will be trained and given the opportunity to execute LBWs contracts. Local government capacity will be strengthened by supporting communes in preparing three-year rolling LBWs investment programs (a mini-PIP for communes to be called Programme d'Investissements Communal or PIC) and implementing them mostly through SMEs and NGOs with financial and technical support from the national LBWs program. To avoid duplication of efforts, communal roads will not be funded in those communes where the Communal Roads component of the IDA-financed Transport Sector Project is active and will use labor-based methods. A detailed description of the program is provided in Annex III.

3.22 The LBWs component would finance US\$18 million (\$21 million including contingencies) of works, 90% to be spent in the 43 poorest communes distributed among the five poorest préfectures of the southern regions of Rwanda. These communes have been selected using an index of vulnerability which ranks the communes on the basis of indicators including per capita caloric availability, number of potentially food insecure people (from surveys carried out by the Ministry of Interior (MININTER)), land pressure, estimated surplus labor and number of people receiving food aid. The index does not represent a ranking of the development level of the commune but rather its needs in terms of poverty alleviation. Since new data on poverty might become available in the coming years, the list of communes will be revised during the proposed mid-term project implementation review.

3.23 Contractors (including for profit enterprises and NGOs) interested in executing LBWs would have to prove their implementation capacity, either by demonstrating reliable past experience, or by joining a training program which will be initiated before launching project activities through PSTP/HIMO with technical assistance from the International Labor Office (ILO). This training program would cover labor management (which is far more important for LBWs than for equipment intensive works), financial management and technical skills. Newly trained firms with no previous experience would initially be limited to simpler works (such as routine road maintenance) and would become eligible for all types of works as they become competent. Following the training period, newly trained firms will be given sole source contracts to be executed under close supervision of the trainer. If they successfully execute the contract, they will be given another contract which would not be supervised as closely. At the successful conclusion of the second contract, they would be included in the eligible list of contractors. Details on how works will be supervised are provided in Annex III. During negotiations, agreement was reached with the government that the training programs for the LBWs component would have been submitted to IDA for approval prior to credit effectiveness (para. 7.2 (b)).

^{4/} A similar ILO supported project in Ghana trained 32 contractors each capable of doing 24 km. of rural roads per year.

3.24 Types of Works and Expected Impact. The proposed works will consist of several sub-components such as communal roads, forestry, soil conservation, rural water supply, markets and other infrastructure important to rural communes. In addition urban services are expected to be financed. The roads program will support road rehabilitation, maintenance and construction of footpaths. The forestry program will include some reforestation and some maintenance of forests but the major share will go to the rehabilitation of existing forests which have deteriorated. The soil conservation projects will support a limited number of agriculture terraces (on a demonstration basis, jointly with pilot agricultural projects) as well as other soil conservation activities while the water supply component will finance gravity based water systems and tapping of springs. The exact nature of urban works is yet to be defined. The table below summarizes the share of labor in the total cost for each type of works.

Table 3.1: Labor Share in the Total Cost for Various Types of Works

	Labor Share (%)
Communal Roads	45
Forestry	80
Agricultural Terraces	75
Water Supply	30
Ravine Control Program	50
Communal Infrastructure	45
Urban Services	50

Source: Appraisal Mission (December 1991)

3.25 On the basis of the allocation of funds among the different types of LBWs used in the preliminary costing, this component would assist approximately 125,000 persons per year. The proposed flexible system of project selection by communes (see following paras.) may result in a different allocation of funds among the various types of LBWs even though the total cost of LBWs is unlikely to change. The impact on employment will be higher if the proportion of funds going to forestry, terraces, footpaths, markets and urban services increase and lower if other works increase. The estimated impact on employment and share of costs going to labor is based on the assumption that the unskilled workers are paid the minimum wage (120 FRW per day) and that their productivity is similar to that of unskilled workers in the pilot labor-based works program (PSTP/HIMO). It is possible that private entrepreneurs, who are expected to execute a large share of the works, may pay their workers more and that the productivity of their unskilled labor may be higher. If that happens to be the case, the share of the total cost going to labor (and therefore the level of revenue transfer) may be higher though the expected impact in employment days would be lower.

3.26 Program Management and Implementation Plan. The principal objectives for the organization and implementation of this component are to: (a) strengthen the communal administrative capacity to plan and monitor the execution of LBWs; (b) use effectively technical capacities of the préfectures and the Ministries of Interior and Public Works without slowing down the implementation process; (c) involve as much and as rapidly as possible private contractors (or NGOs) in the execution of the works; and (d) ensure prompt financial transfers to the workers without interference from the central administration. In order to be able to implement this component, the existing PSTP/HIMO unit (renamed Cellule HIMO) will be strengthened both in terms of institutional capabilities and operational autonomy ^{5/}. The Cellule HIMO will be part of the overall implementation structure of the PNAS. Through this structure, the Cellule HIMO will have full power to procure goods and services with limited control from the central administration. The Cellule HIMO will be constituted of three technical units (roads, forests and other works) and a financial unit. During negotiations, agreement has been reached with the government that evidence acceptable to IDA that the Director and the four unit chiefs of the Cellule HIMO have been appointed will be a condition of credit effectiveness (paras. 4.6 and 7.2 (c)).

3.27 The selection of works at the commune level would be done by the local authorities in the form of the three-year rolling communal LBWs investment program with technical support from long-term consultants recruited by the Cellule HIMO. The consultant team will work with groups of ten communes at a time, for a period of 3-4 months. The Cellule will consolidate all the proposals from the communes in annual work programs and budgets to be submitted to the BCP which, after approving the program, will advance funds regularly to cover the costs for the next six months of work. Up to December 1992, the communes, with technical support from the Cellule HIMO, will prepare an exhaustive list of potential LBWs projects including preliminary cost estimates. Following appropriate discussions with local representatives of technical ministries particularly MINITRAPE and MINAGRI, the Communal Councils will establish their priorities among the potential projects by voting their three-year rolling investment program. The total value of the projects in the communal investment programs would be constrained by the indicative budgetary allocation prepared by the Cellule HIMO for the respective communes. These budgetary allocations are simply indicative to give the communes an order of magnitude of a reasonable level of investment based on their implementation capabilities. Since priorities may change, the communes, with technical help from the Cellule HIMO, will annually review their three-year rolling investment programs and get them approved by the Communal Councils. No project proposal will be accepted for funding unless they are included in the investment program but their inclusion in the program does not guarantee funding. The Cellule HIMO will review the projects proposed by the communes and will select projects to be financed according to procedures and criteria described in Annex III. Communes that do not submit a sufficient number of acceptable projects will have their funds transferred to a common pool and used according to procedures described in Annex III. Projects and contracts below US\$40,000 would be approved by the Chief of the concerned technical unit (roads, forests or other LBWs) following consultations with the Director of the Cellule HIMO. Projects and contracts above US\$40,000 would be approved by a committee including the Director, and the chiefs of all technical units (roads, forests, other works). During the first two years, the committee

^{5/} The PSTP/HIMO unit is located within MININTER to benefit from its institutional support at the prefectoral and communal levels. The unit, however, is fairly independent from the Ministry with regards to operational matters.

will also include the head of the technical assistance team. Approval (or rejection) of all projects would be based on the selection procedures and criteria described in Annex III.

3.28 The proposed LBWs will be executed using cash-for-work in preference to food-for-work for the following reasons: (a) payment in cash would create a demand for food and help the development of markets (two objectives of the agricultural strategy); (b) cash availability would also stimulate cross-border trade, a traditionally important factor for food security; (c) cash-for-work is easier to manage than food-for-work which requires complex logistics; and (d) private contractors for the works would find it difficult to remunerate workers with anything else than cash. Poor workers will be targeted using the communal authorities' lists of the poor. The program will recommend that preference be given to women workers whenever possible and will encourage the establishment of on-site child care arrangements and bonuses to contractors who use women. The Cellule HIMO will be responsible for paying contractors and supervising technical aspects of their work and for submitting regular accounting statements on its use of funds to BCP. BCP will also take responsibility for grouping equipment requirements and purchasing them in large lots.

3.29 Sustainability. The proposed program will help to increase the communes' general revenues by financing markets and supporting sustainable agro-forestry. The development impact of the roads and agricultural terracing is also expected to increase communal revenues. Finally, by requiring specific maintenance programs for roads, markets and other infrastructures, the project will help increase the economically useful life of these investments.

3.30 Environmental Issues. This component will have positive environmental effects through the proposed anti-erosion measures (reforestation, agricultural terracing). Potential negative effects to the environment are minimal and will be prevented through a set of measures which have been identified during project preparation. The risks are related to preserving top-soil, existing natural forests and diversity of tree species. The proposed actions to avoid environmental risks include reliance to the maximum extent possible on labor-based construction using medium-sized equipment only when there is no other alternative. No new roads are planned and only existing roads will be rehabilitated. The agriculture terracing will be done on existing agriculture land and will be done on a pilot demonstration basis. Care will be taken to remove the top-soil first before terracing and then replacing it on the terraces. In order to ensure a proper technical approach, no terracing will be undertaken unless an agricultural project has taken the lead. Reforestation will be on treeless hillsides with little agriculture potential. Native species (instead of exclusive reliance on pines and eucalyptus) will be included following the recommendations of the National Environment Plan.

Micro-Enterprise Promotion and Development

3.31 Background and Justification. One of the main constraints that Rwanda is facing is the lack of off-farm employment in rural areas in order to compensate for the saturation of agricultural activities in most regions of the country. The government has been aware of this need, but had not been directly involved in the promotion of off-farm employment programs. However, with the structural adjustment program in place, the government seems willing to tackle this issue in an in-depth manner. Most efforts to capitalize on local entrepreneurship have come from NGOs, community organizations, and development projects which are exploring avenues for stimulating off-farm employment. In

most cases, these efforts were successful on a small scale as they were undertaken on a regional basis (1-2 préfectures). In the rural areas of Rwanda, the notion of obtaining credit for a productive activity is virtually non-existent. In a 1990 survey undertaken by the Ministry of Industry, only 10 percent of micro-entrepreneurs had benefitted from a formal bank loan. The network of decentralized administrations -- the 145 communes -- could have played an important role in creating awareness among the population. However, in most cases, the communal administrations have lacked the technical expertise, knowledge, and financial resources to adequately promote micro-entrepreneurship. The most extensive and successful program has been the Projet d'Appui aux Micro-réalisations et Micro-entreprises financed by UNDP with technical assistance from ILO which began in 1988. Its objective has been to promote and create rural off-farm employment on a national scale by providing financing, training, and technical assistance to potential micro-entrepreneurs.

3.32 Objectives and Scope of the Component. This component will provide support to the Programme d'Appui aux Initiatives de Base (PAIB) which is an expansion and enhancement of the above mentioned UNDP/ILO project. The objectives of this component are to: (a) promote the creation of profitable micro-enterprises in rural areas as a mean of generating productive non-agricultural employment; and (b) facilitate the creation of these micro-enterprises by appraising their viability and assisting micro-entrepreneurs in obtaining financing. The proposed activities of the PAIB are operational research-oriented and will have an impact on a longer term than the other project components: this component will provide feedback to the government and the development agencies on the lessons to be learned on the way off-farm employment can be developed in Rwanda. A more detailed description of the component is provided in Annex IV.

3.33 This program targets dynamic individuals who have the potential for creating and operating micro-enterprises and need assistance in obtaining credit and management training. These individuals will be identified through a community-based network and assisted by NGOs with experience in micro-enterprise development.

3.34 Activities and Implementation. The activities of this component will be demand-driven by the target populations who will be involved in all stages of this process. This means that the interventions proposed will be tailored to the needs and absorptive capacity of micro-entrepreneurs. An essential element of this approach is that this program will build upon existing local NGOs since most field activities will be sub-contracted to them. The three sets of activities are described below:

- (i) Creation of a Decentralized Network. This network will mainly consist of dynamic persons from the local communities (traditional leaders) who will act as "front line" promoters of this program. Their main responsibilities will be to create awareness among their community of potentially more lucrative off-farm employment opportunities through micro-enterprise development. Individuals willing to seize this opportunity will then be encouraged to transmit their ideas to the PAIB's agents located at the préfecture level. These agents will be responsible for processing the collected proposals: pre-selection, feasibility studies, and selection for credit funding. This approach will facilitate the interface between creative and ambitious individuals or groups and their technical and financial requirements. These network agents will be volunteers, but will receive the

necessary training by PAIB's staff, as well as materials and travel allowances.

- (ii) Project Processing through NGOs. Implementation of the PAIB at the periphery will be mainly the responsibility of NGOs. The selection of NGOs will be based on their expertise and capacity to effectively intervene in the various actions. They will also receive specialized training in order for them to: (a) carry out adequate feasibility studies for the proposed micro-enterprises; and (b) provide training and technical assistance in the fields of management, accounting, marketing, appropriate technologies, and commercialization. These services will be sub-contracted by PAIB management to NGOs. During the pre-implementation stage of this component (April-December 1992), the institutional capabilities of each NGO joining the program will be strengthened by the project team. Institutional strengthening will include: (a) definition of objectives and agreement on the work programs; (b) training of trainers and supervisors; and (c) establishment of adequate accounting systems. NGOs' performance will be monitored by PAIB management.
- (iii) Creation of Micro-enterprises. A mechanism will be put in place with participating NGOs to assist in the financing of potentially profitable micro-enterprises by: (a) conducting feasibility studies based on the pre-screened proposals; (b) preparing and presenting proposals for financing; and (c) negotiating with financial institutions (such as Banques Populaires, Banque Rwandaise de Développement and community-based savings and credit associations) which are willing to expand their services to small rural credits. PAIB management will be directly responsible for initiating activity (c). Decentralized PAIB staff (see para. 3.37) will assist NGOs for activities (a) and (b). In addition to the funds, micro-entrepreneurs will benefit from training in management, accounting, production techniques and other relevant skills. Staff from the NGOs involved will also be responsible for regular follow-up visits.

3.35 By building on existing NGO presence in the six préfectures not covered by the existing UNDP/ILO project, nationwide coverage is expected to be attained by 1995. At present, the project is intervening in four préfectures; three additional préfectures will be added every year so as to reach this target by 1995. Based on previous results by the UNDP/ILO project, it is anticipated that on the average thirty micro-enterprises will be created and/or assisted in each préfecture annually. The total number of micro-enterprises to be created throughout the project is expected to be around 1,500.

3.36 Program Management. The proposed management structure of this component will also build upon the experience acquired from the existing UNDP/ILO project^{6/} while reflecting the enlarged mandate and broader partnership base of the

^{6/} The Project Unit is located within the Ministry of Youth and Associative Movements (MJEUMA) to benefit from its institutional support, particularly at the prefectoral level. The unit, however is independent from this Ministry with regards to operational matters.

component (NGOs, community groups, communal administrations). At the central level, the executing unit (Bureau Exécutif PAIB) will be composed of a director, two financial analysts and the necessary support staff. This unit will be responsible for: (a) preparation of annual work programs and corresponding budgets; (b) coordination between NGOs, local authorities, and central and regional authorities; (c) contacts with financial institutions; (d) coordination with the other project components; and (e) monitoring of program performance and impact. The executing unit will benefit from the technical guidance and operational support of MJEUMA, particularly at the préfecture level. In each of the préfectures, two PAIB agents will provide support to NGOs willing and able to participate in project activities. These NGOs will be responsible for reviewing requests for loans, performing feasibility studies, selecting the most viable projects, and requesting the central management unit's assistance in obtaining loans for the selected micro-enterprises through the formal banking system. Hence, the PAIB agents will be the operational links between the executing unit, at the central level and the NGOs, network agents, and entrepreneurs, at the field level

3.37 Potentially profitable micro-enterprises with credit needs exceeding US\$1,000 up to a maximum of US\$10,000 will be directed towards the formal banking system. Both the Banque Rwandaise de Développement (BRD) and the Banques Populaires (BP) have experience in approving loans for the creation of rural micro-enterprises. The PAIB will deposit the equivalent of US\$250,000 with these institutions in the form of loan guarantee funds. Based on these two bank's evaluations of loan requests submitted by prefectoral units (approved by the PAIB central management unit and the sub-contracting NGO), these institutions will finance micro-entrepreneurs who lack the necessary collateral for ordinary loans. Forty percent of each of the approved credits will be guaranteed by the PAIB guarantee fund and 60 percent assumed by the bank. Potentially profitable, but very small micro-enterprises (requiring less than US\$1,000 investment) will be directed towards community-based savings and credit associations. It is expected that this type of scheme will benefit extremely small potential entrepreneurs who are not in a position of obtaining funds from a bank due to the limited size of their activities and their lack of collateral. A service charge (of at least 10 percent per year) will be added to the loan amount in order to partially defray service costs and to acquaint entrepreneurs with the notion of credit and the payment for financial services.

3.38 Environmental Issues. To avoid potentially negative environmental effects arising from certain types of micro-enterprises, a positive list of micro-enterprises is being established as part of the completion of the component preparation. For each type of project specific, environmental guidelines will be established to cover both project selection and project execution. The positive list and its corresponding guidelines will be prepared during the final preparation stage with help from experts and submitted for appropriate approval by the Ministry of Environment. The positive list and corresponding guidelines may be revised from time to time as necessary and the revised list submitted for approval by IDA.

Living Standards and Poverty Monitoring Component

3.39 Rationale and Objective. From the inception of its structural adjustment program the Government of Rwanda has stated an interest in monitoring the micro-economic and welfare impact of the process of policy reform. The real economic effects of a process of structural adjustment find expression in the behavior of households and individuals regarding labor supply, production, trade, and consumption. The objective of the poverty monitoring system to be established under PNAS is to trace the evolution of selected determinants of

welfare, and welfare outcomes, in the context of the country's adjustment process. Under the poverty monitoring system, particular attention would be paid to the following aspects: (a) the evolution of living standards over time (consumption of food and other essentials, nutritional status, satisfaction of basic needs, demand behavior in such areas as health, schooling, and housing); (b) the identification of poor groups in need of targeted assistance to raise their income and consumption possibilities; (c) the participation of different population groups in specified sectors of activity and economic growth; and (d) private reactions to, and the distribution of benefits from, changes in relative incentives between sectors and lines of production as induced by the process of structural adjustment.

3.40 Thus, the proposed poverty monitoring system would generate data on the evolution of key aspects of welfare over time. The data required to analyze the distributional consequences of a process of structural adjustment are currently unavailable in Rwanda. A household survey (Enquête Nationale sur les Budgets et la Consommation des Ménages) has been carried out in the mid-1980s, but the size of the sample (less than 300 households in the rural areas) was small, and important changes have occurred in the Rwandese economy since that period. The survey needs to be updated. However, as already mentioned, a poverty profile of Rwanda has been developed on the basis of this household survey as part of the preparatory work for PNAS. The proposed poverty monitoring system calls for repeated data collection over time, because adjustment is a dynamic process and its benefits and burdens are distributed in time. The changes currently affecting the Rwandese economy (internal and external shocks, adjustment, high population growth, war, AIDS epidemic, etc.) have different employment and income consequences for different groups. A policy-oriented analysis of these consequences pre-supposes a permanent and economy-wide monitoring system.

3.41 Programmatic Approach and Instruments. A first issue in the context of planning a welfare monitoring system over time pertains to the type of data to be collected. Generically, it is appropriate (for reasons of cost and expediency) to distinguish between indicator-based and survey-based poverty monitoring. Indicators include variables such as wage rates (particularly for unskilled labor), rural-urban terms of trade, indices of key food prices, and nutrition surveillance (growth monitoring in health centers and at sentinel sites). Time series of these poverty indicators (with various observation points per year) will provide a fairly accurate picture of broad poverty trends. But indicators do not provide information on causes of change, and they cannot account for population heterogeneity as sample surveys do. Observation of basic trends via indicators is less costly, but also much less revealing than survey-based analysis.

3.42 In the area of household surveys, it is useful to distinguish between integrated and priority surveys (PS). In the former, the full income generation and expenditure processes, and basic needs achievements are observed. Examples of this are the World Bank's Social Dimension of Adjustment (SDA) multi-topic integrated survey, the World Bank's living standards measurement surveys, and Rwanda's household consumption survey of the mid-1980s. An example of the latter is the World Bank's SDA priority survey, a household survey instrument designed for the rapid identification and monitoring of policy target groups. The data content of the priority survey covers a range of welfare aspects (including employment, assets, anthropometry, migration, agricultural and non-farm household enterprises, health consultations, school attendance and educational achievements,

housing and amenities, and selected household expenditures) 7/. Compared with the integrated survey, the content of the priority survey is quite restricted, but the data, although collected over a larger sample, permit much faster tabulation and analysis. Ideally, the priority survey is conducted in the first phase of a survey program, hence providing policy makers with an initial empirical basis for targeting essential and urgent interventions. When repeated, the priority survey becomes a monitoring tool for tracing changes in welfare and basic needs fulfillment across socio-economic groups. Repetition of the priority survey make sense, because (as stated earlier) the micro-level effects of macroeconomic policy reform (or external shocks) are distributed over time and across groups and thus call for a combination of cross-sectional and time-series data.

3.43 Given the existence of the priority survey as an innovation in household survey "technology" (this survey has been developed under the Bank's SDA Program and is now being implemented in a number of African countries), the government has decided to refrain from investing in an indicator-based monitoring system in the context of PNAS^{8/} and to deploy the SDA priority survey as a tool for poverty monitoring in Rwanda. The priority survey would be complemented once during the life of PNAS by an integrated survey to permit multi-variate analysis, update the weights for the calculation of regional price indices and, in general, permit comprehensive policy analysis on living standards and their determinants.

3.44 Overall, the welfare monitoring system proposed under PNAS would consist of one Integrated Survey (to be carried out in 1994-95) and two Priority Surveys (1993 and 1996). Technical details regarding the surveys and the program of field implementation, processing and analysis are given in Annex V.

3.45 Institutional Aspects. The Director-General of Statistics in MINIPLAN will have overall responsibility for implementing this component. The Director of Surveys (a department within the Directorate of Statistics) will be the technical manager for the surveys. Statisticians, computer specialists and other relevant staff from this department will be mobilized to carry out the surveys and analyze the data. The welfare monitoring system to be established should integrate the two aspects of data collection and processing, on the one hand, and policy-relevant analysis, on the other hand. Thus, the BCP will be responsible for forming a coalition, and foster contact, between data users (analysts in the Ministries of Planning, Finance, Central Bank, line ministries; universities, donors) and data gatherers (Direction de la Statistique of MINIPLAN). To this end, a Comité des utilisateurs (Users' Committee) consisting of the above agencies (see organizational chart No III) has been created

7/ A full description of the PS (including a prototype questionnaire) is given in Grootaert, C. and T. Marchant et al., "The Social Dimensions Priority Survey", SDA Working Paper No. 10, The World Bank, 1991.

8/ The indicator-based system is being improved through sectoral operations (such as Health, Education and Agriculture projects) and will contribute to the overall poverty monitoring system.

to ensure a constituency for the survey program among planners and policy makers and maximize the use of the data for analytical purposes. The BCP will also be responsible for the dissemination of the results of the survey analysis, in close coordination with the technical committee in charge of monitoring the implementation of the structural adjustment program.

IV. PROJECT IMPLEMENTATION

A. Status of Project Preparation

4.1 The proposed operation was identified in October 1990, in parallel with the preparation of the structural adjustment program. A follow-up mission took place in January 1991 to: (a) define further the design of each component and agree on the terms of reference for project preparation; (b) help finalize the 1991-93 social sector public expenditure program; and (c) start building up donor coordination. At this stage, UNDP agreed to finance initial project preparation and to provide technical guidance to the Rwandese preparation team. The preparation mission which took place in May 1991 to review progress in project preparation focused on institutional arrangements for preparing the proposed operation. During this mission, the government set up a multi-sectoral preparation team, organized in five working groups (Food Security, LBWs, PAIB, Education and Social Surveys). MINIPLAN's directorate of studies and projects was put in charge of coordinating the project preparation process. International technical assistants were recruited through UNDP financing for the LBWs and PAIB components and preparation of the project document. The Canadian cooperation provided a consultant for the Food Security component. In addition, several local consultants were recruited by UNDP to contribute to the preparation process. Pre-appraisal took place in September 1991, and the mission was able to review comprehensive working documents for all components, and to assess the feasibility of certain activities during field visits. The mission left detailed recommendations to the preparation team to improve technical and managerial aspects of the proposal. Appraisal took place in December 1991. An advance under the PPF of US\$1.3 million has been provided to the government to complete project preparation and initiate project-launch activities (such as training of key staff and detailed feasibility studies and preparation of bidding documents).

B. Project Management

Overall Institutional Framework

4.2 The proposed institutional framework has been designed to respond to specific operational characteristics of the PNAS, including: (a) its multisectoral nature which implies an effective collaboration between all ministries involved; (b) the large number of small-scale activities scattered throughout the country; (c) the involvement of private contractors in the LBWs; (d) the participation of several external agencies and various NGOs; and (e) the expected high disbursement rates. These characteristics have several important implications, including the need for: (a) providing PNAS with as much operational autonomy as possible, in particular to avoid undue interference from the administration; (b) separating the functions of overall programming and financial management from technical management of specific programs; and (c) ensuring that PNAS management has the required managerial skills for running such an operation. On the basis of these considerations, the institutional structure of the PNAS has been organized as follows: (a) the MINIPLAN is institutionally responsible for program execution because the PNAS is part of the social safety net that MINIPLAN

monitors; (b) a program management unit (Bureau de Coordination du PNAS - BCP) will be responsible for the day-to-day financial management and implementation monitoring of the PNAS; (c) three executing units (one for each operational component LBWS, PAIB and Food Aid and Nutrition); and (d) a national coordination council (the Conseil de Coordination du PNAS) will be responsible for overall supervision and coordination of the program. The BCP will be formally created as a self-managed project entity under the umbrella of MINIPLAN. This institutional arrangement would allow the BCP to carry out programming, budgeting and financial management without bureaucratic controls from the administration. The main elements of the proposed institutional framework are described below. An organizational chart is provided at the end of the report.

