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MEMORANDUM

TO : THE BOARDS OF DIRECTORS

FROM : Cheikh I. FALL
Secretary General

SUBJECT : RWANDA : EVALUATION OF THE BANK'S ASSISTANCE TO THE SOCIAL SECTOR *

Please find attached hereto, the above-mentioned document.

Attch.

Cc: The President

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AFRICAN DEVELOPMENT BANK

AFRICAN DEVELOPMENT FUND



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RWANDA

**EVALUATION OF THE BANK'S ASSISTANCE TO THE
SOCIAL SECTOR**

OPERATIONS EVALUATION DEPARTMENT

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This report was prepared by Mr. H.B. KANE, Consultant, under the supervision of Mr. H. RAZAFINDRAMANANA, Principal Evaluation Officer, OPEV, following their mission to Rwanda in March 2002. All questions relating to the report should be addressed to Mr. G.M.B. KARIISA, Director OPEV (Ext. 4052).

LIST OF ABBREVIATIONS

ADB	:	African Development Bank
ADF	:	African Development Fund
AIDS	:	Acquired Immunodeficiency Syndrome
BI	:	Bamako Initiative
CEPEX	:	Bureau Central des Projets et des financements extérieurs (Projects and External Financing Coordination Unit)
CDC	:	Community Development Committee
CSP	:	Country Strategy Paper
DFCS	:	Direction des financements et des constructions scolaires (Directorate of Financing and School Constructions)
DFID	:	Department for International Development (G.B.)
EICV	:	Enquête Intégrale sur les Conditions de vie des Ménages (General Household Survey)
ESPP	:	Education Sector Policy Paper
ETO	:	Ecole Technique Officielle (Official Technical School)
FRW	:	Rwandan Franc
GDP	:	Gross Domestic Product
HCR	:	United Nations High Commission for Refugees
HIPC	:	Highly Indebted Poor Country
IEC	:	Information-education-communication
IGA	:	Income Generating Activities
IRA	:	Infections respiratoires aiguës (Acute Respiratory Infection)
ISAE	:	Institut supérieure d'agronomie et d'élevage (Higher Institute of Agronomy & Livestock)
KIE	:	Institut d'Education de Kigali (Kigali Institute of Education)
KIST	:	Institut supérieur des sciences et technologies de Kigali (Kigali Higher Institute of Science & Technology)
MAP	:	Minimum Activity Package
MINECOFI	:	Ministry of Finance and Economic Planning
MINEDUC	:	Ministry of Education
MINERENA	:	Ministry of Energy, Water and Natural Resources
MINISANTE	:	Ministère de la Santé (Ministry of Health)
OPEV	:	Operations Evaluations Department
PNAS	:	Programme National d'Action Sociale (National Social Programme)
PRSP	:	Poverty Reduction Strategy Paper
RMC	:	Regional Member Countries
SEF	:	Special Emergency Fund
SME	:	Small-and-Medium Size Enterprises
SMI	:	Small-and-Medium Size Industries
SWAP	:	Sector-wide Approach
UA	:	Unit of Account
UNDP	:	United Nations Development Programme
UNESCO	:	United Nations Educational Scientific and Cultural Organisation
UNICEF	:	United Nations International Children's Emergency Fund
UNIPAC	:	United Nations Central Purchase Office
UNPF	:	United Nations Population Fund
USAID	:	United States Agency for International Development
US	:	United States
WHO	:	World Health Organisation

EVALUATION SUMMARY

1. Study Objective and Approach

1.1 The major objective of this evaluation is to review systematically the assistance of the Bank to the social sector in Rwanda, from the standpoint of both the strategies of the Bank and of the country, as well as aid in the form of lending and non-lending operations (studies, institutional strengthening, policy guidance and dialogue, coordination and mobilisation of resources, etc.). The present evaluation deals with the results obtained by the assistance programme between 1994 and 2001, by laying special emphasis on emergency issues and the principal challenges of development and post-conflict reconstruction in Rwanda. The evaluation was therefore carried out by taking account of the performances of the Bank and the country, themselves evaluated in the light of the vision, operations strategies and the criteria of relevance, efficacy and sustainability.

1.2 The scope of the social sector includes Bank assistance to the education, health, poverty reduction sectors and to emergency aid. The method of evaluation first dealt with a survey of the basic documentation available in the Bank. The Bank's operations strategy and the country's sector strategy papers were reviewed. Discussions held in the field during the mission, and with Bank experts, contributed considerably to the clarification of the problems relating to dialogue on the priorities of the country and those of the Bank. They also shed light on the specific nature of the country and the probable and/or desirable prospects for the Bank's assistance to the Republic of Rwanda.

2. Context

2.1 The economic and social context of the country continues to be marked by the consequences of the 1994 genocide. In the wake of these tragic events, the reconstruction of the country requires the implementation of a series of reforms capable of establishing peace by initiating national reconciliation and rehabilitating the infrastructure destroyed during the war.

2.2 But the constraints on Rwanda's development are many. One of the characteristics of the country is its extremely high population density (310 inhab./km²), in relation to the African average of about 58 inhab./km². But, in a context characterised by a lack of space, and continued demographic pressure, tensions stemming from the equilibrium of the ecosystem load capacity have exacerbated conflicts, though the impact may be felt later. Another structural constraint relates to the inaccessibility of the country, bringing about high production costs, especially transport.

2.3 The high poverty level was significantly increased by the direct consequences of the 1994 genocide, to the extent that, in 1997, the number of poor people soared to 70% of the population. As a corollary to this situation, health and education social infrastructure was seriously affected and the quality of services, already very inadequate prior to the conflict, declined due to lack of human and financial resources. The marked degradation of the social indicators in the aftermath of the war, which represented considerable hardship, was undoubtedly worse than dry figures show in terms of access to health care, education or potable water.

3. Conclusions

3.1 This evaluation focuses on the Rwanda of the post-conflict period. The Bank's assistance to the social sector for the period under consideration did not evolve steadily. It went through three major phases: (i) post-war, and up to the mid-96, the Bank's reaction was not in keeping with the scale of the Rwandan drama. Admittedly, it granted emergency humanitarian aid, but it had neither the experience nor the means. The Bank also restructured its portfolio, but adopted a wait-and-see approach, undoubtedly on account of the scarcity of ADF-VII resources; (ii) from 1996 to 1998, the priority given to the social sector was obvious and was reflected in a significant increase in the Bank's portfolio. In this review all the projects in the so-called emergency and post-emergency phases, were appraised during this period; (iii) since 1999, the social sector has been relegated to second position in the country assistance strategy, in favour of operations in areas where the Bank's skills do not match Rwanda's resources and potential.

3.2 The Rwandan authorities prefer directing external financing towards road infrastructure and public utilities rather than towards the social sectors. Though this position is not unanimous, the Government Authorities (the Ministry of Finance and Economic Planning, in particular) would prefer the social sector to be financed only through grants and that debts contracted by the country be in the areas of infrastructure and public utilities. It seems that the anticipated bilateral cooperation support weighs heavily in this option.

4. Lessons Learned

4.1 The lack of a specific policy for post-conflict countries has banalized the Bank's operations. The whole problem of Rwanda's assistance strategy stems from the fact that the Bank has treated, in a traditional and ordinary manner, a country that is by no means ordinary.

4.2 When the country assistance strategy is not based on sound sector studies, policy and programme dialogue is likely to turn into a dialogue on projects, which almost completely marginalizes non-lending operations.

4.3 Macro-economic improvement does not automatically imply improved social indicators. Only medium and long-term continuing actions will enable the country to progressively replenish its human capital that was destroyed by the war and the genocide.

4.4 In the social sector, if the focus is on infrastructure, regardless of its quantitative value, the results will always be limited in terms of efficacy of services capable of improving the social indicators.

4.5 Despite the fact that the country's weak institutional capacity is highlighted in every article, the initiatives taken to build it up are extremely limited, including institution-building efforts in respect of Bank-financed projects.

4.6 Generally speaking, the portfolio reviews were much more critical of the country than of the deficiencies of the Bank. The presentation of the viewpoint of the country's authorities was a weak spot in these exercises.

4.7 Finally, the present context of project planning contributes to delays in project implementation and represents an element of tension between the Bank and the country.

5. Major Recommendations

5.1 The major recommendations to the Bank deal with a better formulation of its assistance strategy based on in-depth sector studies, capable of enhancing policy and programme dialogue, its portfolio of projects and its value added in aid coordination. Moreover, they constitute the basis for a programme approach.

5.2 The country assistance strategy should take into account the characteristics of Rwanda through the simplification of the Bank's procedures and identification of new operating mechanisms, but within the scope of a "post-conflict country policy".

5.3 In conclusion, Rwanda is engaged in a PRSP cycle covering the period 2000-2010. The Bank, which has already encouraged the country to set up a poverty observatory, should continue to support its efforts to establish a social performance chart through a programme of decentralised institutional support. In the present situation of the country, such a programme could establish the link between monitoring/evaluation of poverty reduction, decentralisation and good governance. The detailed recommendations appear in sections 9.3 and the follow-up measures in Annex 1 of this report.

1. BACKGROUND

1.1 Study Objective and Method

1.1.1 The major objective of this evaluation is to systematically review the assistance of the Bank in the social sector in Rwanda, from the viewpoint of the Bank's strategies and those of the country, as well as, aid in the form of lending and non-lending operations (studies, institutional strengthening, policy guidance and dialogue, aid coordination and resource mobilisation, etc.). This evaluation concerns the results obtained by the assistance programme between 1994 and 2001, by laying a particular emphasis on emergency issues and the major challenges to development and post-conflict reconstruction of Rwanda. The study was, therefore, conducted with due account of the Bank's and the country's performances, themselves evaluated in the light of the vision, operations strategies and the criteria of relevance, efficacy and sustainability.

1.1.2 The scope of the social sector includes Bank assistance to the education, health, poverty reduction sectors and to emergency aid. Loans granted to Rwanda in the social sector concern five (5) operations, comprising three (3) education projects, one (1) health project, and one (1) poverty reduction¹ project. The summary of all Bank projects in the social sector appears in annex 4. Non-lending operations include, in particular, an emergency grant, policy and programme dialogue (CSP, Portfolio reviews, Seminars, etc.) and the coordination of donor operations.

1.1.3 During the period under review, apart from the Education Project II review which dates back to 1998, but is ongoing, there were two types of lending operations: emergency projects and medium and long-term development projects. In the first phase, there were two so-called emergency projects (Health and Education), in the second, two large projects (Education III and Poverty reduction). Special attention was paid to the incremental impact of these two phases. Non-loan aid, was mainly in the form of an emergency humanitarian aid grant operation, in August 1994, and policy and programme dialogue (CSP, Portfolio reviews, participation in round-tables on the country and supervision activities).

1.1.4 Nevertheless, the evaluation was limited by certain constraints. There are no guidelines on the relative importance of the Bank's lending and non-lending operations. An assessment of the performance of post-conflict projects is difficult because all the projects concerned are being implemented including the second generation projects (Education III and Poverty Reduction) which have barely started up. Moreover, the Government and other donors intervene together or simultaneously in the social sector. Finally, the poor performance of the monitoring/evaluation systems set up by the Rwandan Government makes it impossible to assess the cost effectiveness of the operations, particularly for education and health. These reservations should be kept in mind in the interpretation of the results of the projects.

1.1.5 However, on the whole, these constraints were largely mitigated by the participatory approach adopted during the mission to the country. Discussions took place with the senior officials of the key Ministerial departments intervening in the sector. The project locations were visited and discussions were held with the project managers, the prime contractors and the beneficiaries. The joint ADB/World Bank mission also discussed with the development partners operating in the different sectors, parliamentarians, representatives of the private sector and civil society.

¹ It is worth recalling that the Bank has financed two other projects (Health and Education) since the beginning of its interventions in Rwanda in 1974. The lack of project completion reports and the loss of the country's institutional memory due to the war have reduced the social sector component evaluated at the time of the said post-conflict period (1994).

1.1.6 The evaluation methodology first involved a review of the basic documentation available to the Bank. The papers on the Bank's operations strategy and the country sector strategies were reviewed. Discussions conducted in the field, during the mission, and with Bank experts, have greatly helped to clarify the problems pertaining to dialogue on the priorities of the country and those of the Bank. Moreover, they shed light on the specific features of the country and the likely and/or desirable prospects for the Bank's assistance to the Republic of Rwanda. These different sources of information made it possible to identify the problem areas of the poverty situation in Rwanda, together with the areas of focus of the Bank's assistance to the country. Furthermore, they have facilitated the type of additional information to be gathered during the field mission.

1.1.7 The sector interview questionnaire prepared before the departure of the field mission served as general guidelines during discussions. The key questions focused on the following points: (i) What was the degree of involvement of the local participants (authorities and beneficiaries) in the project preparation and implementation? (ii) Were the assistance strategy and the operations carried out in the social sector in line with the country's priorities? (iii) What were the benefits and the lessons drawn from the Bank's assistance? (iv) How was coordination between the different local participants effected for the implementation of projects? (v) What were the major factors limiting or promoting the success of the ongoing projects? (vi) Under what conditions can the sustainability of the social results be guaranteed? (vii) What problems were encountered in regard to coordination of donor operations and what were the major policy objectives with regard to resource allocation for the different development sectors?

1.2 Social context of the country

1.2.1 The Republic of Rwanda covers a total area of 26,338 km² and is divided into twelve provinces. Its population, estimated at 8.8 million inhabitants in 2002, has grown at an annual rate of 3.3%. Compared to the African average (38.2%), the country has the lowest urban development rate on the continent (10.4%), but the population of the capital (Kigali) soared from 235,664 inhabitants in 1991 to 600,000 inhabitants in 2000, a growth rate of 154%.

1.2.2 The constraints on Rwanda's development are many. One of the country's characteristics is its extremely high population density (310 inhab/km²), compared to the overall continental average of some 58 inhab/km². This situation undoubtedly accounts for the scarcity of arable lands and the strong pressure on the delicate ecosystems. But, in a context characterized by a lack of space, and continuing demographic pressure, the tensions stemming from the equilibrium of the ecosystem load capacity has exacerbated conflicts, though the impact may be felt later. Another drawback, which is structural, concerns the landlocked position of the country, driving the costs of production high, particularly transport.

