



RWANDA'S APR PROGRAMME OF ACTION (PoA) IMPLEMENTATION

*PROGRESS REPORT
(June - December 2006)*

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FOREWORD

Rwanda is among the first three countries at the forefront in the implementation of the African Peer Review Mechanism. It will be recalled that Rwanda was peer reviewed on 30th June 2006 in Banjul the Gambia. This report highlights current status on the implementation of the PoA

The peer review was timely for Rwanda as it coincided with the development of Economic Growth and Poverty Reduction Strategy (EDPRS), a second generation of poverty Reduction Strategy PRSP. This enabled the country to integrate the PoA into the national planning instrument as it was being developed throughout 2006. Integration of the APRM PoA into national programs will ensure its smooth implementation and avoid duplicating development efforts.

In pursuant to directives by the APR Forum that progress reports on the implementation of the PoA should be submitted twice annually, the Rwanda APRM National Commission has the pleasure to submit this Implementation Status Report for the period ending December 31st 2006.

Ms. MUKASINE M Claire.

Vice Chair Person
Rwanda APRM National Commission.

EXECUTIVE SUMMARY

This report was commissioned by the APR National Commission, and forms the second assessment and evaluation of the status of implementing Rwanda's APRM Plan of Action (PoA), but the first following the Peer Review of Rwanda in June 2006. While building on the achievements captured in the first report, in the current report, we cover mainly the period subsequent to the Peer Review, ending December 2006. During this period, various government and nongovernmental agencies undertook activities leading to implementation of the APRM PoA. In addition, the following activities were effected by the NEPAD Rwanda Secretariat in its mandate to coordinate and popularize and coordinate APRM in the country. They include;

- Dissemination of the findings of the Country Review Report to some key stakeholders through various forums;
- Multiplication of the APRM Country Review Report;
- Launch of the Country Review Report to the general public and the press;
- Positioning of the country review report and the self assessment report on NEPAD Rwanda Website www.nepad.gov.rw;
- Sharing of Rwanda's experience with some West and Central African countries.
- Elaboration of a monitoring and evaluation mechanism for the APRM PoA

Methodology

Based on the designed APRM PoA M&E framework, a desk review (mainly from published reports), interviews, focus group discussions, direct observations, personal interviews and workshops were held to collect and collate information on all activities in relation to the implementation of APRM PoA, formed the data collection tools. Data was then analysed and information obtained was consolidated under the four APRM thematic areas as presented in the subsequent sections of this report.

Progress Highlights.

A significant number of activities have been implemented in the last six months and these are highlighted below:

Democracy and good political governance.

Intra-and inter state security: Commissions have been set up to ensure cross-boarder peace and security is enhanced, while administrative reforms for effective and efficient service delivery were reinforced.

Economic governance

Achievements highlighted include inter-bank SASWITCH system, a national database and information system, Central Bank's regulations on Micro Finance Institutions (MFIs), a House hold Living Conditions survey, and more importantly, elaboration of a second generation Poverty Reduction Strategy (Economic Growth for poverty Reduction strategy- EDPRS). It should be noted that EDPRS provides a mechanism through which APRM PoA is to be integrated in the government priority programmes and to facilitate its coordinated implementation.

Corporate Governance

In the last six months, all efforts have focused on streamlining the legislative and regulatory framework for enhancing the business environment in Rwanda. It is in this regard that several laws have been prepared and are at different levels nearing enactment. When enacted, they will significantly improve the general legal business environment that is required to fast-track business development in the country.

Socio - Economic development

Rwanda's collaboration with her development partners has created a synergy in assessing and developing common interventions for the Economic Development and Poverty Reduction (EDPRS). Meanwhile, a Household Living Conditions Survey has been completed, and results show an impressive drop in poverty levels from 60.4% in 2001 to 56.9% in 2005. Nation wide, 64% of

households now have access to safe source of drinking water. Enrolment in primary schools has increased over the 2001–2006 period with net enrolment rate rising from 74 to 86 percent. Access to Antenatal services increased substantially, while utilization differential between poorer and less poor households have narrowed. Some 47 percent of individuals nationwide are now covered by health insurance.

CHAPTER 1.0 INTRODUCTION

Rwanda was among the first sixteen countries to accede to the APRM by signing the Memorandum of Understanding (MOU) on 9 March 2003. Ghana and Rwanda were the first two countries to complete the Country Self Assessments, with their Country Review Reports were submitted to the APR Panel. Rwanda's Review Report and its Programme of Action were presented by the Panel to the APR Forum of Heads of States and Government of Countries participating on 30th June 2006 in Gambia, where Rwanda was Peer Reviewed.