4.3 Conseil de Coordination. This advisory body would include representatives from the Prime Minister's office, MINIPLAN, MININTER, MINITRAPE, MINJEUMA, MINISANTE, MINITRASO, the Ministries of Finance, Trade, Agriculture, NGOs and External agencies. The Conseil's functions are to: (a) monitor the progress of the PNAS against the objectives and strategies stated in the Social Policy Statement issued by the government; (b) ensure coordination and collaboration among the sectors and various external agencies involved; and (c) review the recruitment process of key staff of the BCP to ensure that the best candidates have been selected. The regular schedule of the Conseil's meetings is every 6 months. The president is elected during the first assembly until the next formal session. Extraordinary sessions can be called upon request of one or several members and approval by the president. Meetings will be systematically called during IDA's supervision missions.

4.4 Bureau de Coordination (BCP). A detailed description of BCP's composition functions and staffing is provided in Annex IV. Key functions of the BCP include: (a) preparation of general annual work plans for the PNAS; (b) review and consolidation of annual work programs and budgets for each project component; (c) preparation of annual financing plans in coordination with all donors involved in the PNAS; (d) management of disbursement procedures (including the special account) for the IDA credit; (e) provision of adequate budgetary allocations through program accounts for the recurrent expenditures of all project activities; (f) procurement of works, goods and services either directly or on the basis of draft bidding documents prepared by the executing units; (g) arrangements for the audit of program accounts and general audit of the PNAS; (h) preparation of annual reviews of project implementation on the basis of indicators collected from the executing units; (i) adjustment of the PNAS overall strategy on the basis of the findings and recommendations of the mid-term implementation review (see para 4.15); and (j) overall monitoring of PNAS activities and coordination with the administration, external agencies and NGOs involved in the operation.

4.5 Executing Units. There are three executing units: (a) the Cellule HIMO (described in para. 3.26) which will be responsible for managing the implementation of the LBWs component; (b) the PAIB unit (Bureau Exécutif PAIB, described in para. 3.36) which will be responsible for managing the implementation of the Micro-enterprise component; and (c) the PSAN unit (Bureau Exécutif PSAN described in para. 3.17) which will be responsible for coordinating the implementation of the Food Aid and Nutrition component. Two of these units are already operational for LBWs and Micro-enterprise Development with UNDP/ILO support but will be strengthened to respond to the heavier workload. These units are located in the relevant technical ministries (MININTER and MIJEUMA, respectively) to benefit from their expertise and operational support at the préfecture level. The units, however, are administratively independent from these ministries for their operations: they will receive their

financial resources from and will be accountable to the BCP. The same principles will be used with MINITRASO while creating the PSAN executing unit, which will have a coordinated work program with the local WFP office. Representatives of the line ministries are members of the Conseil de Coordination where they have opportunities for expressing their views and recommendations either during the regular sessions or by calling for a special meeting if an important implementation issue has to be solved.

4.6 Establishment of the Institutional Structure and Staffing. During negotiations, agreement was reached with the government that the establishment of the Conseil de Coordination and the BCP and the selection and appointment of staff for all key positions of the BCP and the Cellule HIMO, including the four unit chiefs of the Cellule will be a condition of Credit effectiveness (paras. 3.26 and 7.2 (c)). The qualifications and experience of the personnel of BCP and the three technical units are essential for effective project implementation. This staff will be recruited under contractual arrangements with MINIPLAN after selection through local advertising and review by the Conseil de Coordination. Experience in private sector management will be an important selection criteria, given the type of activities to be carried out through the PNAS. The staff will be hired as local experts under contract with the government. This personnel will receive salary benefits comparable to those in the private sector, in order to recruit the most qualified individuals and ensure adequate performance. During negotiations, agreement was reached with the Government that high level staff of the BCP (national coordinator, accountant and procurement specialist), and the heads of the three executing units (Cellule HIMO, Bureau Exécutif PAIB and Bureau Exécutif PSAN) will be satisfactory to IDA at all time during project implementation (para. 7.1 (d)).

4.7 Technical Assistance (TA). Rwanda does not have enough individuals with the experience and skills required for rapidly and efficiently implementing the PNAS. Technical assistance needs have been assessed for central management (BCP) and the four components. A summary of these needs is provided in Annex VII. In order to increase the coherence and coordination of technical assistance, UNDP has agreed to finance a comprehensive TA program to support PNAS implementation. This TA program will be managed by the BCP and will bring in the necessary skills for each aspect of project implementation, including its monitoring. The technical assistants will be distributed between the BCP (programming, monitoring and financial management) and the executing units of each component (technical specialists). The BCP director and the principal technical advisor will have joint responsibility for ensuring the coordination and monitoring of the technical assistance program. The TA program will also contribute to the supervision of the PNAS by providing on a regular basis the status of key program performance indicators. Finally, a technical advisor will assist the MINIPLAN in monitoring the overall implementation of the Social Safety Net. The government, UNDP and IDA will coordinate their efforts to have this TA program operational by the time of credit effectiveness (expected by January 1993).

Project Implementation Strategy

4.8 Guiding Principles. First, each component is operationally independent from the others in the sense that implementation delays for one component would not have a negative impact on the others. All components, however, have complementary and synergistic effects on poverty alleviation and their effective coordination would result in efficiency gains. Second, the BCP will be responsible for ensuring a rapid and efficient

implementation through: (a) effective planning/budgeting of all PNAS activities; (b) adequate procurement, disbursement and accounting; and (c) monitoring of financial and physical performance indicators. Finally, all PNAS activities will: (a) imply a certain participation of the beneficiaries (communes, selected NGOs and the target populations); and (b) make use of the private sector (contractors, consulting firms) to the largest possible extent.

4.9 Integration in the PEP. The PNAS is a new investment in the core social expenditure program of Rwanda and as such it is included in the general three-year rolling public expenditure program (PEP). PNAS appears in MINIPLAN's program because it is under the administrative umbrella of this ministry. The integration in the PEP would permit an annual review of the PNAS as part of the social safety net of public expenditures, including Health, Education and Population. This would facilitate the coordination of external financing and budget preparation for government contribution.

4.10 Donors' Coordination. Several donors have already expressed interest in supporting the PNAS. UNDP has been involved in the project process since identification and has contributed to the financing of project preparation. Canada has also participated in the preparation, specifically for the Food Aid component. Other agencies, such as the European (EEC) and the Belgian and Swiss cooperations have been actively involved in discussions on the concept and design of the PNAS. At the implementation phase, the coordination of these diverse contributions will be under the responsibility of the BCP.

4.11 Sustainability and Evolution. PNAS has been created to respond promptly to a deteriorating social situation, with means and management practices that are not available to the administration. But, beyond this primary goal of poverty alleviation, the PNAS should be used to: (a) demonstrate the effect of better managerial practices on project implementation; (b) better define the role of line ministries in poverty alleviation; (c) improve the performance of the communes in community-based development; and (d) test the potential of the collaboration between the public and the private sectors in social service delivery. During the mid-term implementation review (see para. 4.15), an assessment of all these points will be made to determine what should be the evolution of the PNAS. It is likely that certain activities will be integrated into existing ministries while others might be completely decentralized or contracted out to the private sector. The BCP will be responsible for monitoring the implementation of these recommendations while avoiding a disruption of on-going activities.

C. Project Monitoring and Reporting

4.12 Monitoring. The overall monitoring strategy is based on a bottom up approach. Information on the various PNAS activities will be collected at the field level by each executing unit and transmitted to the BCP. The BCP would aggregate the data in a standard report which will be transmitted to the Conseil de Coordination and IDA every 6 months. The set of project performance indicators against which the progress of the PNAS will be measured are presented in annex VIII. The BCP will not have to wait for feed back to undertake corrective actions on the basis of the data they have collected if these corrective actions concern managerial or operational issues. On the other hand, policy or strategic decisions would be taken by the Conseil de Coordination on the basis of the analysis of field reports and would follow a top down approach. In all this process, the TA team will have a key role to play for ensuring both timely collection of indicators and accurate data analysis.

4.13 The project performance indicators described above give a good picture of the degree of penetration of PNAS activities in the target population, but they fail to provide information on: (a) the impact of poverty alleviation measures at the family level; and (b) the socio-economic impact on communities of certain PNAS activities, such as the development of micro-enterprises. Point (a) will be addressed through the Living Standards and Poverty Monitoring component, which will establish regular social surveys at the household level. Point (b) will be addressed through specific social studies aimed at assessing: (i) the potential of micro-enterprise as providers of off-farm employment in rural areas; and (ii) the socio-economic impact of LBWs on communities.

4.14 Reporting to IDA. During negotiations, agreement was reached with the government that: (a) the consolidated work program, budget and financing plan for all project components will be submitted to IDA for review and approval no later than October 31 of each year of project implementation (para. 7.1 (a)); and (b) a progress report including: (i) the status of all project indicators and an analysis of the causes for the discrepancies between these indicators and the targets set in the annual work programs; (ii) a general assessment of the progress towards the achievement of the PNAS objectives and lessons learned during the past year; (iii) the status of procurement for all IDA-financed activities; (iv) the status of disbursement for each credit category and the situation of the special account; and (v) the identification of the major implementation problems and proposed remedial actions will be submitted to IDA for discussion no later than June 30 of each year of project implementation (para. 7.1 (c)). The annual audit report will be submitted separately, as specified in para. 5.11. IDA's supervision plan is summarized in Annex IX.

4.15 Mid-Term Implementation Review. After two years of project implementation, the government and IDA (during a specific supervision mission) would carry out a mid-term project implementation review. About three months before the date set for this review, the government would recruit a team of independent consultants to carry out a preliminary project implementation review under terms of reference acceptable to IDA. The review would focus on certain areas, including: (a) the impact of PNAS activities on target groups at the community level; (b) the relevance of the initial targeting (particularly for the priority communes of the LBWs component) and the necessary changes; (c) the performance of managerial arrangements (particularly of the BCP) and the quality of coordination among all entities involved in PNAS implementation, including line ministries; (d) an assessment of the sustainability of PNAS and recommendations for further development in its scope and design, particularly with regard to the integration of certain activities into the public or private sectors; (e) an assessment of the adequacy of the PEP process in providing a social safety net; and (f) a set of recommendations for the second phase of project implementation. The results of the review would be discussed by a joint government and IDA team. Agreement would be reached on the necessary changes and adjustment in PNAS scope and design. During negotiations, agreement was reached with the government that a mid-term implementation review of the PNAS will be carried out no later than June 30, 1995 under terms of reference acceptable to IDA (para. 7.1 (e)).

4.16 Project Completion Report. The government will be given the options of either preparing part II of the project completion report or preparing an independent evaluation. In any case, the project completion report will be put together within four months of the credit closing date.

V. PROJECT COSTS AND FINANCING

A. Project Costs

5.1 The project will be implemented over a four-year period. Total costs for the proposed project are estimated at FRW 553 million (US\$46.1 million equivalent). Base costs are estimated at US\$40.0 million equivalent contingencies amount to US\$6.1 million equivalent (14 percent of total project costs). In addition, taxes amount to US\$2.3 million and import duties to US\$0.7 million. Foreign exchange costs account for US\$15.7 million or 34 percent of total project costs. Project costs by category of expenditure are summarized in table 5.1 below and details are provided in Annex X. Food accounts for 32 percent of base costs, labor cost for the LBWs program accounts for 18 percent, operating costs account for 12 percent, technical assistance accounts for 12 percent and equipment for 10 percent of base costs. These costs have been estimated during the December 1991 appraisal mission.

Table 5.1: Cost Summary by Expenditure Category

	FRW,000			US\$,000			% Foreign Exchange	% Total Base Costs
	Local	Foreign	Total	Local	Foreign	Total		
I - Investment Costs								
A. Equipment, Furn., Mat.	147998	322652	470650	1233	2689	3922	69	10
B. Vehicles	24000	102400	126400	200	853	1053	81	3
C. Food	808816	705888	1512604	6722	5882	12604	47	32
D. Training & Seminars	98400	52800	151200	820	440	1260	35	3
E. Civil Works	885991	0	885991	7383	0	7383	0	18
F. Funds	219800	0	219800	1830	0	1830	0	5
G. Tech. Assistance	224180	362520	586890	1888	3021	4889	82	12
H. Studies	12000	12000	24000	100	100	200	50	1
I. PFF	31008	119304	150312	268	994	1263	79	3
Total INVESTMT. COSTS	2449773	1877564	4127337	20415	13980	34394	41	86
II - Recurrent Costs								
A. Incom. Oper. Costs	886780	0	886780	5558	0	5558	0	14
Total RECURNT COSTS	886780	0	886780	5558	0	5558	0	14
Total BASELINE COSTS	3118533	1877564	4794097	25971	13980	39951	35	100
Physical Contingencies	211189	91841	303040	1780	765	2525	30	6
Price Contingencies	322572	120048	442618	2888	1000	3888	27	9
Total PROJECT COSTS	3850303	1889452	5539755	30419	15745	46165	34	115

Source: Appraisal Mission (December 1991)

5.2 Contingency Allowances. Physical contingencies have been calculated at 5 percent for equipment, vehicles, food and materials. The following price contingencies have been included: (i) on foreign exchange expenditures 3.6 percent per annum throughout project duration; and (ii) on local cost expenditures 5 percent in 1993 and 4 percent thereafter.

5.3 Estimates for equipment, materials, technical assistance and vehicles are based on previous experience with other IDA-financed projects, estimates for food were prepared by WFP, estimates for equipment, materials and salaries for the labor intensive works component

were prepared by the government and verified against ILO standard equipment lists. Travel allowances are based on the current government scale.

5.4 Project costs by component are shown in Table 5.2 below. The food aid component accounts for 35 percent of base costs, labor-based works for 45 percent, support to micro-enterprises 8 percent, Social Surveys 4 percent, project management for 5 percent, and the PPF for 3 percent.

Table 5.2: Cost Summary by Component

	FRW,000			US\$,000			% Foreign Exchange	% Total Base Costs
	Local	Foreign	Total	Local	Foreign	Total		
A. Food Aid & Nutrition	978940	705988	1684728	8157	5882	14039	42	35
B. Labor Based Works	1809223	529189	2138392	13410	4410	17820	25	45
C. Micro-enterpr. Support	319890	77840	397320	2664	647	3311	20	8
D. Surveys	100005	69925	169930	833	583	1416	41	4
E. Project Management	77777	175837	253415	648	1484	2132	69	5
F. PPF	31008	119304	150312	258	994	1253	79	3
Total BASELINE COSTS	3116533	1877584	4794097	25971	13990	39951	35	100
Physical Contingencies	211199	91841	303040	1780	785	2565	30	6
Price Contingencies	322572	120048	442618	2688	1000	3688	27	8
Total PROJECT COSTS	3650303	1889452	5539755	30419	15745	46166	34	115

Source: Appraisal Mission (December 1991)

5.5 Recurrent Costs. The recurrent cost implications of the proposed operation are significant. After four years of execution, the annual operating costs are estimated at FRW 245 million (US\$2 million equivalent). This would represent an increase of about 2.5 percent over the projected recurrent costs of the social sectors (health, education and population). During project implementation, it is expected that a significant part of the recurrent costs will be financed by donors (including IDA) for expenditures in foreign exchange as well as local costs (through an unified counterpart fund, see para. 5.7). Large donor contributions are justified by the fact that recurrent costs in the social sectors are in essence investments in human capital and should be therefore considered as priority investments which could be largely funded by external aid. If foreign aid was severed at project completion (an unlikely event), a 2.5 percent increase in recurrent costs appears as affordable. However, since the total budget will not increase in real terms, the government would have to find the incremental funding from cuts in other sectors (such as military expenditures or subsidies to public enterprises). The vehicle for programming and implementing this exercise is the PEP review process established under the structural adjustment program. As already mentioned, the annual review of the social sector public expenditure program is a covenant of the credit for this operation. During these reviews the allocations for Health, Education, Population and the PNAS would be agreed upon with the government and their execution monitored as part of the overall supervision of the PNAS.

5.6 Project Sustainability. Providing adequate funding to the PNAS should not preclude the government and external agencies to explore options for a lesser dependency on either public funding or foreign aid and maximum efficiency of the program. The most promising approach is the involvement of local communities and beneficiaries in the operation. This approach would apply to the LBWs and the Micro-enterprise components, for which communities are expected to develop a sense of ownership over the proposed actions through their contributions either in labor or cash. However, beneficiary participation should

through their contributions either in labor or cash. However, beneficiary participation should be kept equitable, in order to avoid disincentive effects for the poorest population groups. In this perspective, the communes could play an important role, particularly because they will participate in these activities through initial contributions (either in cash or labor, depending upon their poverty level). This approach tends to avoid an excessive dependency on public assistance and welfare-type programs that run the risk to expend beyond the means of countries as poor as Rwanda's. To find the right balance between central government support, community-based programs (including local governments) and facilitation of private initiatives is likely to be the key factor for the effectiveness and sustainability of this operation. On the long run, sustained economic growth with equity will be a major factor for reducing poverty and food insecurity. In this perspective, it is expected that the joint benefits of economic adjustments, sectoral investments and population control activities will help reduce the need for and the scope of poverty alleviation activities. Another important aspect of the PNAS which would be reviewed during project implementation is the efficiency of the various activities. It is difficult at this stage to assess the unit cost of assisting individuals from various target groups, and to identify the most efficient ways for delivering the package of social activities. On the basis of permanent monitoring and analysis, certain strategic options will emerge and lead to the definition of the most cost-effective ways of reaching the poor. These options will be formally assessed during the mid-term implementation review.

B. Financing

5.7 Of the total project costs of US\$46.1 million, IDA is expected to finance US\$19.1 million (41 percent of total project costs). UNDP is expected to contribute US\$3.1 million (8 percent of total project costs) for technical assistance. WFP has committed US\$15.9 million (34 percent of total project costs) for food. The government is expected to contribute US\$8.0 million (17 percent of total project costs). Part of this contribution will be covered by a unified counterpart fund: in the context of the Public Expenditure Review, the government and the donors involved have agreed to constitute an unified common counterpart fund (*Fonds Commun de Contrepartie*) from resources related to program food aid, sectoral programs in kind and balance-of-payments support. The funds will be deposited into a common fund managed by the Treasury, to be used to finance priority civilian expenditures, including those relative to the safety net. In addition, the government will ensure that import duties and taxes are covered for an amount estimated at US\$2.98 million. The financing plan by disbursement category is summarized in Table 5.3 below.

Table 5.3: Financing Plan by Disbursement Category

(US \$ 1,000)

	IDA		UNDP		WFP		Govt.		Total		For. Exch.	Local (Excl. Taxes)	Duties & Tax.
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%			
A. Eqm Val. Fun Sup	5240	93	0	0	0	0	409	7	5649	12	4001	1549	99
B. Civil Works	9008	100	0	0	0	0	0	0	9008	20	0	9008	0
C. Tech. Asses.	2109	40	3147	80	0	0	0	0	5257	11	3220	2037	0
D. Funds	0	0	0	0	0	0	1981	100	1981	4	0	1981	0
E. Train. & Studies	579	37	0	0	0	0	1007	83	1586	3	579	1007	0
F. Food	0	0	0	0	15028	100	0	0	15028	33	6951	8075	0
G. Oper. Costs	945	15	0	0	881	14	4803	72	6429	14	0	6429	0
H. PFF	1253	100	0	0	0	0	0	0	1253	3	994	258	0
Total Disbursement	19132	41	3147	7	15907	34	7979	17	46165	100	15745	30320	99

Source: Appraisal Mission (December 1991)

C. Disbursement

5.8 The proposed IDA credit of SDR 14.0 million (US\$19.1 million) will be disbursed in accordance with Table 5.4 below.

Table 5.4: Disbursement Categories

	<u>US\$ Million</u>	<u>PERCENTAGE</u>
1. Civil Works	8.5	100% of total costs
2. Equipment, vehicles materials and supplies	4.5	100% of foreign exchange 80% of local costs
3. Technical Assistance	1.5	100% of total costs
4. Training and Studies	0.3	100% of foreign exchange
5. Incremental Operating Costs (excluding salaries and travel allowances)	0.9	100% of total costs
6. PPF	1.3	100% of total costs
7. Unallocated	2.1	N/A
Total	19.1	

5.9 Category 5 (incremental operating costs) of para. 5.8 above includes incremental costs for vehicle and equipment operation, maintenance and repair of the BCP, the three executing units and the Directorate of Statistics (for the execution of the social surveys).

5.10 Contracts for goods and services or single purchases of less than US\$20,000, and all operating costs including local training will be submitted against statements of expenditure (SOE). All disbursements will be fully documented by the BCP in a manner that would be acceptable to IDA. The SOEs and all records such as contracts, orders, invoices, and payroll vouchers will be retained by the BCP who will be responsible for maintaining this information in a uniform manner for inspection by supervision missions and reviewed by the annual audit. The accountant within the BCP will be responsible for monitoring disbursements and compiling the financial information obtained (on a quarterly basis) from the three executing units and maintaining this information. He/she will be the primary liaison person between IDA and the Borrower for all issues pertaining to disbursements under the project. It is expected that the project will be completed by June 30, 1997 and the credit closing date will be December 31, 1997. The estimated quarterly schedule of disbursement is in Annex XII.

5.11 Special Account and Project Account. To ensure that funds for this project are readily available and to facilitate disbursement, an initial deposit of US\$200,000 will be advanced from the IDA credit to cover 3 months' anticipated operating expenditures. These funds will be deposited in a commercial bank acceptable to IDA. They will be managed by the BCP. The financial manager and the accountant will be in charge of disbursements and will be responsible for the management of this special account and will maintain all documentation pertinent to this account. In addition, he/she will on a monthly basis provide IDA with all necessary information and will be responsible for submitting applications for the replenishment of this account. The government will also open in a financial institution a project account to cover 3 months of government contributions in operating costs which will be replenished quarterly. During negotiations, agreement was reached with the government

that the establishment of a project account in a financial institution with an initial deposit of US\$450,000 equivalent will be a condition of credit effectiveness (para. 7.2 (d)).

5.12 Accounting, Financial Reporting and Auditing Arrangements. The BCP will establish and maintain project-related accounts and will be responsible for compiling and then consolidating the necessary accounting documents. Such accounts shall be maintained in accordance with sound and locally recognized accounting principles and practices satisfactory to the Bank. The BCP will provide quarterly and annual financial statements to reflect the financial performance and position of the project. An auditor's opinion and report satisfactory to the Bank on such statements will be provided within six months of the close of the fiscal year. The auditor's report will include a statement on the adequacy or otherwise of the accounting system and internal controls, the reliability of statements of expenditures as a basis for loan disbursements, and compliance with financial covenants. The foregoing accounting, financial reporting and auditing arrangements should provide adequate and timely information to the Bank for supervision of the project.

5.13 As part of the TA project (see para. 4.7), a financial manager will assist the BCP's accountant in carrying out his/her tasks. In addition, in order to have an accounting system fully operational at the time of credit effectiveness, an accounting firm will be recruited under PPF to design an effective computerized accounting system for the PNAS. During negotiations, agreement was reached with the government that the proposed accounting system has been found acceptable by IDA prior to credit effectiveness (para. 7.2 (e)).

D. Procurement

5.14 Table 5.5 below summarizes the project elements and their estimated costs and proposed methods of procurement.

Table 5.5: Procurement arrangements

(US\$ million)

	I.C.B.	L.C.B.	Other	N.B.F.	Total Cost
1. Works					
1.1 Infrastructure		2.8	0.7		3.3
Communal Roads		(2.8)	(0.7)		(3.3)
1.2 Reforestation		0.4	1.5		1.9
		(0.4)	(1.5)		(1.9)
1.3 Soil Conservation		1.0	1.5		2.5
		(1.0)	(1.5)		(2.5)
1.4 Water Supply		0.1	0.1		0.2
		(0.1)	(0.1)		(0.2)
1.5 Communal Infrastructure		0.4	0.1		0.5
		(0.4)	(0.1)		(0.5)
1.6 Urban Services		0.2	0.4		0.6
		(0.2)	(0.4)		(0.6)
2. Goods			0.3		3.8
2.1 Equipment/vehicles and LBW equipment	3.5		(0.1)		(3.6)
	(3.5)				
2.2 Materials, Cement, pipes, etc.		1.8			1.8
		(1.8)			(1.8)
2.3 Food				15.0	15.0
				(0.0)	(0.0)
3. Consultancies			0.4		0.4
3.1 Studies			(0.1)		(0.1)
3.2 Technical Assistance			5.3		5.3
			(2.1)		(2.1)
3.3 Training			1.1		1.1
			(0.5)		(0.5)
4. Miscellaneous			6.4		6.4
4.1 Incremental Operating Costs (incl. travel allowances)			(0.9)		(0.9)
4.2 Micro-enterprise funds				2.0	2.0
				(0.0)	(0.0)
4.3 PPF Refinancing			1.3		1.3
			(1.3)		(1.3)
TOTAL	3.5	6.5	19.1	17.0	46.1
Bank financed	(3.5)	(6.3)	(9.3)	(0.0)	(19.1)

Note: Figures in parentheses are the respective amounts financed by the credit. N.B.F.: Not Bank financed.

5.15 The main objective of this project is to alleviate poverty by responding as rapidly as possible to the most basic needs of the poorest population groups (primarily their food security) and to transfer cash so that these people can purchase basic commodities. In view of these concerns, procurement methods have been adapted.

5.16 Civil Works. Civil works undertaken under the PNAS include: (a) communal road rehabilitation (unit cost US\$13,000 per Km); (b) reforestation (US\$300 per acre); (c) agricultural terracing (US\$1,000 per acre); (d) rural water supply (US\$10,000 per connection); and (e) commune-based infrastructures such as markets (US\$50,000). In order to respond to the social objectives of the proposed operation, the works will: (a) be distributed among the 43 poorest communes in the country; (b) be labor-intensive in order to employ as many workers as possible; and (c) be implemented to the greatest extent by small and medium enterprises and NGOs. Consequently, ICB is not considered an efficient option for contracting these works because they are small, labor-based (as opposed to equipment intensive) and scattered in remote areas. If LCB fails to produce adequate competition because of non-availability of competent contractors for certain types of works, negotiated contracts with NGOs may be used. When negotiated contracts will be used: (a) costing will be done on a commercial basis; (b) standard unit costs similar to those used for contractors will be applied; and (c) the works will be paid after completion and will be subject to the same controls as contracts under LCB.

5.17 Contracts for LCB will range in size from US\$20,000 to US\$130,000 and the total aggregate has been estimated at US\$4.7 million. The size of negotiated contracts will vary from US\$20,000 to US\$60,000 and the total aggregate has been estimated at US\$4.3 million. Estimates for each type of works are summarized in Table 5.6 below. It is anticipated that the bulk of negotiated contracts will be for reforestation (US\$1.2 million) because only a few contractors have the relevant expertise, whereas a number of local NGOs are already involved in these activities.

