



Kingdom of the Netherlands

Multi-Annual Strategic Plan

2014 - 2017

Rwanda

Mali Benin Ghana Ethiopia Horn of Africa South Sudan Kenya Rwanda Burundi Uganda Grote meren Mozambique Palestinian Territory Yemen Afghanistan Bangladesh



2014-
2017

Embassy of the Kingdom
of the Netherlands Kigali

Embassy team



**EMBASSY OF THE KINGDOM OF THE
NETHERLANDS KIGALI
MULTI-ANNUAL STRATEGIC PLAN**

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Abbreviations

CPAF	Common Performance Assessment Framework
DAD	Development Assistance Database
DoL	Division of Labour
DP	Development Partner
DPAF	Development Partners Assessment Framework
DRC	Democratic Republic of Congo
EKN	Embassy of the Kingdom of the Netherlands
EDPRS	Economic Development and Poverty Reduction Strategy
FDI	Foreign Direct Investment
GoR	Government of Rwanda
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
HIMO	Haute Intensité Main d'Oeuvre (labour intensive investments)
HQ	Head Quarter
ICTR	International Criminal Tribunal for Rwanda
ILPD	Institute of Legal Practice and Development
IWRM	Integrated Water Resources Management
JADF	Joint Action Development Forum
JGA	Joint Governance Assessment
JRLO	Justice, Reconciliation, Law and Order
JRLOS	Justice, Reconciliation, Law and Order Sector
MASP	Multi Annual Strategic Plan
MDG	Millennium Development Goals
MFS	Medefinancieringstelsel
NGO	Non-Governmental Organization
PUM	Netherlands Senior Experts
RCN	Réseau de Citoyens/Citizen's Network
RISD	Rwanda Initiative for Sustainable Development
RNRA	Rwanda National Resources Authority
SBS	Sector Budget Support
SMEs	Small and Medium Enterprises
SNG	Service National des Juridictions a Gacaca
SRHR	Sexual and Reproductive Health and Rights
TVET	Technical and Vocational Education training

1 Summary

Rwanda is one of the fifteen countries with which the Netherlands has a long-term bilateral aid relationship. The foreign policy of the Netherlands is based on three priorities: welfare, security and freedom. Development programs and their objectives should also be in line with the policy priorities of the host country and be in tune with programs of other donors, notably EU member states.

The bilateral program in Rwanda is an integral part of the regional approach for the Great Lakes region: stability in Rwanda contributes to regional stability. Security and stability are important objectives of the bilateral program. With a shared vision on regional stability and development, the four Embassies in the region work together on the implementation of the regional program and coordinate their bilateral projects in the priority areas of Dutch development cooperation. Interventions in the Great Lakes region will focus on enhancing peace and stability by investing in poverty reduction, access to rights and justice and sustainable management of natural resources.

In line with the Dutch development priorities and Rwanda's Vision 2020¹, as well as the Government of Rwanda's (GoR) Division of Labour, which coordinates donor programs, the three priority areas in the Rwanda Multi-Annual Strategic Plan (MASP) for the period 2014-2017 are: Security and Legal Order, Food Security and Water Resources Management.

Objectives are:

- A just and fair society
- More food-secure men and women
- Sustainable use of water resources

These outcomes are ambitious, but so is Rwanda's Vision 2020 and the new poverty reduction strategy (EDPRS-II). Rwanda needs to undergo a rapid economic transformation, from a rural agricultural based economy into a modern service oriented urban society. Having grown rapidly from the very small base that was left after 1994, it is inevitable that Rwanda is now hitting constraints. Given Rwanda's effective government and pro-poor policies, easing these constraints will have a high pay-off in terms of economic development. However, this high pay-off will only materialise if Rwanda succeeds in maintaining its social stability, for which inclusive policies are required as well as the gradual opening up of political space. Regional stability is another important condition.

The bilateral program will focus on key interventions contributing to this economic transformation while at the same time ensuring enhanced food security, access to justice for all, more democratic space and managing water resources in a sustainable way. Investing in the three focus areas contributes to the overall stability in the region.

Annually 200.000 off-farm jobs are to be created to accommodate young people entering the labor market. Employment creation and skills development are essential for economic development and reduction of lawlessness and instability. Economically but also politically this is a huge challenge. Failing to achieve this objective could have a negative impact on the stability of the country and therefore of the region. Addressing the conditions for employment creation is therefore a key objective in this MASP.