The conclusions of both the APRM Self-assessment and the APRM Country Report by the Panel of Eminent Persons paved the way for the implementation of APRM Plan of Action aimed at bridging the identified gaps in the four thematic areas of:-

1. Democracy and good political governance.
2. Economic Governance and Management
3. Corporate Governance
4. Socio-economic development.

Subsequent to the Peer Review for Rwanda, the APRM National Commission for Rwanda in collaboration with Rwanda NEPAD /APRM Secretariat convened several workshops for stakeholders responsible for implementation of APRM PoA. These forums aimed at providing feedback as well as mobilising all stakeholders for the implementation of the APRM Programme of Action and also elaborated a monitoring and evaluation mechanism to track implementation of the PoA.

The implementation of the APRM Plan of Action in Rwanda has been premised on the key NEPAD principles for good governance as a basic requirement for peace, security and sustainable political and socio-economic development, African ownership and leadership as well as broad and deep participation by all stakeholders.

The report covers the current implementation status, implementation challenges, and steps taken to address the existing challenges, observations as well as suggestions for a way forward. The four

thematic areas are covered each individually, while introductory remarks have also been added before a detailed matrix on the implementation status on all priority objectives.

All available information or data have been utilised to provide a generally accurate indication of the progress reported here, revealing varying but significant levels of progress.

CHAPTER 2.0. METHODOLOGY

This chapter provides a detailed methodology employed and the M&E framework adopted in tracking the implementation status of the APRM PoA.

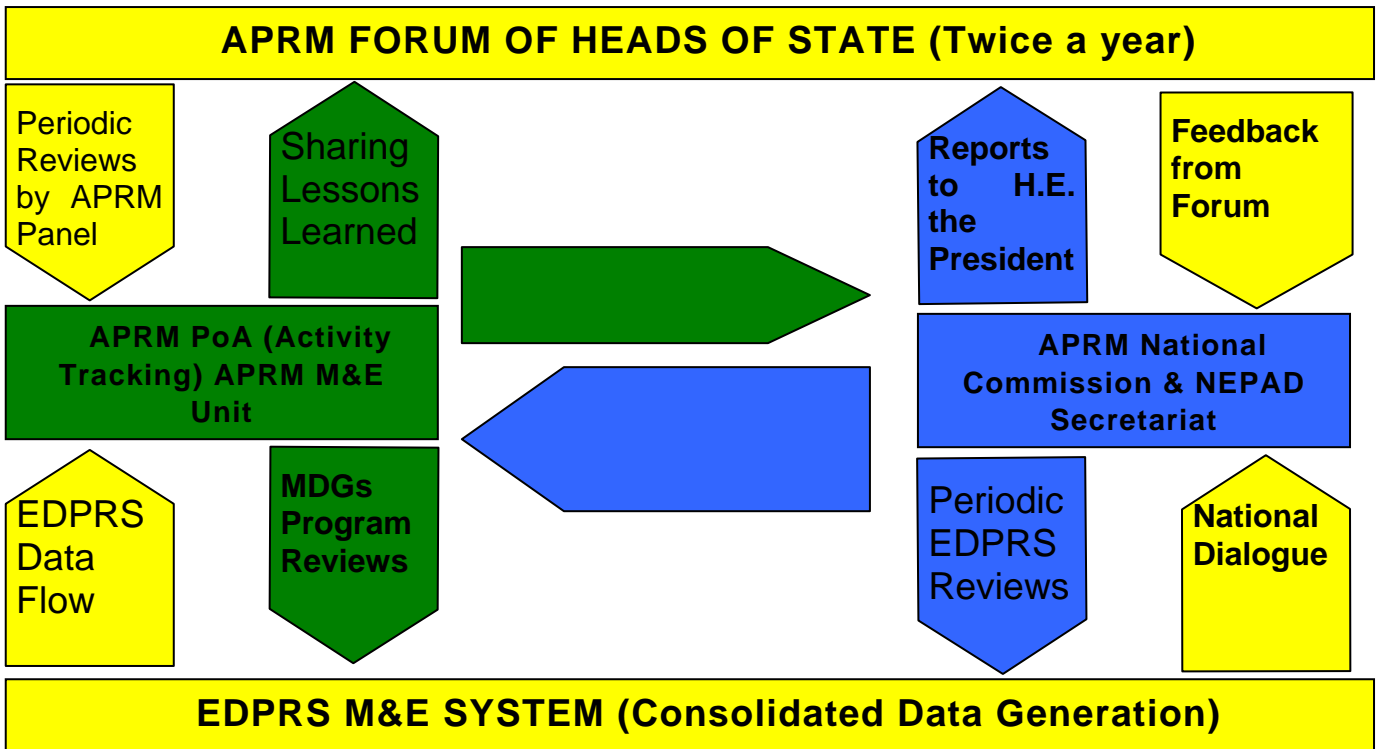
2.1 Data collection and synthesis:

