

**PROJECT INFORMATION DOCUMENT (PID)  
IDENTIFICATION/CONCEPT STAGE**

Report No.: PIDC100153

<b>Project Name</b>	
<b>Region</b>	AFRICA
<b>Country</b>	Rwanda
<b>Lending Instrument</b>	IPF
<b>Project ID</b>	P162666
<b>Borrower Name</b>	Transparency International Rwanda (TI-Rwanda)
<b>Implementing Agency</b>	Transparency International Rwanda (TI-Rwanda)
<b>Environment Category</b>	C - Not Required
<b>Date PID Prepared</b>	02-Dec-2016
<b>Estimated Date of Approval</b>	15-Dec-2016
<b>Initiation Note Review Decision</b>	The review did authorize the preparation to continue

## **I. Introduction and Context**

### **Country Context**

Rwanda is a small landlocked country in East Africa. It is bordered by the Democratic Republic of Congo (DRC) to the west, Tanzania to the east, Uganda to the north, and Burundi to the south. It has a population of 10.5 million residents, of which about 52% are women. Rwanda has maintained political stability since 1994. The last parliamentary elections held in September 2013 saw 64% of the seats taken by female candidates. President Paul Kagame is serving his second term, and presidential elections are due in 2017. In July 2015, Rwandan parliamentarians voted to support a change in the constitution that would allow the president to run for a third term.

Rwanda's progress has been rapid in recent years, building on a two-decade-long turnaround which has been remarkable in both its pace and breadth. A highly strategic approach to development has galvanized domestic and external resources around nationally-defined goals and delivered high rates of economic growth, a significant decline in poverty, a reduction in inequality and progress in nearly all developmental outcomes. The poverty headcount dropped, with the share of population living below the national poverty line falling from 59% in the early 2000s to 45% in 2011.

Despite an adverse external environment stemming from a slowdown of the Chinese and European economies, Rwanda maintained steady growth in 2015. Gross Domestic Product (GDP) growth remained steady at 6.9%. Thus far, the decline in commodity prices has been favorable for Rwanda -- a net importer of energy products. Macroeconomic stability measured by inflation and exchange rates has been maintained. However, downside risks have been increasing, both externally and domestically. A deteriorating external environment led the World Bank to revise down its global and regional economic growth forecasts.

Employment in Rwanda remains characterized by agriculture, informality, and low earnings. In

2011, about 70% of workers were principally employed in agriculture, with the remaining 30% engaged in a myriad of non-farm activities. Farm self-employment, or people working on their own on their family's farm, accounted for almost 60% of employment, followed by farm wage employment, which accounted for 12%. Increasing earnings from agriculture remains the most direct way to improve economic conditions for the bulk of the population.

The Government of Rwanda recognizes the need to strengthen citizen participation and the accountability of government towards citizens. This is emphasized in the Economic Development and Poverty Reduction Strategy EDPRS2 (2013-18), which includes accountable governance as one of its four main pillars. In 2011, new laws were passed governing national Non-Governmental Organizations (NGOs), international NGOs and religious based organizations. This was a positive step towards creating an enabling environment for civil society voice and participation. The national NGO law regulates the registration of NGOs, and limits the power of government to deny registration. The law also contains provisions to strengthen NGO internal operations and legitimacy, and establishes rights and procedures for NGOs to participate in policy and legislative developments.

Despite a strong legal framework, the real operating context for NGOs can be restrictive - this can be particularly problematic for organizations that work on human rights or those that are openly critical of the government. However, in recent years the Government has welcomed some forms of policy advocacy. Generally, engagement between citizens, civil society and government can be expected to be productive, but also a source of tension requiring careful management.

### **Sectoral and Institutional Context**

Agriculture provides employment to the bulk of working Rwandans. Independent family farming represents the main employment for 2.9 million working-age Rwandans, accounting for almost 60% of overall employment while wage farming provides employment to another 0.6 million people (12% of total employment). Taken together, 70% of workers have their main occupation in agriculture. Driven by increased investments in agricultural inputs, land use consolidation and infrastructure, agricultural production at household level has more than doubled during the past decade. Together with increased agriculture commercialization (as reflected in the rising share of harvests sold on local markets), the increase in agriculture production accounted for about 45% of the reduction in poverty which has decreased by 14% points over the last decade.