1.2.3 The civil war and its effects caused population movement, between 1994 and 1996, towards neighbouring countries, and a massive return of former refugees of the 1960's, notably from Uganda. This unprecedented social upheaval, having produced a "melting-pot" in post-conflict Rwanda, has affected the country's progress, at least in the short-term.

1.2.4 Rwanda belongs to the poorest group of countries, whatever indicators are used for the classification. According to the findings of the General Household Survey (2000/2001), the monetary poverty line was estimated in 2000 to be 64,000 Rwandan francs per head per annum, and extreme poverty at 45,000, that is respectively the equivalent of 140 and 100 American dollars. According to these data, about 60.3% of Rwandans are poor and 41.6% extremely poor. In 2000, the relative gap between the average income of the poor and the poverty line was 25.36%, which shows the scale of poverty at national level.

1.2.5 The severity of poverty was strongly underlined by the direct consequences of the 1994 genocide, to the extent that in 1997, the number of poor soared to 70% of the population. As a corollary to this situation, the social infrastructure of health and education were seriously affected and the quality of services, already very unsatisfactory before the conflict, declined, due to lack of human and financial resources. The pronounced degradation of social indicators in the aftermath of the war, which represented considerable hardship was undoubtedly worse than the dry figures show in terms of access to health care, education and potable water.

1.2.6 The structure of the population was durably affected by the genocide, placing the country in a singular situation. In fact, about 54% of the population is feminine and the number of female-headed households is particularly high (32.1% in 2000 against an African average of about 20%), and among these women household heads, 78% are widows. It is worth mentioning that there is a significant number of under-age child heads of households (about 100,000).

1.2.7 Overall, living conditions were seriously affected by the population shifts. Nearly 3.5 million Rwandans were displaced or returned from exile. There is still a great need for rehabilitation because many persons are still without a home. The rehabilitation of Rwanda's social capital is indispensable to the reconstruction of the country. The participatory evaluation of poverty has identified several causes of conflicts, involving disputes over land property, the consequences of genocide and internal insecurity. The "Unity and Reconciliation" Commission made a diagnosis of the strengths and weaknesses of the reconciliation process, and the implementation measures to be taken.

1.3 Social sectors: Development Policies and Sector Strategies

1.3.1 Two major papers reflect the development policies which the Rwandan Government will be implementing in the years ahead. They are the "Vision of Rwanda by year 2020" and the Poverty Reduction Strategy Paper (PRSP). The Rwandan Government expects to make these papers a prime, if not unique reference instrument, on which will hinge the different sector policies. The time horizon for the PRSP is the decade (2000-2010). The strategy was prepared on the basis of a consultative process, involving a diagnostic review of the country's development in recent years and the preparation of a series of priority actions. The PRSP, which was guided by the "Vision", was conceived in a dynamic and ongoing perspective, involving the communities, the private sector, the civil society and donors. It will be revised every two years, to take into account the trend of sector strategies.

1.3.2 The six major priority areas of the poverty reduction strategy are: (i) rural development and agricultural processing; (ii) human resources development; (iii) economic infrastructure; (iv) private sector development; (v) governance; and (vi) institutional capacity building.

1.3.3 Within these focal areas are programmes defined as "urgent and priority" such as: (i) intensification of agriculture and small-scale stock breeding; (ii) labour-intensive public works, including environmental infrastructure and agriculture feeder roads in rural areas; (iii) prevention of malaria and AIDS and support to mutual companies and health extension workers; (iv) primary school text books; (v) economic infrastructure and rural electricity; (vi) capacity building; (vii) adult literacy; (viii) the Gacaca (traditional system of justice); (ix) demobilization; (x) housing the homeless; and (xi) development of sector strategies.

1.3.4 As can be seen, the focal areas of the PRSP place special emphasis on the social dimension of development policies which sector strategies should seek to implement. In the Education sector, up till 1994, at best, 15% of the outgoing primary school pupils proceeded to secondary. Since the reform of 1997, this elitist conception of education has

evolved significantly with the determination to promote universal access to education towards 2005, to strengthen the quality of education at all levels of the system and the quest for a greater involvement of the beneficiaries in school development.

1.3.5 To achieve these objectives, the authorities have defined a strategy aimed to: (i) reform teaching programmes, to bring them into line with the fundamental option of bilingualism (French/English); (ii) strengthen access to teaching materials; and (iii) raise significantly the qualification of teachers and supervisory teaching staff. The present strategy relies on the SWAP method (Sector-wide approach programme) which means considering the sector as a whole, comprising: (i) the formulation of a policy and a strategy; and (ii) the involvement of all the partners, so that each can play a role in the definition of the programme.

1.3.6 The education system is characterized by the coexistence of three types of education: (i) public education largely dominant in the primary, technical and university branches; (ii) a “free subsidized” education in which the State pays the salaries of the teachers and sometimes even part of the operating expenses, relatively common in the secondary level; and (iii) an as yet embryonic private education, the bulk of whose services concern pre-school and primary education.

1.3.7 In primary education, the policy adopted aims to provide Rwandan children not only with access to school, but also to increase the retention capacities of pupils throughout the cycle. As for the guidelines laid down for secondary and post-secondary education, high priority is accorded to improving the quality of teaching, that of the sciences in particular. Finally, technical education is geared towards greater professionalisation and the Government has opted for encouraging only training activities consistent with the demands of the labour market. These strategic options guide the pursuit of the education sector reform. But, the prerequisite for success lies in the implementation of the ongoing decentralisation policy and the effective involvement of local communities.

1.3.8 Regarding health, current policy differs little from pre-conflict policy. Health policy had always been defined in keeping with the WHO slogan “Health for all by the year 2000”, embodied by Africans in the form of the “Bamako Initiative”. Formulated in response to the decline of health systems in Africa, the eight BI principles, focused on primary health care, policy of essential drugs and the decentralisation of health services, are, in many ways, in keeping with the aim of satisfying the largest number of people. Implementation of this new policy was undermined by the increasing impoverishment of an essentially rural population, the hasty country-wide expansion of the cost-recovery system, without pilot tests and, finally, the devastating consequences of the civil war.

1.3.9 But, the principle is sound. After the war, the strategic choice being implemented strengthens the concept which defines the “health district” as the basic operational unit, comprising health centres as the first point of health care and the District Hospital as first referral centre. It is understood that such a set-up will make for a more rational use of human and financial resources with the district coordinating all the activities in its geographic sector and ensuring the smooth administration of the health system at both health centre and hospital level, through its health committee set up for that purpose.

1.3.10 In the functional distribution of duties within the health hierarchy, the higher level comprising the region and the Ministry of Health, incorporates the structures dealing with the formulation, coordination and evaluation of the results of health policy. At the central level are also to be found the second referral facilities (the national hospitals which, in principle, have the technical skills to cope with cases that cannot be handled at district level; and are therefore called upon to support the latter).

1.3.11 While some progress has been made since 1994, the social indicators have still not significantly improved. Life expectancy remains low due to malaria, HIV and acute

respiratory infections. Rwanda's social expenses are lower than Subsahara Africa's average, even if they have experienced some increase (see Annex 2 for public expenditure on Health and Education).

1.3.12 In September 1998, the Government conducted, with the assistance of the World Bank and DFID, an analysis of social sector expenses covering, in particular, health, education and water sanitation. This study helped in the preparation of the medium-term strategy and expenditure management strategy and plans. The Government observed that health standards were falling because of, among others, the high incidence of malaria and HIV/AIDS, growing food insecurity, malnutrition and difficulties of access to potable water. The conclusions of this analysis helped to better direct and increase budget allocations to the education and health sectors in the 1999 and 2000 budgets. They also re-established poverty reduction as the cornerstone of the Government's development policy.

2. EVALUATION OF THE BANK'S ASSISTANCE STRATEGY

2.1 Bank's Social Sector Policy

2.1.1 The Bank has not defined a global social sector policy. However, the "Bank's Vision Statement", approved in 1999, the Poverty Reduction Guidelines, prepared in 1994 and updated in 1998, together with sector policy papers on education and health, have made it possible to define the main thrusts of the Bank's social sector policy. It is to be hoped that the establishment of Departments specifically responsible for Social Development in the Bank under the latest restructuring will provide these different tools with a framework which is more consistent with the Bank's social sector policy.

2.1.2 The Bank noted, in the Education Sector Policy Paper (ESPP- 1986), that the bulk of its financing operations, since 1975, has been devoted to the procurement of the "equipment" components (civil engineering works, furniture and equipment) which accounted for more than 80% of the loans granted by the Bank for education. Three major trends emerged (i) from 1975 to 1990, priority was given to secondary education, comprising general education, vocational, technical and teacher training. This level of education alone accounted for 48.8% of the total financing of all education projects; (ii) from 1991 to 1998, basic education accounted for 52.8% of all the loans to the sector. This sudden change was attributed to the impact of the ESPP in 1986 and to the recommendations of the Jomtien Conference on basic education for all; (iii) the Bank's sector policy, revised in 1999, while continuing to lay emphasis on the need to improve access to basic education, proposed that sufficient attention be paid to the other sub-sectors of education (secondary, technical, vocational and specialized higher schools). Moreover, the document reaffirmed the Bank's commitment to the impact and sustainability of the outputs of the education system and places greater emphasis on the quality of education and the equality of opportunities to all levels of education.

2.1.3 In the health sector, the Sector Policy Paper, adopted in 1996, which is in keeping with the extension of the Bank's health policy adopted in 1987, took into account the changes in the health and demographic situation in Africa, such as the outbreak of the HIV/AIDS pandemic, the increased number of dependent persons, together with the number of female-headed households. The combination of these factors prompted the Bank to lay emphasis on the health of the woman and of the child.

2.1.4 The Bank's strategic orientations, which take into consideration the recommendations of specialised institutions, focus on the following points: (i) the promotion of primary health care and the allocation of adequate resources to basic health care services; (ii) the strengthening of the human and institutional capacities of the health sector by supporting the reforms to make optimal use of resources; (iii) the active participation of all the partners and persons concerned with the formulation of health projects and programmes, mobilisation and use of resources intended for their implementation, together with monitoring

and evaluation of these operations; (iv) the development of inter-sector links with the other crosscutting issues such as population policy, poverty, gender, environment and IEC.

2.1.5 Paradoxically, while the continent's health situation diagnosis classifies acute respiratory infections (ARI) among the three major diseases affecting the RMCs, the latter were not even mentioned among the ten diseases whose eradication necessitates priority investments by the Bank. Another fact worthy of attention: malaria which remains the principal cause of mortality, is ranked as a third priority behind AIDS control and tuberculosis, undoubtedly because of the interactions between these two diseases.

2.2 Bank's Strategy for the Country

2.2.1 The Bank's strategy for Rwanda was prepared for the first time through the Country Strategy Paper (CSP) for the 1996-1998 period. It is true that in the wake of the tragic events that Rwanda went through, from 1990 to 1994, a strategy was adopted for the period 1996-97. This aims at guarding against the devastating effects of the war through emergency humanitarian aid and support to the balance of payments. Consequently, in August 1994, the Bank approved financing of UA 2,043 million to cover the needs of the civilian population in terms of assistance to orphans, procurement of food and drugs and assistance to returning refugees. The balance of payments support made it possible to cover a portion of the immediate needs of commercial imports and the replenishment of the strategic stock of fuel and drugs.

2.2.2 The portfolio restructuring of 1995 called for the reformulation of a CSP aimed at supporting the national economic reconstruction phase within the scope of the Government's programme of national reconciliation and the rehabilitation of economic and social infrastructure. So, during the 1996-98 period, the Bank defined the following four priorities: (i) improve the country's capacity to identify, appraise, implement and monitor different projects; (ii) support the development of the agricultural sector which is the mainstay of the country's economic growth; (iii) finance a poverty reduction and rehabilitate social sector infrastructure that was severely affected by the war; and (iv) rehabilitate public utilities with a marked social character.

2.2.3 According to the CSP (1990-2001), the Bank's operations strategy in Rwanda during the period under consideration aimed mainly to support the Government's medium-term development policy, especially revitalise the rural economy and reduce poverty, stabilise the macro-economic framework with a view to promoting savings and private investments, and strengthen the institutional and administrative capacities of the country.

2.2.4 An examination of the two CSPs indicates that the challenges facing the country are virtually the same. The emergency issues appear to be development problems and development problems are emergency issues! In the social sphere, the ever-present need to act on the ratios of health, education and poverty reduction, reflects both the magnitude of the needs and the modest results obtained. Although the 1999-2001 medium-term operations programme reaffirms its commitment to poverty reduction, no specific objective for assistance to the education and health sectors was adopted.

2.2.5 At the Kigali seminar on the Bank's operations strategies in Rwanda, organised in November 1998, it was agreed to focus the Bank's operations in the country for the 1999-2001 period on a programme approach and to target poverty reduction in the rural environment as well as in urban areas. The priority sectors retained are: education, health, agriculture and environmental protection.

2.2.6 The Bank's priorities in the 1999-2001 CSP (1999-2001) are ranked differently. While poverty reduction remains highly ranked, it seems to have been diluted through the multi-sector. Emphasis is placed on the private sector and the promotion of SME/SMI. Paradoxically, the priorities adopted at the Kigali seminar were not effectively

followed up in this CSP. Education and health were notably absent from this period of Bank assistance to the country. The health sector, which was only awarded one rehabilitation project, deserved great coverage in the programming; and this marginalization is at odds with both the stated objectives and the non-progression of the country's health indicators.

2.3 Bank Group Operations in the Social Sectors

2.3.1 The Bank's increased support to the social sector took place at the end of the 1994 war. The social cost of the pogroms proved exorbitant, with the loss in human lives, massive displacements of the population, the destruction of social infrastructure and the deepening of virtually country-wide impoverishment. In 1997, Rwanda was ranked 174th out of the 175 countries in the human development index. In cognizance of the Rwandan Government's priorities, the Bank has considerably increased its operations in the social sector, which henceforth account for 21% of net commitments in the portfolio compared with 10% prior to the war.