The APRM National commission in collaboration with the Rwanda NEPAD/APRM Secretariat commissioned an independent consultancy firm and undertook own quality control desk research in monitoring the implementation of the Programme of Action. Also through a public, civil society and private sector partnership, discussions were held with informative focus groups based on their competence in the different APRM thematic areas, to track and report on the progress so far realised. The progress reported is a result of the consensus of the various partners indicated above, all of whom are involved in the PoA implementation.

2.2. Monitoring and Evaluation Framework for APRM PoA implementation.

During the reporting period, the NEPAD Secretariat engaged consultancy services to elaborate an M&E structure that would facilitate the monitoring and evaluation of the implementation of the APRM PoA. The structure, validated in stakeholders workshop held on 30th November 2006, provided a good mechanism through which this report was realized. The framework is provided in the figure below.

FIGURE 1. Rwanda' s APRM PoA M&E system



Periodic EDPRS reviews, National annual Dialogues in addition to information gathered by the APRM M&E unit from the various stakeholders, form the input stream for the APRM PoA implementation status report. The data collected is analysed and validated by a national stakeholder' s forum, before compiling a final report. It should be noted that the above M&E framework is premised on the principle of a public, private sector and civil society partnership.

CHAPTER 3. COORDINATION ACTIVITIES FOR APRM AND POA IMPLEMENTATION:

3.1. Launch of Rwanda' s APRM Country Review Report.

In an effort to disseminate the Country Review Report and make it public the APRM National Commission officially launched Rwanda' s APRM Country Review Report and Programme of Action to the general public on 13th July, 2006 at Hotel Mille Collin. The launch was attended by among others local and foreign media houses as well as the general public and donor community in Rwanda. A national NEPAD Website was inaugurated and the report posted (www.NEPAD.gov.rw). Today the APRM report for Rwanda is widely quoted by the media, academia and policy makers in government and civil society alike.

3.2. Integration of the PoA into national development programmes:

NEPAD/APRM Secretariat in collaboration with Ministry of Finance and Economic planning (MINECOFIN) organized a one day workshop on 17th August 2006, on the Implementation of **APRM PoA Economic Development and Poverty Reduction strategy (EDPRS)**, a national strategic planning instrument. Public, Private, Civil society, development Partners and the media who form the Economic Development Poverty Reduction Strategy (EDPRS) Sector Working Groups were in attendance

The objectives of the workshop were: 1.Feed back by NEPAD Secretariat on the just concluded peer review in Banjul, Gambia, 2.To Share with participants/ stakeholders the APRM plan of action, 3. Sensitize and mobilize all partners on the implementation of APRM PoA through EDPRS. 4. To gather views on how implementation of APRM PoA can be monitored

The workshop made the following recommendations:

- Members committed themselves to take up the APRM Plan of Action and integrate it in their different sector working groups.
- The APRM PoA and its activities should find room in sector programs and the respective implementing agencies should take responsibility for their implementation.
- In the EDPRS, APRM PoA activities should be prioritized, bench marked over a five year period of the EDPRS and flaged as APRM programmes for regular monitoring and Evaluation

- Sector Working Groups to identify program recommendations in the APRM Program of action that are ongoing, those planned and separate them from those to be implemented.
- Since the APRM PoA is not exhaustive, its proposed activities will be enriched during the identification of sector wide priorities, giving more comprehensive coverage of the area.
- APRM PoA shall require a clear monitoring system which assigns institutional responsibility for implementation. NEPAD Secretariat committed to share a consolidated draft at a later stage.

3.3. Mobilisation of resources to support implementation of the PoA

The Government of Rwanda presented the outcomes of its recent assessment under the NEPAD African Peer Review Mechanism (APRM) in a Development Partners Meeting held between 22nd and 24th November 2006. Development Partners commended the Government of Rwanda for being one of only three countries to have completed the Peer Review, and reiterated their strong support to NEPAD, and the APRM in particular. Participants noted that the report's recommendations would be useful to Rwanda in continuing its good governance agenda. Participants also acknowledged the Government's decision to mainstream the APRM Plan of Action into the forthcoming EDPRS, noting that the two are consistent with one another. Rwanda's Development Partners further committed to support the APRM and its PoA implementation through existing channels of cooperation.