With two thirds of the population living below the poverty line, Rwanda is still a very poor country with a high dependency on aid. However with the high levels of growth (7-8% p/a) over the last years the prospect of self-sufficiency seems no longer a distant future. This offers opportunities to Dutch investors and exporters, while keeping in mind that the Rwanda economy is relatively small.

As fiduciary and corruption risks are moderate in Rwanda, it is effective to work with government, which already has an impressive track record with regard to socio-economic development. Aligned aid modalities are preferred, including support to civil society and private sector. Through various assessment frameworks, government and donors are committed to be fully accountable and transparent on results. The Embassy will regularly report on results, based on monitoring and evaluation exercises as well as value-for-money checks.

¹ <http://www.minecofin.gov.rw/index.php?id=81>

The MASP, including proposed activities, has been discussed in the preparatory phase with stakeholders such as the Government of Rwanda, EU partners, private sector, Dutch and international NGOs and other relevant ministries in the Netherlands.

2 Review of the MASP 2012-2015

On focus

In the MASP 2012-2015 the Embassy could easily comply with the demands of division of labour by the GoR. Justice, Decentralisation and Energy were the areas where Rwanda wanted The Netherlands to be active.

On modalities

The Netherlands never provided General Budget Support to Rwanda. In the MASP 2012-2015 Sectoral Budget Support (SBS) was only programmed for the Justice sector, In December 2012 the Netherlands decided to withhold this SBS because of the allegations in the UN Group of Experts' reports on involvement of the Rwandan military in eastern Congo. Other bilateral donors took similar measures and the International Financial Institutions delayed their decisions on the provision of general budget support. Despite these developments, the Netherlands was able to continue its dialogue with the government of Rwanda.

In the MASP 2012-2015 modalities were in line with the Paris Agenda for aid effectiveness, but with a sufficient level of control and targeting. This approach will be continued in the 2014-2017 MASP.

On analysis

The binding constraints mentioned in the previous MASP are still valid. High costs for transport and electricity as well as a poorly skilled work force remain an issue, but important progress has been made through vocational training, energy projects and improved infrastructure. The cost of doing business and the intertwining of government and private sector interests are still relevant today, even though Rwanda has risen on the 'Doing Business' list and has started a divestment programme. Growth in agricultural production has continued, as have the pro-poor government policies and the high level of implementation efficiency. The household survey of 2012 has shown falling poverty rates.

On human rights the listed concerns remain valid.

On Paris/Accra

During the 2008-2011 period, donor alignment and harmonization has greatly improved. However, alignment of programmes not delegated to the Embassy remains a challenge, in particular for programmes managed by other Dutch international NGOs. The Embassy will continue to improve co-ordination with Dutch INGOs and has already involved them in the revision of the regional program.

On results and monitoring

The results chains which were introduced last year have not yet been used for monitoring because a large part of the activities programmed in the current MASP took longer to start. The major core activities of the MASP started end 2013. In the water sector the formulation of the bilateral program started in May 2013.

3 Rwanda - Country context analysis

3.1. General and political analysis, binding constraints for development and areas of improvement

The 1994 genocide had a devastating impact on the economy, the regional stability and the social cohesion. Rwanda and the other countries in the region still struggle with the aftermath of the genocide. Industrial production in Rwanda is still below the 1994 level. Social cohesion in the country still seems fragile, even though the country seems secure and safe. The Genocide also influences the discussion on democratic space, freedom of the media, human rights issues and the Rwandan vision on regional stability.

The context analysis of the current MASP was based on verifiable facts and is part of the regional approach in the Great Lakes region. The context analysis for Rwanda and the regional analysis identify a number of binding constraints that challenge regional and national development and opportunities for the Netherlands to help Rwanda address these constraints.

A summary of the regional and country context is followed by a thorough analysis concentrating on the four spearhead themes of Dutch development cooperation. Based on these analyses, the Embassy has made strategic choices on the range and content of Dutch foreign policy instruments that will be applied in the cooperation with Rwanda in the period 2014-2017.

All four spearhead themes of Dutch development cooperation are highly relevant in the regional and Rwandan context. The Embassy chose to engage in three of these themes, capturing the various binding constraints currently limiting Rwanda's development: 1) Security & (international) Legal Order, 2) Food and Nutrition Security and 3) Water Resources Management. There is substantial Dutch added value in these areas. The programs will be closely linked to political and diplomatic initiatives and to economic diplomacy. The objective is to broaden the Dutch engagement with Rwanda and to grow towards a relation that is more strongly based on mutual interests. That is also what Rwanda has in mind in its Vision 2020, with a focus on reducing aid dependency and achieving self-reliance. Dutch private sector and knowledge institutions seem keen to engage in Rwanda's development.