Table 5.6: Procurement of Works

US\$

TYPE OF WORKS	LCB		Negotiated Contracts	
	Size of contracts	Aggregate	Size of Contracts	Aggregate
Roads	130,000	2.6 million	60,000	700,000
Reforestation	60,000	400,000	60,000	1.5 million
Terracing	50,000	1 million	50,000	1.5 million
Water Supply	20,000	100,000	20,000	100,000
Communal Infrastructure	100,000	400,000	50,000	100,000
Urban Services	50,000	200,000	50,000	400,000

Source: Appraisal Mission (December, 1991)

5.18 Goods. Equipment to be used for the works, supplies, other equipment and vehicles will be procured by ICB with an aggregate estimated at US\$3.5 million. To the extent possible, contracts will be grouped into bid packages estimated to cost the equivalent of US\$300,000 or more. Qualifying domestic suppliers would be given a 15 percent margin of

preference or the applicable import duty, whichever is lower. Contracts for materials will range in size from US\$100,000 to US\$300,000 and will be procured through LCB (because contracts will be diverse in terms of size and types of goods) with an aggregate not to exceed US\$1.6 million. Furniture and office supplies will be procured through local shopping procedures acceptable to IDA with a minimum of three price quotations. Contracts for furniture and office supplies will average \$15,000 with an aggregate not to exceed US\$100,000.

5.19 Expert Services, Studies and Training. For the technical assistance portion to be financed by IDA (US\$1.5 million), studies (US\$100,000) and training (US\$200,000), consultants will be selected in accordance with World Bank Guidelines: Use of Consultants by World Bank Borrowers and the World Bank as Executing Agency (Washington, D.C. August 1981). The additional technical assistance (US\$3.2 million) will be financed by UNDP.

5.20 Operating Costs. Incremental operating costs, including maintenance supplies and maintenance and operation of equipment and vehicles will be procured by local shopping acceptable to IDA with a minimum of three quotations. Each contract will not exceed US\$100,000 with an aggregate amount not to exceed US\$1 million.

5.21 Country Procurement Assessment. The last country procurement assessment report was completed in June 1986. The borrower's procurement regulations are acceptable for the methods of procurement proposed under the project. Competitive bidding advertised locally has been reviewed by IDA and found acceptable, since these procedures include local advertising, public opening of bids, specific criteria for evaluating the bids and award to the lowest bidder. Foreign bidders who wish to participate will not be forbidden. LCB documents will be reviewed by IDA prior to their release to bidders. In addition, to encourage prompt action on the part of the Borrower, the submission to IDA for review and approval of standard bidding documents for all types of procurement will be a condition of credit effectiveness (para. 7.2 (f)).

5.22 Bank's Procurement Review. During project supervision, Bank-financed works contracts above a threshold of US\$100,000 will be subject to the Bank's prior review procedures. In addition, during the first two years of project implementation all negotiated civil works contracts will be subject to the Bank's prior review procedures. The review process will cover about 70 percent of the total value of works procured through LCB. Goods contracts or packages above US\$100,000 will also be subject to prior review covering about 80 percent of the total value of Bank-financed goods. Selective post review of awarded contracts below the threshold levels will be carried out on about 1 in 4 works contracts and 1 in 10 goods contracts.

5.23 Procurement Management. The BCP will be responsible for overseeing all administrative, managerial and financial aspects of the project including all procurement. The BCP's National Coordinator and procurement specialist will attend a procurement course under PPF financing. In addition, the procurement specialist will receive periodic short-term technical assistance through the TA program (see para. 4.7). For each bidding documents, technical specifications and quantities will be prepared by the relevant executing units. Bidding documents will then be finalized and processed by the BCP.

5.24 The implementation schedule is provided in table 5.7 below, from which the estimated disbursement schedule (Annex XI) has been derived.

Table 5.7: Implementation Schedule

(US\$ million)

Project Element	Project Year					Total Payment	Remarks
	1	2	3	4	5		
Labor-Based Works							
Prequal/Bid/Award	***	***	***				
Communal Roads	0.5 (0.5)	0.7 (0.7)	0.8 (0.8)	1.0 (1.0)	0.3 (0.3)	3.3 (3.3)	80% LCB; 20% NC(1)
Forestry	0.2 (0.2)	0.5 (0.5)	0.6 (0.6)	0.5 (0.5)	0.1 (0.1)	1.9 (1.9)	20% LCB; 80% NC
Soil Conservation	.....	0.6 (0.6)	0.9 (0.9)	0.7 (0.7)	0.3 (0.3)	2.5 (1.9)	40% LCB; 60% NC
Water Supply	.....	.....	0.1 (0.1)	0.1 (0.1)		0.2 (0.2)	25% LCB; 75% NC
Communal Infra.	.....	0.1 (0.1)	0.1 (0.1)	0.2 (0.2)	0.1 (0.1)	0.5 (0.5)	90% LCB; 10% NC
Urban Services	.....	0.1 (0.1)	0.2 (0.2)	0.2 (0.2)	0.1 (0.1)	0.6 (0.6)	30% LCB; 70% NC
Goods							
Equipment/vehicles	0.1 (0.1)	0.1	1.6 (1.6)	0.1		1.9 (1.7)	ICB & IS/LS
Tractors & other Eqm. for LBWs		1.5 (1.5)	0.4 (0.4)			1.9 (1.9)	ICB
Materials	0.3 (0.3)	0.5 (0.5)	0.5 (0.4)	0.4 (0.3)	0.1 (0.1)	1.8 (1.6)	LCB
Food	2.0 (0.0)	3.0 (0.0)	4.0 (0.0)	3.0 (0.0)	3.0 (0.0)	15.0 (0.0)	Co-financed
Consultancies							
Studies		0.1 (0.1)	0.1 (0.0)	0.1 (0.0)	0.1 (0.0)	0.4 (0.1)	
Tech. Assistance	1.0 (0.6)	1.0 (0.4)	1.3 (0.3)	1.0 (0.6)	1.0 (0.2)	5.3 (2.1)	
Training	0.2 (0.1)	0.2 (0.1)	0.3 (0.1)	0.2 (0.1)	0.2 (0.1)	1.1 (0.5)	
Miscellaneous							
Incr. Oper. Costs	1.0 (0.4)	1.0 (0.2)	1.5 (0.1)	1.5 (0.1)	1.4 (0.1)	6.4 (0.9)	
Micro-ent. Funds	0.5 (0.0)	0.5 (0.0)	0.5 (0.0)	0.5 (0.0)		2.0 (0.0)	
PPF Refinancing	1.3 (1.3)					1.3 (1.3)	
TOTALS (Bank-Financed)	7.1 (3.5)	9.9 (4.8)	12.9 (5.6)	9.5 (3.8)	6.7 (1.4)	46.1 (19.1)	

(1) NC: Negotiated Contracts

Source: Appraisal Mission - December 1991

5.25

Procurement information will be collected and recorded as follows:

- (a) prompt reporting of contract award information by the borrower;

- (b) comprehensive quarterly reports to the Bank by the BCP and the cellule HIMO indicating:
 - (i) revised cost estimates for individual contracts and the total project, including best estimates of allowances for physical and price contingency;
 - (ii) revised timing of procurement actions, including advertising, bidding, contract award, and completion time for individual contracts;
 - (iii) compliance with aggregate limits on specified methods of procurement; and
- (c) a completion report by the government within three months of the credit closing date.

VI. BENEFITS AND RISKS

Benefits

6.1 In the short term, the proposed operation would provide support to the poorest population groups. Immediate assistance would come in the form of: (a) food aid and nutrition activities for the most destitute families and individuals; and (b) additional income through access to LBWs for underemployed workers. The PNAS has also long term objectives which are to: (a) monitor more accurately the status of poverty and its causes through social surveys and initiate corrective actions in a timely fashion; (b) promote the use of the most important asset of Rwanda, its labor force, through the demonstration of the efficiency through labor-based techniques in civil works; and (c) gain some knowledge on the potential for increasing off-farm employment opportunities through the micro-enterprise promotion component. The PNAS will also give the opportunities to the communes to make important development decisions. Finally, the PNAS would have an economic impact through: (a) improvements in the communal road structure which will promote diversification and specialization by improving the marketing infrastructure; (b) economic activities generated by micro-enterprises; and (c) stimulation of local agricultural production as a result of local food aid purchasing and increase in purchasing power induced by LBWs. These benefits are difficult to quantify at this stage but an assessment of these will be included in the project mid-term review. Component-specific benefits are described below.

6.2 Food Aid and Nutrition. The targeted food aid and nutrition activities supported by WFP would directly benefit about 75,000 persons yearly, including children under the age of 30 months, pregnant and lactating women, AIDS-afflicted families, and orphans. The emergency food aid mechanisms (small emergency stock and relief fund) established under the PNAS would respond to immediate needs of the food insecure in case of catastrophic events such as crop failure or severe loss in purchasing power. The development of an adequate food aid policy would make program food aid more consistent with the country's macroeconomic and agricultural policies.

6.3 Labor-Based Works. Almost 6 million person-days of employment would be created. Approximately 600,000 individuals (assuming an average family size of six) would benefit from this component over four years. Economic benefits would include road user cost

savings and production benefits in relation with road construction and maintenance as well as increased agricultural production through agricultural terracing. The component would also have a positive environmental impact with reforestation activities. Finally several policy and institutional benefits are expected: the component should demonstrate the comparative advantage of LBWs in the Rwandese context; the participation of private contractors and NGOs would be encouraged and their capacities to implement this type of works strengthened. The institutional capabilities of the communal administrations would be strengthened with regard to the implementation of public works and maintenance of local infrastructures.

6.4 Micro-enterprise Promotion and Development. The direct beneficiaries of this component would be about 1,500 entrepreneurs, their employees and related families (for a total of approximately 30,000 persons). These benefits are quantitatively relatively limited as compared with the two other components because the impact of this component is of a longer-term nature. The PAIB is conceived as an experiment aimed at exploring ways and means for expanding off-farm employment and improving the collaboration of NGOs and local administrations in community-based development. Finally, an important indirect benefit of the component would be the capacity building of selected NGOs involved in the program and the expansion of the network of local leaders for the promotion of local initiatives.

6.5 Living Standards and Poverty Monitoring. This component would allow decision makers to better identify: (a) the target groups for social programs and the effects of social policies on these groups; (b) the key determinants of welfare and welfare outcomes; and (c) the social effects (positive or negative) of certain adjustment measures. The social surveys and their analysis would represent an important policy-making tool for the years to come.

Risks

6.6 The major risk of this operation relates to possible delays in implementation due to inadequate managerial performance. This risk is addressed as follows: (a) the PNAS will be given an autonomous status vis-à-vis the Administration to avoid red tape and bureaucratic hassle; (b) the central management unit (BCP) will be staffed with competent and experienced staff (including three internationally-recruited technical assistants); (c) a UNDP-supported technical assistance program will help to strengthen implementation capacities of each executing agency. It is also expected that the involvement of private contractors and NGOs in selected project activities will contribute to implementation performance. In addition, the mid-term implementation review would help identify weaknesses in project implementation and correct them. The other component-specific risks are summarized below.

6.7 Food Aid and Nutrition. The major risks are: (a) logistical problems for food distribution; (b) interference of the administration in the food aid response (mostly for political reasons) process; and (c) insufficient coordination among donors. The first risk will be addressed by involving private contractors for both storage and transport of food. The second risk will be minimized by the transparent managerial procedures of the PNAS. Finally, the third risk will be addressed by the monitoring of the implementation of the food aid charter.

6.8 Labor Intensive Works. In addition to the risk of implementation delay which has been described above, the major risk of this component is its unsustainability in the long run. The investment component of the program is relatively large and it is unlikely that the government budget could absorb this level of funding if donor support decreases. This risk is

addressed as follows: (a) the program is strictly targeted towards the poor, using a set of criteria which should limit its expansion; (b) the component has been conceived with a balance between welfare objectives and development objectives, the latter becoming more predominant during the end of project implementation; and (c) the social justification of this component (quick transfers to improve the entitlement situation of the poor) would be revisited during the mid-term implementation review and at project completion, on the basis of the evolution of poverty indicators.

6.9 Micro-enterprise Promotion and Development. The main risk is the potential reluctance of certain NGOs to coordinate their activities in a sector of common interest because of: (a) history of competition among NGOs for scarce resources; (b) some divergence in development philosophy and approach among NGOs; and (c) concern about the autonomy of participating NGOs. This risk is being addressed by further preparatory work carried out under PPF by the PAIB unit. NGOs which have already expressed an interest in the program are being contacted to: (a) discuss the purpose and strategies of the PAIB; (b) define in details the role of participating NGOs; and (c) assess their institutional capabilities to participate in the program. On the basis of this review, the PAIB staff will select participating NGOs and will finalize a work program including action plans at the community level, credit modalities and financing mechanisms fully consistent with ongoing activities of these NGOs.

6.10 Living Standards and Poverty Monitoring. The two main risks are: (a) delays in execution; and (b) insufficient use of the data for policy development. The first risk would be addressed by providing enough technical assistance and operational support to carry out surveys and data analysis in a timely fashion. The second risk would be addressed by supervision missions which will discuss findings of the surveys and organize seminars to disseminate major policy developments.

VII. ASSURANCES AND RECOMMENDATION

7.1 During negotiations, a draft statement on human and social development policy was finalized (para. 2.17) and, in addition, assurances were obtained from the government that:

- (a) the social sector PEP for the next three years and the consolidated work program, budget and financing plan for all project components will be submitted to IDA for review and approval no later than October 31 of each year of project implementation (paras. 2.17 and 4.14);
- (b) quarterly audit reports on actual non-salary expenditures of the ministries of health (including spending on population activities), primary and secondary education and planning (for social expenditures only) will be prepared by independent auditors and will be submitted to IDA within 4 months following the end of the quarter (para. 2.17);
- (c) the implementation review of the social sector PEP for the past year and a progress report including: (i) the status of all project indicators and an analysis of the causes of discrepancies between these indicators and the targets set in the annual work program; (ii) a general assessment of the progress towards the achievement of the project objectives and lessons learned during the past year; (iii) the status of procurement for all IDA-financed activities; (iv) the

status of disbursement for each credit category and the situation of the special account; and (v) the identification of the major implementation problems and remedial actions - will be submitted to IDA for discussion no later than June 30 of each year of project implementation (paras. 2.17 and 4.14);

(d) key positions of the BCP (Director, Financial manager and procurement specialist), the heads of the three executing units (Cellule HIMO, Bureau Exécutif PAIB and Bureau Exécutif PSAN) will be satisfactory to IDA at all time during project implementation (para. 4.6); and

(e) a mid-term project implementation review will be carried out no later than June 30, 1995 under terms of reference acceptable to IDA (para. 4.15).

7.2

The following would be Conditions of Credit Effectiveness:

(a) the approval by IDA of the 1993-95 public expenditure program in the social sectors (para. 2.17);

(b) the approval by IDA of the training program for the LBWs component (para. 3.23);

(c) the establishment of the Conseil de Coordination and the BCP and selection and appointment of staff for all key positions of the BCP and the cellule HIMO, including the four unit chiefs of the cellule (para. 4.6);

(d) the establishment of a project account in a financial institution with an initial deposit of US\$450,000 equivalent (para. 5.11);

(e) the proposed accounting system has been found acceptable by IDA (para. 5.13); and

(f) all the standard bidding documents have been found acceptable by IDA (para. 5.21).

7.3

Subject to the above agreements and conditions, the proposed project is suitable for an IDA credit to the Government of Rwanda of SDR 14.0 million (US\$19.1 million equivalent), on standard IDA terms.

ANNEXES

PUBLIC EXPENDITURE IMPLICATIONS OF A SOCIAL SAFETY NET

I. Introduction and Background

1. This annex presents the public expenditure implications of assuring a social safety net during Rwanda's structural adjustment process. The objectives of a social safety net are to (a) assure (or improve if necessary) essential social services including primary education, basic health care and population control activities; and (b) provide targeted social programs to respond to the most basic needs of the poorest population groups, particularly their food security. Officially supported and financed targeted social programs in Rwanda constitute the PNAS. While funding for objective (a) is expected to stay level or slightly increase as a share of public spending the share of targeted social programs should decline once the benefits of the various economic and sectoral adjustment programs (including the recently launched population program) start reaching the poorer segments of the population. In February, 1991, the IMF, the World Bank and the Government agreed on a recurrent budget designed to protect basic social programs (in health, education and population) from the negative effects of the cuts in public spending required by the adjustment program. However, as of the end of August, 1991 these commitments have been ignored and critical non-personnel expenditures in the social sectors, such as drugs, have been crowded out by the rapid growth of defense expenditures. The health sector was the worst affected while the overall situation was better in education because 90% of the education budget is for personnel but even here non-personnel expenditures have been restricted. The situation improved somewhat by December, 1991 but in some cases the authority to spend (credits) was given too late for the technical ministries to complete their purchases before the end of the fiscal year. The projections presented here assume that the government will improve the management and allocation of public funds.

2. The estimates, which are in millions of Rwanda Francs in 1991 prices reflect the expected inflation rates and the impact of Bank recommended revisions to the Government's 1992-94 public investment program (PIP). The recurrent budget estimates include the estimated impact of the investment costs on recurrent outlays. These data can be used to develop the 1992-94 public expenditure program in the social sectors after making appropriate allowances for expected future inflation.

II. General Characteristics Public Expenditures in the Social Sectors

3. Compared to other sectors, the social services are more dependent on the recurrent budget than on the investment budget and this may partly explain why they have borne the brunt of budget cuts during economic adjustments. Investment spending is encouraged because it is believed to stimulate growth. Rwanda faces constraints on its recurrent budget because of the poor revenue situation which has been aggravated by the civil war and these revenue constraints have been compounded by the increased defense spending needs brought about by the same civil war. Consequently, the social sector ministries have been cut back to within negotiated deficit limits.

4. The budgetary distinction between investment and current spending may need to be revisited in the case of the social sectors because current spending in the social sectors

represents investment in human capital which is an essential precondition for sustained economic development. Salaries for teachers and doctors, purchase of pedagogic materials and medicines are classified as recurrent expenditures in the budgetary sense while they represent investments in the truest sense. Many donors, including the World Bank, have recognized this and are more willing to finance these expenditures on their projects but these are stop-gap measures and the matter needs to be resolved fundamentally. While recognizing that such a fundamental public finance question cannot be resolved during the Rwanda public expenditure review (PER), this factor should be kept in view during the PER particularly considering that significant reductions are being proposed in the recurrent budget along with increases for the investment budget.

Annex I Table 1: Required Social Sectors Public Expenditure in Millions of 1991 Rwanda Francs

YEAR	1990	1991	1992	1993	1994
PRIMARY & SEC. EDUCATION	8,976	8,739	8,873	9,280	9,484
- Investment	2,524	2,190	2,185	2,191	2,197
- Recurrent	6,452	6,549	6,688	7,089	7,287
HEALTH	3,300	2,716	3,160	3,808	3,795
- Investment	2,138	1,521	1,006	818	673
- Recurrent	1,162	1,195	2,154	2,990	3,122
POPULATION	631	919	809	395	411
- Investment	477	744	645	275	286
- Recurrent	155	175	164	120	124
SOCIAL ACTION PROGRAM			60	1,200	1,196
- Investment			60	1,168	1,150
- Recurrent			0	33	47
TOTAL SOCIAL SAFETY NET	12,907	12,374	12,902	14,683	14,886
- Investment	5,139	4,455	3,896	4,452	4,306
- Recurrent	7,769	7,919	9,006	10,231	10,580
TOTAL GOVERNMENT EXPEND.	43,122	51,856	47,050	48,693	49,727
- Investment	12,093	17,015	19,804	20,925	20,995
- Recurrent	31,029	34,841	27,246	27,768	28,732
SAFETY NET AS % Above	29.9%	23.9%	27.4%	30.2%	29.9%
- Investment	42.5%	26.2%	19.7%	21.3%	20.5%
- Recurrent	25.0%	22.7%	33.1%	36.8%	36.8%
PNAS AS % GOVT. EXPENDITURE				2.5%	2.4%
- Investment				2.4%	2.3%
- Recurrent				0.1%	0.1%

III. Estimates of the Social Safety Net

5. The estimates for 1990 reflect actual expenditures while the 1991 figure is a projection based on trends in mid-December. The social safety net recurrent spending projections for 1992 to 1994 have been developed by taking the following factors into account: (a) provide sufficient financing for the social sectors to provide basic social services; (b) adjust for the effect of devaluation on imported inputs such as essential drugs; (c) account for domestic inflation in goods and services (no adjustment has been made for salaries of public sector personnel as no increases are envisaged); and (d) adjust for the recurrent budget requirements of investment projects presently in the pipeline as well as new projects acceptable to the Bank. The social safety net investment spending requirements have been developed in keeping with the overall sector development objectives developed by the Bank and the Government. The sectoral breakdown follows administrative divisions to facilitate budget allocation decisions. The estimates are summarized below.

A. Primary and Secondary Education

6. The government has historically allocated significant resources to primary and secondary education, and while there is room for qualitative improvement in primary education, it has managed to keep up with the rapidly expanding school-age population but the transition rate from primary to secondary has been falling. Furthermore, Bank studies indicate that even in primary education, enrolment rates are likely to fall in the next ten years. The Government is addressing some of these issues as part of a Bank-supported Sector adjustment program. The budget requirements in table 2 below are estimated in keeping with this sector adjustment program.

YEAR	1990	1991	1992	1993	1994
CATEGORY OF EXPENDITURE					
RECURRENT EXPENDITURES	6,452	6,578	6,688	7,089	7,287
- Personnel	5,542	5,625	5,745	6,090	6,259
- Non-Salary Rec. Exp.	910	953	943	1,000	1,028
INVESTMENT EXPENDITURES	2,524	2,190	2,185	2,191	2,197
TOTAL EXPENDITURES	8,976	8,769	8,873	9,280	9,484

B. Health

7. Despite public policy pronouncements that the government's goal in the health sector is to improve primary health care for all, the bulk of the scarce public sector resources have been going to curative services (and particularly hospitals) and preventive services have suffered as a consequence of this misallocation. This bias has been reinforced in the long-run by the inclusion of donor-financed hospitals in the public investment program.

8. Bank knowledge of health sector financing issues has been deepened by a series of studies (including primary data collection) which have found that: (a) drugs have been severely underfinanced and major corrective financing increases are necessary; (b) personnel shortages severely affect service delivery particularly in outlying rural centers; (c) preventive services have been severely constrained by the shortage of funds; and (d) the government investment program, which is dominated by hospitals, tends to reinforce the problem. The proposed health sector expenditure requirements try to correct these imbalances in recurrent expenditures and to incorporate Bank recommendations for investment expenditures. They do not include King Faisal Hospital and should that facility be opened, another 500 million FRW per year will be required in additional recurrent expenditures, putting further acute pressures on an already underfinanced sector.

9. The originally proposed 1992-94 Health Sector PIP was an improvement on the 1991-93 PIP but it continued the bias towards curative services and the Bank recommended eliminating a 400 million FRW grant financed project to convert two health centers into hospitals. This is recommended not because Rwanda does not need more curative facilities but the proposed operation is expected to require an additional 100 million FRW in operating expenditures and those funds have higher priority uses.

Annex I Table 3: Past Trends and Future Health Spending Needs in millions 1991 Rwanda Francs

YEAR EXPENDITURE CATEGORY	1990	1991	1992	1993	1994
RECURRENT EXPENDITURES	1,162	1,195	2,154	2,990	3,122
Personnel	868	895	1,004	1,046	1,090
Medicines	152	126	536	768	768
Other Operating Costs	141	173	614	1,177	1,264
INVESTMENT EXPENDITURES	2,138	1,365	1,006	818	673
TOTAL EXPENDITURES	3,300	2,716	3,160	3,808	3,795

D. Population

10. Expenditures in this sector, which is extremely critical for Rwanda, are expected to be dominated by the IDA-financed Population Project. Government has to demonstrate its commitment to this important sector by including sufficient counterpart funding in its budget.

Annex I Table 4: Past Trend and Future Population Expenditure Needs in millions of 1991 Rwanda France

YEAR	1990	1991	1992	1993	1994
RECURRENT EXPENDITURES	154	174	164	120	124
Salaries	143	159	148	104	108
Imported Items	0	1	1	1	1
Local Items	12	15	15	15	15
INVESTMENT COSTS	477	744	645	275	286
Imported Items	476	744	645	275	286
Local Items	36	54	47	18	18
TOTAL COSTS	631	919	809	395	411

E. Targeted Social Action Program (PNAS)

11. To provide support for the poorest Rwandese until the benefits of the various economic adjustment programs and the population control program reach them the government has prepared PNAS (Programme National d'Action Sociale or PNAS). Even though is expected to be mostly donor-financed, some contribution from the government is needed. The cost structure of PNAS is given in the following table. The PIP needs to be revised to reflect this project accurately.

ANNEX I TABLE 5
PROJECTED EXPENDITURES ON TARGETED SOCIAL ACTION PROGRAM (PNAS)

YEAR	1992	1993	1994	1995	1996
PUBLIC INVESTMENT PROGRAM	60.0	1,167.5	1,149.3	1,277.4	1,401.0
- Budget de Developpement	60.0	75.8	109.3	127.5	140.0
- Donors	60.0	1,091.8	1,039.9	1,149.8	1,261.0
IDA		529.2	555.4	550.6	550.6
UNDP		103.2	106.8	295.0	295.0
WFP		273.4	284.2	199.2	199.2
OTHERS		186.0	195.6	199.2	199.2
RECURRENT BUDGET (Budget Ordinaire)	60.0	1,200.0	1,196.4	1,332.0	1,461.0
TOTAL COSTS	60.0	1,200.0	1,196.4	1,332.0	1,461.0

IV. Conclusion

12. The core social sector expenditures will be reviewed each year both in preparing the budgets and during execution. Management and resource constraint problems will be identified and discussed with the government.

13. In the context of the Public Expenditure Review, the government and the donors involved have agreed to constitute an unified common counterpart fund (Fonds Commun de Contrepartie) from resources related to program food aid, sectoral programs in kind, balance-of-payments support and STABEX. The funds will be deposited into a common fund managed by the Treasury, to be used to finance priority civilian expenditures, including those relative to the safety net.