2.3.2 Since the end of the conflict, the Bank has financed six operations in the social sector. The education sector was the centrepiece of the Bank's financing, that is 68.7% of total operations. The global objectives of projects are set out in Annex 3. From an examination of the components of the projects, the financing of infrastructure represents a sizable portion. Even if, in practice, words are not always translated into action, nevertheless, greater sensitivity to capacity building, the quality of services and good governance, have been noted. Compared to the past, this more balanced shift in financing in favour of "concessionary" operations, undoubtedly reflects the Rwandan Government's, as well as the Bank's aim to focus on the quality of human resources and services in a country ravaged and ruined by armed conflict.

2.4 Relevance and Consistency of the Bank's Assistance Strategy with the Country's Development Strategy

2.4.1 The consequences of the war and genocide revealed that Rwanda's major handicap in the preparation, and management of programmes and projects was the overall weakness of the administration, due to the disappearance of most of the key personnel. It is agreed among observers that, but for the massive aid the country is receiving, the situation would have been even more catastrophic. The Republic of Rwanda, which emerged utterly ruined from this collective tragedy, totally lacked the wherewithal, especially in terms of human resources, to meet all the requirements.

2.4.2 Since the restructuring of the Bank's portfolio in 1995, the objectives of the annual review missions were to closely monitor the projects, to assess their management and implementation capacities, as well as their capacity to coordinate and with the country's donors. They made it possible to identify problems and propose solutions, and to enhance the CSP.

2.4.3 In practice, the Bank's 1995 portfolio restructuring exercise main outcome was a reduction in resources allocated to the social sectors. Thus, as at 30 April 1996, of the nine active projects in Rwanda, only one concerned the social sector. It, however, made it possible to prepare the Bank's Operation Programme for the 1996-1998 period. During this period, the country was engaged in a reconstruction phase and the Bank's assistance programme, consistent with that phase, is centred on three sectors: (i) development and rehabilitation of the agricultural sector; (ii) financing of a poverty reduction programme and the rehabilitation of social infrastructure and; (iii) rehabilitation of public utilities seriously affected by the war.

2.4.4 On the whole, this well-organized operations programme was cohesive. It had a clearly defined social dimension, encompasses all three sectors, and is in harmony with the priorities defined by the country. It was proposed to allocate ADF-VII resources as a priority

to the agricultural sector and the poverty alleviation programme. Similarly, TAF resources would be allocated to identify projects and improve their implementation and monitoring. Unfortunately, it appeared that the Bank lacked the means to live up to its ambitions because of difficulties over ADFI-VII replenishment. Nevertheless, as at 30 December 1998, the social sector share accounted for 21.4% of loans and grants in the Bank portfolio.

2.5 Quality at Entry and Consistency with the Bank's Major Priorities

2.5.1 The Country Strategy Papers for Rwanda have made it possible to determine the major challenges facing the country, the trend of its development programme and the Bank's strategies to address them. Thus, the 1996-98 CSP, having analysed the economic and social performances of Rwanda from 1990 to 1995, noted that the Bank's areas of operation aimed to support, during the period under consideration, the reconstruction phase of the country initiated with the reconciliation, rehabilitation and economic recovery programme, presented by the Government. The 1999-2001 CSP is fairly well oriented towards poverty reduction and the promotion of good governance, in part reflecting the priorities of the Bank.

2.5.2 The project for the Strengthening of Technical and Vocational Education II, appraised in 1988, falls within the same process as the previous project financed by the Bank (Education I). The Government at the time, mindful of the high enrolment rate in technical and vocational education, (58.6% of secondary education), wished to increase its professionalization through a formal education system intended for the middle and high professionals which the country needs.

2.5.3 However, although the objective of improving the teaching qualifications of the teaching staff was envisaged at the time of appraisal, this component represented only 0.72% of the cost of the project, 98% of which was earmarked for infrastructure. This loan to Rwanda falls within the general profile of the Bank operations in Africa, which between 1975 and 1990, prioritised secondary education. Neither the lessons learned from the Bank experience, nor the new orientation towards basic education, embodied in the education sector policy document approved in 1986, had any influence on the preparation of this project which was approved in 1988. Yet, at appraisal, the Bank knew that barely 10% of the pupils moved on to secondary. Nothing indicates that it initiated policy and programme dialogue, far less dialogue on community participation and the sustainability of the works.

2.5.4 It will be seen later that, while the other projects under review experienced difficult implementation, their objectives remain fundamentally relevant. Apart from being government priorities for the country, the pronounced orientation of these projects towards the facilitation of access to basic social services, is consonant with the Bank's relevant sector policies.

2.5.5 For instance, the holistic approach recommended by the Bank's sector policy in education was taken into account by the Education III project, whose different components concern the three levels of education with a high sensitivity to issues relating to quality of education. This project is in line with the country's new education policy and addresses the concerns of the Government that, given the state of human resources, only massive interventions at all levels can enable the country to resolve the problems in the short, medium and long terms.

2.6 Crosscutting Themes

2.6.1 **Gender Issues:** Following the events of 1994, and the rise in the proportion of women in the demographic structure of the country, the issue of women's participation in the development of the country assumes a new dimension. In a country where this feminization of the population has increased the number of female-headed households and

where 9/10ths of the population is of rural origin, the basic principles of land law constitute a limiting factor for women in terms of access to resources. To redress this situation, Government's efforts were oriented towards: improvement of the legal and institutional context, and greater economic integration of women in the life of the country.

2.6.2 The 1996-98 CSP has clearly identified this matter as a priority for dialogue. This is especially embodied in the important project for "Poverty Reduction and Action in Favour of Women". The promotion of income-generating activities (agricultural and non-agricultural) contributes to mainstreaming women into the economic and social fabric of a country to be reconstructed. It is true, moreover, that the Bank's assistance strategy for the period under consideration, retained as a priority attention to the reinsertion of former refugees, to women and children who were the main victims of the war. Besides the 1994 emergency aid, there was no evidence that this had effectively been done.

2.6.3 **Grouped Housing:** Resettlement is an important multi-sector discipline. Government is committed to promoting grouped housing among the population (imidugudu). The success of this policy will depend on the availability of adequate social and commercial infrastructure. For this reason, the location of imidugudus will have implications for all the sector departments. This issue of grouped housing, with its direct social and environmental implications, seems not to have sufficiently gained the Bank's attention.

2.6.4 **Good governance and Decentralisation:** The Bank is interested in the efforts made towards good governance and has recommended to the Government to step up its effort in this area. The updating in October 2001 of the CSP covering the period 1999-2001, reflects this willingness to adhere closely to the major changes taking place in the country. Even if, for the time being, the Bank's assistance on these issues is limited, the decentralisation process set in motion in the country is an area in which new initiatives by the Bank can be discussed when one realises that one of the main handicaps in the delegation of authority from the State to the Communes is the weak technical and financial capacity of the local authorities.

3. **EVALUATION OF RESULTS: NON-LENDING OPERATIONS**

3.1 Efficacy

3.1.1 As indicated in the introduction, the Bank's non-lending operations in Rwanda have essentially comprised an emergency grant, policy and programme dialogue (CSP, Portfolio review, Seminars, etc.) and the coordination of donor operations. The Bank has taken part in several Sector Round Tables on education, health and the private sector, notably in 1999. It was retained as member of the Ad Hoc Donor committee, with the responsibility for making concrete proposals to improve external assistance for Rwanda. But, it would appear that non-lending operations closely followed the path of lending operations. We shall see later that the former were insignificant in the absence of the latter.

3.1.2 With the exception of the "Guidelines on Emergency Aid Policy", approved by the Board of Directors in July 1998, the Bank did not define a specific policy for its non-lending operations. However, activities falling within this category have developed in Rwanda since the end of the conflict. Apart from regular participation in several "round tables" on the situation of the country, it provided, from 1994, emergency humanitarian aid to civilian war victims. Furthermore, portfolio review missions were fielded at regular intervals and two country strategy documents for the country were prepared covering the 1996-98 and 1999-2001 periods.

3.1.3 A grant operation for an amount of UA 2.043 million concerning the Bank's assistance to civilian war victims, was implemented in a particular context, because the Bank was responding to the international community's appeal to meet urgent needs in terms of

food, drugs, assistance to returning refugees (shelter, transport, etc.) and assistance to orphans.

3.1.4 Under this aid, information collected from the country, as from the Bank, makes it impossible to judge the effectiveness of such an operation. The introduction to the guidelines of the Bank on emergency aid correctly stated that “emergency interventions are a sector in which the ADB does not enjoy any comparative advantage”.

3.1.5 Nevertheless, given the new guidelines of the Bank on the subject, if such an operation were to be renewed, its efficacy, at least financial, would be jeopardised by the provisions which stipulate that: “The Bank Group will continue to finance emergency aid in the form of grants exclusively from its Special Emergency Fund (SEF)”. Whereas, the provisions of this Fund stipulate that “the amounts agreed for a given operation in a RMC shall not exceed US\$500,000”. Non-loan aid to Rwanda in 1994 should have been quartered, had it been granted in pursuance of the 1998 guidelines.

3.1.6 Moreover, the emergency aid operation originated both from resources of the Assistance Fund to regional member country victims of natural disasters and the reallocation of two grants relating to studies which were approved before the war. In these circumstances, having regard to the context of crisis and the skills of the executing agency (HCR), the efficacy of the aid was certainly conclusive.

3.1.7 From 1994 to 2001, non-lending operations were only active with the launching of projects. The restructuring of the Bank portfolio admittedly made it possible to rehabilitate the framework for assistance and to finance emergency phase projects from the unused pre-war balances, but the studies envisaged in the TAF were not conducted. In 1996 and 1997, the country fell twice under sanctions. When the Bank effectively resumed its activities with the country in 1998, it had neither its own sector studies nor programmes to propose. In these conditions only a project approach remains possible and it is under what subject of dialogue the Bank could provide convincing value added. This shortcoming has increased the Bank’s dependence on files prepared by the Government or the other donors. So, despite the number of meetings to which the Bank was invited, it did no more than attend.

3.2 Efficiency

3.2.1 None of the five active loan operations in the post-conflict phase included TAF financing. Nor were any studies financed by TAF. These sources, not being governed by the Bank sanctions policy, should have been mobilised at the time the country was under sanctions (1996 and 1997), especially since the portfolio restructuring operation conducted in 1995 had identified the reconstruction needs. The difficulties of mobilising ADF VII resources constituted a handicap for non-lending operations.

3.2.2 Regarding policy dialogue or aid coordination in the social sector, the Bank’s role seems quite limited, even though it and the World Bank are considered to be the country’s principal partners in the education sector. Several initiatives were taken in respect of policy dialogue. The opening of a Bank Operations Monitoring Unit in 1997 in Kigali was part of this effort, as was the organisation in 1998 of seminars on Bank procedures in respect of procurement of goods and services, disbursements or the definition of the Bank Group operations strategy in Rwanda. But the recurrence of the problems raised through Portfolio Reviews, CSPs or supervision missions, indicates that the results achieved are globally unsatisfactory, for both the Bank and for the Rwandan Authorities themselves.

3.2.3 The portfolio reviews constitute a barometer of the trend of the Bank’s assistance to the country. From 1996 to 2001, they indicate a decline in the quality of portfolio associated with general problems, which are: (i) weak administrative capacity inherited by post-conflict Rwanda; (ii) low project implementation rates; imposition of

sanctions between 1996 and 1997 due to arrears; (iv) lack of familiarization of the Bank rules of procedure; and (v) inability to use technical assistance efficiently.

3.2.4 The 1997 Bank portfolio review report stressed that “institutional support be systematically considered in each project initiated in Rwanda”. Two years later, the portfolio review observed that the Ministry of Finance and Economic Planning was beset with serious inadequacies, lack of appropriate capital investments and logistical support, a small number of staff poorly qualified with limited experience and salaries too low to attract and retain qualified managerial staff in the public service. Yet, this department plays a central role in the preparation of development policies.

3.3 Aid Coordination and Other Donor Operations in the Social sector

3.3.1 Aid coordination was principally organized, though not without difficulties, by UNDP and the World Bank. These two institutions, which were strongly represented locally, have comparative advantages which the Bank lacks. Strictly speaking, there was no aid coordination. At the very most, contacts with donors, notably during missions in the country, fulfilled an information service in order to avert possible overlapping. It would be hardly surprising, therefore, that there was no cofinancing operation in the social sector during the period under review. Even when HCR, WHO, and UNESCO were approached, it was in order to seek the best executing agency for the different projects. The joint ADB/World Bank mission, conducted in the country during the current evaluation of Bank assistance to Rwanda seemed, in many respects, to be the most tangible aid coordination initiative.

3.3.2 Following the trauma of the 1994 events, a surge of international solidarity made it possible to mobilise relatively significant resources for the social sectors. Besides the Bank, the major development partners are the World Bank, the other Agencies of the United Nations System, the European Union and bilateral aid institutions, including DFID, RFA, Belgium, Netherlands and France. These interventions primarily concerned capital investments, training and technical support.

3.3.3 The resources allocated to the (re)construction of school and health infrastructure represented the strongest concentration of external flows in the social sector. In the education sector, these funds were also allocated for the supply of equipment and materials and sizable contributions were earmarked for the procurement of school manuals and teacher training. UNESCO and DFID are particularly active in technical assistance. UNDP, Netherlands and Japan support post-secondary education through financial assistance granted to the National University of Rwanda and the Institut supérieur des sciences et Technologies de Kigali (KIST- Higher Institute of Science and Technology of Kigali). While these external contributions enabled the education system of Rwanda to regain, or even exceed, the pre-war operational level, especially at primary level, the efforts made have not yet helped to resolve the thorny problems of the shortage and quality of teachers, of post-secondary institutions in particular.

3.3.4 In the Health sector, the World Bank is the major donor. It intervenes through the important Health-population project, whose previous cycle (1995-2000) has been revived in phase II, which is currently being launched with an overall package of US\$68 million. Apart from reproductive health and AIDS control, it is also financing, with WHO support, the restructuring of the pharmaceutical sub-sector and provides institutional support to the new health policy. Belgian and German technical assistance also intervene in institution building at the Ministry of Health. Finally, in connection with its Government/UNICEF cooperation programme, the United Nations Children’s Fund is supporting the project for primary health care and cost recovery. UNICEF intervenes in other mother and child health activities and in the supply of essential drugs.