Sexual and reproductive rights will be addressed as a theme in the regional programme. In Rwanda an existing programme related to access to rights for women will be regionally linked.

1) Analysis of the Security and Justice Situation and Potential Areas of Improvement

With the start of the genocide on the night of 6 April 1994 not only Rwanda but the whole Great Lakes region entered an era of war, human suffering and horrifying human rights violations. Almost 20 years after the genocide the region is still searching for peace and stability. Ethnicity, short-sighted politics and hatemongering, poverty and land shortages, ineffective governments and interrelated rivalries, ineffective interventions by the international community, are just some of the many factors that explain why the Great Lakes region can be characterised as an area of continuous low intensity conflict. In order to be effective, a multi pronged approach is necessary. By linking the three MASPs for Burundi, Uganda and Rwanda to the regional program, more impact and effectiveness will be achieved.

In many ways, Rwanda's security and stability are constantly challenged by developments in the region. The institutional weaknesses within the government of the DRC are an important reason for the instability and insecurity in the neighbouring Congolese provinces of North and South Kivu. The enduring presence in eastern DRC of genocide perpetrators (FDLR) is still seen as a threat. Occasional incursions of FDLR forces and grenade attacks continue to take place, resulting in civilian casualties. This causes fear, instability and leads to Rwandan reactions that are sometimes difficult to understand for the international community, often regarding the genocide as something of an almost forgotten past. Rwanda remains alert. This is reflected in its army: well-disciplined and effective, to the extent that it is successfully participating in peace-keeping operations.

A large number of rebel groups in the DRC is also often involved in illegal exploitation of mineral wealth, creating more instability as well as illegal cross -border movements of minerals and combatants. The absence of law and order in Eastern DRC gives rise to constant human rights abuses, in particular against women and girls. Therefore there is scope for regional cooperation in the fields of justice and rule of law.

Access to justice in Rwanda has been boosted through the establishment of an institution in every district where people can ask for free legal advice (Maison d'Accès à la Justice). However, the legacy of 1994 and its onset still rings through in Rwanda's judiciary, in that it has chosen to reduce the risk of instability through strict legislation which also limits freedom of press and speech. The parliamentary elections in September 2013 displayed a very tight control over the democratic process with a negligible role of and support for political parties other than the ruling party RPF. On the other hand, Rwanda's judiciary is maturing and several European countries, as well as the ICTR and the ECHR, ruled that Rwanda provides a fair trial for its *génocidaires*. It is hoped that, with the growth of Rwanda's confidence in the sustainability of its stability and security, the strict legislation will be somewhat relaxed, to open up political space.

Overall, Rwanda scores satisfactorily on effectiveness of governance and the Government of Rwanda gets high marks for its vision and results-driven approach. The weakest feature is in the area of legitimate governance, especially with regard to issues of freedom of speech and political organisation.

The quality of Public Finance Management in Rwanda has improved considerably. There is a strong political will to fight corruption with support from the highest levels. In the corruption-sensitive area of procurement there are now transparent and high quality rules and regulations, while the same holds for the control of the payroll. The main weakness in PFM, in particular at district level, is in reporting and accounting, however this is not due to lack of political will, but mainly due to lack of skills.

Potential areas of improvement

The Netherlands will continue to support the Government of Rwanda with the modernisation of its justice system. The justice system sector has improved considerably during the last ten years which has been proven by the fact that third countries have agreed to extradite genocide suspects. Increased trust and legitimisation of its judiciary will further contribute to national stability and a just and fair justice system. Therefore it is opportune to develop a new justice support program which will focus more on the perception of the justice system by its population and its needs.

By the end of 2013 the framework for a new type of assistance to the justice system will be further developed by the Justice, Reconciliation, Law and Order Sector actors, including civil society.

The Embassy continues to support the Justice, Reconciliation and Law and Order sector and civil society in defining the existing needs. In its capacity as lead donor, the Netherlands carefully monitors that assistance to the justice system adequately addresses the need for safety, stability, security and order in Rwanda and yet remains open to critical inputs and actions by stakeholders in the sector.