The agriculture sector is explicitly recognized in the EDPRS2 as one of the four priority sectors that will both stimulate economic growth and make the greatest contribution to poverty reduction -- the other sectors being health, education and road maintenance. The drive for results in these priority sectors, including agriculture, has very strong support and leadership from the highest levels in Government. The President's Office and the Prime Minister's Office have driven the culture of performance. They track progress made towards EDPRS goals to hold government staff accountable for achieving results through the agreement of "Imihigo" which specifies the results to be delivered over the coming year and are now formalized around strategic indicators and targets linked to the EDPRS.

Rwanda's performance contracts (Imihigo) are binding agreements between the government agencies and the President detailing what the respective institution sets itself as targets on a number of governance, justice, economic and social indicators. These performance contracts started in 2006

and now cover most central and district government agencies. The stated objective of Imihigo is to improve the speed and quality of execution of government programs, thus making public agencies more effective. According to the Government, "it is a means of planning to accelerate the progress towards economic development and poverty reduction. Imihigo has a strong focus on results which makes it an invaluable tool in the planning, accountability and monitoring and evaluation processes".

Since 2006, the performance contracts have been used by the district government authorities for setting local priorities, setting annual targets and defining activities to achieve them. The district executive committees meet annually with the representatives from the central government's line ministries to set these targets, making sure they are aligned with the national strategies and the policies pertinent to the line ministries. Performance indicators are also set. The performance indicators provide a clear framework to establish domestic accountability at a level directly relevant to citizens -- senior policy makers and citizens both closely follow the performance of government institutions which are hotly debated at bi-annual evaluation meetings chaired by the President.

### **Relationship to CAS/CPS/CPF**

The Project objectives are consistent with the Country Partnership Strategy (CPS) for Rwanda 2014-18 by directly contributing to the implementation of the CPS's second and third themes. The second theme aims at improving the productivity and incomes of the poor -- the agriculture sector, with 70% of the labor force dependent on the sector, is identified as key to achieving this goal. The CPS's third theme focuses on supporting accountable governance and the GPSA Project activities are directly aligned with this theme. The Project will also complement ongoing World Bank support to increase and intensify the productivity of the Rwandan agricultural and livestock sectors (Transformation of Agriculture Sector Program Phase 3 P for R - P148927), and the Rwanda land, husbandry water harvesting and hillside irrigation project (P124785).

## **II. Project Development Objective(s)**

### **Proposed Development Objective(s)**

The Project's Developmental Objective is to help address low citizen participation in policy planning, monitoring and evaluation of local and national agricultural development plans in project targeted districts.

### **Key Results**

The key results of this project are:

- Increased number of farmers implement social accountability tools and channel their priorities through "Imihigo" feedback mechanisms.
- Increased cooperation between CSOs and government authorities (national and district) in the "Imihigo" planning and monitoring processes.
- Agricultural sector policy and the "Imihigo" processes are influenced by lessons learned during project implementation.

## **III. Preliminary Description**

### **Concept Description**

#### IV. Safeguard Policies that Might Apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01		x	
Natural Habitats OP/BP 4.04		x	
Forests OP/BP 4.36		x	
Pest Management OP 4.09		x	
Physical Cultural Resources OP/BP 4.11		x	
Indigenous Peoples OP/BP 4.10		x	
Involuntary Resettlement OP/BP 4.12		x	
Safety of Dams OP/BP 4.37		x	
Projects on International Waterways OP/BP 7.50		x	
Projects in Disputed Areas OP/BP 7.60		x	

#### V. Financing (in USD Million)

Total Project Cost:	0.79	Total Bank Financing:	0
Financing Gap:	0		
<b>Financing Source</b>			<b>Amount</b>
Global Partnership for Social Accountability			0.79

#### VI. Contact point

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