3.3.5 As regards poverty reduction, operations are more mixed. Among those oriented towards support to the development of income-generating activities, the most

significant are those conducted by the PNAS programme (National Social Action Programme) with the support of the World Bank, and USAID which is working with the local governance and participatory development technical unit in some communities, and which is broadly similar to the ADB project.

3.3.6 Since the beginning of 1995, aid coordination came under the supervision of the Ministry of Planning whilst the Ministry of Finance took charge of administrative coordination with the donor community, but more specifically, disbursements. Faced with the coordination difficulties between the two ministries and the other technical departments, a restructuring of the administration merged the Ministries of Planning and Financing, and this new entity (Ministry of Finance and Economic Planning) is responsible for coordination with the donors. On the donor side, UNDP ensures coordination and consultation through the “round table” mechanism, which has proved to be an effective support to the country’s external aid mobilisation effort. UNDP also manages a Trust Fund whose resources are supplied by donors which can specify how the resources granted should be allocated. Since 1995, rehabilitation and support efforts for the reinstallation of refugees channelled the largest contributions.

3.3.7 The realisation of the poor coordination of donor interventions prompted the Government, at the end of 1998, to set up in the Ministry of Finance and Economic Planning a Central Project and External Finance Bureau (CEPEX), together with the project implementation units in all the ministries, with the understanding that the establishment of CEPEX would provide a better selection, implementation and monitoring of projects. CEPEX is therefore responsible for the coordination of feasibility studies, the preparation and appraisal of projects, as well as the conduct of the project audits. The establishment of CEPEX was accompanied by the setting up of a development committee chaired by the Minister of Finance and Economic Planning, responsible for the definition of priorities. This committee, enlarged if necessary, to the donor representatives, must ensure that the projects retained under the Public Investment Programme are correctly appraised, viable and likely to have a sustainable impact.

4. **EVALUATION OF RESULTS: LENDING OPERATIONS**

4.1 Efficacy

4.1.1 Pressures to meet social demands, where the country lacks its own resources, led to the prioritisation of accessibility (geographic) of schools and health facilities, to the detriment of the quality and strengthening of supervisory structures. More generally, this explains on the other hand, the disparity noticed between the improvement of the macro-economic situation of the country and the social indicators which appear “sluggish”. One only needs to mention the significant improvement in the gross enrolment rate, exceeding even the pre-war level, whilst the drop-out and repeater rates remain alarming, and no significant evolution was observed in the rate of access to the secondary cycle or knowledge acquisition.

4.1.2 The technical secondary education project, called Education II, was appraised before the war. The four other lending operations initiated in the post-conflict period have quite different features. The first two (Rehabilitation of Health and Education infrastructure) are emergency projects, hence short-term, whilst the other two (Education III and Poverty) should be regarded as medium-term development projects.

4.1.3 The anticipated results of the so-called emergency projects go beyond a simple rehabilitation of infrastructure destroyed by the war. They are embodied in the quest for a sustainable quality of services through supporting measures whose effects – if they are realized – will necessarily go beyond the emergency phase. This is particularly true for the Health project, whose implementation indicators concern accessibility, training of trainers and the post-project functioning of completed works.

4.1.4 **Infrastructure** – After the war, government priority is to re-establish damaged infrastructure (Health and Education, in particular), to bring children back to school and put in place technical and specialised post-secondary training institutions. Under the emergency phase of the Health project, work is nearing completion with the construction of 7 health centres and the rehabilitation of 2 hospitals, instead of 36 health centres planned at the time of appraisal. The rehabilitation of Kibungo hospital has been completed. This qualitative Bank intervention has already made it possible to maintain the bed capacity of the hospital (about 200 beds). It also strengthens the health strategy, based on the concept of the sanitary district, through the improvement of the referral capacity of the Kibungo hospital, on which eight health centres depend.

4.1.5 The project called “Emergency Rehabilitation of Secondary Education and the Busogo Specialised Institute of Agronomy and Farming”, prepared in 1996, effective in 1998, has experienced considerable delays relating, among others, to changes in the areas initially selected at appraisal, following several exchanges between the Bank and the Rwandan Government. So, of the 31 schools envisaged at appraisal, only two remain, because the Government has found other sources of financing for the renovation of the schools. It was necessary to identify new schools, but some infrastructure had deteriorated so much that all the interested parties agreed to build and rehabilitate the selected sites. Works concerning 23 schools are practically finished. They will all be put into use in the next school term, thereby permitting an almost 30% increase in the intake capacity of renovated schools.

4.1.6 **Secondary, Technical and Vocational Education:** In the area of secondary, technical and vocational education, the Bank financed two operations. The first, under the Education II (1988) project, experienced serious delays associated with the latent war which preceded the genocide. The restructuring of the Bank portfolio in 1995 made it possible to give a new dimension to the project. Only the Gitarama Technical School component was maintained, instead of the three envisaged at appraisal. Works are in progress but the Bank operation only concerns the school equipment and furniture supply component. The orders have been placed with the UNICEF Procurement and Assembly Centre (UNIPAC).

4.1.7 The second operation, relating to the emergency project, and scheduled for two years, started up in 1998. It was completed in September 2002. Among the tangible impacts of the project concerning some thirty schools, the beneficiaries recognized the significant increase in the intake capacity of the educational establishments, and the emphasis placed on laboratory equipment which will hopefully improve the quality of education. Under the education reform focused on the development of scientific and technological streams, the installation of demonstration rooms equipped with teaching materials, water and electricity, will certainly inject a more practical meaning into teaching often considered to be very theoretical. This qualitative trend, strengthened by the provision in schools of libraries stocked with reference works, in the three teaching languages (Kinyarwanda, English and French) will afford new employment opportunities to graduates of technical schools, in a private sector which hitherto remained sceptical about graduates of technical secondary education.

4.1.8 **Training and Higher Education:** Three educational establishments received the support of Education II, Rehabilitation and Education III projects. They are the Institut Supérieur d’Agronomie et d’Elevage de Busogo (ISAE – Busogo Specialised Institute of Agronomy and Livestock Breeding), the Kigali Educational Institute (KIE) and the Kigali Institute of Science and Technology (KIST). The renovation of the ISAE made it possible to maintain its intake capacities, but the equipment planned has not yet been delivered. The Bank supports an important distance learning programme aimed at benefiting some 500 secondary school teachers managed by KIE. Twelve teachers have been recruited and the training modules are being prepared from the Bank-financed project, implemented by UNESCO. This Bank participation has made it possible to initiate a process which other

donors, such as DFID, USAID and Belgian bilateral aid have joined. This important training component will, in time, permit the retraining of 2,500 secondary school teachers.

4.1.9 Similarly, a study has been completed on behalf of KIST, whose laboratory and library will receive equipment under the Education III project. This School, which is the flagship of higher technical education in the country, is undoubtedly the centre of excellence where Rwanda's elite of tomorrow will be trained. In the post-conflict context of a country, where marked social rifts are still obvious, the issue of equity deserves attention.

4.1.10 In the Health sector, only the "emergency" component of the ADB health project is advancing. In connection with training of health staff, the project developed two standard modules (management of Health Centres and management of pharmaceutical products) which served as models for other operators and health facilities. The project catered for the training of trainers, with 24 participants. This component covers the whole country and the managers of Health Centres can avail themselves of the training.

4.1.11 **Supporting Measures:** the emergency projects in Health and Education sectors included the building of latrines. In using the services of UNIPAC for the supply of materials and essential drugs, the Health Project assisted the Health Department in drawing up a standard list of drugs which is currently of use to other operators in the Health sector. It also provides for radio communication equipment for health facilities and the purchase of an ambulance for Kibungo hospital. In a country with scattered low-cost housing, the existence of communication facilities assumes particular importance. The awareness campaigns heightened interest of the local authorities and populations in the achievements of the project. As a result of the supporting measures, the Health Project would appear to be likely to succeed.

4.2 Efficiency

4.2.1 On the whole, the loan operations financed by the Bank were affected by serious delays and poor implementation attributable to the Bank's inability to respond appropriately to emergency situations and the human resource inadequacies of the country. No component was implemented within the deadline. Furthermore, no savings were made and budget estimates were sometimes revised downwards in terms of physical outputs and upwards in terms of additional financial resources, often rendering dialogue strained between the Bank and the country.

4.2.2 **Basic education:** At the primary level, the estimated gross enrolment rate in 2002 is 99%, whilst the net rate is about 73%. From this viewpoint, Rwanda has exceeded the pre-war level. But one of the major concerns remains the very high repeater (30%) and drop-out (20%) rates. The first Bank operation concerning primary education is related to the Education III project. However, this project, appraised in 1998, only came into force in 2001, and the start-up activities have scarcely begun, with a disbursement rate of 1.4% (in February 2002).

4.2.3 **Secondary and Technical Education:** With the exception of the Education III project, the projects financed in education were oriented in particular towards technical secondary and occasionally to higher education establishments, all of which have the following common features: (i) existence of a relatively poor boarding system; (ii) some classrooms, in principle, designed for teaching activities, were transformed into dormitories, dining halls or food stores; (iii) the situation of scattered housing around the schools is compounded by the fact that pupils often come from remote areas; (iv) in most of these schools located on hill-tops, there is no potable water, which exacerbates the problems of hygiene already caused by overcrowding; (v) the number of orphan pupils, whose overwhelming majority comprises children of the genocide, is particularly very high, exceeding sometimes half of the total strength; (vi) the teaching materials (books in particular) are lacking for both the pupils and the teachers, notably in science disciplines and

languages; (vii) the lack of housing for teachers complicates their living conditions and constitutes grounds for some of them to leave their positions (viii) the low remuneration level of teachers (about \$100 per month) is a disincentive; (ix) the operational budgets, in principle, coming from the State are inadequate and slow in materializing, creating some anxiety among school principals (no subsidy has been received yet in 2002); (x) parent-teacher associations are scarcely, or never, involved in the running of the schools.

4.2.4 **Quality of Education:** In the face of these problems, the infrastructure put in place will effectively help to alleviate pressure on the facilities partially diverted from their educational purpose by freeing and/or creating new spaces, but the impact on the quality of education will be limited for as long as teaching and supporting measures are not taken. The fairly low level of teachers, is compounded by a high secondary education ratio and with regard to the recruitment of teachers, the country remains very dependent on its neighbours. It is also the same for the University of Butare and KIST.

4.2.5 Similarly, the different origins of the pupils constitutes without doubt an opportunity for cross-fertilization of the social sections of the population in a country where national unity was seriously shaken and the boarding system plays an integration role. Paradoxically, despite the fact that the rehabilitation of secondary and technical education is no longer an emergency project and has been renegotiated, neither the Rwandan Government nor the Bank thought it appropriate to incorporate an infrastructure component through measures designed to improve the environment of the establishments and the working conditions, especially as many of the beneficiaries have suffered as a result of the genocide, in particular, children, of whom 50% are girls from remote areas. An efficient use of the Bank resources warrants an analysis of the opportunity costs; and, therefore, comparative advantages between the scattering of resources or focusing on a more limited number of technical secondary schools to be assisted.

4.2.6 The policy of “boarding schools for all children” appears to be untenable, but the Government seems to tolerate this situation, which is a limiting factor on access to secondary education, especially as the Government’s objective is to raise the advancement rate from primary to secondary from 20% in 1998 to 40% in 2005. Advancement from primary to secondary remains low, reflecting a substantial increase in secondary education enrolment costs and the living conditions of the parents of pupils.

4.2.7 **Unit costs:** There is no reliable system of analyzing unit costs by education level and the study carried out by the Ministry of Education with the support of the World Bank highlighted two shortcomings. The first was that the Government needs additional and qualitative data to serve as decision-making tools and ensure monitoring/evaluation of the implementation of its education policy. The second is that the improvement of the quality of education (particularly the supply of qualified teachers and teaching materials) entails recurrent expenses which will necessarily raise the unit costs. Generally, the improvement of quality and the motivation of teachers and the strengthening of teaching materials have direct impacts on the quality of education, especially for needy children who represent the majority. So far, the Bank’s operations have not yet had conclusive impacts on the qualitative improvement of secondary education.

4.2.8 In the Health sector, from the standpoint of needs, all the sites retained are easily justified. But for a project appraised in 1996, the first disbursement was only released in December 1998, whereas the initial estimated duration was 2 years. In many cases, these delays increased the costs. It was therefore necessary to rebuild by reducing the number of sites provided for at appraisal and the urgency had practically disappeared.

4.2.9 The positive results recorded by the project should, however, not conceal the persistence of certain problems which constitute limiting factors on the performance of the policy based on the health district concept which include (i) lack of an ENT service at Kibungo Hospital in a country where acute respiratory infections are the third cause of

morbidity; (ii) an inefficient cost recovery system, exploited by the particularly high number of poor people (30% of patients), coupled with the lack of social services capable of catering for them; (iii) inadequacy of paramedical staff, midwives in particular, whilst the major causes of visits are related to malaria and deliveries; (iv) poor treatment of AIDS patients; and (v) obvious difficulties in ensuring maintenance of health facilities.

4.2.10 In 1995, as part of its new health policy, the Rwandan Government and its partners joined forces to define the following four priorities: (i) rationalization of access to health services (geographic and financial); (ii) disease prevention and control; (iii) improved management of services; (iv) strengthening of community participation. The project only intervened indirectly and its impact on these priorities was limited.

4.2.11 In 1999, the document prepared by the Ministry of Health during the Round Table on the sector stated that to preserve the current ratio of “number of inhabitants served by a health centre” at its present level (1 health centre for 23 000 inhabitants and 1 district hospital for 215,000 inhabitants) it was imperative to build 10 Health Centres and one hospital per annum in the country. The document also indicated that the unit costs for building and equipping a health centre and a district hospital are respectively FRW 65 million (US\$185,00) and about FRW 600 million (US\$1,750,000). On the basis of these indications, if the Health project had been completed as envisaged at appraisal, at least 28 Health Centres, all new and equipped, could have been delivered by remaining within the limits of the financial allocation which had been used for the rehabilitation/construction of 7 Health Centres and the partial rehabilitation of a district hospital and the construction of another district hospital (Kibilizi). Despite the delays, it seems evident that such an option would have further satisfied the goal of expanding geographic coverage and thus accessibility.