The Embassy furthermore supports a number of specialized local NGOs that contribute to the dialogue on policy issues and provide government with some of the baseline information that is needed to monitor the implementation of policies. It is this NGO connection to the Rwandan reality that gives their inputs the added value that is required.

Binding constraints

- *Rwanda's stability and security is strongly linked to stability in the region, which remains challenged by, among others, persistent poverty, rebel groups and weak governance in the DRC;*
- *Restrictions on freedom of speech and political space, is the weak spot within an overall effective government;*
- *Critical public opinion in the Netherlands regarding democracy and human rights in Rwanda.*

2) Analysis of Food and Nutrition Security and Economic Development and Potential Areas of Improvement

Food and nutrition security

According to research done by the World Food Program (March 2012), 79% of all households in Rwanda has an acceptable food security status. However, this research was done at the end of the harvest, when the many subsistence farmers still had food. The research stated that more than half of all households had had problems with access to food in the year preceding the research, while harvests had been good during that year. This shows that it is difficult to signal trends in food security, as the food security status of Rwandans is very much linked to the time of the year and the abundance of the harvest, which makes it difficult to compare research.

The food security situation is still dependent on the agricultural sector: 80% of the population finds a living in mainly subsistence agriculture. The average size of the agricultural land per family is only 0,59 ha. Through its Crop Intensification Program, Rwanda has achieved a much higher production of especially staple foods. Given the scarcity of land, that becomes even scarcer with the growth of the population, yields and productivity needs to increase to ensure food security and raise farm incomes. With the new land tenure program and the land titles that it provides, it is expected that land owners will more easily invest in their land.

The extent to which Rwandans have access to food is very much linked to poverty. Growth patterns in the past decade have increased the urban-rural gap, although the results of the household

survey in 2012 show an overall decrease in poverty levels from 57% to 44%. The poverty line that government applies is \$ 0,99 cents, well below the international poverty measure of the World Bank of \$ 1,25. Two thirds of the population lives on less than \$ 1,25 a day. Within the household, especially small children have problems with access to food, leading to high levels of chronic malnutrition: 44% of all children under 5. While the percentage is slightly decreasing over time, large efforts are needed to make sure that small children develop into strong and smart adults. According to World Food Programme, especially poverty and education level of the mother influence chronic malnutrition.

Economic Development

Since 2003, the Rwandan GDP grew with 7-8% annually, with the agricultural sector (1/3rd of GDP) lagging behind at around 6% growth.

The new Economic Development and Poverty Reduction Strategy (EDPRS-II) stresses the role of the private sector in creating employment and growth. This is needed if Rwanda wants to create off-farm job opportunities to absorb the quickly growing, largely uneducated labour force, that will no longer be able to feed itself from its own land and that will need income to secure food. A large part of this uneducated and jobless labour force consists of young men and women, which adds to risks of internal unrest and instability.

Vision 2020 envisages Rwanda's transition to a middle income country by a transition from an economy with a large percentage of subsistence farming to a modern economy with a knowledge intensive market-oriented agricultural sector and growing manufacture and service sectors.

To achieve this transition, a number of obstacles will need to be removed. Infrastructure needs to be improved. Energy and communication costs need to be reduced. Labour productivity needs to increase through for instance vocational training. Better access to finance needs to be realized. Removal of these bottlenecks will not only help local companies, but also foreign investors. The latter are important to Rwanda's short-term growth, as explained for instance in recent research from the International Growth Centre. For now, Foreign Direct Investments in landlocked Rwanda with its small market lags behind investments in other Sub Saharan countries.

An important factor for successful economic development is the role of Government of Rwanda. Rwanda has received much praise from the Bretton Woods institutions for its firm track record in applying sound macro-economic policies. However, until now, economic growth is very much driven by government expenditures and direct or indirect market interventions. Government of Rwanda often cites market failure as a reason for these interventions. In the long term however, this does not seem sustainable from an economic perspective. Creation of a level playing field for all economic actors seems to be the hardest but also most important task for the GoR.

Dutch trade with Rwanda is small, but growing. The Netherlands exports to Rwanda amounted to 15 mln Euro in 2008, and in 2011 this had grown to almost 26 mln. Rwandan exports to the Netherlands were valued at 1 mln Euro in 2011, with coffee and tea as main export products. The number of Dutch companies that invest in Rwanda is limited, but the larger ones (Heineken, Rabobank) have a large impact on Rwanda's economy. For instance, Heineken/Bralirwa is Rwanda's largest taxpayer. Besides Heineken and Rabobank, there are several smaller Dutch investors. Also KLM has recently increased its flights to daily flights.