FOOD AID AND NUTRITION

Background

1. This annex describes the project financed by the World Food Program in support to the National Social Action Program (Programme National d'Action Sociale PNAS). This project (WFP RWA 4244) was approved by the WFP administrators in December 1991. It will be implemented as part of the PNAS and in coordination with nutrition activities supported by other agencies (UNICEF, IDA and WHO).

2. In 1988, the caloric per capita availability in Rwanda was estimated Kcal or only 80 percent of the daily requirement. This figure is almost as low as that in Ethiopia and Somalia where food insecurity has become widely visible through large famines. Malnutrition is widespread: about 30 percent of under-fives are below standards for weight for age, 20 percent of newborns are underweight (below 2.5 approximately 5 percent of children between the ages of 9 months and 30 months of severe malnutrition. In 1989, a famine situation broke out in the southern part of the country with thousands of families in need of emergency food aid. Several hundred might have died of hunger during this period. These facts are not new for Rwanda, a long history of food insecurity and periodic famines. During colonial times, the grain was mandatory at the community level. During famines, migration of workers to Uganda and Zaire was the usual way of coping with the situation.

3. During the two decades following independence, food production with population growth. The situation, however, has deteriorated in the recent past. Population pressure is becoming unbearable in certain parts of the country: the average population density has reached 400 per Km² of arable lands. Farms are becoming (less than 0.5 hectare) to make a living for large families. Farms are becoming underemployed. Purchasing power is diminishing. An increasing number of households are unable to purchase even 80 percent of needed caloric intake despite allocating more than 70 percent of expenditures on food. The general economic situation of the country has worsened its heavy dependence upon a single export - coffee - the price of which has fallen in world markets. The country has now embarked into an adjustment program under the Bretton Woods Institutions but no major economic growth is expected in the near future. Economic recovery is made more difficult by the continuing military clashes which are located in the southern part of Uganda.

4. The severe AIDS epidemic is worsening the food security situation. In certain areas, where more than 93 percent of the population in the age group 15-45 is seropositive, for this age group but there is a risk that this figure increases rapidly because of exchanges between urban areas and the countryside. The number of seropositive individuals is estimated at 50,000 people in urban areas and 150,000 in rural areas. AIDS is becoming the leading cause of death in urban areas among young adults. These losses have a significant impact on the country's economy and food security.

the people who are dying are at their most productive ages. In AIDS-afflicted families it is common to have both parents infected. As a result, the number of orphans is increasing rapidly, particularly in urban areas. Orphanage absorptive capacities distributed among orphanages (1,100 children), institutions for handicapped (1,000 children) and centers for street children (300 children) are becoming insufficient to cope with the increasing number of children coming from AIDS-stricken households. Initially, extended families were taking care of these children, but with the deteriorating economic situation families can ill afford to take care of additional children.

5. Rwanda is at a critical juncture: unsustainable population pressure, deteriorating economic environment, difficult political transition towards multipartism are all interweaving factors which make a recovery process particularly arduous even with external support.

Project Objectives

6. General objectives. The general objectives of this project are to contribute to: (a) the PNAS food security and poverty alleviation strategy, with a focus on reducing malnutrition among children of poor families; and (b) the National AIDS control program with a focus on improving food security among AIDS-afflicted families and assisting orphans to attend school. The project is not isolated but integrated into a national strategy supported by several external agencies and several national NGOs. Food aid will be used both as a direct transfer to food-insecure families and as a mean to reactivate nutrition and social activities carried out by the network of nutrition centers.

7. Specific Objectives. The project has three sets of specific objectives: (a) to reduce malnutrition among children (between the ages of 9 and 30 months), pregnant women and lactating mothers from poor families; (b) to provide food aid to AIDS victims and families and cash for schooling; and (c) to provide supplementary feeding to orphans and cash for schooling. Quantitative targets for each set of objectives are summarized in the table below.

Table II.1: Quantitative Targets per Year

	1st year	2nd year	3rd year	4th year	TOTAL	% Cost
Children	10,000	14,000	21,000	28,000	73,000	55
Women	3,000	6,000	9,000	12,000	30,000	
AIDS victims	10,000	14,000	18,000	22,000	64,000	34
Orphans	4,500	4,950	5,450	5,990	20,980	11
TOTAL	27,500	38,950	53,450	67,990	187,890	100

Source: WFP Project Document

Project Components

8. Targeted food aid through nutrition centers. Rwanda has a network of 256 centers distributed over the country. About one third of these centers are run by religious NGOs. Since 1984, nutrition center operations have been integrated into health center activities. The international NGO Catholic Relief Service (CRS) provided food aid in support to nutrition centers for twenty years (1963-83) until the government asked for a change in approach (more targeted towards the rehabilitation of malnourished children). No agreement was reached and the CRS started to withdraw in 1984. The government did not attempt to take over and nutrition centers, deprived of food, lost rapidly a large share of their clients. This has been a loss for both poor families who had access to additional food (or income, because part of the donated food was sold on the markets) and nutrition surveillance and education. The WFP project will give an opportunity to the Ministry of Health to reactivate nutrition center activities. The availability of food will be an incentive for poor families to bring in their children. Nutrition surveillance and nutrition education activities will be organized in parallel to food aid distribution. Since there is a strong correlation between poverty and malnutrition, it is expected that the most destitute families will benefit from the activities.

9. For the first year, the project will start with a limited number of centers (around 50) selected on the basis of their operational capabilities. Operational criteria include: (a) trained personnel with experience in nutrition activities; (b) regular nutrition surveillance activities; (c) regular session of nutrition education; (d) existence of a community demonstration garden; (e) good knowledge of the community the center serves; (f) good functional relationship with the health center; and (g) adequate storage capabilities for food aid. The program will be progressively extended as additional nutritional centers become operational through a rehabilitation program carried out jointly by UNICEF and the IDA-supported Family Health Project. WHO will provide technical advice to the program and assist in its monitoring. An additional criterion for selecting new centers will be the level of poverty of the population they serve.

10. Three target groups have been defined. The first group include children between the ages of 9 months and 30 months, whose weight/age ratio is below the international standard or who show clinical signs of malnutrition. Nutrition center staff will be trained (or re-trained) in properly recording the weight/age ratio. Food rations will be provided to the families of these children over a period of 90-180 days. The second group includes pregnant women who attend pre-natal clinics and are identified as at malnutrition risk by health staff. They will receive food aid for about 6 months (since the time of the first pre-natal visit). The third group includes lactating mothers whose newborn weights less than 2.5 Kg and women identified as at malnutrition risk by medical staff. They will receive assistance during 12 months.

11. Support to AIDS-affected families. This component will be carried out by CARITAS, a Catholic NGO with a vast experience in social programs in Rwanda, including assistance to AIDS victims and food aid during famines. Beneficiaries will be families of AIDS patients. They will receive bi-monthly food rations distributed by CARITAS social workers. The project will cover urban areas only, starting with Kigali. The criteria for

selecting families have been established by CARITAS: (a) female-headed households where the mother is too ill to work and does not have other sources of income; (b) families with two AIDS-stricken parents; and (c) families who have lost both parents and are dependent upon elder children. In addition to food aid, children from AIDS-affected families will receive an allowance of FRW 4,500 to cover school fees and other school-related expenditures. This financial support will also be managed by CARITAS.

12. Support to orphanages. The project will provide food aid to orphanages and other institutions taking care of orphans. Food aid will be calculated on the basis of daily rations to cover the needs of about 5,000 children each year. CARITAS will be responsible for managing this component. This support should cover the demand created by AIDS and the war situation.

Quantitative and Qualitative Aspects of Food Aid

13. Beans, maize and sorghum flour have been chosen on the basis of local food habits. They are complemented with sugar, milkpowder and oil. WFP will: (a) provide 1,400 MT of milkpowder, 1,000 MT of oil and 700 MT of sugar from overseas; and (b) make available about US\$6 million for local purchasing of maize and sorghum, the equivalent of 15,000 MT of maize and sorghum flour. In addition, WFP will import annually 2,000 MT of wheat which will be monetized on the domestic market; the funds generated will be used for local purchasing of beans and maize and sorghum flour. Local purchasing will be done by tender and will be extended to neighboring countries if local production falls short of needs.

14. The daily allowances (in grams and nutritive values) for each category of beneficiaries are summarized in the table below.

Table II.2: Daily Food Allowances

	AIDS affected families	Orphans	Children	Women	Demonstration
Food Items (grams)					
. Maize/Sorghum Flour	2,000	300	200	300	1,500
. Beans	200	40	30	40	225
. Milk	40	30	40	---	300
. Oil	75	15	15	15	115
. Sugar	20	20	20	---	150
Nutritional Value (%)					
. Calories		1,500	1,220	1,220	
. Proteine (gram)		50	40	40	
. Lipids (grams)		30	30	25	

Sources: WFP Report

Implementation and Monitoring

15. The project will be implemented as a component of the PNAS and will thus benefit from its managerial and monitoring system described in the main text of this report. The PNAS coordinating office (BCP) will work in close collaboration with the WFP field office to ensure effective distribution of food to nutrition centers through contracted private transporteurs. The MINISANTE will be responsible for coordinating the training of nutrition center staff and monitoring the impact of these activities. CARITAS will be responsible for AIDS-related activities and the orphanage program. The WFP field office, in coordination with the CATGA (Food aid coordination unit) will monitor the effect of wheat importation on local markets to switch to local purchase in case of market glut for this commodity. An assessment of project performance will be carried out as part of the PNAS mid-term implementation review.

LABOR-BASED WORKS PROGRAM

I. Background and Context

1. Rwanda, as the most densely populated country in sub-saharan Africa, has a comparative advantage in labor among the various factors of production. The country's overall population pressures and the scarcity of off-farm employment have contributed to increasing the proportion of the labor force which is unemployed or severely underemployed. Recent events (war and political disturbances) which have disrupted modern sector economic activity have also tended to aggravate an already serious unemployment and under-employment situation. The proposed operation will help to address the problems of unemployment and poverty by providing direct employment opportunities in the short run. The long run objective of this component is to increase the country's institutional capacity, particularly that of the private sector and the communes, to manage, plan and execute labor based public works.
2. The country's public works program, particularly road building, has remained more or less equipment intensive even though the country's comparative advantage has been in labor. Ten years ago a national labor based works program (Programme Special de Travaux Publics a Haute Intensite de Main d'Ouevres or PSTP-HIMO) was started with technical support from the International Labor Office (ILO) and financing from various donors including the Netherlands, Italy and UNDP. The program was not accepted by the Ministry of Public Works (MINITRAPE) and was attached to the Ministry of Interior (MININTER) on the grounds that the program dealt primarily with communal roads which fell under the aegis of MININTER. Despite significant achievements particularly in the Prefecture of Gitarama, the PSTP-HIMO has remained a pilot program and has not been generalized due primarily to its failure to integrate the private sector in the process.
3. A study commissioned by the International Labor Office ^{1/} to compare the costs and benefits of labor based works (LBWs) with equipment intensive works (EIWs) found that the LBWs program had several advantages in terms of cost, employment generation and reduced imports. The principal negative effect found was reduced government revenues because of the lesser use of imported goods which tend to be taxed relatively more heavily than unskilled labor and locally produced implements. These results of the ILO program provide justification for increasing LBWs though this study needs to be followed up with more research particularly in view of the fact that the Rwandese franc has been devalued and the trade regime has also been changing.
4. The reasons for the lack of generalization of LBWs in Rwanda in the light of its advantages tend to be primarily institutional. MINITRAPE has been unwilling, for a variety of reasons, to emphasize LBWs methods. Consultants involved in the preparation of detailed designs and bidding documents have generally failed to take into account Rwanda's comparative advantage in unskilled labor and have instead tended to use methods more suitable for labor-short/capital-surplus countries. The most common rationale given for this

^{1/}MARTENS, Bertin Etude comparée de l'efficacité des techniques à haute intensité de main d'oeuvre et à haute intensité d'équipement pour la construction des routes secondaires au Rwanda, Bureau International du Travail, Genève, 1990

has been primarily that equipment intensive approaches are needed in order to assure certain quality standards. Yet experience, of India, China and other labor surplus countries, shows that with careful preparation of design and bidding documents, quality can be maintained even when working on LBWs.

5. The lack of enterprises with the capacity to do LBWs public works has been another reason for not generalizing labor based works. PSTP/HIMO has failed in one aspect of its objectives, which was to develop enterprises capable of undertaking LBWs type public works. It has tended to work through force account rather than through enterprises. Any future expansion of LBWs programs needs to involve work through private enterprises rather than work by force account alone for two reasons: (a) by working through enterprises, the private sector capacity to execute LBWs would be expanded and these firms could then apply LBW methods to projects outside the program; and (b) managerial constraints in the public sector prevent expanding programs beyond the pilot phase. Force account works need to be limited to that volume necessary to train entrepreneurs and their workers (chantiers de formations). The training for entrepreneurs needs to emphasize managerial training as well as technical issues as management skills are significantly more important for LBWs than for EIWs.

6. The labor based approach is also suited for forestry, anti-erosion and other rural infrastructure (such as markets). Urban solid waste management and sanitation can also be undertaken.

II. Objectives and Scope of the Proposed LBWs Program

7. The Social Action Program has been designed as a means to assist the food insecure and other vulnerable segments in the short to medium run before the expected benefits from the Structural Adjustment Program reach them. Nevertheless, it has been decided from the beginning that the activities undertaken would be development rather than relief oriented. Another long run objective is to develop the capacity of the communes to plan, develop and maintain local infrastructure. Therefore the LBWs component has the following objectives:

- a. create employment particularly for unskilled labor;
- b. devolve control of the day to day implementation of public works away from the center to as decentralized a level as possible;
- c. develop private enterprises capable of performing LBWs type works;
- d. train engineering consulting firms in country in preparing LBWs type designs and bidding documents;
- e. contract to local firms after training in LBWs through competitive bidding to consolidate their development; ^{2/}
- f. support a LBWs road maintenance program, and

^{2/} Bank procurement rules permit sole source contracting for a period of three years after a training program and where necessary this incentive may be used to entice firms to join the training program.

- g. protect Rwanda's environment through a forestry sub-component and an anti-erosion sub-component.
8. To achieve the above-mentioned objectives, the project would carry out the following:
- a. train local construction firms and engineering consulting firms in LBWs;
 - b. rehabilitate and maintain communal roads over a four-year period using the LBWs approach. As far as possible, the works would be executed by private firms selected through competitive bidding;
 - c. finance reforestation, forest reconversion and maintenance of existing forests using LBWs approach;
 - d. support development of agricultural terraces according to the recommendations and cautionary notes of Report of the National Commission on Agriculture^{3/}. and other soil conservation measures such as programs against ravines;
 - e. support the development of rural water supply using the LBWs approach including the development of gravity based piped water and tapping springs to conserve their flow so that their water is used effectively;
 - f. finance the construction of rural markets and other physical infrastructure identified as important to the commune;
 - g. finance LBWs urban services and works in view of the rapid increase of the urban unemployed.
9. The LBWs program is initially proposed for forty three communes in five prefectures. Initially fifty two communes were selected according to a composite index of vulnerability but nine were dropped because the IDA-financed Transport project is expected to fund major amounts of labor based works in those communes starting this year. The index is a composite of three separate indices which are food aid index, index of people officially listed as destitute and an index of labor surplus. Use of the last assures that LBWs do not compete with other economically viable activities. The list of communes along-with proposed indicative allocations are given in Table 3 of this annex. Field visits confirm that the targeted communes are among the most vulnerable though it should be emphasized that once more reliable data are available the list of communes may be revised. Once the data from the PNAS surveys are available and more detailed results from the census are produced the list of communes and their indicative allocations can be revised and modified following the mid-term review.
10. The proposed LBWs will be executed by cash-for-work in preference to food-for-work for the following reasons:

^{3/} Rapport Preliminaire : Commission Nationale d'Agriculture, Kigali, Rwanda. November, 1990

- a. preserve the dignity of the worker by valuing his/her contribution as a worker on a LBWs site of equal worth to any other form of work;
- b. reinforce the sense of productive employment over welfare dependence; and
- c. cash-for-work is easier to manage than food-for-work.

Supporters of food-for-work argue that this approach assures that the income will be used as food for the family and not for other purposes. This assumes that the poor workers have no sense of judgement and responsibility and that they need to be told what to do. The evidence gathered from surveying workers in the pilot program suggests otherwise. The data, however, do show that women workers tend to use more of their income on food for the family and the program will therefore give preference to women workers whenever possible.

III. Project Management and Implementation Plan

A. Basic Principles

11. The principal objectives behind the organization and implementation plan proposed for this component are to: (a) keep the LBWs program independent enough of the central administration to avoid implementation delays, (b) enhance communal administrative capacity to plan and execute LBWs; and (c) use the coordination capacities of the prefectures and technical ministries without increasing the delays inherent to the inclusion of additional institutions. To achieve these objectives PSTP/HIMO will be renamed and completely reorganized with its tasks transferred to a new agency, the Cellule HIMO. This agency would be outside the administration and would have full power to procure goods and services independent of government procurement rules subject only to regular audits. The PNAS Coordinating Office (Bureau de Coordination du PNAS or BCP) will advance funds regularly to the Cellule HIMO to finance the next six months of its work, after approving annual LBW program proposed by the latter. The communes will receive a budgetary allocation and define their own priority action programs for the various sub-components with support from the Cellule HIMO. With technical support from the Cellule HIMO, the communes will implement LBWs by contracting SMEs and NGOs though during an initial training phase force account may be used. The Cellule HIMO will be responsible for assuring that standards are met and for the procurement of goods and services while the commune will be responsible for organizing and assuring maintenance of LBWs.

12. The BCP's responsibilities vis-a-vis the LBWs component will be to:
- a. maintain liaison with external donors;
 - b. examine and approve annual work plans for Cellule HIMO;
 - c. advance funds to a special Cellule HIMO account covering the next six months of LBWs; and
 - d. verify accounts and audits reports submitted regularly by Cellule HIMO and other executing agencies.

B. Structure, Staffing and Responsibilities of Cellule HIMO

13. The Cellule HIMO will be an independent/autonomous organization responsible for assisting communes in executing LBWs reporting/a Director, recruited for a fixed period and assisted by appropriate staff and consultants. The Director will be recruited by the CDC (Conseil de Coordination du PNAS) which will use local competitive bidding to identify candidates. The selected candidate will need to be approved by IDA and at all times the Director should be acceptable to IDA. The Director will be guided by a Committee of Technical Advisers to be presided over by the Secretary General of the Ministry with responsibility for Communal Development (at present MININTER) and including the Secretary Generals of the Ministries having responsibility for public works, agriculture and plan. It will also include the Director of PNAS, while the Director of the Cellule HIMO will serve as a non-voting member-secretary of the Committee. The Committee will approve the annual work-plan of the Cellule HIMO before it is submitted to PNAS for funding.

14. Following an international recruitment effort for Rwandese professionals with a proven track record in management, the Director will be recruited for a period of four years, subject to his/her appointment being confirmed after the first year. The Director will be assisted by a unit chief for administration and finance and three technical units chiefs for roads, forestry and other LBWs. These units will be staffed in accordance with their work-load. The three technical units will use short term consultants and their permanent staff should not exceed four professionals for the roads unit and three professionals for each of the other two units. While the specific LBWs remain the property and responsibility of the communes, the technical units will be responsible for aspects of LBWs in their area of specialty including inventory of LBWs, supporting communes in preparing their PICs (see para. 15), technical advice on specific projects, preparation of bidding documents, supervising the bidding process and supervising the execution of LBWs.

C. Preparation of Rolling Three Year Communal LBWs Investment Programs

15. The Communes will prepare a three year rolling investment program (Programme d'Investissements Communal or PIC) to establish their priorities for LBWs. As priorities are expected to change from time to time, these PICs will be revised annually by the commune and submitted to the Cellule HIMO every year on or before August 31 to allow their incorporation into the annual work program to be submitted by the Cellule HIMO to the BCP.

16. The PICs will be prepared by the communal administration in a three step process. First, consultants recruited by the Cellule HIMO will prepare an exhaustive inventory including preliminary cost estimates of all potential LBWs in the forty three target communes by June 30 of each year 4/. These projects will then be compiled into lists by commune and submitted to the communal administrations and concerned technical ministries. The technical ministries will have until July 15 to comment after which date the communal councils will vote on their priority three year rolling LBWs investment program in view of their indicative

4/Detailed and exhaustive inventories are expected during the first year. For subsequent years the inventories will be updated taking into account new developments and comments received during the preceding year.

budgetary allocations. These PICs will be submitted to the Cellule HIMO by August 31 and the Cellule HIMO will have until September 15 to request supplementary information. Following this period, the Cellule HIMO will incorporate these PICs into their annual action program for submission to the BCP before October 31.

17. The inclusion of a project in a PIC does not necessary imply that it will be financed even if all the projects add up to less than the indicative budget allocation for the commune. Each project in the commune's PIC needs to be evaluated on its own merits following criteria described in the next section. If the communal administration does not submit enough acceptable projects to use up its indicative budget allocation by the end of the third quarter, the excess funds will be placed in a common pool available to all communes submitting acceptable projects. In addition, when a commune submits acceptable projects totalling more than its allocation for the year, these additional acceptable projects will be placed in a pool of projects for funding from the common pool following the end of the third quarter. Should the total cost of acceptable projects eligible for common pool funding exceed the resources available in the common pool, priority will be given according to an index that equally weighs the communes poverty ranking and the labor intensiveness of the project.

18. It may happen that a commune submits a project that uses up more than its allocation for the year. If such a project is found to be relevant, the Cellule HIMO may authorize the commune to borrow from its allocation for future years.

D. Project Selection Procedures

19. Projects included in the PICs are not automatically approved for funding. The commune needs to request financing for specific projects from the Cellule HIMO. These projects will be approved if they satisfy the required criteria some of which apply to all projects and some to specific types of projects. The first step in the process consists of submitting a financing request from the communal administration to the Cellule HIMO which will respond within a fixed number of days. The number of days for responding and the type of response will depend on the type of LBWs and the estimated cost of the proposed project. Annex III, Table 1 shows the type of response and the number of days that the Cellule HIMO can take for the response. To facilitate rapid responses projects under \$40,000 dollars can be approved by the Chief of the responsible technical unit following discussions with the Director. Projects in excess of \$40,000 will be reviewed by a committee headed by the Director and including the four unit chiefs 5/. In addition, during the first three years only, the chief of the ILO technical assistance team will also be on the committee. The projects will have to meet the selection criteria described below.

1. Selection Criteria Applicable to all Projects

20. Selection criteria include general criteria applicable to all types of projects and also criteria specific to each type of project. All projects, with some specific exceptions 6/,

5/ including the chief of administration and finance as well as the three technical units chiefs.

6/The exceptions are those project proposals coming from outside of the fifty-two target communes. 10% of total funds have been reserved for these other communes.

must be included in the three year rolling PIC to be eligible for funding. Projects which have already been funded by other sources will be rejected. The objective of the LBWs program is not only to support productive projects but also to generate employment a minimum percentage of the project cost must be labor costs. Projects whose labor costs fall below the minimum will be rejected. These minimum labor cost percentages will vary by project type and the standards to be used in project selection are given in Annex III, Table 2.

Annex III Table 1 : TYPE OF RESPONSE AND MAXIMUM ALLOWABLE TIME FOR RESPONSE BY CELLULE HIMO TO PROJECT FINANCING REQUESTS FROM INDIVIDUAL COMMUNAL AUTHORITIES						
Types of Projects	Projects less than 20,000 US\$	Between 20,000 US\$ and 40,000 US\$	Between 40,000 US\$ and 80,000 US\$	Between 80,000 US\$ and 120,000 US\$	Between 120,000 US\$ and 200,000 US\$	Projects over 200,000 US\$
Road Rehabilitation	15 days & tech. study	15 days & tech. study	21 days & tech. study	30 days & tech. study	40 days & tech. study	60 days & tech. study
Minor Bridges	15 days & tech. study	15 days & tech. study	NOT FINANCED	NOT FINANCED	NOT FINANCED	NOT FINANCED
Footpaths	15 days	NOT FINANCED	NOT FINANCED	NOT FINANCED	NOT FINANCED	NOT FINANCED
Road Maintenance	15 days	15 days cost studies	21 days cost study	NOT FINANCED	NOT FINANCED	NOT FINANCED
Afforestation	15 days	15 days cost studies	21 days cost study	30 days	NOT FINANCED	NOT FINANCED
Forest Reconversion	15 days	15 days & cost study	21 days cost study	NOT FINANCED	NOT FINANCED	NOT FINANCED
Forest Maintenance	15 days	15 days & cost study	21 days cost study	NOT FINANCED	NOT FINANCED	NOT FINANCED
Agriculture Terraces	15 days	15 days & cost study	21 days & cost study	NOT FINANCED	NOT FINANCED	NOT FINANCED
Other Anti-erosion Measures	15 days & tech. study	15 days & tech. study	21 days & tech. study	30 days & cost study	NOT FINANCED	NOT FINANCED
Water Supply	15 days & tech. study	15 days & tech. study	21 days & tech. study	30 days & cost study	NOT FINANCED	NOT FINANCED
Markets and Other Infrastructures	15 days & tech. study	15 days & tech. study	21 days & tech. study	30 days & cost study	NOT FINANCED	NOT FINANCED

Explanation of Responses:

15 days (or 21 days etc.)

15 days & tech. study

15 days & cost study

= Maximum number of days taken to approve or reject a project.

= Approval or rejection within the given number of days followed (for approved projects) by detailed engineering studies to review costs, to estimate quantities of work and prepare bidding documents. If during the detailed studies the costs are found to exceed those in the proposal by more than 20%, the agreement to finance will be reviewed. The study and preparation of bidding documents should not take more than 30 days and bidding should be finalized 60 days after the documents are finalized.

= Approval (or rejection) within the given number of days followed by a study to review costs. If during this study the costs are found to exceed those in the proposal by more than 20%, the agreement to finance will be reviewed. The cost study period should not exceed 30 days.