4.2.12 However, the impact of technical assistance was sustainable through the preparation of standard plans and the list of medical and non-medical equipment which were approved by the representatives at the different levels of the health pyramid (central department, region, peripheries). The ultimate goal of equipping the health facilities according to the same standards can thereby be achieved.

4.2.13 The training of managers of health facilities constitutes a priority for improving the quality of services. These activities mainly target upper echelons of health facilities, but the finalization of the training modules has a multiplier effect on the peripheral structures, on which depend the success and/or failure of the cost recovery policy. The frequently observed mismatch between basic training and employment is even more pronounced since the new policy also requires the manager of peripheral facilities to have technical, administrative and management skills, which underscores the importance of these training modules adapted to the new challenges.

5. SUSTAINABILITY ANALYSIS

5.1 Technical Viability

5.1.1 Of five active projects since the post-conflict period, two (Health and Education) were initially conceived as rehabilitation projects. As a result of delays and the developing situation in the country, the objectives gradually veered towards the renovation and reconstruction of health and school infrastructure.

5.1.2 Works were carried out on the basis of standard plans, whose technical design, particularly in health matters, takes account of the functional requirements of the minimum activity package (MAP), with the corresponding services (dispensary, maternity, nutritional recuperation unit, kitchen, staff housing, latrines). Unfortunately, although efforts were made to construct latrines under the Education project, it does not seem that the same can be said about the other components. Moreover, the technical viability varies according

to the professionalism of the prime contractors; and even if the enterprises use the same materials (often local), the schools visited during the mission showed qualitative differences.

5.1.3 Since the other social sector projects (Poverty Reduction and Education III), are at the start-up phase, it is difficult to give an opinion on their technical viability. The useful life expectancy of the physical infrastructure was not defined at the time of appraisal. Under these two projects, especially in the case of the Poverty Reduction Project, maintenance of infrastructure will be the responsibility of the beneficiaries in line with Government strategy for the rehabilitation and maintenance of infrastructure, based on the commitment of the population to maintain the infrastructure used by them. This commitment culminated in the signing of a memorandum of understanding between the projects and the beneficiaries. It is planned to sensitize the population through technical intermediation bodies to the nature and implications of their commitments.

5.2 Economic and Financial Viability

5.2.1 Despite the efforts made, the respective shares of Education and Health in the Government budget are small, i.e. 22% and 4.1% in 1999. It should be recalled that, for the same reference year, compared to the sub-regional average, the share of the education sector alone is 27%. The annual per capita expenditure on education was estimated in 1997 at US\$ 9 compared to US\$ 24 for Kenya. Considerable resources are necessary to meet personnel and operating expenses. The low incomes of the predominantly rural households living in a poorly monetised economy, require a substantial increase in public spending to sustainably improve health and education services.

5.2.2 The total cost of spending on the Rwandan health system was estimated in 1999 at FRW 21 billion, that is US\$ 7.4 per inhabitant per annum. It is already lower than US\$ 12 estimated by WHO and the World Bank for the maintenance of the minimum package of activities in developing countries. These few data indicate the magnitude of the needs, the efforts to be deployed to fill this gap and the risks of continued degradation, having regard to the precarious nature of international aid.

5.2.3 In view of the budget constraints facing the country, it is unlikely that the Government can finance all the social expenditure from its own resources. External funding is therefore indispensable for the procurement of drugs, teaching materials or for the recruitment of technical assistance in education. In fact, donor contributions account for nearly 86% of the financing of total health expenditure. This extremely high dependency on external resources, since the end of the war, not only for capital expenditure, but also for up to 36% of operating expenses of the Health Centres (in 1998), casts doubt on the sustainability of the progress made.

5.2.4 Despite the dwindling aid noted since 2000, the Rwandan Authorities hold the view that the social sectors (Health/Education) have, since the end of the war, received too much support from donors to the detriment of road infrastructure and public utilities, for example. If this observation is accompanied by the rechanneling of international assistance towards other sectors, it is difficult to understand what resources could be used to meet social needs in terms of health and education. Unless the expected dividends of the country's eligibility for relief under HIPC initiative ensure sustainable compensation for the social sector.

5.3 Social Viability

5.3.1 The rehabilitation and the construction of new educational and health facilities supplying them with equipment and the supporting measures taken, notably in the training sector, are helping to improve the social indicators. About 1,500 secondary school pupils have been offered enrolment opportunities at this level of education. About 207,000 persons have improved or continuing geographic access to a health facility. The administrative and

commune authorities have been involved in all phases of the Health project (identification of sites, sensitization of populations, monitoring works, etc.). The populations participated actively and voluntarily in land clearing and grading where Health Centres were to be located. The interest displayed prompted the successful tenderers to recruit the bulk of their labour locally. Apart from the local economic spinoff, this community process augurs well for the ownership of the management of health services by the beneficiaries.

5.3.2 In the education sector, the equipping of the official Gitarama Technical School, the rehabilitation and supply of teaching materials intended for the “Institut supérieur d’agronomie et d’élevage de Busago” and the rehabilitation/reconstruction of some thirty secondary schools of the country, helped to reconstitute the country’s human capital. It is worth recalling that in 1991/1992, Rwanda had 170 secondary schools, but after the war, there were no more than 110 schools of this type and these were in a state of disrepair.

5.3.3 Though the social results obtained in this sector are significant, the Education III project is really the first large-scale operation carried out by the Bank in the country. This project, which comprises important basic education infrastructure, also affects several levels and aspects of the educational system. The overall evaluation of Bank assistance to the social sector in Rwanda will depend largely on the project’s chances of success and/or failure. For now, its disbursement rate is 1.4%.

5.3.4 In the same way, there are high hopes for the Project for Poverty Reduction and Action in Favour of Women being implemented in the poorest region of the country. It is consistent with the major policy objectives of the Government which is engaged in a decentralisation process and, therefore, the transfer of Government powers to the communities. The local development plans of the CDC may receive precious financial resources through the Decentralized Activities Support Fund. Special emphasis will also be placed on the activities of women who are already the key players in the production, processing and marketing of food products in the project area. While the micro-credit component constitutes a risk factor in view of the lack of experience of intermediation structures and the absorptive capacities themselves, in a poorly monetized, subsistence economy, its rationale remains clear. To date, the low project disbursement rate (3%) can only allow for speculation.

5.4 Institutional Aspects

5.4.1 The institutional packaging of the different projects is similar to that of generations of projects and follows the dominant culture within the Bank. Under the Technical and Vocational Strengthening Project II, the Directorate of Financing and School Construction in the Ministry of Primary and Secondary Education was assigned the responsibility for its implementation. Admittedly, that was done through an Executing Agency, but the latter’s lack of autonomy, coupled with the overburdening of a central department (DFCS) also responsible for monitoring projects financed by other donors made it impossible to guarantee effective management of the project.

5.4.2 In the aftermath of the war, the design of emergency projects (Health and Education) not only included the lessons learned, but also took into consideration the country’s decline in terms of human capital. The management of these two projects was, therefore, entrusted to the technical assistance of the Specialized Agencies of United Nations system (WHO and UNESCO), to which nationals were seconded.

5.4.3 The Education III and Poverty Reduction projects, appraised in 1998, reflect the line of a generation of projects designed to give more autonomy and responsibilities to the executing agencies. To be sure, monitoring and advisory committees were set up, but apart from seeking to implement a participatory approach, it is primarily a matter of providing projects with an organ responsible for seeing to the attainment of objectives. In the case of Rwanda, contrary to the package which prioritizes technical assistance for the management

of the emergency phase projects, such assistance plays a subsidiary role in these projects which are managed by nationals. During the mission, the Rwandan authorities expressed strong reservations over the performance of technical assistance. But only the future can tell if this strategy has paid off.

5.4.4 However, the benefits, like the sustainability of the institutional aspects, should be assessed on the basis of types and level of ownership by the beneficiaries. The essential criteria remain: (i) quality of partnership and links of complementarity between the stakeholders; (ii) equity in the distribution of costs and benefits; (iii) development of operational and management capacities; and (iv) development of human and local resources.

5.5 Crosscutting Aspects

5.5.1 The projects under review were classified in environmental category II or III of the Bank. Consequently, no significant negative impacts are involved. Only the Poverty Reduction project, with its Decentralized Activities Fund, will finance road and rural earth-road works. But this will mainly involve the rehabilitation of already existing alignments. Moreover, financing request for the micro-credit component of IGA component should clearly indicate the environmental measures proposed.

5.5.2 Furthermore, the infrastructure components of all the other projects take into account the standards of ventilation, brightness and useful space to beneficiaries. The laboratories of the educational and health facilities, together with the technical school workshops, were constructed with due regard to the security standards in the construction of buildings and execution of works. Among the supporting measures taken, all the facilities were equipped with latrines, even if water constitutes a major challenge for all the schools often located on hilltops. Under the Education III project, KIST is planning training in environment and water resource management related areas. It is hoped that the best environmental practices will be disseminated at national level.

5.5.3 Many facilities which were built during the pre-conflict phase have become obsolete not only as a result of the war, but also lack of maintenance. In many cases, rehabilitation work, generally cheaper than new buildings, could not be carried out in accordance with the choices made at appraisal, owing to the advanced state of degradation of the schools and health centres.

5.5.4 The maintenance of the structures completed under Bank-financed projects, does not seem to have received adequate attention in policy dialogue. The funding of the operating expenditure of the establishments, in principle, by the State, is inadequate and slow, provoking some disquiet among school principals. The World Bank has noted that the resources earmarked in the State budget are inadequate for the maintenance of schools, but worse, their regional centralisation means that, in practice, a tiny, if any amount is allocated to school infrastructure.

5.5.5 Although many pupils do not pay their school fees, schools function virtually on the FRW 7,000 paid quarterly by those who pay. The Parent-Teacher Associations are only slightly involved, if at all, in the running of the schools.

5.6 Impacts of the AIDS Pandemic

5.6.1 The AIDS pandemic, which was not taken into consideration, at the time of appraisal, in any of the Bank-financed operations, not even in the most recent projects (Education III and Poverty Reduction), nonetheless constitutes the greatest risk for the sustainability of the results. The conclusions of surveys and analyses conducted by UNICEF, the World Bank and the Rwandan Government unanimously found the situation alarming and progressing at an alarming rate.

5.6.2 UNAIDS reported that Rwanda appears already among the 9 African countries most affected by HIV/AIDS. The seropositivity rates are on the rise in both urban centres and rural areas. In 1999, the findings of serological studies indicate that more than 400,000 Rwandan live with HIV. 180,000 of them have full-blown AIDS. The HIV infection rate was recently calculated at 11.1% in the urban environment and 10.8% in the rural area. The infection rate is particularly high among the working population, with more than 20% prevalence among women aged 25-35 years. Between now and 2005, the gross mortality rate will rise to 40% because of this disease.

5.6.3 As regards operations financed in the social sector, the Bank does not seem to have correctly assessed the scale of this phenomenon. The appraisal report of the Poverty Reduction project did moreover note the serious risks of AIDS to the country. However, the measures mentioned in respect of family planning and AIDS were watered down through the functional literacy programme. It was, nonetheless, observed that the infection rate of the adolescent population is lower in the school environment, indicating thereby that education plays a positive role in the prevention of this pandemic. The concentration of Bank projects in the Education Sector is, therefore, expected to have an indirect and localized impact on the pandemic.

6. IMPACT ON INSTITUTIONAL DEVELOPMENT

6.1 The five active operations financed by the Bank in the social sector have only had a marginal impact on institutional development. Already, the Education II project, which primarily concerned strengthening of the intake capacity of technical schools, was refocused on equipping a single Technical School (Gitarama). The two emergency-phase projects (Health and Education) were not oriented towards institution building, although the results nonetheless made it possible to finalize standard plans for the health centres and secondary schools. It is really with the Poverty Reduction and Education III projects that impacts on institutional development should be anticipated. The first by its "Building the Capacities of Project Beneficiaries' and Partners" component, the second by the Institutional Support provided to MINEDUC. Since the implementation rates of these two projects are so low as mentioned in paragraphs 5.3.3 and 5.3.4, any attempt to assess their impact can only be conjectural.

6.2 The Bank's operations took place in a context of change marked by the instability of the project implementation personnel. This dimension without doubt strongly diminished the positive impacts associated with a better control of procurement, monitoring and performance evaluation mechanisms of projects. Moreover, the first three projects with results were entrusted to technical assistance. From the information obtained on the contribution of national counterparts it was not able to determine whether a transfer of skills and technologies took place.

6.3 If positive impacts were obtained, they were indirect. The Bank had actually financed a project for institutional support to the Ministry of Finance and Economic Planning, comprising a training programme intended for senior staff of this department and the strengthening of CEPEX's capacities, notably through the procurement of equipment. Under this project, the Bank financed two national experts at the Directorate of Statistics for the establishment of economic accounts and the conduct of a survey on the living standards of households. The outcome of this survey will serve, among other things, to establish a social performance chart. Finally, the Bank monitored and took part in the preparation of the PRSP, the final version of which has just been completed (Feb. 2002). On the Bank's recommendation, the Government set up an Observatory to monitor poverty indicators in the country.

7. PERFORMANCE

7.1 Factors Affecting Performance and Results

7.1.1 The performance criteria were analysed by taking the following elements into account (i) Bank sector strategies and assistance to the country; (ii) the lending operations under review; (iii) non-lending operations of the Bank; (iv) performance of the Borrower; and (v) performance of the Bank. The results are assessed in relation to these five themes in keeping with the social sectors in which the Bank intervenes (Education, Health, Poverty Reduction). Details are set out in Annex 5.

7.1.2 The performance criteria relating to the relevance and the effectiveness of strategies and policies were developed throughout the report. Other factors affecting the viability of the projects considered are evaluated here at three levels: institutional framework, capacity building and sustainability of the social results. As for performance indicators, it would be more appropriate, at the present stage of the projects, to refer to procedural indicators. They are proposed independently of events, that is to say, on the basis of key factors for the success of an operation in the social sector. This approach, necessarily implies that greater attention be paid to qualitative aspects.