Point of attention: Rwanda's budget still depends for 40% on donor contributions, which has a limited upward pressure on the value of the Rwandan Franc. In the medium term an overvalued currency could hamper the expansion of the export sector, that is already limited and not very diversified. Given the large import bill, this could then further enlarge Rwanda's trade gap. Also, aid dependency is a cause for some budget volatility as donors are not always dependable. The Government of Rwanda is very aware of this and wants to reduce aid dependency, amongst others through an enlargement of the tax base.

Rwanda and donors should coordinate in reducing aid dependency while maintaining high economic growth and macro-economic stability. This means that in the course of our MASP, aid should not be reduced dramatically. This would also be in line with other donor's strategies: during its most recent visit, the IMF looked into future aid and didn't foresee major reductions in absolute terms. A growing economy and increased revenue generation by GoR would then however reduce aid dependency as a percentage of the total budget.

Binding constraints

- *Food security is challenged by a growing number of landless (young) Rwandans that cannot be fully absorbed by growth in manufacturing (including agro-processing) and services. Past growth patterns have contributed to a widening urban-rural gap.*
- *Lack of food security and inequality within the household causes high rates of stunting in young children, which has a severe impact on their (physical and cognitive) development.*
- *Land is very scarce and land tenure systems need improvement to boost investments in land productivity.*
- *While donors and GoR want to reduce aid dependency, private sector development will need to take off before donor contributions can be reduced. For some time to come, private sector development will be hampered by a lack of infrastructure and skilled labour, high energy prices and transport costs, and limited access to finance. Ineffective markets have also an impact on food security: not all produce reaches the consumer.*
- *In some sectors, competition from enterprises (partly) owned by the party or the army creates an uneven playing field for other private sector actors*

3) Analysis of Water Resources Management and potential areas of improvement

The Great Lake region's unique biodiversity, its environment of unparalleled beauty and its natural resources are under increasing pressure due to high population growth and drive for fast economic development. This has led to unsustainable agriculture, forestry and mining resulting in severe land degradation while adversely affecting water quantity and quality. Natural resources are often a source of conflict and if not properly managed could be the cause of environmental damage, (e.g. minerals: widespread unsustainable "open pit" rare metal mining or oil exploration in the Virunga region). Natural resources, if properly managed, could function on the other hand as an important driver of sustainable socio-economic development and regional cooperation and lead to mutual beneficiary exploitation (e.g., extraction of methane gas from Lake Kivu; hydro-power from Rusumo Falls).

To all this, water is no exception. Rwanda is the "water tower" for the region. Good water management in Rwanda will significantly contribute to the sustainable availability of clean water for Uganda, Burundi and DRC and can prevent unwarranted tension over water resources in the region. To meet its national water demands, however, Rwanda also faces growing challenges to manage its water resources well as the dense population and high paced economic development country wide led to serious land degradation. Agricultural production in Rwanda is mainly rain fed. Although blessed with regular rainfall, Rwanda starts feeling the impact of climate change with the occurrence of erratic rains, floods and dry spells which is likely to worsen and increase costs. Climate change may affect food security (agricultural productivity), energy security (hydropower) and water security (too much or too little).

The Government of Rwanda has realized this vulnerability and has adopted a low-carbon growth scenario to mitigate the emissions of greenhouse gasses, for example by large-scale tree planting and by aiming to increase its electricity generation capacity by renewable technology only. In addition, the Government of Rwanda envisages adaptation actions in relevant economic sectors. Inevitably, Rwanda has to compromise between protection and wise use of its resources, between maintaining its resource base and increasing productivity. With a shortage of arable land, some marshlands need to be reclaimed and some steep slopes need to be cultivated in order to feed its population and to increase productivity. The extreme scarcity of land adds to the vulnerability of a large part of the rural population and issues on access to land have therefore to be managed with great care. Land is the primary source of conflict and given the population increase access to land will remain to be one of the most sensitive issues in Rwandan society. Regularization of land tenure is one of the on-going efforts to counter conflict and create the conditions for increased investment in land. A challenge will be to reconcile land regularization with land use planning.