Types of Projects Proposed for Financing	Minimum allowable % of project costs going to labor
Communal road rehabilitation	35
Small Bridges	30
Footpaths	75
Communal Road Maintenance	70
Reforestation	80
Forest Recombination	75
Forest Maintenance	50
Agriculture Terraces	75
Ravine Control Program	50
Rural Water Supply	30
Markets and Other Community Infrastructure	45
Urban Services and Works	50

2. Additional Selection Criteria for Road Projects

21. Communal road rehabilitation will be financed only if the cost of rehabilitation per person in the zone of influence ^{7/} of the proposed road does not exceed a fixed maximum. This maximum cost per person has been established to allow an implicit economic rate of return of 10%. As the benefits to rehabilitation depend on the pre-rehabilitation condition of the road, three different levels of maximum cost per person have been established. The maximum cost per person in zone of influence ^{8/}, when the road is accessible only by four wheel drive vehicles and only in the dry season, has been set at \$18. If the road is accessible by four wheel drives year round and ordinary vehicles in the dry season, the maximum allowable cost is set at \$12/person in the zone of influence. Finally, if the road is occasionally blocked to ordinary vehicles from time to time during the rainy season, the maximum cost per person is set at \$7.

^{7/} Those living approximately within two kilometers of the road barring major barriers unless they are already served by an existing road in good condition.

^{8/} This means that if the cost person normally leaving in the zone of influence exceeds this amount the road will not be financed.

22. Before road rehabilitation projects in the commune can be financed, the communal administration must agree to create a road maintenance fund which will receive 20% of all increases in the commune's revenues starting from the beginning of the project. Furthermore, the commune will agree either to recruit, or to name one of their existing staff, a Chief Linkman (Chef Cantonnier) who will be paid by the commune and will be responsible for all road maintenance in the commune. The Chief Linkman will be trained by the Cellule HIMO. The communal authorities can also request the Cellule HIMO to finance some additional linkmen (cantonniers) to be paid out of project funds on the understanding that these linkmen will eventually be recruited by the communes on their resources once the maintenance fund reaches an adequate level.

3. Additional Selection Criteria for Forestry Projects

23. Forestry projects will be subject to the following conditions:

- a. they should not replace existing natural forests; and
- b. they should not rely exclusively on rapidly growing imported species such as pines or eucalyptus but use native species, particularly fruit trees, to the maximum extent possible.

24. Before forestry projects are financed the communal administration must agree to set up a forestry fund to be financed out of the revenues generated by forestry activities and to avoid over-exploitation of planted and natural forests in the commune. It is expected that the forestry fund will start receiving revenues in about five to seven years just about the time that PNAS is expected to be completed.

4. Additional Selection Criteria for Anti-Erosion Projects

25. Agriculture terraces will be financed subject to all involved property owners affected agreeing on any reallocation of land that may become necessary and subject to the assurance that necessary agriculture services such as extension, fertilizer and other inputs will be made available by appropriate authorities. As the economic benefits to this type of works will accrue to individual land-owners, public financing for these projects (such as the LBWs program) will be limited to demonstration projects only. The LBWs program will not finance terracing on more than two hills per commune. No specific criteria (apart from minimum labor use percentage) have been established for ravine control and other anti-erosion projects and they will be financed as long as they meet general selection criteria.

5. Additional Selection Criteria for Water Supply Projects

26. Water supply projects will be financed as long as the cost per beneficiary does not exceed \$40 and a water users committee is set up to assure maintenance. The maximum cost per beneficiary can be exceeded only if it can be adequately demonstrated that clean water cannot be provided in that area at a lower cost and that water supply is a significant community problem. The latter can be demonstrated by showing that a large amount of time and effort is spent fetching water.

6. Additional Selection Criteria for Rural Markets

27. Rural market projects will be financed subject to the following conditions (a) no other markets exist within the zone of influence of the proposed market; (b) priority to rehabilitation of existing markets rather than construction of brand new ones; and (c) evidence that a viable system to manage and maintain the market will be set up. Markets are important sources of revenues for the communal authorities and they must demonstrate their commitment to the market by agreeing to set aside a pre-set percentage of revenues from the market for its management and maintenance. These funds will be managed by a market management committee which will include sellers and buyers at the market.

7. Additional Selection Criteria for Other Communal Infrastructure

28. Other communal infrastructure could be financed as long as they meet the general requirements and the communal authorities are willing to provide 50% of the construction costs either from their own resources or from user charges paid by the direct beneficiaries. The other major condition is that labor costs must amount to 45% of total costs.

8. Additional Selection Criteria for Urban Services

29. Urban services projects will be financed if they meet the minimum labor use threshold of 50%. Priority will be given to projects in poorer localities and those using higher proportions of labor. In case of construction of new infrastructure, suitable assurances regarding future maintenance will be necessary.

E. Selection and Management of Contractors for Executing LBWs

30. Contractors will be short-listed based on the following criteria: (a) willingness and ability to do LBWs; (b) demonstrated management and technical skills; and (c) familiarity with the area. Proof of the first two could be based upon examining past-experience or by participating in training programs which will be organized by the Cellule HIMO in each of the five prefectures where the target communes are located, starting during the pre-project period.

31. Training for existing and new firms in labor based methods will cover labor management, financial management and technical skills. The training will be started soon after appraisal and all firms interested in bidding for the LBWs will need to participate or provide other evidence of their previous experience in executing LBWs. Newly trained firms with no previous experience may initially be limited to simpler works such as routine road maintenance and once they have demonstrated their competence they will become eligible for all types of works. Following the training period, newly trained firms may be given sole source contracts to execute under close supervision of the trainer. If they successfully execute the contract, they will be given another contract which will not be supervised as closely. At the successful conclusion of the second contract, they will be included in the eligible list of contractors.

32. Eligible lists of contractors will be prepared and all eligible contractors will be informed of up-coming bids. The bidding documents will specify methods of work and rental

rates to charged by the Cellule HIMO for heavier equipment ^{2/} should the contractor decide to rent equipment from the Cellule. (Instead of renting, the contractors will also have the option to purchase the equipment by making monthly payments which will include principal and appropriate interest payments.) These payments could be made in cash up-front or as a deduction from their payments (including appropriate interest charges at market rates). The contractors will then be asked to submit bids using a single envelope and the lowest bidder meeting all technical criteria will be selected. The bids will be opened in the presence of representatives of the commune and the Cellule HIMO. If the lowest bid exceeds estimated costs by more than 15%, the bidders could be asked to re-submit bids or the bidding could be suspended while the estimated costs are re-examined.

33. To encourage small enterprises bid-security will be kept small (just enough to discourage non-serious bids) and losing contractors will be refunded their security within a week of bid selection. Furthermore, the contractors will be given advance payments equivalent to 10% of the bid subject to bank guarantee and they will be allowed to submit monthly invoices until the payments total 70% of the bid. The final payment will be made after the work is approved and accepted separately by the commune and by the Cellule HIMO. The acceptance decision must be taken within a month after completion and the final payment should be made within two weeks after acceptance. In some cases the last 10% of the payment will be paid only after a fixed period of maintenance established in the contract.

F. Supervision and Control of Contractors

34. These will be the joint responsibility of the communal authorities and the Cellule HIMO though the latter will be solely responsible for all technical decisions. The Cellule HIMO could recruit short-term specialists responsible for supervising work-sites. As the Bourgemestres (commune chief) are unlikely to have the time to follow LBWs in detail, the communal authorities are expected to nominate a member of the communal development council or a sector chief as coordinator for each type of LBWs (forests, roads etc.). In addition to technical supervision, the Administration and Finance unit of the Cellule HIMO may occasionally carry out financial supervision should that appear to be necessary in certain cases.

IV. Summary Description of Proposed Project

A. Communal Roads

35. Communal roads are the largest sub-component; it includes rehabilitation of roads, road-related structures and maintaining existing and rehabilitated roads. The project objective goes include developing the capacity of Rwanda's road construction industry in labor based methods. The Cellule HIMO section responsible for roads will check these bidding documents to assure that LBWs methods are proposed. Standards will be jointly agreed on by the communal administration and the Cellule HIMO.

B. Forestry

^{2/}This facility would allow very small firms to bid. Otherwise they could be shut out of the process due to lack of capital to buy heavier equipment.

36. Three types of forestry activities will be supported by the project. These include reforestation, reconversion (improvement) of existing forests and maintenance of forests. Forestry activities are particularly relevant to include in a LBWs component of a Social Action Program because of two important factors: (a) they are environmentally beneficial; (b) they can be easily triggered to inject purchasing power into an area during emergencies such as acute food insecurity. The priority forestry action program prepared by each communal administration will be used as guidelines for intervention.

C. Soil Conservation

37. Soil Conservation activities include agriculture terraces (terrasses radicales) and a campaign to control hill-side ravines (lutte contre le ravinement). They will be implemented by the Cellule HIMO in collaboration with the communal administrations and local community groups. However, for agriculture terraces, an important input is expected from existing agriculture services or projects. The Cellule HIMO does not propose to include in its staff any experts on agriculture terraces though the staff will include anti-erosion experts.

38. The project proposes to finance about two hills per communal administration as these works are conceived as demonstration projects. Any further terracing with public funds was not thought to be justifiable in view of the fact that the benefits will be accruing to private individuals while costs of LBWs are being borne by the state. This sub-component also includes control of ravines and other soil conservation activities. Priority will be defined by the communal administration working closely with Cellule HIMO experts and local groups.

D. Rural Water Supply

39. This component includes gravity based water supply lines. It also includes tapping of springs in 20 communal administration. These works will be contracted out to NGOs such as COFORWA working under the direction of the communal administration. Maintenance of these works will be carried out by user associations.

E. Rural Markets and Other Communal Infrastructure

40. Rural markets are of interest because not only do they provide a much needed public facility but the market fees and taxes provide an important source of revenue for the communal administration. Fifteen markets are expected to be financed under the program. They will be managed by a committee set up by the communal administration and the costs of maintenance will be paid for out of market receipts. The communal administration will keep the profits.

41. Similarly, other infrastructure of interest and importance to the communal administration may be financed. The choice will be made by the communal administration with technical support and approval from the Cellule HIMO. A key criterion for the approval of any such investment will be assurance of resources to maintain and manage the structures.

G. Urban Services

42. The LBWs program is expected to work with municipal authorities to provide employment for the poor unemployed in urban services such as solid waste management and

other services of public interest. The increasing population pressures on the land have led to the spontaneous migration of surplus rural population to urban centers despite laws prohibiting such movements. These restrictions are expected to be reduced in the near future increasing urban population, unemployment and the population pressure on urban services. LBWs can finance urban infrastructure (drains and roads in poor areas of the city) or urban services (solid waste management). The works will be executed in accordance with a priority action plan established by the concerned local government unit.

V. Environmental Impact and Mitigation Plan

43. Labor based public works could have positive and negative environmental consequences though the positive consequences are the more likely. This component includes communal road rehabilitation & maintenance, anti-erosion measures, construction of communal infrastructures and reforestation. The environmental effect is generally expected to be positive if the actions proposed below are implemented. The risks concern preserving top-soil, existing natural forests and diversity of tree species.

44. The proposed actions to avoid environmental risks include reliance to the maximum extent possible on labor based construction using medium-sized equipment only when there is no other choice. No new roads are planned and only existing roads will be rehabilitated. The agriculture terracing will be done on existing agriculture land and will be done on a pilot demonstration basis. Care will be taken to remove the top soil first before terracing and then replacing them on the terraces. Reforestation will be on treeless hillsides with little agriculture potential and reforestation will attempt to include native species instead of exclusive reliance on pines and eucalyptus.

VI. Sustannability, Benefits and Risks

A. Sustainability

45. The proposed program aims to create Rwandese private sector expertise in executing LBWs. This expertise to be used in other infrastructure projects possibly reducing their costs while at the same time increasing employment. Constructing public infrastructure through the lower cost LBWs method implies a positive longer-run impact on the public exchequer. By emphasizing execution through the private sector, the program avoids the potential danger of creating a new class of public employees. Finally, since LBWs have a comparative advantage in Rwanda, developing private sector capacity to execute LBWs is economically more efficient.

B. Benefits

45. Almost ten million person days of employment are expected to be created by the component. Past practice in LBWs program has been to employ individual workers for an average period of three months. This means an average income transfer of 11,500 FRW (\$91) to about 150.000 workers, assuming average family size of seven, over a million individuals should benefit from the program over six years.

47. Direct economic benefits are expected to be substantial. The benefits will consist of road user costs savings as well production benefits for the road construction and maintenance

sub-component. The economic benefits to terracing is expected to be higher agriculture output.

48. Apart from economic benefits, the project will have a positive environmental impact. This will be both direct and indirect. The terracing will reduce soil erosion and help restore soil fertility. Other types of environmental activities such as reforestation are also included. The indirect benefits emerge in moving to environmentally friendlier labor based road construction and maintenance methods.

49. The long-run impact of the project on institutional development is also important. An important objective is to help create a capacity for labor based construction among Rwandese contractors and strengthening local private firms involved in construction and consulting. This will also help Rwanda move closer to using construction methods suited to its comparative advantage. The project also aims to provide NGOs with the opportunity to execute public works. Bank procurement rules permit some guarantee of contracts to suppliers during a limited period following training. The small enterprises and NGOs trained under the program will be granted this advantage as an incentive.

50. Another important institutional development impact is expected in strengthening the capacity of communes to plan and execute small scale public works. This will be supplemented by the development of community groups within the commune responsible for maintenance of infrastructure such as water supply and markets.

C. Risks

51. The project may be subject to the following risks: (a) intensified civil strife may threaten project implementation; (b) potential use of the project for political ends; (c) lack of agreement on independence for Cellule HIMO may lead to procurement delays and other implementation problems that have affected projects in Rwanda; (d) it may risk creating dependence, unless the project development objectives are stressed over its social objectives; and (e) unwillingness to continue with LBWs after the project is over. This last risk is important because it could threaten the project's long term objective of fostering a paradigm shift in Rwanda's construction industry.

52. These potential risks will be addressed as follows: (a) targeting strictly according to poverty; (b) insisting on independent implementation; and (c) presenting the project as a development cum social effort. The risk of political manipulation will be reduced by targeting communes according to an objective index, while the risk of ethnic strife can be reduced by targeting workers strictly according to poverty. Independent implementation is expected to be the key issue to be taken up during appraisal and Bank support for the program is likely to be contingent on it. To avoid the last two risks identified above, the project has to be presented as a genuine development project which happens to create employment opportunities for the poor and not as a social assistance program.

Annex III Table 3: COMMUNES IN LABOR INTENSIVE WORKS PROGRAM				
PREFECTURE/ COMMUNE	INDEX	BUDGET in US\$,000s	BUDGET in FRW Millions	Average Annual Allocation in FRW million
Gitarama Prefecture	342	1,112.9	133.5	33.4
1. Bulinga	38	212.2	25.5	6.4
2. Keyenzi	33	186.0	22.3	5.6
3. Kigoma	21	117.6	14.1	3.5
4. Mukingi	32	180.9	21.7	5.4
5. Murama	36	203.0	24.4	6.1
6. Mushubati	38	213.1	25.6	6.4
Butare Prefecture	392	4,216.3	506.0	126.5
1. Gishamvu	34	284.0	34.1	8.5
2. Huye	46	386.8	46.4	11.6
3. Kigembe	28	239.1	28.7	7.2
4. Maraba	37	317.0	38.0	9.5
5. Mbazi	26	218.3	26.2	6.5
6. Mugusa	31	265.1	31.8	8.0
7. Muyira	26	220.6	26.5	6.6
8. Ndora	29	246.3	29.6	7.4
9. Ngoma	48	404.5	48.5	12.1
10. Nyabisindu	30	253.0	30.4	7.6
11. Nyakizu	41	348.6	41.8	10.5
12. Rushashya	24	201.3	24.2	6.0
13. Runyinya	39	327.8	39.3	9.8
14. Rusatira	26	220.7	26.5	6.6
15. Shyanda	33	283.1	34.0	8.5
Gikongoro Prefecture	674	6,930.8	831.7	207.9
1. Karama	71	805.0	96.6	24.1
2. Karambo	63	712.5	85.5	21.4
3. Kinyamakara	29	331.4	39.8	9.9
4. Kivu	56	630.3	75.6	18.9
5. Mubuga	46	520.3	62.4	15.6
6. Mudasomwa	42	470.8	56.5	14.1
7. Muko	49	556.6	66.8	16.7
8. Musange	50	567.6	68.1	17.0
9. Musebeya	47	524.8	63.0	15.7
10. Nshili	53	596.2	71.5	17.9
11. Nyamagabe	36	402.0	48.2	12.1
12. Rukondo	32	357.9	43.0	10.7
13. Rwamiko	40	455.5	54.7	13.7
Cyangugu Prefecture	291	921.0	110.5	27.6
1. Bugarama	20	283.4	34.0	8.5
2. Gatara	22	314.5	37.7	9.4
3. Kirambo	23	323.1	38.8	9.7
Kibuye Prefecture	820	5,449.1	653.9	163.5
1. Bwakira	60	1,014.8	121.8	30.4
4. Gitesi	50	853.2	102.4	25.6
5. Kivumu	59	997.3	119.7	29.9
6. Mabanza	53	889.0	106.7	26.7
7. Mwendo	59	991.5	119.0	29.7
8. Rutsiro	42	703.2	84.4	21.1
GRAND TOTAL		18,630.0	2,235.6	558.9

Notes:

1. Fifty two communes were identified as target communes and nine were dropped because the Pilot Communal Roads project was proposing to finance major amounts of labor based works in those communes.
2. 10% of the funds are reserved for communes outside of the selected target communes.

3. The allocations by commune do not guarantee funding. They are indicative to help communes in establishing their priorities. Individual projects need to be approved according to established criteria.
4. The above allocations are likely to be revised during the mid-term review.

Annex III Table 4: Initial Distribution of Labor Based Works by Cost Category

	Base Cost US\$,000s	Base Cost FRW Millions
Communal Roads		
Rehabilitation	1,210	1,452
Small Scale Structures	186	224
Maintenance	186	224
Sub-Total	1,583	1,900
Forestry		
Reforestation	201	241
Forestry Reconversion	488	585
Forest Maintenance	13	15
Sub-Total	701	841
Soil Conservation		
Agriculture Terraces	954	1,144
Other Erosion Control	424	509
Sub-Total	1,377	1,653
Water Supply		
Water Supply Network	100	120
Tapping Springs	74	89
Sub-Total	174	209
Communal Infrastructure		
Rural Markets	643	771
Others	161	193
Sub-Total	803	964
Urban Services	1,055	1,266
Studies & Training	659	791
Technical Assistance	791	950
Administration and Management	1,253	1,504
TOTAL without Contingencies	17,820	21,384

Centres de coût

Routes communales

Forêt

Conservation

Adduction d'eau

Infrastructures communales

Service administratif

MICRO-ENTERPRISE AND LOCAL INITIATIVE PROMOTION PROGRAM

Context

1. The *Programme d'appui aux initiatives de base* (PAIB) follows from an interest in creating awareness among the population of off-farm employment as a means to make a living. Since the structural adjustment program is in place, greater attention has been paid to encouraging local development initiatives and exploring opportunities for rural non-agricultural employment. With the population predominantly rural, this policy has historically concentrated on intensifying agricultural production and improving the quality of rural life. However, rapid population increase has served to reduce the size of individual land holdings, and centralized development planning has not proved adequate to the task of understanding the population's needs. Serious problems have been encountered in putting this policy into practice:

- (a) absence of clear line ministry policy directives for support to grass-roots initiatives;
- (b) lack of coordination between national development policies and micro-enterprise development (eg. public purchasing policy, import permit restrictions, foreign currency control, fiscal and financial incentives);
- (c) lack of technical and financial resources among the 145 decentralized administrative structures (*communes*) to plan and carry out development activities;
- (d) lack of coordination among aid agencies (multi-lateral, bi-lateral, NGOs, religious groups), causing a waste of limited resources, duplication of efforts, and occasionally contravening actions;
- (e) lack of specialization and insufficient technical/financial resources among local NGOs;
- (f) lack of effective means of communication between the population, on the one hand, and donors, government, and NGOs on the other hand;
- (g) long tradition of agricultural work as a means to earn a living; this is not about to change quickly.

2. Donors and NGOs (both local and international) are interested in finding ways to promote off-farm employment and grass-roots initiated development in rural areas. For example, the EEC has an on-going project in the prefecture of Ruhengeri to respond to the particular needs of rural collectives (*collectivités de base*) and to involve them in all stages of project activities. Switzerland has been supporting communal development in the prefecture of Kibuye for 6 years. The *Projet d'appui au développement du secteur artisanal rural* (ADSAR), financed by France, has been creating small furniture workshops in rural areas throughout the country. The *Association française des volontaires du progrès* (AFVP) works exclusively in the field of institutional strengthening of communal administrations. The *Organisation canadienne pour la solidarité et le développement* (OCSD) collaborates directly with local NGOs to increase their professional competence and managerial capacity. *DUTERIMBERE*, an affiliate of Womens' World Banking, concentrates its efforts in support of women entrepreneurs through its Kigali office and 2 regional offices. The *Association rwandaise de développement intégré* (ARDI), also with 2 regional offices, encourages technical innovation and manages small credit funds for rural collectivities.

3. The *Projet d'appui aux micro-réalisations/micro-entreprises*, financed by UNDP with technical assistance from ILO, has been particularly successful in building awareness around non-agricultural employment and assisting micro-entrepreneurs. In the four years of its operation, over 100 new micro-enterprises in rural areas (carpentry, mechanics, sewing, welding, photography, food processing and baking, etc.) have found access to credit, as well as training and counseling in management, commercialization, and production techniques. At present, the project is intervening in four of the country's ten prefectures (Kibuye, Butare, Kibungo, Ruhengeri). A grass-roots "network of agents" has been established, comprised of dynamic farmers, popularly chosen community members, local religious and secular NGO representatives, and communal employees. This network is responsible for helping the population bring forth ideas for productive activities. The project then provides the technical and financial assistance necessary to bring the most profitable of the ideas to fruition. To date, approximately 4,000 requests have been received for study and possible credit financing, with some 506 "network agents" operating in the four prefectures. The reimbursement rate for financed projects is nearly 80%. These "network agents" invariably encounter proposals which, though not suitable for development as private enterprises, nevertheless would provide some socially valuable service. These propositions are currently channeled to other funding agencies, however it is difficult to obtain fundings since these interventions are small and scattered throughout the country.

4. The traditional banking system has not been an appropriate mechanism to finance micro-enterprises. A survey conducted by the Ministry of Industry in 1990 revealed that only 10% of micro-entrepreneurs contacted had benefited from a traditional bank loan. Nevertheless, banks have on occasion attempted to put in place special loan procedures for the sector. Beginning in 1986, the *Banques Populaires* (BP) promoted a loan system targeted towards the craftsmens' associations (KORA). This system featured simplified approval procedures and promoted the notion of loans to groups rather than to individuals as a means to assure repayment. The results have not been positive due to the fact that guarantees required to obtain loans were high (twice the size of the loan), and that banks were very cautious in granting loans to what they considered a high-risk group. The program has been discontinued. *Duterimbere* is in the process of negotiating an understanding with the *Banques Populaires* involving a guarantee fund to facilitate access to credit for its members and clients. The UNDP/ILO project mentioned above has negotiated a similar agreement with the *Banque Rwandaise de Développement* (BRD).

Objectives

5. The specific objective of this program, the *Programme d'appui aux initiatives de base* (PAIB), is to foster the creation of profitable, employment generating micro-enterprises on a national scale. To achieve this objective, the PAIB will improve the resources and services necessary for the sector and rationalize their delivery to potential micro-entrepreneurs. Concretely, the program will strengthen the existing "grass-roots network" of the UNDP/ILO project (e.g. NGOs local projects, communal authorities, community representatives), broaden its mandate and membership, and expand it to 10 prefectures within three years. In addition, competent and experienced NGOs will be reinforced and assisted to play a key role in the field implementation of the program and in the delivery of training and service to micro-entrepreneurs. Financial resources will be made available to individuals and groups through financial institutions or through community-based

savings and credit association. By these means, the PAIB will assist in materializing the best ideas brought forth by the population to create new micro-enterprises and reinforce existing ones.

Target Groups

6. This program will have both direct and indirect beneficiaries. Direct beneficiaries are of two types: (a) ambitious, dynamic entrepreneurial-type persons with good ideas who will receive access to credit and personalized technical assistance appropriate to the complexity of their proposition and the size of the credit necessary; and (b) local community members who will benefit from the realization of small, socially productive projects. Indirect beneficiaries are those NGOs who wish to collaborate in the PAIB and individuals at the grass-roots level, recognized as dynamic and having some influence within their community, who will receive a basic training appropriate to their role as front-line promoters of economically profitable and/or socially productive ideas. They will receive specialized training assistance, access to network resources, and financial incentives as sub-contractors for technical assistance services.

7. The focus of the PAIB is on the development of appropriate strategies, techniques, and resources for encouraging the development of off-farm employment programs. In this regard it should be considered as a pilot project, particularly in that it seeks to involve NGOs in a national program to an extent never before attempted. In micro-enterprise development, the accent will be placed on profitability and viability of the business, rather than on the number of jobs created in the short-term. These factors make it not only difficult but hazardous to set quantitative goals. Nevertheless, based on the UNDP/ILO project results, the PAIB expects to train and mobilize approximately 1,265 local change agents, and assist approximately 1,500 individuals and their families (some 50,000 persons) involved in micro-enterprises. In addition, at least ten national or regional NGOs will benefit from PAIB activities. An important aspect of the final preparatory phase of the PAIB will consist in the development of appropriate indicators of project performance and impact. These should be of both qualitative and quantitative nature; and should reflect not only the different categories of beneficiaries, but also the evolution of the project's impact over time, from prefectures of earliest intervention to prefectures of later intervention.

Description of Activities

8. **Creation of the decentralized networks.** As previously defined, potential "change agents" are those motivated individuals at the community level who are responsible for creating awareness of the program among the target populations, soliciting productive ideas, and assisting potential entrepreneurs and local groups to formalize their ideas for productive activities. These agents will be volunteers but will receive training (promotion techniques, basic entrepreneurship), materials and limited travel allowances. They are the key element in a "bottom up" communication approach that will assure that program activities are demand-driven. Network members will be continuously "on-site" as the direct link between the target population and other participants in the PAIB (NGOs, development projects, communal and prefectural administrations, etc.). In each prefecture, the network will relay its collected proposals to the *antenne préfectorale*, the prefectural coordinating unit (PCU),

made up of decentralized project staff and representatives of NGOs and development projects operating in the prefecture. These units will be responsible for processing the collected productive proposals: pre-selection, feasibility study, and selection for credit funding (micro-enterprises) or consideration for direct financing (communal initiatives).