7.1.3 In the health sector, for instance, the variables used are: access to primary health care and access to curative care. In education, the following indicators are considered: intake capacities of the institutions, ratios (Pupils/class and pupil/teacher), retention and/or drop-out rate, impact on the quality of teachers, teaching materials and quality of life. Finally, with respect to poverty reduction, the key variables are: socio-economic categories (care of the poor), gender, quantifiable improvement of income, employment, access to social commodities (housing, water, domestic energy, etc.), and the local development and community participation process. An evaluation, combining the performance criteria with the procedural/performance indicators, remains legitimate in the light of the expectations of an operation in the social sectors.

7.2 Borrower's Performance in Project Preparation

7.2.1 Project formulation was more the work of its partners than of the country itself. The Borrower's performances in the preparation of projects are inadequate. The accumulated delays in the formulation of the PRSP, while reflecting commitment of the Authorities through a process which was meant to be participatory, also stem from the limited amount of human resources mentioned earlier.

7.2.2 All the projects being evaluated here experienced changes which are not explained solely by developments in the field. A good number of the components were modified, often justifiably, but caused further delays. It is true that on this point responsibility is shared with the Bank.

7.3 Borrower's implementation performance

7.3.1 There was considerable slippage on the implementation of all five lending operations financed by the Bank in the Social Sector. While the ongoing Technical and Vocational Education Project II, which entered into force in 1991, was the subject of force majeure due to the conflict and the break-up year (1994), the projects for the rehabilitation of health and education infrastructure, lost sight, in the course of time, of their emergency objective. Scheduled for two years, the duration for implementation of the said "emergency" projects is already five years. One should add that there was a two-year gap between the approval date (05/96) and the date of entry into force, also reflecting the difficulties facing the Borrower in meeting the loan conditions. The Education III and Poverty Reduction projects which were approved in 1998, became effective in 2000 and 2001 respectively. In implementation terms, they can be deemed to be at the start-up stage.

7.3.2 Basically, three internal factors contributed to the extension of the implementation deadlines: (i) weak institutional capacities of the state and civil society, which can never be overemphasized; (ii) lack of familiarization with the Bank's rules of procedure on the procurement of goods and services; (iii) lack of enthusiasm, even resistance to the use of technical assistance. With hindsight, the difficulties in positioning counterpart funds or granting the planned exemptions, though noted, would appear as a secondary phenomenon.

7.3.3 The major determining factor, mentioned above, was the difficulty in finding project implementation personnel. This was compounded by the instability of managerial staff and other employees. Such was the case of the last two projects which the Bank financed. As a result, this instability led to greater lack of familiarization with the Bank rules of procedure, because those who were trained initially at the beginning of the projects did not stay and the new project managers needed a period of familiarization. The situation evolved rapidly, without any (re)planning exercise or at least, familiarisation with the operations of the project cycle. Therefore, the issue of ownership remains.

7.3.4 Beyond the project executing agencies, the weak institutional capacity is also perceptible both at the level of the relevant ministry and the overseeing ministries and the National Tender Board. The administrative delays in granting exemptions, recruiting technical assistance or supplying the list of books to be ordered, for instance, were criticized on several occasions. These general shortcomings, coupled with the simultaneous formulation/implementation of new public policies on health, education, decentralisation and poverty reduction to some extent explain the strain on the borrower's already weak capacity, but also the never ending modifications of the list of goods and services to be procured during the life of the projects. They have a decisive negative impact on the performances and social results of ongoing projects.

7.4 Bank's Performance in Project Preparation and Appraisal

7.4.1 The Bank's performance at this stage of projects is difficult to evaluate. On the whole, the appraisal reports were discreet on the identification/preparation process. The two emergency projects were prepared prior to the guidelines of the Bank which, at that time, lacked precise direction on its emergency aid policy. In the context of the time, where the most pressing needs had to be prioritized, the options chosen concerning the Bank's assistance to the social sector of Rwanda, appeared relevant. It was essential to focus on the access of the population to basic social services.

7.4.2 Yet, nothing indicated at appraisal that the participatory approach had been taken into consideration. No reference was made to possible discussions with key informants other than Government Authorities. If there were contacts with donors, they did not lead to the identification of risks in emergency projects, in view of the Bank's lack of experience in that area and the massive aid given to the country. It is a fact that in a good number of cases, the other partners of the country made up for the Bank's delays. The constant variation in the modification of sites, besides the change of locations, gradually led to new constructions, rather than rehabilitations, as provided for in the appraisal. Finally, there is still a question mark over whether it was realistic to set a two-year period for the implementation period of these emergency projects. In view of the Bank's lack of experience, it was questionable.

7.4.3 The Education III and Poverty Reduction projects were prepared in another context to meet the concerns for the development of the country and the sustainable improvement of the social indicators. The objectives, like the components of the Poverty Reduction project, are in harmony with the PRSP strategic options which recommend an integrated approach to poverty reduction. Targeting thirteen districts, among the poorest in the country, it is also consistent with the decentralisation process being pursued in the country. The Decentralized Activities Support Fund, which mobilized 40% of the resources,

represents a significant source of financing for the new Community Development Committees (CDC) being set up.

7.4.4 Nevertheless, there are still some grounds for concern about the resources allocated to the Micro-credit Fund, in view of the low absorptive capacities in the project areas, related to the monetary poverty of the population and the lack of quality micro-finance institutions. But, this in no way calls into question the rationale of such a component, especially as nowhere are MFI and NGOs developed in a laboratory. The recent history of the Rwandan traditional banking system reveals that it was unable to effectively meet the needs of the rural population. The capacity building of financial and social intermediation structures is, moreover, one of the planned components of the project. Similarly, the training of beneficiaries, IEC activities and the monitoring-evaluation of poverty, constitute explicit objectives whose expected results go beyond the lifespan of the project.

7.4.5 However, the planned implementation schedule, fixing September 2003 for completion of the project, seems unrealistic. Moreover, in the absence of a Health project, a community health component ought to have been envisaged since project management is delegated to the competent structures. The "AIDS and malaria control" were not included, despite the ravages caused by these diseases in the project area.

7.4.6 The Education III project, the most important to be financed in the social sector (45.4% of post-conflict lending operations), does not seem to have been optimally prepared. First, there is no indication that the appraisal of the project relied on a basic study, nor is it clear how the beneficiaries were associated with its preparation. Then, it was based on an unrealistic assumption made by the Government of a 100% enrolment rate as in 2005, in proposing the number of primary schools to be built. Following the downward revision of the Government's assumption, the construction of 1350 classrooms was adopted, bringing total donor efforts to an enrolment rate of 90% in 2005. This assumption by the Bank was wrong. In 2002, the gross enrolment rate in primary school is already 99%, whereas no classrooms have been built under the Education III project. Yet, this component absorbs 66.5% of the total cost of ADB financing. Finally, the equipment component of the "Project management" component was reduced to the detriment of efficiency. Similarly, while the project correctly identified the risks to the quality of the management structure, the training activities, intended for this target group were a weak element in the appraisal.

7.5 Bank's Performance in Project Supervision

7.5.1 During the mission, various criticisms were made of the Bank's performance in project supervision and assistance to the country's programme. Concerns were voiced by the Rwandan side over the trend of its portfolio of projects with the Bank. The following elements featured among the reasons given: (i) long delays between the projects signature date and their effective take-off; (ii) the problem of conditions precedent; (iii) the Bank's lack of flexibility; (iv) the slowness of non-objection procedures; and (v) over-long disbursement, causing considerable delays.

7.5.2 The Rwandan side ascribes these shortcomings on the part of the Bank to the following factors: (i) lack of flexibility by ADB experts who often arrive in the country with ideas preconceived from Abidjan; (ii) lack of decision-making power by the experts once they are in Rwanda; (iii) mobility of Bank experts at the Headquarters, which borders on instability; (iv) existence of fairly unwieldy bureaucratic procedures in the departments of the Bank dealing with operations support; and (v) lack of a Bank Office in Kigali.

7.5.3 Furthermore, some project managers argue that the Rwandan authorities encountered many difficulties in convincing the Bank of the need to modify some project components in light of the developing situation of the country in a post-conflict phase. In addition, the planning of activities, though mutually agreed with Bank missions, is not always carried out, which leads to further slippages. In respect of the emergency phase in Rwanda,

the delays were more severely felt and the impact of projects was therefore negligible during this period.

7.5.4 In the opinion of the Bank's experts, the delays noted, which were real, arose mainly non-compliance by the Rwandan side with the Bank's rules of procedure, involving various exchanges of correspondence, extending in turn the implementation periods. In support of this argument, they recalled the difficulties encountered in the preparation, and evaluation of bids as well as the award of contracts. Coupled with that, are the obligations to the Bank, including experts' workload.

7.5.5 The perception of the Bank's assistance by the Rwandan authorities is admittedly debatable. But, it is an opinion which is largely shared by those with the responsibility for implementing the cooperation programme between the Bank and the Rwandan Government. As biased as they may appear, these criticisms of the Bank are not without justification. However, all things being considered, since the country's financial capacities are limited, delays will unquestionably diminish resources. The inadequacy of capacity building measures with regard to project implementation has already been mentioned.

7.5.6 Moreover, the composition of supervision missions, prevents the attainment of more global objectives of projects, even though the implementation of civil engineering works was well monitored. Missions focused more on the physical outputs of projects. This is not the first time that such remarks have been made. The unwieldy bureaucratic procedures criticized not only by project managers, but also by the enterprises, often led to extremely long disbursement delays.

7.5.7 In sum, the Bank shares with the Borrower responsibility for the delays encountered in the implementation of projects. Although it stepped up supervisions in the country and is attempting to intensify dialogue with the Government within the scope of its operations since the end of the conflict, it has failed to identify the specificities of the country. The desired flexibility demanded by the Rwandan authorities has come up against the rigidity of the Bank's internal procedures.

8. EVALUATION RATINGS

8.1 Bank's assistance

8.1.1 **Evaluation of the Bank's assistance strategy:** The Bank's assistance can be divided into three phases: (i) from 1994 to 1996, the assistance was limited and ineffective. Performances were therefore unsatisfactory; (ii) from 1996 to 1998, the Bank took an active part in the reconstruction phase of the country's economy and initiated post-emergency projects. Despite difficulties, performances were satisfactory; finally, (iii) from 1999 to 2001, the sector strategies were abandoned in favour of a macro-economic vision. Assistance to the social sectors declined, through indirect interventions. The performance of the Bank was unsatisfactory. **The overall score is 2.**

8.1.2 **Aid in form of loans:** The relevance of lending operations is considered satisfactory. The effectiveness of assistance in form of loans, like its sustainability, is considered uncertain, due to the fact that no operation has yet been completed. The quality at entry of lending operations is satisfactory, except regarding the Bank's interventions in institutional development. According to the procedural indicators, performances are very unsatisfactory. The real or probable impacts were not rated due to the current state of the projects. **The overall score is 1.9.**

8.1.3 **Non-loan aid:** The Bank's performance in respect of non-loan aid is highly unsatisfactory from 1994 to 1996. Apart from emergency operations and the restructuring of the Bank's portfolio, no initiative was taken to mobilise TAF resources. The Bank had only a

minor influence on the preparation of policies from the resumption of these operations and played only a minor role in respect of aid coordination. Policy and programme dialogue was ineffective. Communication represented a weak element of the Bank's assistance. **The overall score is 1.2.**

8.1.4 **Performance:** Even if the Bank was not involved in the preparation of some projects, the design of the different project components is generally satisfactory. While individual supervision missions are satisfactory in terms of number, and quality, notably in the case of structures, regular monitoring from the Headquarters was lacking. Reactions to non-objections and to disbursement applications were very unsatisfactory. **The overall score is 2.**

8.1.5 **Overall Assessment:** As can be seen, the indicators considered in respect of strategy, aid in the form of loans, non-loan aid, the Bank's performance, scores an average of 1.77. It appears obvious, therefore, on OPEV's performance rating scale that the Bank's assistance to Rwanda is unsatisfactory.

8.2 Borrower's performance

8.2.1 Since the Bank did not take part in the preparation of emergency-phase projects, this activity fell within the purview of the Borrower and its other partners. The country's performance in the identification of project sites is satisfactory. The slippage in programming, relating to human resources problems, constituted serious shortcomings, exacerbated by the disinclination to use foreign technical assistance. Three factors seem to explain this reluctance: (i) a technical factor: the performances of this type of assistance have not always matched the financial resources committed for its remuneration; (ii) a political factor: the recovery of a national identity in the post-conflict context; (iii) a psychological factor. It is viewed as a brake on the country's internal capacity building efforts. The Borrower's performance is considered unsatisfactory. **The overall score is 1.6.**

9. **CONCLUSIONS, LESSONS LEARNED AND RECOMMENDATIONS**

9.1 Conclusions

9.1.1 Somehow, the whole problem of strategy of assistance to Rwanda stems from the fact that the Bank had treated an extraordinary country in a traditional and ordinary manner. Four factors highlight the specific features of the country: (i) the smallness of the country, which is also landlocked, combined with high population density, would appear to be stable and constant data in an unstable country; (ii) the genocide, of an unprecedented magnitude on the African continent, created trauma and feelings of guilt in the international community, followed by a groundswell of support in which the Bank appeared to join somewhat late; (iii) the massive return of refugees, of different backgrounds and cultures made communication difficult; finally (iv) a country evolving in a conflictual sub-regional environment with definite impacts on the performance of the Bank's entire assistance strategy.

9.1.2 This evaluation focused on the Rwanda of the post-conflict period. The Bank's assistance to the social sector for the period under review did not evolve steadily. It went through three major phases: (i) post-war up till mid-96, the reaction of the Bank was not in keeping with the scale of the Rwandan drama. Admittedly, it granted emergency humanitarian aid, but had neither the experience nor the means. The Bank also restructured its portfolio, but adopted a wait-and-see approach undoubtedly on account of the scarcity of ADF-VII resources; (ii) from 1996 to 1998, the priority given to the social sector was obvious and was reflected in the significant increase in the Bank's portfolio. All the so-called post-emergency phase projects dealt with in this review were appraised during this period; (iii) since 1999, the social sector has been relegated to second position in the country assistance strategy in favour of operations in areas where the Bank's skills do not match Rwanda's

resources and potential. In fact, the “economist” approach and the priorities adopted in the CSP (1999-2001) are baffling in light of the emphasis placed by the Bank on assistance to SME/SMI.