Rwanda is fully aware of the need for management of its land and water resources in a more sustainable way, to protect the environment and to sustainably use its forests. It created an enabling policy and institutional environment but which have as yet to become effective and needs further improvement. In 2011 the The Embassy conducted the Rwanda Water Scan which shows that:

- Good water policies and a water act are in place but an implementation plan and enforcement is lacking
- National water institutions are established but scattered and uncoordinated while human and financial capacity is low
- Monitoring systems are in place but are rudimentary and reliable data are hard to come by
- Water demand is steeply increasing but availability and spatial distribution not understood
- Sectors plan their water needs but do so in isolation and concern for resource management and downstream effects is low.
- Water governance and management is being decentralized but at district level an adequate institutional framework with capacity is absent.

The Water Scan stresses the need for improved water management in Rwanda to accommodate the fast increasing pressure on water resources coming with high population growth, economic development, urbanization and climate change. Many development gains achieved may be reversed if these issues are not addressed, and instability may follow. It states that water management through an Integrated Water Resources Management (IWRM) approach will benefit sustainable socio-economic development in Rwanda. It mentions that Dutch companies and institutions have much experience with IWRM and are well placed to assist. It also indicates ample opportunity for Dutch investment in the water sector.

In 2011 a new authority has been assigned the task of implementing Rwanda's new natural resource policies: the Rwanda Natural Resource Authority, adding an IWRM department in 2012. This department is the dedicated agency to advance IWRM in the country and coordinate water activities in the relevant sectors. Also in 2012, Rwanda started development of a Rwanda National Water Resource Master Plan (NWRMP - expected beginning 2014). The NWRMP focuses on establishing water supply/demand balances and uses in catchments. In recognition of changing rainfall patterns due to climate change, it identified vulnerability to water stress and action for preparedness. It also elaborates the needed institutional framework and human capacity, knowledge base and modalities for implementation. The NWRMP identifies the agriculture and drinking water sectors as the main water users but also those that (now and in the future) face the largest challenges in terms of water quantity and quality. The Netherlands support for IWRM will therefore largely center on these two sectors.

Potential areas of improvement

Based on the above, The Netherlands will assist Rwanda with IWRM. Focus will be on policy improvement, institutional strengthening and capacity building at all levels of government and civil society, as the Netherlands has added value in all these fields. Cross-sector communication and collaboration will be a key target, in particular between the agriculture and drinking water sectors. As IWRM is a new concept to Rwanda, throughout, emphasis will be on awareness building, learning and stakeholder collaboration. By definition, IWRM is a long term *process* and is largely the mandate of government. Good water governance and sustainable resource management requires involvement of all relevant stakeholders: government, civil society and private sector. The Embassy will work in conjunction with government but emphasis will be on decentralization of water governance and management responsibilities and inclusive planning and implementation on the ground.

Hands-on learning-by-doing, joint planning and implementation will be supported through a number of decentralized demonstration projects in a number of districts, selected on the basis of where urgent water related problems can be addressed. Apart from delivering concrete results on the ground, they will build foundations for replication elsewhere and up-scaling of IWRM throughout Rwanda as well as for development of river basin management and investment plans and policy improvement. Lessons learned during implementation of the demonstration projects will feed into policy dialogue from which, in turn, ideas can be generated for improving their implementation and adaptive management – a “feed-back-feed-forward” approach.

Wherever possible, twinning arrangements between Rwandan and Dutch institutions for capacity building will be supported. These would include knowledge institutions (e.g. through NUFFIC facilities) but also governance and management structures such as water boards (“waterschappen”). Collaboration with Dutch private sector initiatives for vocational training (e.g., AquaVirunga/Vitens) will be supported. The Embassy will scan for opportunities for active engagement of the Dutch private sector in Rwanda for possible investment in sustainable water management. Where opportune, synergy will be sought with the The Embassy food security

spearhead and the agri-business unit as well as with, for instance, ongoing relevant (Dutch co-financed) PPP's.

Interventions will be formulated in close cooperation with the GoR (central and districts), local stakeholders and other donors. The Embassy will strive for the formation of a national platform for IWRM policy dialogue, exchange of experiences and joint learning and planning. In this context, The Embassy will also gauge interest for establishing a multi-stakeholder IWRM Support Program & Partnership (possibly with a multi-donor fund attached) for better harmonization and alignment. Regionally, such structure could feed into and benefit from existing similar initiatives of the Global Water Partnership and others in the region.