9. **Creation of profitable micro-enterprises.** The initial steps in this process will be the creation of awareness and interest in non-agricultural employment opportunities among the target groups. Potential or existing micro-entrepreneurs who could benefit from the PAIB services, as well as potentially profitable micro-enterprise ideas, identified by the network are transmitted to the PCU. Through its various mechanisms and entities, the PAIB will provide a number of services for the micro-entrepreneur: (a) feasibility studies based on the pre-selected micro-enterprise proposals; (b) preparation and presentation of selected proposals for financing; (c) negotiations with financial institutions in order to fully utilize existing lines of credit and the funds guaranteed by the banks; and (d) utilization of the line of direct credit managed by the program if the intervention is very small. Micro-entrepreneurs will benefit from training in management, accounting, commercialization, production techniques and other relevant skills. A contract between the prefectural coordinating units and the NGOs for these and other support services will be negotiated (by consensus among the sub-contracting NGO, the PAIB executive management unit [EMU], and the entrepreneur) as an integral element of the credit financing, in order to assure that the services offered respond appropriately to the client's defined needs. It is expected that the PAIB will create an average of 30 new micro-enterprises per prefecture per year, for a total of approximately 1,500 throughout the duration of the program. Examples of the types of micro-enterprises expected to be created are carpentry/furniture-making, sculpture, welding/bicycle repair, leather work, sewing, food processing and baking, automobile repair, small restaurants, photography shops, and personal services.

10. **Capacity-building of NGOs.** A number of competent and experienced NGOs will be called upon to bring their knowledge and contacts to bear in identifying potential entrepreneurs and profitable ideas for micro-enterprises, and in developing viable and profitable micro-enterprises. Selected NGOs will be encouraged to define their fields of particular expertise. EMU staff will negotiate specialized training packages with these NGOs in order to improve their capacity to intervene effectively in the target sector. Thus prepared, the NGOs will be eligible to sub-contract the provision of services to micro-entrepreneurs assisted through the PAIB: technical assistance in the fields of management, accounting, marketing, appropriate technology, commercialization. Regional representatives of these NGOs who participate in the PCU will also be trained by staff from the executive management unit in feasibility analysis, since they will be responsible for administration of PAIB-managed direct credit funds and the recommendation of proposals to the central guarantee fund managed through financial institutions. It is expected that both the training offered to NGO representatives and the sub-contracts for entrepreneur follow-up will function on a partial cost-recovery basis whose terms should be defined during the preparatory phase of the project. It will also be necessary during the preparatory phase to undertake an in-depth study of all NGOs working in the target sector focusing on each NGO's objectives, long-term goals, strengths, staffing, training, and experience.

Institutional Structure

11. In order to achieve the proposed "bottom up" approach of maximum participation by the target population in all stages of the PAIB, and in an effort to speed reaction time and assure close monitoring of financed activities, it is intended to decentralize decision-making to the limit allowed by sound management principles. The proposed management structure of this component will preserve the strengths of the existing UNDP/ILO project experience while reflecting the enlarged mandate and broader partnership base of the PAIB. While maintaining the relationship with the Ministry of Youth and the Associative Movement (MIJEUMA) established through the existing UNDP/ILO project, the PAIB will require considerable financial and administrative autonomy due to the highly decentralized activities proposed and the necessary negotiations with a large number of intervenants.

12. A technical unit responsible for network organization and feasibility analysis training will be spun off from the UNDP/ILO project to the prefectural level. This unit will participate with local NGO staff, development project representatives, and appropriate prefectural administrators in the PCU. (As many NGOs and projects are regional in scope, the make-up of the PCU will vary from one prefecture to another.) In order to respect the principle of maximum decentralization and quicker response time, the PCU will be responsible for reviewing requests for credit assistance and financing, performing feasibility studies, selecting the most viable projects, and directing micro-entrepreneur towards appropriate financial institutions. These teams will be the links between the executive management unit, on the one hand, and the NGOs, network agents, entrepreneurs and community groups, and local government, on the other hand.

13. The aforementioned executive management unit (EMU), composed of a national Director, two national financial analysts, an international technical assistant (during the first three years only), and a minimum of administrative support staff will be responsible for: (a) liaising on a regular basis with the PNAS management unit for example for large purchases of equipment among other things; (b) coordination among the diverse partners (grass-roots entities, NGOs, local authorities, banks, Government); (c) representation of funding agencies in credit guarantee fund management; (d) annual programming; (e) coordination with other PNAS components; and (f) monitoring and documentation of program performance and impact. This entity will also administer the local initiatives fund, analyzing proposals submitted by the PCU.

14. To assure a forum for dialogue on sector policy and to ensure the full participation of the major stakeholders, NGO representatives will join the EMU and representatives of MIJEUMA and the Ministry of Planning in a consultative body (PAIB Advisory Council) responsible for advising the EMU on annual programming and overall adherence to PAIB goals and orientations.

Financing Mechanisms

15. Potentially profitable micro-enterprises with credit needs over US\$ 1,000 and to a maximum of US\$ 10,000 will have access to the formal banking system. Both the *Banque Rwandaise de Développement* (BRD) and the *Banques Populaires* (BP) have experience in approving loans to stimulate the creation of off-farm enterprise through guarantee

fund mechanisms. From targeted donor contributions, the PAIB will deposit a total of US\$ 250,000 with these institutions in the form of loan guarantee funds. After completing a feasibility and financial study of credit requests submitted from the PCU, the NGO "loan sponsor" will forward loan requests to the EMU. Upon recommendation by the EMU (as representative of the funding agencies and executive agency of the PAIB), and after their own evaluation of the soundness of the proposal, collaborating financial institutions will finance micro-entrepreneurs who lack necessary collateral for ordinary loans, with 40% of approved credits assumed by the PAIB guarantee fund and 60% assumed by the financial institution. While actual interest rates will be maintained below full market rates, a service surcharge (percentage of loan amount or flat rate) will be added to the net loan amount to partially defray follow-up expenses further instill the idea of payment for service value. As with the direct credit fund, the particular sub-contracting NGO is responsible for loan reimbursement monitoring and follow-up; the financial institution is responsible for guarantee fund administration; and the EMU is responsible for sub-contract monitoring.

16. Smaller but profitable micro-enterprises will be directed towards community-based savings and credits associations. This type of credit is geared towards extremely small entrepreneurs who are not in a position to obtain funds from a bank due to the limited size of their activities, a lack of collateral, and a lack of credit history. Although no interest charges will be applied to these loans, a 10% service charge will be added to the loan amount to partially defray service costs and to acquaint entrepreneurs with the notion of credit as a payment for financial service. The NGO who expects to be awarded the sub-contract for support service, the "loan sponsor", should sponsor the loan request based on its analysis of proposal technical and financial feasibility. The particular sub-contracting NGO is responsible for loan reimbursement monitoring and follow-up; the EMU is responsible for sub-contract negotiation and monitoring.

Benefits and Risks

17. The direct beneficiaries of this component will be the approximately 1265 members of the grass-roots networks, and the approximately 1,500 individuals and their families (some 50,000 persons) involved in micro-enterprises assisted. Although quantitatively this component will have a more limited effect than Food Security and Labor-Based Works, its impact should be seen in a more long-term. The PAIB should be seen as a policy experiment aimed at developing the strategy, methodology, and capacity to effectively promote off-farm entrepreneurship, and improving the collaboration of NGOs and local administrations in community-based development. To this end, an important indirect benefit of the component will be the institutional reinforcement of selected NGOs in their specialized tasks of fostering the development of a dynamic, self-reliant pluralistic civil society.

18. The greatest risk to this component is the possible refusal of NGOs to coordinate their activities in a sector of common interest. A number of constraints must be recognized and pro-active action taken during the preparatory phase to counteract them: (a) a history of competition among NGOs for scarce resources; (b) increased donor uncertainty about the most effective manner to support even long-standing NGO partners; (c) a lack of clear mission statements and coherent organizational development strategies among NGOs; and (d) the wide divergence in development philosophy and approach among NGOs. Every effort must be made to protect the coherence of the PAIB without menacing the autonomy of

participating NGOs. While the PAIB offers real incentives to NGOs, it will be necessary to fully involve major NGOs in the final preparatory phase so as to assure that intervention strategies, credit modalities, and financing mechanisms are acceptable as complements to already existing NGO programs.

19. Given that the PAIB is a Government-sponsored initiative, a concomitant risk is that NGOs may refuse to collaborate with the various levels of government. It will be necessary to assure the greatest autonomy possible to the EMU so that it is seen to be truly responsive to the needs of its target populations.

20. The risk of a lack of absorptive capacity among the NGOs will be limited by the NGO survey carried out during the preparatory phase. The risk of a market glut for potential enterprises is reduced by the provision of adequate feasibility studies of enterprise propositions on a case-by-case basis, and the overall PAIB orientation toward profitability and sustainability (rather than short-term effects).

Relation with Other PNAS Components

21. The PAIB can produce a multiplier effect for the direct injection of monies through Labor-Based Works (LBW). The demand elasticity for products likely to be produced by rural micro-enterprises is great (e.g. building materials, clothing, food). Moreover, whatever personal savings which may be generated may be quickly put to productive use if suitable micro-enterprise ideas are identified. Through the number and nature of micro-enterprise ideas originating in LBW target communes, it will be possible to gain at least a qualitative idea of the persistence, accumulation, and use of injected monies. In this area, the PAIB may complement the Poverty Monitoring Component by revealing consumption pattern changes as functions of disposable income growth.

LIVING STANDARDS SURVEYS AND POVERTY MONITORING

Background and context

1. The statistical apparatus in Rwanda was born with independence. During the last twenty years, considerable progress has been made. But, despite this progress and because of the disproportion between the vast needs and the modest means, the current demand for statistical data is far from being satisfied, and planning and economic management still lack statistical data.
2. The main agency producing statistics is the General Statistical Office (GSO) at the Ministry of Planning. Two other agencies share a role in statistics production: the Department of Agricultural Statistics (DSA) at the Ministry of Agriculture and the National Population Council (ONAPO). Other agencies also produce statistics for ministries or public services, such as the Ministries of Health, Primary and Secondary Education, Industry, Employment, and the Civil Service, as well as the Central Bank.
3. The General Statistical Office (GSO) is responsible for producing economic statistics mainly through various surveys on: price, enterprises, employment, budget and consumption, and population censuses. The Office produces the national accounts, price indexes, vital statistics, hotel statistics and enterprises statistics. They publish the national statistics yearbooks, comprising all information on the country's economic activities (trading, imports, exports, industrial production, finances -customs, debt, banking). Unfortunately, as these agencies are subject to numerous difficulties, the production of these statistics is irregular and incomplete.
4. The GSO is responsible for supervising the surveys carried out to promote and to ensure consistency and to improve the general quality of all national data. However, the internal coherence of the data gathering network is not effective: this affects the efficiency of the production of statistics.
5. The GSO consists of four divisions: Surveys and Methods (DSM), General Statistics, National Accounts and Population Census. The DSM consists of services covering, Data collection, Coding, Editing, Processing and Analysis.
6. Since its creation, GSO has carried out surveys such as the Household Budget Consumption Survey (ENBC, 1983-85), the Employment Survey (1989), and the Population Census (1991). Data produced with ENBC allowed production of the national accounts, weights for the price index, households' expenditure, incomes composition, demographic characteristics and health/nutrition indicators and production of a Poverty Profile.
7. The level of quality and the frequency with which statistics documents are released reveals the difficulties GSO faces. The last national accounts were released in 1990 for the

1988 accounting. The price index is produced only since January 1991. It is necessary to update the household basket for computing the weights for the price index. Price data collection is carried out regularly for all provinces but only the national index is currently produced. One consequence of this delay is that the Central Bank produces its own price index for the capital city, Kigali.

8. The results of a demographic survey carried out in 1981 were not released until 1986, due to financial difficulties. A survey on employment was carried out in 1989 on a sample of 15,000 households, covering three areas: training, education and employment. However the survey is experiencing difficulties with the analysis and delays in the release of the results. In 1991, GSO executed a survey on training and employment matching in several ministries and private firms at the employers and employees levels. The results are being processed.

9. GSO has received assistance to carry out its survey program from various donors. The major donors for the ENBC were the French, USAID, and the World Bank. UNDP is financing two consultants to set up the enterprises file, to produce the price index and to evaluate and improve the social sectors statistics. UNFPA has also provided assistance for the 1978 and 1991 censuses and for a demographic survey in 1981. Other bilateral donors as well as UNDP are participating in the funding of the 1991 census.

10. In general, GSO's numerous problems (a part from funding) are mostly due to lack of flexibility and autonomy for recruiting personnel. Staff's capacity is often low and the lack of means to improve their capacity through training, as to provide them with adequate equipment for data processing and analysis, limits improvement. These problems are being partly addressed by means of the census and the situation will be improved with the installation of a computer network.

11. In summary, GSO does not have the means to fulfill its mandate of coordinator and controller of the production of the whole statistical apparatus.

12. The two other major producers, DSA and ONAPO, have been successful with a work program supported heavily by donors since the 1980s. DSA has produced an impressive list of publications from a yearly agricultural survey which started in 1984 on a sample of 1,500 rural households. The development of DSA staff's analytical capacity was well demonstrated by the project. The publications cover subjects like: women's role in the Rwandese agriculture, use of fertilizers, employment in rural areas, coffee, land ownership and parcelling out, households' food security and nutrition (border trade, potentiality for goats-farming). The last results were released in 1989; the 1990 results have been delayed because of the 1990 events. This survey should give information on the rural households' accounts for updating macroeconomic indicators for the rural areas.

13. ONAPO's activities are set up in the framework of the population policy and consist of analyzing data produced by different sources, and producing socio-demographic data. A Health and Population Survey was interrupted by the events of 1991. ONAPO also carries out an important study program related to population and health issues.

14. Most of the Government's statisticians come from local training institutes like the "Centre de Formation des Adjointes Techniques" and the "Institut Africain et Malgache de Statistiques et d'Economie Appliquées", for intermediary and high level statistician and economists respectively. Nowadays, these institutes face serious difficulties of financing and because the level of registration is decreasing as a consequence of the economic difficulties of the funding partner countries.
15. For elaborating and implementing economic policies, it is imperative to have adequate statistical information. If these policies could have transitory effects on some groups of the population, it is necessary to identify such groups and to determine the period (and the degree of intensity) for which they will be affected.
16. It is critical for the government to produce macroeconomic indicators for evaluating and monitoring the economic performance of the country. This calls for indicators which measure inflation, tariffs, interest rates, taxes, producer and consumer prices, distribution of public expenditure, employment characteristics, salary distribution and incomes for all sectors (including the informal one) and households' consumption for all areas and categories.
17. Despite GSO's efforts, end users of GSO's data acknowledge information gaps revealed by the irregular frequency of publication of major macroeconomic indicators, their incompleteness and the coverage gaps in the statistical fields. The major negative elements could be summarized as the incomplete coverage of some fields, the questionable quality of available data, the weak comparativeness of different data sources and the low timeliness of available data.
18. Except for employment statistics, social statistics are relatively well collected, are information rich, but have very little use. Statistics on education are regularly produced for all levels, however, because of the little demand, their processing is tardy. Constraints for the primary and secondary schooling statistics are partly due to the fact that computerized processing is used only for publications. The education yearbooks, regularly produced, are of good quality; however, more needs to be done on the cost of private and public education, mainly at end of cycles, to study the education system returns and quantify the lacks of personnel and equipment. Statistics for higher level are worse. For the past two years, no yearbook was produced because of the lack of administrative staff. Even though the data exist, staff do not have the means or the time to process, publish and use them.
19. Health statistics have benefited from external support, in particular from UNICEF. The Ministry of Health's statistical service is equipped with microcomputers, laser printers and portable microcomputers. Support received was extended to training of staff including computer use. Data collection is done at the level of the regional health services. Information is processed and verified on site before being sent to the national center. However, there are quality problems due to incomplete coverage of the private health services and of some public services. The coverage of certain types of information (like external consultations) is likely to be incomplete. Lack of supervision from the national center staff is also reason for the poor quality of data. As for education, there is little use of the information produced. Regional centers rarely use information gathered by their own service. In fact, training of the staff in statistical and computer techniques is inadequate. In general,

the service lacks high level staff who could communicate at the level of the regional office chiefs (doctors mainly), they also lack transport for supervision missions and the means to implement the complementary health surveys that are needed.

20. Employment statistics are scattered and in general incomplete. The "Direction de l'Emploi" follows up positions in the Civil Service and therefore covers a restricted field. Coverage of the "Caisse de Sécurité Sociale" is partial because registrations are also partial. At the province level, staff are following employment registration, but private sector employers often recruit directly and do not report to Social Security and to Employment. GSO has undertaken to create an employment matrix to handle and organize information from different sources. The work has already started but has had to stop for lack of adequate computer equipment.

Project Justification

21. This review of the Rwandese statistical system shows that even though there is a relatively important production of statistics in the country, data currently produced or to be produced in the near future do not satisfy the needs of information for monitoring the impact of economic reform. Data collected at GSO or DSA are not based on samples large enough to allow identification of regional socioeconomic groups or to produce indicators of their characteristics.

22. As a whole, the statistical apparatus needs to be strengthened. However, the framework of this project is too narrow for such a large goal. The project as described in the following chapter will focus on strengthening the production of statistics relevant to measuring and monitoring households' living conditions. This has been identified as a priority within the framework of the Structural Adjustment Program and of the National Social Action Program (PNAS). The data required to analyze the distributional consequences of a process of structural adjustment are currently unavailable in Rwanda.

23. While this project will produce integrated data at the level of the household as a statistical unit, what is fundamental for causal analysis is that it will allow to identify and to study the households' behavior. The proposed monitoring system calls for repeated data collection over time, because adjustment is a dynamic process and its benefits and burdens are distributed over time. The changes currently affecting the Rwandese economy have different employment and income consequences for different groups. A policy-oriented analysis of these consequences implies a permanent economy-wide monitoring system.

24. The project aims at developing coordination between producers and users of statistical data to avoid waste of resources by: (i) developing activities of users groups; (ii) widely disseminating project survey results and by making the project data accessible for sectoral analysis; and (iii) integrating these results in designing and assessing policies.

25. The project is located at GSO for the following reasons:

- GSO has the mandate to produce data for the country's nationwide planning;
- GSO has the largest capacity for implementing a national survey; and
- GSO is commissioned for coordinating and controlling all statistical work performed in the country at the national level.

Description of the Living Standards and Poverty Monitoring Component

26. Objective. To monitor the microeconomic and welfare impacts of the policy reform underway with the structural adjustment program, the objective of the PNAS component for Living Standards and Poverty Monitoring is to generate data on the evolution of key aspects of welfare over time. To trace the evolution of selected determinants of welfare and welfare outcomes, the project will pay particular attention to: (a) the evolution of living standards over time (consumption of food and other essentials, nutritional status, satisfaction of basic needs, demand behavior in certain areas as health, schooling, and housing amenities); (b) the identification of poor groups in need of targeted assistance to raise their income and consumption potentialities; (c) the participation of different population groups in specified sectors of activity and economic growth; and (d) personal reactions to, and the distribution of benefits from, changes in relative incentives between sectors and lines of production as induced by the process of structural adjustment.

Survey Program

27. Three surveys will be undertaken during the four-year program: two priority surveys (PS) and one integrated survey (IS). These surveys will be accompanied by community modules developed according to the needs.

28. The Priority Survey is a rapid survey that can be used to diagnose the households' socio-economic situation. The PS focuses on a set of selected indicators that will allow this diagnosis and the classification of the households into socioeconomic groups. This survey is designed to produce only dependant variables. When repeated over time, it becomes a tool for monitoring and measuring the evolution of the population's living standards.

29. The sample design is based on the necessity to represent the socioeconomic groups, to allow follow-up of the variables of concern and to keep a tight timetable for the operations. A computerized list of households from the 1991 housing census will be used as a sampling frame. The sample characteristics will be fixed with a sampling expert's assistance. The opportunity to draw a master sample for the three surveys will also be determined by him. However since such a sample will be drawn from the final results of the census (not expected before 1994), it might be premature to draw the master sample from the preliminary data. In any case, as the PS will be carried out two years at least after the census, it will be necessary to carry out a listing operation in order to update the census list.

30. The PS sample will consist of a random selection of households. Enumeration areas (EAs) will be drawn with probability proportional to the size of their population. To increase the sample efficiency, the EAs will be classified in homogenous strata such as: major urban - other urban - and rural according to agro-climatic zones. To avoid too much variation in the EAs size, large EAs will be divided and smaller ones will be regrouped. Within these segments, clusters of 8 to 20 households will be drawn. The size chosen for urban or rural areas may differ. This size will be fixed by the sampling expert according to the stratas homogeneity, the sample distribution and the needs for the selection of variables for the questionnaire. The households will be selected with equal probability. Such a design provides for a self-weighted national sample. It may be necessary to increase some groups representation because they are too small or too scattered but their representation within the sample is critical. It may also be necessary to identify Social Economic Groups (SEGs) at the listing stage within the clusters to take these into account in the households selection. This procedure will ensure a good representation of these groups in the sample.

31. The size of the sample is fixed according to the number of SEGs to be represented in the sample. For the sample to be efficient, each group should be represented by 500 to 600 households. Determination of the SEGs will be the responsibility of the sampling expert using information to be gathered by GSO. Discussions held at GSO have defined the following groups:

(a) Rural:

- farming wage-earners
- other wage-earners (private or public)
- farmers (independent)
- other non-wage-earners

(b) Urban:

- public sector wage-earners
- wage-earners in private sector and informal sector
- formal private sector wage-earners
- employers, traders (formal sector)
- unemployed
- others

32. GSO will provide the sampling expert with all information for the final determination of these groups.

33. The strategy to be followed for repeating the survey over the years to monitor the evolution of the SEGs and of the indicators will be determined when designing the sample. The options are: (a) use of a master sample, (b) use of a household panel to be followed up during the period, and (c) use of the same sample of households or of EAs. Each option has its limitations and the date that the census final results are expected also limits the possibility of choice for the first PS.

34. The questionnaire for the PS is used in a single visit to the household. During this visit, the head of the household is interviewed for about one hour. Eventually the other household members participate in the generation of their household incomes. The questionnaire helps gather information on the household, as well as on the members.

35. The questionnaire proposed by the World Bank was discussed in a workshop at GSO and an adapted version was drafted to be presented and discussed within a national commission, representing the country's major users of statistics.

36. The questionnaire consists of ten sections as follows ^{1/}: household's identification; list of household's members and their background characteristics (demography, education, health and employment status); employment information for the head of the household and other active members; housing, utilities, access to public services; work migrations; description and production of the household's holdings; characteristics of the household's non-farm enterprises including activities during the past 12 months; household expenditure (health, education, major frequent purchases); household's incomes by sources; household's assets and; anthropometric measurements for children under 5 years old.

37. Forms for the listing operation will be prepared using the sampling expert's recommendations. The selection of the households will be drawn from this list. Manuals for interviewers, supervisors and data entry clerks will be prepared by GSO with technical assistance.

38. Data Collection and Data Entry. The survey implementation is organized to ensure timely release of the survey results. The system proposes the use of mobile teams attached to a regional office. The regional offices are equipped with microcomputers where a data entry clerk enters and checks the data as soon as they come from the field. The data entry program also does structure, format and consistency checks. Proximity of the EAs allows for quick checking of errors by returning to the households for correction. As GSO personnel has practiced IMPS, the Bureau of the Census' software, GSO is willing to use this for the PS, but other software such as RODEPC and DBASEIII can be used.

39. The data entry program should be prepared simultaneously with the questionnaire in order to be tested together during a pilot survey. The purpose of this is to test and finalize the design of the questionnaire, the data entry program and the survey organization. The field staff is organized in teams of two to three interviewers with a data entry clerk, a driver and a supervisor. The role of the supervisor is to organize the team's work and to ensure the quality control and communication between his team and the survey central management team. He is also responsible for carrying out the community survey when necessary. Senior staff at GSO will be responsible for managing data collection, programming and analysis. Their role of executive supervision is crucial for data quality.

^{1/}A full description of the PS methodology and questionnaire exists in "The Social Dimensions of Adjustment Priority Survey", Working Paper No.12, Survey and Statistics, World Bank 1990.

40. As Rwanda is a small country with relatively good road conditions, it is possible to have 10 to 12 survey teams (according to the final sample size) gathered on a reduced number of regional offices. Each center may support two to three teams according to its position.

41. **The Integrated Survey.** This survey is more complete than the PS. While the PS gives only a broad description of the households' conditions, the IS seeks for explanations and causes in order to better understand the coping mechanisms used by the households to integrate the structural adjustment effects and to explain how and why households react to constraints and changes in the economic context. In a sense, the IS is complementary to the PS. The IS lasts a full year in the field during which a smaller sample of households (3,000 average), is observed. Information is collected for each household on a monitored period of one month and on retrospective periods of 3 or 12 months, for expenditure and incomes. During the monitored period, the households are visited several times (two visits minimum) to increase the quality of the information gathered.

42. The sample is drawn the same way for the IS and the PS. It is possible that specific groups will be more focused than others. The sample will be designed to ensure that 400 to 500 households are selected for each analytical field.

43. The IS questionnaire is applied in two rounds corresponding to the questionnaire's two parts. The first concerns essentially information on the households' members while the second part concentrate on the economic performance of the household. The advantage of the multiple rounds is to cut off what would be otherwise a very tedious interview, and to provide for delimitation of a reference period to monitor household expenditure. The questionnaire consists of 12 sections as follows:

Section	Targeted respondents
First Round	
1. Household members list	All individuals in the household
2. Education	Members 7 years old and over
3. Health	All members
4. Employment and time use	Members 7 years old and over
5. Migration	Members 15 years old and more
6. Respondents for 2nd round	Head of household
7. Housing	Head of household
Second Round	
8. Agriculture and livestock Processing of production Consumption of home produce	Holders, person responsible
9. Household expenditure	Person responsible
10. Non-farm enterprises	Chief of enterprise
11. Transfers and other incomes	Head of household
12. Credits, assets and saving	Head of household
13. Anthropometrics	Children under 5 years old

44. The subjects are similar to the PS but are more detailed here ^{2/}. The questionnaire contents will be adapted according to the PS results and the users committee recommendations.