9.1.3 The representatives of the sector departments, education and health notably, considered that much ground remains to be covered if social spending is to be brought in line with the countries of the sub-region and sustainably improve the social indicators. Whatever happens, the trend towards a refocusing of lending operations on roads or water does not reflect a change of priorities, but an adjustment of resources in the face of new opportunities. For the Government authorities (the Ministry of Finance and Economic Planning, in particular), it is henceforth desirable for the social sector to be financed within the framework of non-lending operations and for debts contracted by the country to be preferably in the areas of infrastructure and public utilities. It seems that the support expected from bilateral cooperation institutions has played a major part in the adoption of this approach.

9.1.4 The post-war watchword, the reconstruction of Rwanda, raises a problem. The question is: will aid flows continue or has the ceiling been reached? Also how can improved social expenditure be increased, while mobilising 50% of public resources for military expenses? Finally, the restoration of confidence between all the segments of the population and the restoration of peace in the Great Lakes region, raise some political issues.

9.2 Lessons Learned

The lessons learned from the evaluation are:

- (i) **Country Assistance Strategy:** The lack of a specific policy for post-conflict countries has banalized the Bank’s operations (7.5.3; 7.5.7; 9.1);
- (ii) **Country Strategy Paper:** The preparation of a macro-economic oriented country strategy paper obscures the country’s sectoral strategies to the detriment of the social sectors (2.2.5; 2.2.6; 2.5.1);
- (iii) **Non-Lending Operations:** When the country assistance strategy is not based on sound sector studies, policy and programme dialogue risks being transformed into a dialogue on the projects, thus marginalizing non-lending operations (3.1.1.; 3.1.7; 3.2.1);
- (iv) **Portfolio Reviews:** Generally speaking, they were more critical of the country than the Bank’s shortcomings. The presentation of the position of the country’s authorities was a weak point in these exercises (3.2.3);
- (v) **Social Sustainability of Projects:** The improvement of the macro-economic context does not automatically imply an improvement of the social sectors. Only continued medium and long-term actions will enable the country to replenish progressively its human capital which was destroyed by the war and the genocide (1.4.11. 4.1.1; 4.2.4. 4.2.9; 5.3; 5.3; 7.1.2).
- (vi) **Planning:** The existing project planning framework is contributing to project implementation delays and constitutes a factor of tension between the Bank and the country (7.2.1; 7.2.2; 7.3.3. 7.4.2);
- (vii) **Policy Dialogue:** Important social issues (reinsertion of the former refugees, children household heads, women’s rights, etc.), could not be accommodated in a dialogue where discussions were guided by a project approach (1.3.6. 1.3.7; 2.6.1; 2.6.3; 3.1.1);

- (viii) **Institutional Development:** A relevant and effective strategy of assistance should be supported by an institutional development programme (2.6.; 6.3; 7.3.2; 7.3.4);
- (ix) **Technical Assistance:** There exists a real apprehension, even a certain hostility, by the Rwandan side towards technical assistance (3.2.3; 4.2.12; 5.4.3; 7.3.2);
- (x) **Community Participation:** It is important to associate the beneficiaries with all the phases of a project and to envisage specific actions for the elected representatives of the beneficiaries during the implementation of projects, if their success were to be ensured (4.1.11; 5.1.3; 5.3.1; 5.5.5; 7.4.2);
- (xi) **Procedures of the Bank:** The procedures of the Bank are still unsuitable for responding to emergency situations (3.1.4; 3.1.5; 4.2.1; 7.2.3; 7.3.1; 7.4.1; 7.4.2);
- (xii) **Sustainability:** The regional centralisation of running and maintenance expenses intended for health and education, does not benefit health facilities and educational establishments (5.5.3; 5.5.4);
- (xiii) **Aid Coordination:** Without a local representation endowed with prerogatives and responsibilities in the field, the Bank's role in aid coordination will remain ad hoc and marginal (3.3.1; 3.3.2; 7.5.2);
- (xiv) **Communication:** On the whole, the communication mechanisms used by the Bank had only limited effects (3.2.2.; 4.2.1; 7.5.1; 7.5.4).

9.3 Recommendations

9.3.1 **Recommendations to the Bank**

- (i) The major recommendations for the Bank concern a better preparation of its strategic assistance based on in-depth sector studies calculated to fuel its policy and programme dialogue, its project portfolio and its value added in aid coordination. They constitute, moreover, the foundation for a programme approach. (3.3.1; 3.1.7; 3.2.1; 7.5.3; 7.5.7);
- (ii) Involve social development experts more closely in the preparation of CSP and attach greater importance to the presentation of the country's sector strategies (2.2.5; 2.2.6; 2.5.1);
- (iii) Adopt the guidelines for non-lending operations in order to specify their effective nature, the list of activities covered by this type of operation and their functions. The Bank should indicate the minimum volume of non-lending operations, even when a country is under sanction. This would make it possible to maintain communication, to continue to monitor the country and to facilitate the crisis resolution scenario (3.1.1; 3.1.2; 3.1.7; 3.2.1);
- (iv) Revise the Portfolio Review format by inserting a chapter entitled "Position of Actors", in which the positions of the RMC will appear distinctly, prior to formulating recommendations. (3.2.3; 7.5.1; 7.5.2);
- (v) Beef up preparation/appraisal of projects with environmental research and sound social analyses as prerequisites to appraisal missions. For poverty reduction projects, particularly in rural areas, the aspects relating to the

determinants of poverty, gender, institutional and land issues should come out clearly (1.4 .11; 4.1.1; 4.2.4; 4.2.9; 5.3; 7.1.3);

- (vi) The Bank should identify in one of its operation areas, potential from fields of cooperation with other partners (UNICEF, UNAFP, UNESCO) to support Rwanda in the sector of informal education of children household heads, reproductive health and AIDS (1.3.6; 1.3.7; 2.6.1; 2.6.3; 3.1.1);
- (vii) Modify the current provisions of the Education II and Poverty Reduction projects to incorporate a component for the training of project implementation staff and strengthening the equipment of the Education III Project Unit. Continue to support the Rwandan Government in the regular update of the social performance chart of Rwanda in order to monitor the trend of the social indicators and prepare, for consideration by the Government, recommendations on the orientation of its assistance under the Poverty Reduction Programme (2000-2010), (6.3; 7.3.2; 7.3.4);
- (viii) The Country Assistance Strategy should take into account the specific features of Rwanda, by making the Bank's procedures more flexible and seeking new operating mechanisms within the framework of a "post-conflict country policy". The Bank should review the workload of certain experts and take the necessary measures to shorten the response time for replies to non-objections and to speed up disbursements. (3.1.4; 3.1.5; 4.2.1.; 7.2.3.; 7.3.1.; 7.4.1; 7.4.2; 9.1);
- (ix) Considering Rwanda's specific features, the Bank ought to invest in a representation office in Kigali and establish a consultative mechanism with the "Post-Conflict Country Unit" within the premises of the World Bank. (3.3.1; 3.3.2; 7.5.2; 9.1.1; 9.1.5);
- (x) The Bank should further involve the Internal and External Communications Division to strengthen the different operational and support departments in its strategy of assistance to Rwanda. The Division could cooperate with CEPEX in the organization of seminars and maintenance of closer communications. (3.2.2; 4.2.1; 7.5.1; 7.5.4);

Recommendations to the Government

- (xi) The Government should address the contradiction between its diagnosis on the scale of the losses of design and implementation staff and its unwillingness to accept that such a human and technical shortfall can be offset by the use of technical assistance. The performances of technical assistance in Bank projects are so far more convincing than those of nationals. (3.2.3; 4.2.12.; 5.4.3.; 7.3.2.);
- (xii) With a view to building the capacities of the beneficiaries' representatives, actions can be envisaged (training, emoluments) in favour of Parent-Teacher Associations or members of the management committees of health facilities. Without the involvement of the general public, community participation is merely a new form of forced labour. (4.1.11; 5.1.3; 5.3.1; 5.5.5; 7.4.2);
- (xiii) It seems anachronistic, within the framework of the ongoing decentralisation, to preserve the management of budget resources, meant for the maintenance of school and health institutions, at the regional level. An effective decentralisation of these resources is called for, if the maintenance of the completed works is to be more efficient (5.5.3; 5.5.4);

Recommendations to both the Bank and the Government

- (xiv) The Bank and the Government should engage in a reflective process on a cyclical and flexible framework of project planning. Arrangements could be made to organise in the country a seminar on strategic planning at appraisal and systematize operational planning with the project team once set up, expanded to the major partners of the projects. A second operational planning exercise would be necessary after the mid-term review. The issue of ownership by beneficiaries will be improved. (7.2.1; 7.2.2; 7.3.3; 7.4.2).

A N N E X E S

- 1. Matrix of Recommendations and Follow-Up Measures**
- 2. Socio-Economic and Sector Indicators**
- 3. Cumulative Results of Bank Group Lending Operations in the Social Sector**
- 4. Summary of Bank Projects in the Social Sectors**
- 5. Evaluation Ratings**
- 6. Impacts of HIV/AIDS on the Social Sector.**

RWANDA : ASSISTANCE OF THE BANK TO THE SOCIAL SECTOR
MATRIX OF RECOMMENDATIONS AND FOLLOW-UP MEASURES

MAJOR OBSERVATIONS	RECOMMENDATIONS	FOLLOW-UP MEASURES PROPOSED	RESPONSIBLE ORGAN
1. Country Assistance Strategy. The lack of a specific policy for post-conflict countries has banalized the Bank's operations.	Place emphasis on an assistance strategy based on in-depth sector studies calculated to fuel its dialogue on policies and programmes, its project portfolio and its value added in aid coordination.	Formulate and ensure follow-up of performance criteria and indicators in support of the principles set out in the sector strategies.	POPR/Sector Departments
2. CSP. The preparation of a country strategy from the macro-economic standpoint or vision obscures the country's sector strategies, to the detriment of the social sector.	Pay closer attention to the presentation of the country's sector strategies in the CPS.	Increase the involvement of the social development experts in the preparation of CSP during field missions.	OCCC/OCSD
3. Non-Lending Operations. These types of operations appear inseparable from lending operations when financial resources are not used to carry out studies or to finance certain one-off programmes.	The Bank should indicate the minimum volume of its non-lending operations, even when a country is under sanctions, to maintain communications, to continue to ensure monitoring of the country and facilitate the crisis resolution scenario.	Adopt guidelines for non-lending operations in order to specify their real nature, the list of activities incorporated in this type of operation and their functions.	POPR
4. Portfolio Reviews. Generally, they have been much more critical of the country than the Bank.	Revise the portfolio review format by inserting a chapter entitled "Position of Participants", in which the country's position will appear distinctly, before formulating recommendations.	Review the format.	OPEV/POPR
5. Social Sustainability of Projects. Only continuing medium and long-term actions will enable the country to progressively replenish its human capital which was destroyed by the war and the genocide.	Carry out social sector studies, expanded to public utilities, with a view to formulating a social performance chart for Rwanda.	Implement and monitor the recommendations of studies	OCOD/OCCC/OCSD

MAJOR OBSERVATIONS	RECOMMENDATIONS	FOLLOW-UP MEASURES PROPOSED	RESPONSIBLE ORGAN
<p>6. Planning. The current framework for project planning contributes to delays in project implementation and constitutes a factor of tension between the Bank and the country.</p>	<p>The Bank and the country should engage in a reflective process on a flexible planning cycle (strategic and operational) of projects. The issue of ownership will be improved.</p>	<p>Organise in the country a simulation exercise in strategic planning at appraisal and streamline operational planning with the project team and major partners. Repeat after each mid-term review.</p>	<p>OCOD/OCCC/OCSD</p>
<p>7. Policy Dialogue. Important social issues (reinsertion of former refugees, child-household heads, women's rights, etc.) could not be catered for in a dialogue or discussions guided by a project approach.</p>	<p>The Bank should lay emphasis on social issues, hitherto tackled inadequately, and address issue of partnership with other institutions (UNICEF, UNAFP, UNESCO).</p>	<p>Monitor the trend of different social indicators.</p>	<p>OCCC/Govt.</p>
<p>8. Institutional Development. The institutional building initiatives taken are very limited, including those for projects.</p>	<p>Continue to support the Rwandan Government in updating the social management chart of the PRSP in order to monitor the evolution of social indicators and to prepare for the attention of Government recommendations on the major policy objectives of its assistance under the Poverty Reduction Programme (2000-2010).</p>	<p>Identify the needs and implement a programme comprising training and institutional support to PRSP within the framework of decentralisation.</p>	<p>OCSD/OCCC</p>
<p>9. Technical Assistance. There is real apprehension, even some hostility, by the Rwandan side towards technical assistance.</p>	<p>The Government should address the contradiction between its diagnosis on the scale of loss of management and implementation staff and its reluctance to make good such human or technical shortfalls by with technical assistance.</p>	<p>Carry out a performance evaluation of technical assistance and national capacities.</p>	<p>CEPEX/OCCC</p>
<p>10. Community Participation. The beneficiaries were hitherto inadequately associated with the different projects, especially concerning pupils' parents.</p>	<p>With the objective of strengthening the capacities of the representatives of the beneficiaries, actions (training, attendance vouchers) can be envisaged in favour of Parent Teacher Associations or members of the management committees of health institutions.</p>	<p>Evaluate the involvement of all the stakeholders in the Education III and Poverty Reduction projects and step up IEC activities.</p>	<p>OCSD/PROJECT PIU</p>