Binding constraints

- *Extreme scarcity of land adds to the vulnerability of a large part of the rural population, especially women;*
- *There is a lack of capacity and funding to plan and implement natural resource policies for the sustainable management of land, water and forest resources, both in sector programs and as a cross-cutting theme;*
- *Until recent, Rwanda has had few serious problems in water management, but environmental degradation and climate change, high usage levels and increased competition for water require urgent attention.*

Cross-cutting issues

The issues *governance* and *environment* have been dealt with in the previous paragraphs.

In *gender*, Rwanda is making progress in addressing issues of gender inequality, starting with the enshrinement of gender equality in the Constitution, but gender inequality remains a serious issue. Traditional patriarchal stereotypes regarding the role and responsibilities of women and men in persist in the family and in the wider community, leading to violence against women and lack of educational and employment opportunities. Fertility has dropped over the past five years from 6.1 children per woman in 2005 to 4.6 in 2010. This is still substantial and will result in high population growth for many years to come. The number of children is much higher than what women would like. This is an indication for an unmet demand for contraceptives, but also shows the need for further empowerment of women, an issue that cannot be addressed without involving men.

Binding constraints

- *More attention to reproductive rights is needed to reduce maternal mortality, reduce gender based violence and tackle the high rate of population growth;*
- *Weak capacities in public and private sector, especially at the lower levels.*

National aid policy and dialogue

The Government of Rwanda has a clear Aid Policy in which it indicates a preference for (general) budget support. In September 2013 Government of Rwanda and its Development Partners agreed on a Division of Labour. The sectors proposed to the Netherlands Embassy were Justice, Private Sector Development and Decentralisation, where Water is considered to be part of decentralization. Rwanda is very results oriented. This is reflected in two comprehensive performance assessment frameworks, one for GoR (the CPAF) and one for donors (DPAF). The Government of Rwanda has consistently scored well both on the targets and on the policy actions. Donor scores are much less convincing. The Government of Rwanda is quite willing to listen to advice by its partners and to benefit from their knowledge and experience. There is, however, a very strong sense of Rwandan uniqueness. In developing a just and prosperous society Rwanda prefers to build on its own norms and values and cultural traditions.

Binding constraint

- *Rwanda is firmly in the driver's seat, but donors score poorly on their performance indicators, especially on predictability of their aid volumes*

3.2. GUIDING PRINCIPLES

Across the themes and programmes a number of guiding principles apply, determining the way the Embassy will work in its co-operation with Rwanda. Detailed outcomes and outputs for each of the spearheads and for the other instruments of foreign policy will be presented in chapters 4 and 5.

Aid to the Government of Rwanda in line with the Rwanda Aid Policy

The Paris/Accra agenda may have lost its glamour in many countries; it was still very much alive in Rwanda until last year. Since the abrupt interruption of aid flows, in reaction to Rwanda's alleged support for M23, the Government of Rwanda considers that development partners have breached partnership principles and can no longer be relied upon. This disappointment was reflected in the abolishment of the Budget Support Harmonization Group, the most important platform for dialogue between government and donors (also for non-budget support programmes). However, the existing framework on effective aid has been maintained for the time being. This Development Partners Assessment Framework (DPAF) will also be used to assess the Dutch performance.

A key feature of the DPAF is alignment. The *general principle* of Dutch development cooperation is to *align to partner country policies and systems* whenever possible and justified, guided by an assessment of regional, fiduciary, corruption and political risks.

- The regional risks are assessed as being substantial. Conflict in eastern DRC causes insecurity and instability and is a constant risk for the region and Rwanda. Modalities will be chosen that follow principles of alignment and that at the same time reduce potential negative impact on political reactions on security issues in the region.
- The *fiduciary risks* in Rwanda are assessed as being moderate with a positive overall trend in the quality of Public Finance Management. Main weakness is the low accounting capacity at all levels in the public sector.
- The *corruption risks* are also assessed as moderate with slight improvements. There is a strong anti-corruption drive in Rwanda from the highest level, backed by institutions such as the Ombudsman.
- The *political risks* are assessed as substantial. On the one hand high credits are given worldwide, including in the Netherlands, to the stability and progress that Rwanda has achieved. But there is also strong criticism on democratic governance in Rwanda. The balance is tight and deterioration in the real or even perceived level of political space in Rwanda could lead to a readjustment of development policies.

Given the moderate fiduciary and corruption risks, aligned aid will be the core of the Dutch aid to the Rwanda, in combination with policy dialogue at all levels to mitigate the political risks.