45. **Community Module and Survey.** These modules aim to provide data at the community level (prices, services) to complement the analysis of the household level data. This will allow study of the meso-micro links. Such a module will be applied together with

^{2/}A full description of the IS including a prototype questionnaire is given in "The Integrated Survey, A Survey to Measure Poverty and Understand the Effects of Policy Change on Households", July 1991, World Bank Report Nr. 9482-AFR

the IS in the sampling localities. Respondents will be local authorities and people responsible for public services. The module consists of three main sections:

- (a) access and use of public services in the vicinity: markets, primary and secondary schools, health centers, hospitals, public transport etc.);
- (b) road infrastructure, electrification, potable water etc..;
- (c) prices, which consist of collecting price information on a list of products several times a day at different sale points in the locality.

46. The PS module can be developed to include group-interviews of people of both sexes and of different responsibilities in the community. This survey will produce more detailed information on the needs of the community, the level of satisfaction of the population using the local services, on the impediments faced by the population in using these services and the difficulties of the personnel who run these services.

Survey Schedule

47. Over the four-year period, four years will be devoted to survey implementation. The rest of the time will be used for preparing the surveys or for analyzing the results, as shown in the following table.

PS1	1. Preparation 2. Implementation 3. Analysis, studies	1992 Jul-Aug 1993 Sep-Dec 1993
IS	1. Preparation 2. Implementation 3. Analysis, studies	Sep 1993-Jun 1994 Jul 1994-Jun 1995 Jul 1995-Jun 1996
PS2	1. Preparation 2. Implementation 3. Analysis, studies	Jan-jun 1996 Jul-Aug 1996 Sep-Dec 1996
PS1, IS, PS2	Further analysis, comparative studies	1997

48. After each survey, a report to evaluate the quality of the data will be produced. For the IS it will be possible to produce preliminary reports using the first six months data as these results will be based on a sample large enough to be reliable at the national level.

Institutional Framework

49. GSO at the Ministry of Planning will be responsible for executing this component. The Director of the DSM will be the technical director for the surveys. Statisticians and computer specialists in this department will be in charge of survey implementation.
50. Funding will be channeled through the PNAS Management Unit (BCP), which will be responsible for disbursement and for communicating with the donors.
51. A Users Committee will be established to discuss the survey contents, determine priority for statistics production in the PNAS context, oversee terms of reference for studies to be carried out with the surveys data, ensure timely diffusion of the survey results as well as ensuring that these are taken into account by the country's decisionmakers. This role could be taken by the PNAS Monitoring Committee, or members of this committee could act as the Users Committee. The participation of donors supporting social sectors activities or the PNAS should be ensured.

Training

52. Field staff training programs will be carried out for each pilot and for the main surveys. Interviewers, supervisors and data entry clerks will receive training adapted to their responsibilities in the operation. Staff will be recruited or replaced on the basis of their marks in the selection tests and on their observed aptitude to carry out the survey tasks.
53. The GSO's senior staff, statisticians and computer specialists will be trained in survey techniques in order to familiarize them with their responsibilities for organizing, supervising the field work and the data processing and to carrying out the analysis.
54. Complementary training will be given to the senior staff through local and regional seminars and workshops on subjects such as sampling, data collection, data analysis and computer science. The project also provides for long-term overseas training where some senior staff, chosen for their ability, will receive complementary training on specific areas. Details of the training program will be specified at an early stage of the project.
55. GSO's senior staff will participate in seminars and workshops organized for the African statisticians working on the Social Dimensions of Adjustment initiatives where they will be able to benefit from and share other African countries' experience.

Technical Assistance

56. The keys for the project success will be the motivation and qualification of the staff in charge of implementation. The evaluation of the GSO's personnel has shown that senior staff lack experience particularly in data analysis. The project provides funds for hiring a long-term consultant for a two-year period. His role will be to assist GSO's personnel in launching and executing the PS activities and for preparing the IS. He will support the Director of Department of Survey and Methodology in organizing and managing the activities, and will

support the analysis of the PS. He will be responsible for training GSO's senior staff by organizing training seminars and ensuring implementation of the training program.

57. The project will provide for 9 man/months of international consultation for specific training activities for the preparation of the sampling (1m/m), for computer programming (3 m/m), and for data analysis (5 m/m).

58. The project provide for 30 m/m of local consultation. This concerns specifically support for computer programming and data analysis and for publication of the results. This will allow GSO to hire local experts from the University or IAMSEA (Institut Africain et Malgache de Statistiques et d'Economie Appliquée) to support these activities and to provide training to its staff.

Study Program, Seminars and Dissemination of Results

59. Along with the project implementation, studies will be carried out at different stages of the data production. This study program will start with the publication of the PS1 results. A study program will be established with the support of consultants on the basis of the "Analysis Plans for Understanding the Social Dimensions of Adjustment" 3/, and based on the priorities fixed by the Users Committee. It will be preferable for the study program to be animated by the planning divisions at the Ministry of Planning because these divisions would be the best judges of adequacy to ensure full integration into policy design and policy implementation. The analysis of the data collected in the project context will logically follow the different axes of the social dimensions of adjustment and development. Generally there are two axes: the market used by the different SEGs, and satisfaction of basic needs. As constraints differ for men and women, it is suggested that the analysis on these axes be conducted separately. In general terms, the elements for an analysis approach will include the following:

1. Behavior according to the labor market:

- . in-depth analysis of target groups like young people, emphasizing their employment characteristics;
- . training-employment match;
- . employment, employment supply and remuneration (wage- earning manpower);
- . migration.

2. Behavior according to the credit market:

monetary and non-monetary saving at the household's level;
demand and use of credit for production and consumption;
sources and cost of credit.

3. Behavior according to the product market:

characteristics and revenues for family, farming and non-farming enterprises;

food and non-food consumption; food security at the household's level;

non-food expenditure.

4. Behavior according to basic needs:

access to health care and household's choice for health care;

nutritional status;

behavior toward fertility;

household's choice concerning children's education;

housing conditions, access to potable water, sanitation etc...

5. Poverty Profile:

calculation of poverty indicators by region and SEGs;

analysis of the sources of incomes and of the composition of consumption for the poor and the non-poor;

60. The Users Committee will be responsible for determining the priorities for the analysis. The necessity for more specific or in-depth studies will become parallel with the needs for planning. These studies cannot be anticipated at this stage, however, it is possible to suggest the following:

fiscal policy: what are the effects of a specific consumption tax? (demand, substitution effects, tax receipts, social equity);

public expenditure: what are the effects at individuals' level of a specific deterioration of the composition of the public expenditure against the health sector (availability and quality of primary health care, effects on the households' choice for health care and in terms of health and nutrition status)?

61. This kind of example could be developed with more details for monetary policy measures, price policy, exchange and trade policy. The Users Committee with the consultant's assistance if necessary, could develop a detailed study program.

62. Seminars and workshops for dissemination will be organized to present the survey results, or to present and discuss the findings and conclusions of the major studies. The purpose of these meetings will be for the participants to discuss the findings and their policy implications and make recommendations to the Government.

**TERMS OF REFERENCE FOR THE COORDINATING OFFICE
OF THE NATIONAL SOCIAL ACTION PROGRAM**

(Bureau de Coordination du PNAS - BCP)

Introduction

1. The need to set up a project coordinating office became evident during the preparation of this operation for the following reasons: (a) the PNAS is a complex operation involving various sectors and many international agencies; a central structure is therefore needed to coordinate and monitor a wide range of activities; (b) the actions supported by the PNAS are scattered across the country and require quick and efficient operational and financial support if significant delays in their execution are to be avoided; (c) the social actions are highly decentralized to the communes and communities, making their management via the normal channels difficult; (d) the multiple sources of financing require high-quality financial management focusing exclusively on the PNAS; and (e) Rwanda's urgent social needs call for swift actions which can hardly be prepared or executed by the existing administrative departments, already overburdened by their regular tasks.

2. Another important factor behind this decision is the fact that experience from projects similar to the PNAS in neighboring countries has shown the need to create competent and autonomous central management structures. In a number of African countries in which management of social actions was dispersed among various ministries, operations could not get off-the ground. Whereas in those cases in which an independent structure was set up, social programs were able to be put in place more rapidly. It is important that Rwanda be able to benefit from this experience.

Objectives of the Coordinating Office

3. The objectives of the BCP are to: (a) put in place the administrative and financial conditions required for swift and effective execution of PNAS activities; (b) ensure proper coordination and management of the funds required to implement this project; (c) promote the coordination of the various components of the PNAS and the mutual strengthening of their effects; (d) ensure financial monitoring of the entire operation and satisfy the various sources of financing regarding the proper utilization of funds; (e) help disseminate information on social sectors; and (f) gather all the data regarding implementation of the PNAS and present them regularly to the Government and the international community.

4. It is important to clarify that the BCP is not a direct executing agency for the PNAS, but an entity responsible for overall program planning, coordination, circulation of information, financing of activities and operational support when necessary. The BCP is in direct contact with the various PNAS executing agencies, but does not interfere in specific technical areas unless specifically requested to do so or when issues arise that must be resolved.

BCP Activities

5. The activities and functions of the BCP can be summarized as follows: (a) defining, in conjunction with the PNAS executing agencies, a general action plan and an execution timetable based on an overview of the objectives for each component; (b) reviewing the executing agencies' annual work programs and budgets and approving them for financing; (c) providing funds for operating expenses to each executing agency on a quarterly basis; (d) managing the project, either directly (government budget, IDA credit, certain donors), or indirectly, through the channeling of external resources; (e) monitoring procurement matters for equipment, vehicles and other goods; (f) financial monitoring of all PNAS activities and maintaining the overall project accounts; (g) providing ad hoc technical assistance for the programming and monitoring of certain PNAS activities and financing of some training in light of needs identified during implementation of the program; and (h) general supervision of activities and preparation of reports.

6. The BCP will work in close collaboration with a team of international experts, that will be financed by UNDP and possibly by other international agencies. This team will provide coordinated technical assistance for all PNAS components. The BCP will ensure that the terms of reference for the technical assistants are in line with the objectives of each component.

7. In general terms, the BCP will act as a financial intermediary between the various sources of financing and the executing agencies and as a facilitator for the execution of activities. Those involved in the PNAS must be able to refer to the BCP for any problem that may arise during the course of execution. The office must have the capacity to disseminate information and make ad hoc checks, and must also be given the resources to finance studies when these are necessary. A fixed amount (US\$100,000) will be budgeted for this purpose.

8. To ensure maximum effectiveness, the BCP will be fully equipped with computers, office equipment materials, vehicles and an adequate communication system. An operations manual will be prepared and distributed to all PNAS participants.

BCP Personnel

9. The BCP personnel will include: a full-time national coordinator, a project management specialist, an experienced accountant and a procurement specialist. Except for the project management specialist, who will be recruited on the international market, the other experts will be recruited by competition from among persons of Rwandese nationality. The BCP will also have the necessary support personnel (secretaries, drivers, messengers, and others). The terms of reference for these personnel, together with the skills required and recruitment procedures, are set out in the supplement to this annex. These experts will be hired on conditions comparable to those in the private sector. The contracts, to be signed by the supervisory authority, will be for three years and will be renewable.

10. The BCP will also be given the funds required to recruit ad hoc technical assistants when necessary in the fields of procurement, accounting and information technology. Funds will be

copies
may request
inform its supervisory
will request a special meeting of the

national committee to discuss the problem and find a solution satisfactory to all parties (this applies to all PNAS components and therefore will not be repeated in the rest of this text).

Food Aid and Nutrition Component

Targeted Food Aid. The WFP office, strengthened by permanent technical assistance as part of the TA program to the PNAS, will be responsible for food purchases and their transport to the préfectures by local transporters. WFP will provide the documents needed to justify replenishment of the account. Transport from the nutrition centers will be organized by local administration and financed by BCP.

Nutrition Activities. The Nutrition Division of MINISANTE will be responsible for the nutrition activities in the centers participating in the WFP program. The role of the area would be limited to periodic monitoring of activities on the basis of reports provided and periodic meetings with the principal agents, viz. WFP, MINISANTE, UNICEF and UNICEF involved in this program.

Emergency Food Aid. The BCP will be responsible for: (a) coordinating financing and the reserve stock; and (b) financing the logistics of food aid and, possibly, the circulation of information between the early warning service of the MINAGRI, the relevant departments of MININTER. The BCP will monitor execution of the national commission on food aid (to be supervised by MINIPLAN and whose lead A detailed description of the procedures for mobilizing and distributing food center to the families at risk is given in the document describing this component.

Assroots Initiative Support Program (PAIB)

executive office of the PAIB will submit to the BCP the annual (a) for off-farm employment promotion; (b) training activities; (c) actions to enterprises and micro-projects; and (d) operational support to other organizations of activity. The disbursement process will be similar to that described for the allocation of funds for six months of operations and quarterly replenishment based on statements. One of the four staff from the executive office will be responsible for maintaining the accounts. A report on activities will be sent annually to the BCP.

Surveys

BCP will finance surveys on the basis of programs/budgets prepared by the specialists. The BCP will pay for purchases of equipment and materials in reports prepared by the specialists.

The BCP will also finance the circulation of the results of these surveys and the related analyses. These activities will be undertaken in conjunction with the users' committee and the agencies involved in the development of social policies.

Relations with Financing Agencies

The BCP will be responsible for the regular financing of all PNAS activities. To perform this task the BCP must have a thorough knowledge of all the administrative and financial procedures required by the various donors. In the case of IDA, for example, the BCP will directly manage the proceeds of the Credit granted to the Government. With regards to other donors wishing to manage directly this funds, the BCP will ensure that the necessary funds are mobilized in a timely manner, according to procedures to be specified. Certain donors may wish to make the BCP responsible for managing their contributions, subject to periodic checks on their use. Finally, the BCP will receive budgetary allocations to cover government contributions to PNAS operations.

An annual meeting of PNAS donors will be organized by the BCP under the aegis of the Ministry of Foreign Affairs (MINAFFET). At this meeting, the Government will present its report on the PNAS, including disbursement performance for each component, and will request additional resources if necessary.

Evaluation of the Performance of the BCP

An annual audit will be carried out by the donor financing the operations of the BCP. In addition, the BCP's overall performance will be evaluated during the medium-term review of the PNAS. During this review the various options regarding the BCP's future (elimination at the end of the PNAS, evolution or integration) will be studied, and recommendations will be put forward jointly by the Government and the external agencies participating in the PNAS.

Proposed Terms of Reference for BCP Personnel

ANNEX VI
Page 6 of 8

Coordinator

Two years, renewable.

Senior government official or private sector figure, with a minimum of five years' experience in project management and/or complex administrative operations.

The national coordinator will direct the BCP's operations and will be in charge of the coordination of activities both with the government agencies involved in program operations and NGOs participating in it. His/her principal responsibility will be to ensure that the various components of the PNAS are implemented rapidly and efficiently.

More specifically, the coordinator must: (a) prepare a general, six-year work plan and review this plan annually in light of the progress achieved; (b) review of the programs and budgets of each PNAS executing agency and ensure that they are consistent with the general plan of operations; (c) see that the work of the PNAS executing agencies on the technical and financial progress of the BCP's management requirements; (d) ensure that the administrative system is effective and enables problems to be identified; (e) oversee the work of the PNAS; (f) provide the information required to integrate the PNAS into the national development plan; (g) inform the Government and the international community of the PNAS, through the public services and to the population at large; and (h) promote the work of the PNAS through the public services and to the population at large; and (i) ensure that a number of action funds (food assistance relief fund, primary health care fund and fund for ad hoc technical assistance).

renewable. An international expert will be recruited for this contract for three years; for the three following years the contract would be held by a Rwandese national. To ensure a smooth transition, ad hoc technical assistance could be provided in the form of short-term contracts.

must have a minimum of seven years' experience in the monitoring of complex projects with external financing. He must have at least three years of experience in Africa. The specialist must have good knowledge of computerized systems, the use of modern management mechanisms.

BCP Activities

5. The activities and functions of the BCP can be summarized as follows: (a) defining, in conjunction with the PNAS executing agencies, a general action plan and an execution timetable based on an overview of the objectives for each component; (b) reviewing the executing agencies' annual work programs and budgets and approving them for financing; (c) providing funds for operating expenses to each executing agency on a quarterly basis; (d) managing the project, either directly (government budget, IDA credit, certain donors), or indirectly, through the channeling of external resources; (e) monitoring procurement matters for equipment, vehicles and other goods; (f) financial monitoring of all PNAS activities and maintaining the overall project accounts; (g) providing ad hoc technical assistance for the programming and monitoring of certain PNAS activities and financing of some training in light of needs identified during implementation of the program; and (h) general supervision of activities and preparation of reports.

6. The BCP will work in close collaboration with a team of international experts, that will be financed by UNDP and possibly by other international agencies. This team will provide coordinated technical assistance for all PNAS components. The BCP will ensure that the terms of reference for the technical assistants are in line with the objectives of each component.

7. In general terms, the BCP will act as a financial intermediary between the various sources of financing and the executing agencies and as a facilitator for the execution of activities. Those involved in the PNAS must be able to refer to the BCP for any problem that may arise during the course of execution. The office must have the capacity to disseminate information and make ad hoc checks, and must also be given the resources to finance studies when these are necessary. A fixed amount (US\$100,000) will be budgeted for this purpose.

8. To ensure maximum effectiveness, the BCP will be fully equipped with computers, office equipment materials, vehicles and an adequate communication system. An operations manual will be prepared and distributed to all PNAS participants.

BCP Personnel

9. The BCP personnel will include: a full-time national coordinator, a project management specialist, an experienced accountant and a procurement specialist. Except for the project management specialist, who will be recruited on the international market, the other experts will be recruited by competition from among persons of Rwandese nationality. The BCP will also have the necessary support personnel (secretaries, drivers, messengers, and others). The terms of reference for these personnel, together with the skills required and recruitment procedures, are set out in the supplement to this annex. These experts will be hired on conditions comparable to those in the private sector. The contracts, to be signed by the supervisory authority, will be for three years and will be renewable.

10. The BCP will also be given the funds required to recruit ad hoc technical assistants when necessary in the fields of procurement, accounting and information technology. Funds will be

Functions: In general terms, this expert will assist the national coordinator in all the aspects of his work, according to a program defined at the time he or she takes up the position. This allocation of tasks may change in light of results achieved and difficulties encountered. For indicative purposes, the expert will be responsible for: (a) introducing, in conjunction with the PNAS executing agencies, a system of planning, programming, budgeting, monitoring and ad hoc checks to ensure swift and effective implementation of the planned activities; (b) ensuring that the computerized system for financial monitoring of the PNAS meets the needs of the executing agencies and the expectations of donors; (c) seeing that procurement and disbursement procedures are entirely consistent with the operational needs of all the executing agencies; (d) monitoring consultation and collaboration procedures with all the technical ministries involved, both at the central and the prefecture and commune levels; (e) preparing the investment and operating budgets of the PNAS in such a way that they can be smoothly integrated into the PDP; and (f) planning and monitoring management training programs (procurement, accounting, etc.) for personnel in the PNAS executing agencies.

Accountant

Duration: Two years, renewable.

Profile: Experienced accountant familiar with the methods of computerized cost accounting. He or she will have a minimum of five years' professional experience, preferably in the private sector. Experience with international agencies and some familiarity with the World Bank's disbursement and audit procedures would be an advantage.

Functions: Under the supervision of the national coordinator and in close collaboration with the project management and procurement specialists, the accountant must: (a) introduce the computerized accounting plan for the PNAS; (b) ensure that the accounting function throughout the executing agencies performs efficiently; (c) aggregate all the annual budgets for the various PNAS components and make this data consistent with the overall planning for the program; (d) make timely transfers of funds; (e) bring together all the expense statements using standardized documentation; (f) request disbursements or replenishments of funds from donors; (g) make ad hoc inspections and prepare the documents required for the annual audits.

Procurement Specialist

Duration: Two years, renewable.

Profile: This person will have a minimum of five years' experience in procurement, preferably in the private sector or working in conjunction with a donor. He or she will have a university degree in civil engineering or a similar technical background. Knowledge of English will be an important advantage.

Functions: This specialist will be responsible for: (a) finalizing (for dossiers already prepared the HIMO unit of preparing bidding documents for the other executing agencies; (b) ensuring that contracts are awarded according to the procedures laid down by the financing

agencies; (c) preparing a three-year procurement plan consistent with the overall schedule of PNAS activities, and monitoring its execution; and (d) ensuring the acceptability and consistency of all imported equipment. He or she will also be responsible for giving technical advice on all the logistical aspects of the PNAS, and will work in close conjunction with the management specialist and the accountant and the personnel in the executing agencies.

Recruitment Procedures for BCP Personnel

These procedures must be drawn up by the authorities. It is suggested that the PNAS National Committee would be responsible for selecting the national coordinator on a competitive basis, having reviewed the candidates' curricula and interviewed them. The recruitment process must be totally transparent. The coordinator will be recruited as a national consultant through a contract signed with the supervisory authority. The salary and benefits offered to the coordinator must be comparable to those in the private sector for positions with similar levels of responsibility.

After the selection of the coordinator, a recruitment committee will be established to hire the project management specialist, the accountant and the procurement specialist. The process will be similar, involving an invitation to submit applications and in-depth analyses of candidates.

The accountant must pass a test that includes cost accounting and computerized systems. The composition of the recruitment committee should be specified later, but in any event the coordinator must be a member of it. Salaries and benefits for these three positions must also be competitive with those in the private sector. Contracts should be signed either directly with the BCP or with the supervisory authority.

The essential point of this recruitment process is to obtain individuals with the highest possible skills and to offer them terms attractive enough to ensure their full commitment to the operation. Given the financial size of the PNAS and its significance for Rwanda, this will be a worthwhile investment.

TECHNICAL ASSISTANCE

A. Estimates of Needs

LOCATION / COUNTERPARTS	TYPE OF TECHNICAL ASSISTANCE	DURATION (man/month)
<u>BCP</u> National Coordinator Accountant Procurement Specialist	<u>Project Management</u> Project Management Specialist Financial Manager Short Term Technical Assistance Social Sector Consultants	48 48 9 18
<u>Cellule HIMO</u> National Director Civil Engineer Rural Engineer Training Specialist Sociologist Economist	<u>Labor Based Works</u> Long-Term Advisor Long-Term Civil Engineer Short-Term Rural Engineer Short-Term Technical Assistant United Nations Volunteers	42 42 12 14 250
<u>Bureau Exécutif PAIB</u> National Director Financial Analysts	Long-term Technical Advisor	36
<u>Bureau Exécutif PSAN*</u> National Director Economist Nutritionist	Food Aid and Nutrition Specialist	24
<u>Directorate of Statistics</u> National Director Statisticians	Long-term Advisor Short-term Advisor	24 9

*PSAN: Programme de Sécurité Alimentaire et Nutritionnelle

B. Summary of Terms of Reference

Project Coordinator. His/her responsibility will be to ensure that the various components of the PNAS are implemented rapidly and efficiently. More specifically, the coordinator must: (a) prepare a four-year work plan for the PNAS as a whole and review this plan annually in light of the progress achieved; (b) coordinate the annual review of the programs and budgets of each PNAS executing agency and ensure that the activities scheduled are consistent with the general plan of operations; (c) see that the quarterly reports submitted by the PNAS executing agencies on the technical and financial progress of the various components meet the BCP's management requirements; (d) ensure that the monitoring system is effective; (e) provide the necessary information for integrating the PNAS within the PEP; (f) inform on a regular basis the PNAS national committee; and (g) promote the circulation of information on the PNAS to the public services and the population at large.

Project Management Specialist. He/She will be responsible for: (a) establishing a system of planning, programming, budgeting and monitoring in collaboration with all executing agencies; (b) ensuring that the computerized system for financial monitoring of the PNAS meets the needs of the executing agencies; (c) seeing that procurement and disbursement procedures are entirely consistent with the operational needs of all the executing agencies; (d) monitoring consultation and collaboration procedures with all the technical ministries involved, both at the central and the préfectoral and communal levels; (e) preparing the investment and operating budgets of the PNAS in such a way that they can be integrated into the public expenditure program; and (f) planning and monitoring management training programs for staff in the PNAS executing agencies. This person could be designated the Chief Technical Advisor (Conseiller Technique Principal or CTP).

Procurement Specialist. This specialist will be responsible for: (a) finalizing (for documents already prepared by the Cellule HIMO) or preparing bidding documents for the other executing agencies; (b) ensuring that contracts are awarded according to the procedures laid down by the Bank; (c) preparing a three-year procurement plan consistent with the overall schedule of PNAS activities, and monitoring its execution; and (d) ensuring the acceptability and consistency of all imported equipment. He/she will also be responsible for providing technical guidance on all the logistical aspects of the PNAS.

Accountant. The accountant will: (a) introduce the computerized accounting system for the PNAS; (b) ensure that the accounting functions throughout the executing agencies performs efficiently; (c) aggregate all the annual budgets for the various PNAS components and make this data consistent with the overall planning for the program; (d) make timely transfer of funds; (e) bring together all the expense statements using standardized documentation; (f) request disbursements or replenishment of funds from the Bank; and (g) prepare the documents required for the annual audits.

Food Security and Nutrition Consultant. This consultant will be recruited to: (a) provide support to the WFP office for the logistical aspects of food aid; and (b) assist the Nutrition Division of MINISANTE to monitor and improve nutrition activities carried out in nutrition centers benefitting from the WFP food aid program. He/she will be responsible to: (a) assist the WFP office in contracting out the storage, maintenance and logistics of food aid; (b) follow up on the effectiveness and targeting of food aid distribution; (c) provide technical advice to préfetures with regards to food aid management; (d) participate in the supervision of nutrition activities in the centers receiving food aid; and (e) collect performance indicators related to food aid and nutrition (see Annex VIII).

Long-Term Advisor for Labor Based Works will be an internationally recruited expert need necessarily be a Civil Engineer but should have significant experience in managing Civil Engineering projects and have demonstrated strong managerial skills. Experience in a private sector environment would be a significant asset. The Advisor will support the National Director in the day to day management of the Cellule HIMO and advise on project selection and contractor selection. A key responsibility of the Advisor will be to coordinate and plan training of local contractors in labor based methods. He will manage of the international experts and UN Volunteers in consultation with the National Director and the relevant unit chief (where applicable). He/she will develop terms of reference for short term experts. He will travel extensively in the country to overview the execution of LBWs and provide support and advice as necessary. While he will be responsible for the management of the experts and

UNVs attached to the Cellule HIMO, he will provide quarterly reports to the CTP and to the ILO.