MAJOR OBSERVATIONS	RECOMMENDATIONS	FOLLOW-UP MEASURES PROPOSED	RESPONSIBLE ORGAN
<p>11. Bank's Procedures. Bank's procedures are still unsuited to responding to emergency situations. The experts' heavy workload also leads to non-compliance with the procedures.</p>	<p>The country assistance strategy should take account of Rwanda's specific features by making the Bank's procedures more flexible and seeking new operating instruments within the framework of a "post-conflict country" policy. The Bank should review workloads of certain experts and take the necessary measures to shorten the response time prior to approval on a lapse of time basis and to speed up disbursements.</p>	<p>Define a post-conflict country policy. Streamline the activities of experts and determine the Expert/workload ratios.</p>	<p>OCCC/OCSD/FLAD/FPRU</p>
<p>12. Sustainability. Centralisation at regional level, and upkeep and maintenance expenditure on health and education do not benefit health facilities and educational establishments.</p>	<p>An effective decentralisation of resources is called for, if maintenance of completed works is to be made more efficient.</p>	<p>Engage in dialogue with the government on the post-project period.</p>	<p>Government</p>
<p>13. Aid coordination. Without a local representation office with prerogatives and responsibilities in the field, the Bank's aid coordination role will remain ad hoc and marginal.</p>	<p>Invest in a representation office in Kigali</p>	<p>Take into account the country's specific features and set up a consultative mechanism with the "Post-conflict Unit" within the World Bank. Have a Programme Officer accommodated within UNDP premises.</p>	<p>Bank</p>
<p>14. Communication. On the whole, the communication mechanisms used by the Bank have only had limited effects.</p>	<p>The Bank should increase the involvement of the Communications Division in the strengthening of the different operational and support departments in its assistance strategy in Rwanda.</p>	<p>The Internal and External Communications Division could cooperate with CEPEX to organise seminars and maintain closer communications.</p>	<p>SEGL/OCSD/OCCC/FLAD/FPRU</p>

ANNEX II

RWANDA : SOCIO-ECONOMIC AND SECTORAL INDICATORS

Table 1: INDICATORS OF ECONOMIC DEVELOPMENT AND POVERTY IN RWANDA			
Indicator	Current level	Source	Year
Population	7,979,930	EICV	2000
Women	4,276,787	EICV	2000
Men	3,703,142	EICV	2000
Kigali city	7%	EICV	2000
Other cities	2.9%	EICV	2000
Rural	90.1%	EICV	2000
Proportion of households below the poverty line	60.29%	EICV	2000
Life expectancy	49 Years	EDS	2000
Maternal mortality for 100,000 births	810	EDS	2000
Infant mortality (proportion of children who die before 1 st birthday)	107/1000	EDS	2000
Child mortality (proportion of children who die before 5 th birthday)	198/1000	EDS	2000
Prevalence of AIDS (15-49 years)	13.7	EDS	2000
Total fertility index (average number of children during the period of fertility)	5.8	EDS	2000
Use of contraceptives	4	EDS	2000
Proportion of completely immunised children	72%	MINISANTE	2000
Gross primary school enrolment (ratio of children of primary school age attending school)	100%	MINEDUC	2000/01
Net primary school enrolment (ratio of children of primary school age attending school)	73%	MINEDUC	2000/01
Primary school retention rate	20%	MINEDUC	1999
Repeater rate	30%	MINEDUC	1999
Gross secondary school enrolment	10.2%	MINEDUC	2000/01
Net secondary school enrolment	6.0%	MINEDUC	2000/01
Adult literacy (> 15 years)	52.36%	EICV	2000
- Women	47.79%	EICV	2000
- Men	58.06%	EICV	2000
Malnutrition		EDS	2000
Growth retardation	42.7%		
Underweight	29%		
Access to potable water	45-50%	MINIRENA	2000
Percentage of schools without running water	76%	MINEDUC	1999
Credit allocated to the Health Sector	4.1%	MINECOFIN	1999
Credit allocated to the Education Sector	22.7%	MINECOFIN	1999

RWANDA : CUMULATIVE RESULTS OF LENDING OPERATIONS OF THE BANK IN THE SOCIAL SECTOR

EDUCATION

Primary Education

- The sites of 44 schools of the 220 to be built have been identified;
- The bidding documents are being prepared and the selection of a second batch of 50 others is underway.

Secondary and Technical Education

- 23 schools were built or rehabilitated and the bidding documents were launched for the building of 6 other schools;
- 12 teachers were recruited and placed at the disposal of KIE to look after the distance learning programme of secondary school teachers;
- the procurement of equipment and furniture of the secondary schools is underway;
- teaching materials of ETO of Gitarama are being purchased; vehicles and computers have been delivered.

Specialised Education

- the bidding documents for ISAE equipment and furniture are being prepared;
- the KIST study has been completed;
- the order for laboratory equipment and purchase of books for KIST have been placed.

HEALTH

- 7 Health Centres were built or rehabilitated and one regional hospital was partially rehabilitated and another rebuilt;
- two standard plans were prepared for a totally new Health Centre building;
- a list was drawn up of essential drugs;
- training modules for management of pharmaceutical products and Health Centre management were completed;
- training of 48 trainers in drug management;
- training by trainers of 332 Health Centre staff in the twelve provinces of the country;
- 24 persons have benefited from HC management training
- orders have been placed for radio communication materials intended for health facilities and the ambulance for Butare hospital.

POVERTY REDUCTION

- the vehicles for the project have been procured together with the equipment;
- the socio-economic study in the project area has been completed;
- under the Micro-credit Fund, partnership conventions were signed with the Union des Banques Populaires, the Union des Caisses de Travailleurs and CARITAS.

SUMMARY OF BANK PROJECTS IN THE SOCIAL SECTOR

PROJECT TITLE	COSTS Million UA	DATE		OBJECTIVES	OBSERVATIONS
		Approval	Entry into Force		
1. Strengthening of Technical and Professional Education II	At appraisal ADF : 15.281 GOVT : 1.698 TOTAL: 16.979 <u>On Completion:</u> ADF: 1.65	20/09/1988	10/04/1991	Strengthen and extend the intake capacity of technical institutions and improve teaching qualifications of the teaching staff of general secondary technical schools.	88.4% of the loan was cancelled under the portfolio restructuring exercise in 1995. It is yet to be completed.
2. Emergency Humanitarian Aid	ADF/TAF: 2.043	24/08/1994	ND	Assistance to civilian victims of the war in Rwanda	This aid arose from the use of grant resources awarded before the war, but not disbursed. There was no Completion Report.
3. Project for Emergency Rehabilitation of Secondary education and ISAE	ADF: 09 Govt. 01 Total: 10	05/06/1996	01/12/1998	Re-establish secondary education and ISAE services to their levels before the events of April 1994	Scheduled to last 2 years, the project is still on. The size of the technical assistance component is a serious handicap. At 31 December 2001 the disbursed sum was 2.4 million UA, or 26.6% of the loan amount.

ANNEX IV

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4. Project for the Emergency Rehabilitation of Health infrastructure	ADF: 4.76 GOVT: 0.52 TOTAL: 5.28	05/06/1996	30/06/1998	Ensure access by the rural population to quality health services provided by the districts in Kubuye, Gisenyi and Kibungo regions.	Scheduled to last 2 years, the project is ongoing. The disbursement rate at 06/03.2002 is 22.5%
5. Education III	ADF: 20.78 GOVT: 2.22 TOTAL: 23.10	12/1998	20/07/2002	(i) Improve the effectiveness of education management; (ii) increase the intake capacity and internal efficacy of primary education; (iii) increase the training of medium and high-level technicians.	
6. Poverty Reduction and Actions in favour of women	ADF: 9.54 GOVT: 1.11 TOTAL: 10.65	17/06/1998	05/05/2001	Contribute to the improvement of the standard of living and poverty reduction by increasing the incomes of vulnerable groups and the promotion of employment in the project area.	The first set of activities to enable the establishment of a fund and support to the micro-finance system had just started up during the mission (March 2002). The ADF disbursement rate is 3%.

EVALUATION RATINGS

Interpretation of Ratings

4: *Highly satisfactory*

3: *Satisfactory*

2: *Unsatisfactory*

1: *Highly unsatisfactory*

Table 1: Evaluation of the Bank's assistance strategy

<u>Component indicators</u>	Scores	Justifications
Relevance of country strategy	2	Between 96 and 98, the operations strategy was consistent with the priorities of the country, as with those of the Bank, but the 1999-2001 CSP did not adequately take into account the priorities agreed upon at the 1998 Kigali seminar on the Bank operations strategies for the years ahead, and which were conducted according to a participatory approach.
Efficacy of country strategy	2	The strategic objectives were defined vaguely through a macro-economic vision and the sector strategies, notably for the social sector, were not clearly set out.
<u>OVERALL RATING</u>	2	

Table 2: Evaluation of loan aid

<u>Indicators</u>	Scores	Justifications
Compliance with the Bank's social sector policy	3	Even if the Education II project does not come under this category, the other projects tend to comply with the Bank's principles and vision.
Compliance with country strategy	2	The project components are well adapted, but loan aid has shown little concern for institutional development, despite the severity of the diagnosis in this area.
Attainment of objectives relating to physical access to basic social services	3	That seems very probable in a short time for the emergency projects (Health and Education).
Contribution to access to primary health care	2	The Health project strengthens the concept of district health, in which Health Centres are an important link.
Contribution to access to curative care	1	Emphasis was laid on medical equipment, but not on the training of medical personnel, or on drugs.
Contribution to improving the pupil/class ratio.	2	Due to the use made of the buildings, improved intake capacities will have no significant effect on this ratio.

Contribution to the improvement of pupil/teacher ratio	1	Not provided for.
Contribution to the improvement of drop-outs and repeater rates.	1	Minor contribution due to poorly controlled exogenous factors.
Contribution to the improvement of the quality of teachers	2	Equipment of laboratories and laboratories should improve teaching activities, but without great influence on the other working conditions.
<u>OVERALL RATING</u>	1.9	

Table 3: Evaluation of Non-loan Aid Operations

Indicators	Score	Justification
Contribution to the preparation of sector policies.	1	Nothing shows that the Bank contributed to the policies defined by the Government in respect of health and education.
Contribution to the preparation of PRSP.	1	The Bank's support was indirect and limited to financing a national expert for the EICV survey.
Mobilisation of technical assistance	2	The Bank has stressed this point in the dialogue with the country, but this mobilisation was effected only through loan operations.
Mobilisation of TAF financing.	1	Aside from the 1994 emergency humanitarian aid, no TAF resources were mobilised.
Coordination of aid with the other donors.	1	There is no indication that the Bank played an active role. It did no more than attend.
<u>OVERALL RATING</u>	1.2	

Table 4: Evaluation of the Bank's performance

Indicators	Score	Justification
Quality of analysis of situations	2	Specific features of country inadequately taken into account and lack of sound social analysis. Participatory approach was on the whole poorly used.
Quality of design of project components	3	All the projects at the time of their conception. The Education III and Poverty Reduction Projects were quite relevant in the formulation of their components, even if an AIDS and malaria component should have appeared in the second project, in view of diagnosis of the situation.
Quality of supervision missions		The supervision missions were fairly regular (average of 1.5 per year). They focused particularly on physical infrastructure. The Poverty Reduction Project could have been improved.

Quality of monitoring from Headquarters	1	Responses to requests for approval on a lapse of time basis take an average of 3 to 4 months. The monitoring of the Poverty Reduction project only improved since the beginning of the year 2002.
Adherence to disbursement deadlines	1	Disbursement applications were satisfied on average of only after 4.5 months. The disbursement rate is very low for all the Bank projects, but more particularly still for the social sector.
<u>OVERALL RATING</u>	2	

Table 5: Recapitulation of overall evaluation

<i>Tables</i>	<i>Elements</i>	<i>Score</i>
Table 1	Evaluation of Bank's assistance strategy	1.9
Table 2	Evaluation of loan aid operations	2
Table 3	Evaluation of non-loan aid operations	1.2
Table 4	Evaluation of Bank's performance	2
<u>OVERALL AVERAGE</u>		1.77

Table 6: Evaluation of Borrower's performance

<i>Indicators</i>	Score	Justifications
Project Consistency with Government Development Strategy	4	The Government adapted the Bank's operations to the situation of the country. The criteria for the selection of beneficiaries of projects were well established, especially for Education III and Poverty Reduction projects.
Quality of Implementation	1	Delays in the fulfillment of general conditions for loan effectiveness. Strong resistance to technical assistance, bordering on hostility.
Adherence to Time Schedule	1	All the projects experienced serious delays.
Adherence to Cost	1	The planned activities could not be carried out within the authorised maximum budget allocation and additional funds are to be expected for some of the works.
Compliance with Reporting Guidelines	1	Their quarterly frequency was not observed and the content is fairly limited to financial aspects.
<u>OVERALL RATING</u>	1.6	

RWANDA : IMPACTS OF HIV/AIDS ON THE SOCIAL SECTOR

1. One of the major impacts of AIDS is the fact that this pandemic represents the greatest risk on the sustainability of the country's development programmes, rendering the poverty reduction a notional exercise. The surveys and analyses conducted by UNICEF, the World Bank and the Rwandan Government are unanimous in their conclusion that the disease is progressing at an alarming rate. In 1986, the prevalence rate of AIDS was 1.3% in rural areas, and presently stands at 10.8%. This situation is all the more alarming because 90% of Rwandan population is rural.
2. The ravages caused by this disease affect more particularly the working population of the country. The social groups most exposed to HIV/AIDS are youths, the military, truck drivers, poor households headed by women or by children, street urchins, unaccompanied children or orphans, displaced persons living in camps and children of infected mothers.
3. Yet, having regard to the specific features of Rwanda, the number of persons belonging to these target group victims of this disease is so high that eventually it is the whole of the population that is threatened. During the genocide and the war rape was an everyday occurrence and 65% of raped girls subsequently became HIV-positive. It is reckoned that presently 34% of households are headed by women whilst 300,000 children live in households headed by youths or by other children. Between now and 2005, the gross mortality rate will rise by 40% because of AIDS. Life expectancy has already dropped from 54 years to 48 years, also because of AIDS. The health data establishing a link between HIV and tuberculosis suggest that from 50% to nearly 85% of persons affected by tuberculosis are infected by HIV.
4. The prevalence rate of 4.1% among the youngest (12-14 years), apart from representing a high percentage of new infections, will, in the long run, affect school enrolments. Teachers, who are representatives of the adult population, constitute an endangered group and the trend of AIDS-induced mortality can increase the country's dependence on foreign teachers, despite the efforts of public authorities.
5. If concrete measures are not taken to reverse the trends observed, beyond the failure of the national poverty reduction programme, a "second genocide" will ensue, that of AIDS, which neither the Government nor the international community can prevent or heal.