CHAPTER 4.0. THEMATIC POA IMPLEMENTATION STATUS

4.1. DEMOCRACY AND GOOD POLITICAL GOVERNANCE

Implementation progress

Intra-and inter state security: Regional Commissions have been setup to ensure cross-border peace and security; illegally possessed small arms are being surrendered and destroyed; judicial system is being reinforced; Mechanisms against corruption have been established and reinforced ; rights for all enhancing laws are being enacted; administrative reforms for effective and efficient service delivery have been enhanced.

Implementation challenges.

Resource limitation: Both human capacity and limited financial resources continue to be a big challenge. This is partly due to the effects of 1994 genocide and the overwhelming demand for delivery of justice for large numbers of suspects of genocide in a unique national situation complicated by effects of genocide. No additional resources have been accrued to support the APRM PoA, thereby overstretching the national budget.

Strengths in addressing challenges.

Major strengths include strong political commitment, Innovations like performance Contracts, Enhanced Decentralization; Sense of Urgency in service delivery; Investments in human resources; Harnessing the synergies of public, private sectors and civil society partnership; Recourse to indigenous knowledge and cultural practices in handling unique national complex issues - *Gacaca, Ubudehe-HIMO*, regional and international cooperation and partnerships. All these have been key to addressing the cited challenges.

4.2. Economic Governance and Management

Standards and codes

The Code of Good practices on transparency in monetary and financial affairs has been ratified and implemented. Main considerations underlying monetary policy decisions of the central bank are now publicly disclosed with regular meetings planned with the business community and the media in order to make public statements on monetary policy as well as debate them.

With regard to the core principles for effective banking supervision, the new and revised banking Act that is due to be promulgated in early 2007 will ensure comprehensive risk management and controls in addition to easing the sharing of information and ensuring confidentiality of such information.

Implementation Progress

An inter-bank SWITCH system, the policy on Micro Finance Institutions and a National comprehensive credit registry: Some of

the specific achievements that can be highlighted include the establishment of a cards management centre i.e. SIMTEL that operates the inter-bank SASWITCH system; the establishment of the National Institute of Statistics that is currently in the process of setting up an economic data and information system to ensure compliance of standards and principles; Central Bank's policy on MFIs has come into effect; the House Hold Living Conditions survey has been concluded and preliminary results indicate that poverty levels reduced from 60% in 2000 to 54% in 2005; elaboration of a second generation of PRSP (Poverty Reduction strategy programme) known as the EDPRS (Economic development programme and poverty reduction strategy) commenced and is due to be completed in first quarter 2007.

Reporting on Monetary and fiscal policy issues: In order to increase national awareness of economic policies and implementation progress, the Central Bank and the ministry of finance now issue quarterly and annual progress reports in addition to planning regular meetings with the business community and media to present monetary and fiscal policy, as well as seek input and debate upon the policy issues.

Capacity building for public accountants and timely expenditure reports: The Government of Rwanda has commissioned external consultants to assist in the consolidation of Government accounts as well as build capacity within the finance departments of most line ministries in a bid to produce timely annual financial and expenditure reports.

4.3. Corporate Governance.

4.3.1. Laws, standards and codes:

Laws amended and enacted by parliament: In an effort to streamline the legislative and regulatory framework for setting up a business in Rwanda, some of the laws previously under consideration have been amended and enacted by parliament. These include the investment code, income tax code, tax procedures, land law and environmental law.

Laws approved by cabinet awaiting ratification and adoption by parliament: These include the intellectual property code, customs

code, public procurement code and Accountant's statute. However, the current pace of drafting and debating the draft laws, most of them on-going and pending is still slow, owing to capacity constraints.

Draft laws pending cabinet approval: among others include the mine code, money laundering, and alternative modes of commercial dispute resolution.

Expected and on-going draft laws: They include the Companies Act; Insolvency and Bankruptcy Act; Commercial Procedures; Civil and Commercial Contracts; Banks and Financial Institutions Act; Insurances and Insurance Commission; Labour and social law

The major challenge the country faces in the area of corporate governance is the low levels of awareness among the business community, about the essence of corporate governance and the principles that govern the conduct of corporate leaders and entities. Efforts are underway to develop a support programme to this effect.

4.3.2. Corruption:

Although Rwanda is generally perceived to have low rates of corruption, fight against all forms of corruption in Rwanda is still commendable. To this end, the Office of the Ombudsman has recruited more staff, while others have undergone training in various disciplines in order to strengthen and increase capacity within the organisation.

Boosting public confidence in the banking industry: A number of measures have been proposed to boost public confidence in the banking industry - Anti-Money Laundering Bill, a Micro Finance policy and a national credit registry are all being developed.