Long-Term Engineer will be responsible for assuring engineering quality control and will provide support for developing standards. He will review bidding documents and designs for all works over \$50,000 and will regularly spot check documents for works under \$50,000. He will organize supervision of civil works and carry out spot checks on execution.

Short-Term Technical Assistance is likely to be necessary in view of the diversity of the labor based works. The exact specialties and duration of mission would be determined on an as needed basis by the Long Term Advisor and the National Director.

United Nations Volunteers are sought for forestry, civil engineering, rural engineering and mechanics.

Long-Term Advisor for Microenterprise Development will be an internationally recruited specialist in microenterprise development who would be responsible for helping the National Director assure that the Programme d'Appui aux Initiatives de Base (PAIB) is executed rapidly and effectively. The Advisor will help to develop the annual work program, advise on project selection and travel extensively to provide support to field offices.

TRAINING PROGRAM

1. Food Aid and Nutrition Component. The training program will be geared towards improving the performance of nutrition centers staff involved in food aid distribution. Training activities will be carried out by staff from the Nutrition Division of MINISANTE and the funding will be provided by the IDA-financed Family Health Project, in collaboration with UNICEF. Technical assistance will be provided under the PNAS to: (a) assist the WFP office in the logistics of food aid; and (b) assist MINISANTE in monitoring nutrition activities at the nutrition center level. Training programs for nutrition workers are being elaborated by the Nutrition Division of MINISANTE with the support of technical assistance provided under PPF and of UNICEF staff.
2. Labor-Based Works Component. Training for existing and new firms would include: (a) labor management, which is one of the most critical aspects of this type of works; (b) financial management, including budgeting, response to bids, accounting and auditing; and (c) technical skills for each type of works. The training program is being prepared by consultants recruited under PPF through ILO. The training will start in mid-1992, about 6 months before credit effectiveness.
3. In parallel with the training of interested firms, the personnel of the communes that have been selected will receive a specific training for the preparation of the communal investment plans. This training will be carried out by a team of consultants recruited by the Cellule HIMO. The consultants will work with a group of 10 communes at a time and will train them in the selection and presentation of investment projects, selected from the broader communal plans. After the initial training, the consultants would once a year review the proposals made by the communes and suggest improvements in the methodology.
4. Micro-Enterprise Promotion and Development. The volunteers who constitute the grass roots network (agents de changement) will receive a simple training in promotion techniques and basic principles methods to identify potential entrepreneurs. This training will be carried out by selected NGOs active in rural development. At the initial stages, PAIB staff from the central and regional levels will participate in the training to familiarize NGOs in this type of approach. In subsequent training sessions, only PAIB staff from the prefectural level will participate in the training. After three training sessions, NGOs will be fully responsible for the training, without PAIB technical assistance.
5. The training of potential micro-entrepreneurs follow the same pattern, with initial training carried out by NGOS with the support of PAIB staff. The training will include management, accounting, commercialization, technical skills and other specialized skills.
6. Social Surveys. Senior staff from the General Directorate of Statistics and from the Department of Surveys will receive a specialized training organized by experts recruited under PPF. This training will start in June 1992. In addition, the senior staff will participate in seminars and workshops organized by the Social Dimension of Adjustment Initiative for African Statisticians. A few high level staff will receive fellowships for training abroad in the field of survey management, data analysis, questionnaire design and others.

7. Technicians from the General Directorate of Statistics will train interviewers, supervisors and data entry clerks for each type of surveys. This training will be organized and supervised by the long-term technical advisor to be recruited for this component. In addition, 9 man/months of international consultation have been programmed for specific training activities, including preparation of the sampling (1m/m), computer programming (3m/m) and data analysis (5m/m).

8. Project Management. Each key staff of the BCP (project coordinator, procurement specialist and accountant) will receive a short-term intensive specialized training abroad. To the extent possible, this training will be carried out under PPF in order to have this staff fully prepared for the launch of the project in early 1993.

PROJECT PERFORMANCE INDICATORS

1. The project performance indicators proposed below will be used as a monitoring tool and provide the BCP and IDA supervision missions with information pertaining to the project's impact on the target populations. These indicators will be gathered by the BCP on a quarterly basis and will be used for comparison purposes between previous quarters. They will serve as a managerial tool to better target on-going interventions in order to ensure the maximum impact possible on the poorest segments of the population.
2. These indicators will also permit the BCP to compare overall performance and response to the PNAS between the various communes and serve as a basis for stimulating the lesser performing communes. They will also serve as a comparison mechanism between communes to see which activities have a greater impact. This will permit to assess the mutual reinforcement of PNAS activities at the community level. For example, it will enable the BCP to see whether certain target groups are benefitting from several PNAS interventions or are there different target groups of people benefitting from each intervention.
3. The BCP will collect these indicators from the PNAS' executing agencies (cellule HIMO for the Labor-Based Works component, Bourgmestres (commune chiefs) for the Food Security component, and the PAIB executive unit for the Micro-Enterprise Promotion and Development component) who will be made aware of the fact that this information should be on hand at all times. With regards to nutrition, the BCP will rely on MINISANTE's statistics collected by regional offices in the préfectures where food aid is made available. In addition, the BCP will be responsible for putting together a list of all the communes where there are project interventions and collect from certain key communes the prices of 10 commodities that have an impact on poor households (e.g. kerosene, aspirin, chloroquine, used clothing, kg. of beans, and kg. of potatoes for example).
4. The BCP will be required to furnish the information to IDA on a quarterly basis and include this information in its annual report. Indicators by component are as follows:))))
 - (a) Labor Based Works Component Performance Indicators (to be collected by BCP based on input from the cellule HIMO on a quarterly basis):
 - Total number of persons employed per quarter;
 - Number of women employed per quarter;
 - number of persons employed by commune and the duration of their employment;
 - wage rate and the type of works that are being performed in each commune.

(b) Food Security Component Performance Indicators (to be collected from the Bourgmestres):

- Total number of families who received food aid by commune;
- Number women head of households that received food aid by commune;
- Number of AIDS infected households that received food aid by commune;
- Number of orphanages having received food aid;
- malnutrition data (underweight children and newborns) from nutrition centers involved in the food aid program;

(c) Micro-enterprise Promotion and Development Component Performance Indicators (to be collected from the PAIB Executive Unit):

- Number of micro-enterprises created in each commune;
- Number of persons that are currently employed by the newly created micro-enterprises;
- Number of women micro-entrepreneurs;
- Age distribution of the micro-entrepreneurs;
- Reimbursement rate of the loans;
- Which NGOs have been involved and for what task;

X 5. The BCP will be responsible for aggregating these data and consolidating them into standard tables. Deviations from the expected outputs (see project targets in main text) will be analyzed and remedial actions will be proposed. IDA's supervision missions will assess on a random basis the accuracy of the data collected at the field level.

SUPERVISION PLAN

Missions' Objectives	Missions' Members	Period
<p><u>Pre-effectiveness</u></p> <ul style="list-style-type: none"> . Review compliance with conditions of credit effectiveness. . Review bidding documents . Review work plans for 1st year of project implementation. 	<p>Task Manager Financial Analyst Implementation Specialist</p>	<p>October 92</p>
<p><u>Project launch</u></p> <ul style="list-style-type: none"> . Working sessions with the BCP and all executing agencies. . Project launch seminar. 	<p>Task Manager Financial Analyst Labor Economist Food Security Specialist Nutrition Specialist</p>	<p>January 93</p>
<p><u>1st Supervision Mission</u></p> <ul style="list-style-type: none"> . Review procurement process . Assess financial management 	<p>Implementation Specialist Financial Analyst</p>	<p>April 93</p>
<p><u>2nd Supervision Mission</u></p> <ul style="list-style-type: none"> . Assess monitoring system . Follow-up on surveys . Field trip 	<p>Task Manager Statistician Labor Economist</p>	<p>September 93</p>
<p><u>3rd Supervision Mission</u></p> <ul style="list-style-type: none"> . Review one year implementation performance 	<p>Task Manager Implementation Specialist</p>	<p>January 94</p>
<p><u>4th Supervision Mission</u></p> <ul style="list-style-type: none"> . Field trip 	<p>Food Security Specialist Nutrition Specialist</p>	<p>June 94</p>
<p><u>5th Supervision Mission</u></p> <ul style="list-style-type: none"> . Field trip 	<p>Labor Economist Statistician</p>	<p>October 94</p>
<p><u>Mid-term Implementation Review</u></p> <ul style="list-style-type: none"> . Review of project progress with government and donors 	<p>Task Manager Economist Food Security Specialist Nutrition Specialist Financial Analyst</p>	<p>May 95</p>
<p><u>7th Supervision Mission</u></p> <ul style="list-style-type: none"> . Review of the implementation of the mid-term review recommendations . Seminar on preliminary results of the social surveys 	<p>Task Manager Implementation Specialist</p>	<p>November 95</p>

<u>8th Supervision Mission</u> <ul style="list-style-type: none">. Discussions with communities on their perception of the PNAS impact. Pre-identification of the next phase of the PNAS	Social Sector Specialist Task Manager Economists	May 96
<u>9th Supervision Mission</u> <ul style="list-style-type: none">. Last Supervision. Overall assessment of project performance. Follow-up on identification of the second phase of the PNAS	Task Manager Financial Analyst Implementation Specialist	December 96
<u>Preparation Mission</u> <ul style="list-style-type: none">. Follow-up on surveys. Preparation of next phase of the PNAS	Statistician Task Manager Economists Social Sector Specialists	June 97

PROJECT COST AND FINANCING

RWANDA
Rwanda Food Security and Social Action Program
Project Cost Estimates
Summary Account by Project Component
FRW

	Food Aid & Nutritio n	Labor Based Works	Micro-en terprise Support	Surveys	Project Managem ent	PPF	Total	Physical Contingencies		Price Contingencies	
								%	Amount	%	Amount
I. INVESTMENT COSTS											
A. Equipment, Furn, Mat.	0	422595	9240	19080	19735	0	470650	5	23533	9	43015
B. Vehicles	0	69000	18000	24000	15400	0	126400	5	6320	6	7916
C. Food	1512504	0	0	0	0	0	1512504	10	151250	9	139376
D. Training and Seminars	0	112800	19200	14400	4800	0	151200	0	0	9	13104
E. Civil Works	0	885991	0	0	0	0	885991	10	88599	12	106096
F. Funds	0	0	219600	0	0	0	219600	0	0	7	15670
G. Technical Assistance	0	279120	104760	43920	158880	0	586680	0	0	8	44114
H. Studies	0	0	0	0	24000	0	24000	0	0	8	1996
I. ppf	0	0	0	0	0	150312	150312	0	0	0	0
Total INVESTMENT COSTS	1512504	1769506	370800	101400	222815	150312	4127337	7	269702	9	371288
II. RECURRENT COSTS											
A. Increm. Oper. Costs	172224	368886	26520	68530	30600	0	666760	5	33338	11	71330
Total BASELINE COSTS	1684728	2138392	397320	169930	253415	150312	4794097	6	303040	9	442618
Physical Contingencies	159862	131623	2688	5580	3287	0	303040				
Price Contingencies	156023	224035	29169	14308	19082	0	442618	6	28138		
Total PROJECT COSTS	2000613	2494050	429177	189819	275784	150312	5539755	6	331178	8	442618
Taxes	0	11859	0	0	0	0	11859	5	565		
Foreign Exchange	834172	589485	82766	75001	188724	119304	1889452	5	98696		

Values Scaled by 1000.0 5/20/1992 13:57

RWANDA
Rwanda Food Security and Social Action Program
Project Cost Estimates
Summary Accounts by Year

	Totals Including Contingencies FRW.					Totals Including Contingencies \$US				
	01	02	03	04	Total	01	02	03	04	Total
I. INVESTMENT COSTS										
A. Equipment, Furn, Mat.	98636	123132	139099	176330	537197	822	1026	1159	1469	4477
B. Vehicles	83934	3987	6195	46520	140636	699	33	52	388	1172
C. Food	424978	442296	459169	476687	1803130	3541	3686	3826	3972	15026
D. Training and Seminars	36502	41840	42832	43130	164304	304	349	357	359	1369
E. Civil Works	110313	256795	324054	389524	1080687	919	2140	2700	3246	9006
F. Funds	58275	59165	64128	53702	235270	486	493	534	448	1961
G. Technical Assistance	166535	172437	169717	122105	630794	1388	1437	1414	1018	5257
H. Studies	6129	6377	6619	6871	25996	51	53	55	57	217
I. ppf	150312	0	0	0	150312	1253	0	0	0	1253
Total INVESTMENT COSTS	1135614	1106030	1211813	1314870	4768327	9463	9217	10098	10957	39736
II. RECURRENT COSTS										
A. Increm. Oper. Costs	122166	183427	217366	248468	771428	1018	1529	1811	2071	6429
Total PROJECT COSTS	1257780	1289457	1429179	1563338	5539755	10482	10745	11910	13028	46165

Values Scaled by 1000.0 5/20/1992 13:58

RWANDA
Rwanda Food Security and Social Action Program
Project Cost Estimates
FRW.

Summary Accounts by Year

	Base Costs					Foreign Exchange	
	01	02	03	04	Total	%	Amount
I. INVESTMENT COSTS							
A. Equipment, Furn, Mat.	92128	110643	120504	147376	470650	69	322652
B. Vehicles	78400	3600	5400	39000	126400	81	102400
C. Food	378126	378126	378126	378126	1512504	47	705888
D. Training and Seminars	35700	39300	38700	37500	151200	35	52800
E. Civil Works	97838	217974	264486	305693	885991	0	0
F. Funds	57000	55800	58800	48000	219600	0	0
G. Technical Assistance	163200	162600	154200	106680	586680	62	362520
H. Studies	6000	6000	6000	6000	24000	50	12000
I. ppf	150312	0	0	0	150312	79	119304
Total INVESTMENT COSTS	1058704	974043	1026216	1068375	4127337	41	1677564
II. RECURRENT COSTS							
J. Increm. Oper. Costs	113511	163111	185857	204279	666760	0	0
Total BASELINE COSTS	1172215	1137154	1212073	1272654	4794097	35	1677564
Physical Contingencies	61798	73478	79849	87915	303040	30	91841
Price Contingencies	23767	78825	137257	202769	442618	27	120046
Total PROJECT COSTS	1257780	1289457	1429179	1563338	5539755	34	1889452
Taxes	1744	3253	3370	3491	11859	0	0
Foreign Exchange	579387	418129	431592	460343	1889452	100	1889452

Values Scaled by 1000.0 5/20/1992 13:58

RWANDA
Rwanda Food Security and Social Action Program
Project Cost Estimates
Projects Components by Year

	Totals Including Contingencies FRW					Totals Including Contingencies \$US				
	01	02	03	04	Total	01	02	03	04	Total
A. Food Aid & Nutrition	471317	490715	509524	529057	2000613	3928	4089	4246	4409	16672
B. Labor Based Works	382362	584750	686456	840483	2494050	3186	4873	5720	7004	20784
C. Micro-enterprise Support	120369	104790	117559	86459	429177	1003	873	980	720	3576
D. Surveys	50955	44701	51356	42807	189819	425	373	428	357	1582
E. Project Management	82465	64502	64284	64533	275784	687	538	536	538	2298
F. PPF	150312	0	0	0	150312	1253	0	0	0	1253
Total PROJECTS COSTS	1257780	1289457	1429179	1563338	5539755	10482	10745	11910	13028	46165

Values Scaled by 1000.0 5/20/1992 13:58

CHART II: ORGANIZATIONAL CHART OF PAIB

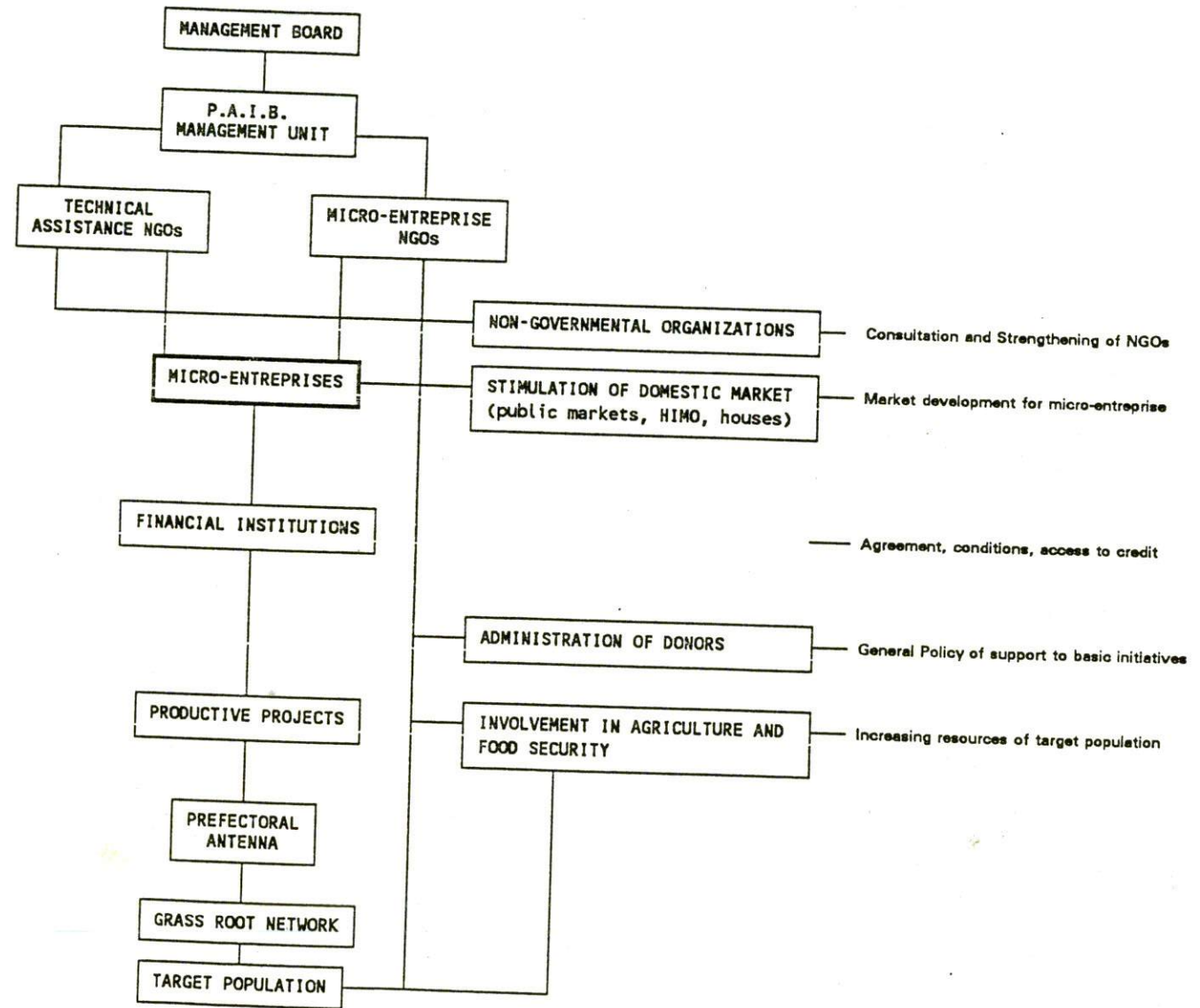
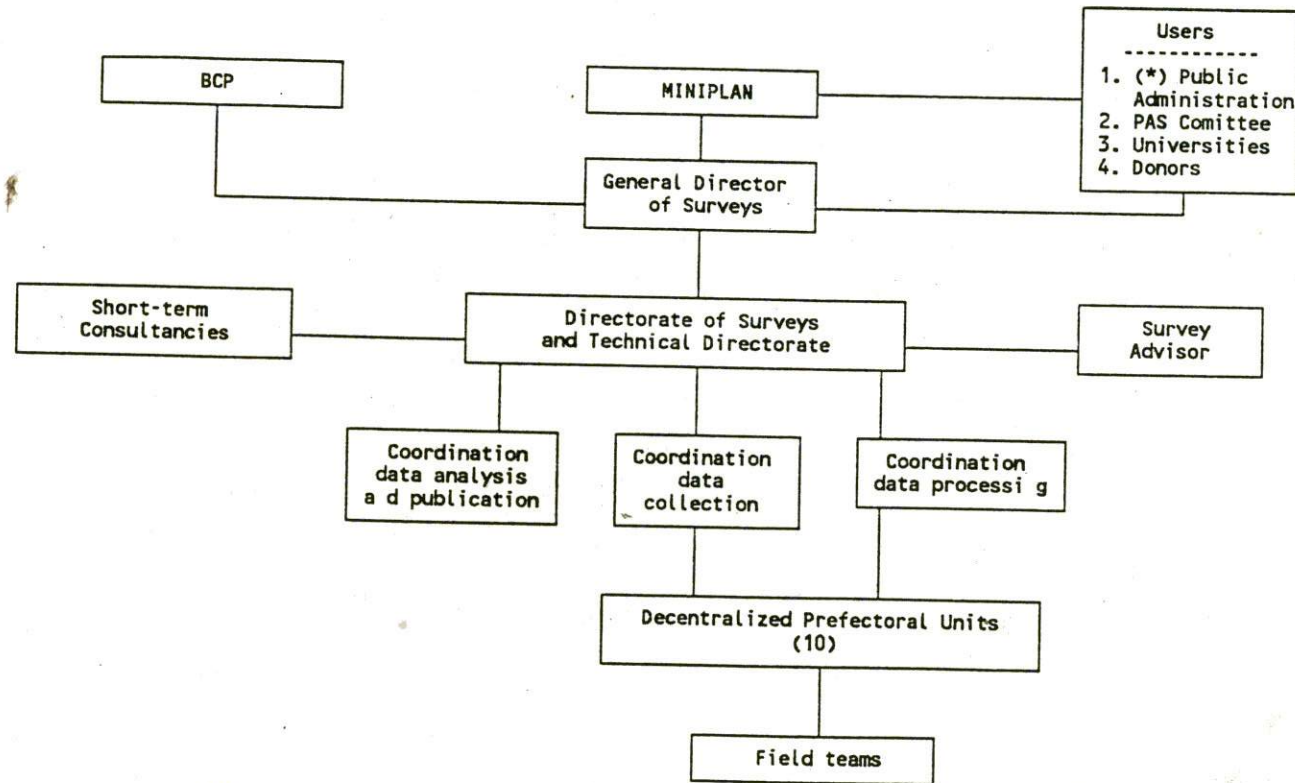
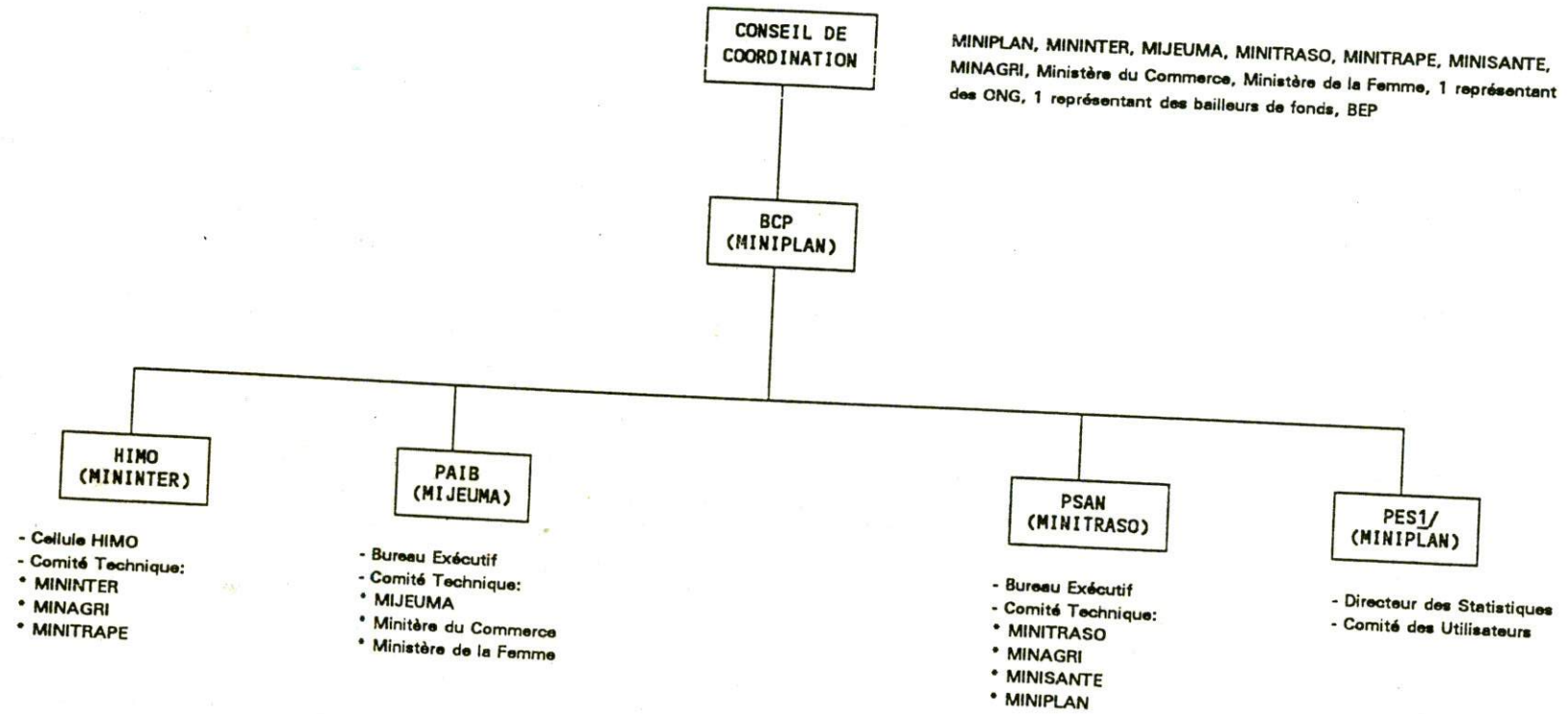


CHART III: ORGANIZATIONAL CHART OF POVERTY MONITORING



...s of Planning, Finances, Education (Primary, Secondary and higher), Interior, Health, Agriculture and National Population Office).

CHART IV: ORGANIZATIONAL CHART OF THE PNAS



PES: Programme d'Enquêtes et de Suivi des Conditions de Vie.