Coordination of anti-corruption agencies: The office of the Ombudsman's coordinates the various anti-corruption agencies in carrying out investigations and sensitization programmes aimed at fighting corruption. These agencies include the Auditor-General's office and the National Police.

Implementation Challenges: Major Implementation Challenges faced include the low levels of awareness, inadequate staff and limited training opportunities due to resource constraints.

Strategy on corporate governance: Government has initiated consultation with the stakeholders and implementing institutions for the formulation of a comprehensive strategy on corporate governance. In this regard, private initiatives for reporting and commenting on business activities in the private and public sector including financial and economic journalism needs are being encouraged in order to foster higher levels of transparency.

Annual Accountability week: This is one of the tools used by the ombudsman to create public awareness on corruption—public debate on radios and national television, discussing issues of corruption. Coupled with it, is the accountability day held every after three months at every district in each province. On this day citizens discuss with their leaders at district level the achievements realised in the previous three months. This makes leaders always on alert to be accountable to their constituencies.

4.3.3. Institutional Capacity Building

Rwanda has made significant effort in establishing institutions and mechanisms to promote good governance and socio-economic development. In this regard, several institutions are now fully operational, staffed and have undertaken several steps aimed at enhanced capacity. The regulatory and anticorruption agencies including the Auditor General's office, Rwanda Revenue Authority, Rwanda Utilities Regulatory Authority, National Tender Board, Rwanda Bureau of Standards and the Rwanda Environmental Management Authority have developed procedure manuals and strategic plans to guide their day to day operations.

Implementation challenges: All the institutions still face constraints of inadequate capacity to effectively carry out their tasks and implement organisational strategies. The Human and Institutional Capacity Development Agency (HIDA) has been strengthened and accorded more financial support geared at training and skills development in the above areas. Private sector support in this regard should be given serious consideration by the policy makers.

4.4 Socio -Economic development.

Current implementation status

Close collaboration with Rwanda's Development Partners has created a synergy in assessing and developing strategies for Economic Development and Poverty Reduction (EDPR); Millennium Development Goals (MDGs) and promotion of investment. Opportunities have been enhanced for education for all; promotion of science and technology, with affirmative action for female students and professionals. Integrating HIV/AIDS in all development initiatives and improving affordable health care; development of Niche markets for products and services for export are among the recent achievements in the sector.

A Household Living Conditions Survey has been completed and results indicate a drop in poverty levels from 60.4% in 2000 to 56.9% in 2005. Between 2000/01 and 2005/06, poverty levels in all categories of vulnerable groups dropped, as did the share of the population living in these vulnerable households. However, the pattern and pace of change differed by group. For example, the proportion of female and widow headed households living under poverty were the highest in 2000/01 (68% for widow headed households and 66% for female headed ones) but by 2005/06 both groups stood at approximately 60%. While these two vulnerable groups had higher than average poverty levels even in 2005/06, however, their growth out of poverty (6%) was faster than the national average of 3.5%. This can only point to effective targeting of social programmes, and the government's pro-poor strategic approach to economic growth and development.

With regard to overall access to safe drinking water to households the results of the survey indicated that nationally 64% of households now have access to a safe source. While in education, the survey indicated that enrolment in primary schools has increased substantially over the period, with a rise in the net enrolment rate from 74 to 86 percent in 2001 and 2006 respectively. In secondary education on the other hand, the net enrolment rate has shown only a modest increase over the period, between 7 to 10 percent.

In the health sector, the survey revealed that the frequency of medical consultations has increased though modestly, despite the incidence of reported illness having risen. However the use of antenatal services increased substantially while the utilization differential between poorer

and less poor households narrowed significantly. 47 percent of individuals nationwide are now covered by health insurance, with the vast majority registered in mutual insurance arrangements. This appears to have substantially reduced out-of-pocket payments for household health care.

Implementation challenges

Resource Limitations continue to exist especially human, Financial and infrastructure, particularly energy infrastructure. Overwhelming social demand by unique and complex after-effects of the 1994 genocide and a pyramid population structure with its associated dependence, all pose social pressures on the household.

Addressing the challenges.

Strong and sincere political commitment, enhanced decentralization and a sense of urgency in service delivery all create among others a welcome set of social capital. Others include investments in agriculture, infrastructure and human capital; resources mobilisation including recourse to indigenous knowledge and cultural practices in handling unique national complex issues - Gacaca, *Umuganda*, *Ubudehe*, *HIMO*. Furthermore, harnessing synergies with public, private and civil society in investment and services delivery are also very useful.

The table annexed below provides a detailed account of the APRM PoA implementation in the respective thematic areas of the APRM.