Another important element of the Rwandan aid policy and the DPAF is adherence to the agreed *Division of Labour* (DoL). Development partners have agreed to limit their support to three sectors. In the case of the Netherlands these are Justice, Private Sector Development and Decentralisation. Water is seen as part of the decentralization sector since most IWRM activities are implemented at decentralized level. The aid to the GoR will be limited to these three sectors.

Though Rwanda has made good progress in terms of donor coordination, there are too few examples of effective joint programming, particularly among EU member states. For the new EDPRS all bilateral donors have drafted a joint response document that will serve as the basis for EU Joint Programming. On the basis of the document the Embassy will try to strengthen donor harmonisation in Food Security and Integrated Water Management by jointly formulating new programs that should result in joint financing arrangements with the EU and other bilateral donors.

Supporting investments at *district level* is a key strategic choice. These investments help increase the income of the rural population and will thus contribute not only to more food security but also to a reduced urban-rural gap.

Management of *natural resources*, including water and land, is considered a cross-cutting issue and therefore the proposed programs in integrated water resources management and land tenure regularization do not conflict with the DoL. This applies as well to support for the GoR strategies to improve post-harvest handling.

Public and private sector support in balance

The aid to Rwanda will include well-targeted cooperation with the private sector and support to non-governmental organisations. The public sector plays a prominent role in creating the conditions for increasing welfare, stability and freedom. These goals can only be achieved if other stakeholders also play their role. In Rwanda private sector and civil society are still weak. Within each of the three spearheads the Embassy aims at strengthening their role and influence.

High priority will be given to activities contributing to broadly shared and inclusive economic development. The Embassy will work with the private sector. For instance, when supporting the Government of Rwanda to tackle a key issue such as post-harvest losses the Netherlands will look

at ways to involve the private sector. In that sense aid can be a very important instrument for private sector development.

Intensified Monitoring and Evaluation

For monitoring results at the country level the Embassy uses existing documents such as EDPRS and CPAF in which indicators and targets have been detailed.

Some sub themes are new for Rwanda as well as for the Embassy's programme, such as water resources management, agribusiness support and nutrition. Some of the expected country outputs and targets cannot be quantified yet but will be defined as soon the baselines have been made. The Embassy proposes to improve current monitoring practices by using existing planning frameworks for monitoring and include the same indicators also in reporting requirements of organisations or programmes receiving Dutch funding. The other intentions are to intensify field visits, to internally share lessons and to keep playing an active role in the various sector working groups and other relevant forums. This all implies a good balance of internal and external activities and a portfolio of activities limited to a maximum of 25. The results of monitoring will be an input to the dialogue.

Cross-cutting issues mainstreamed

Cross-cutting issues will be addressed within each of the three selected spearheads. Dialogue at all levels is an important component of the strategy. The Embassy will take part in relevant sector working groups and will encourage synergy and linkages, for example between private sector, natural resources management, energy and agriculture. The Embassy intends to remain co-chair (lead donor) in Justice

Wider governance issues will be addressed in all spearheads. In-depth analysis will be made of fiduciary risks in the Justice sector and in investments by districts. There are some critical issues related to democratic governance and political space that will be addressed as part of the spearhead Security and Legal Order: strengthening of key institutions on domestic accountability (parliamentary Public Accounts Commission and the Office of the Auditor General); enhancing orderly and transparent elections; engaging in the media reform. On these issues small sized but strategic activities will be supported as part of the programme.

4 Programming 2014 - 2017

4.1 Long-term strategic vision

Rwanda: from aid to trade and investment

Rwanda wants to be aid independent as soon as possible. If present growth is maintained, middle income status will be reached in the second half of next decade. Is this likely to happen? Any economic prediction is usually accompanied by assumptions about conditions and trends. For Rwanda there are two important assumptions to make when predicting its economic future: political and regional stability. Is political instability likely? The RPF seems to be in firm control but an uncertain factor is the presidential elections in 2017. President Kagame can, according to the constitution, not stand for a third term. His succession or a constitutional change may impact political stability.

Regional stability remains a challenge. The conflict in eastern DRC may easily erupt again with a direct effect on Rwanda, leading possibly to an interruption of aid flows, which would in turn negatively impact growth and development.

If one assumes *ceteris paribus* for these two factors, Rwanda will become less dependent on aid. As a result, the Netherlands can envisage reducing aid in the MASP 2018-2021. It seems unlikely that aid will still continue to play a big role in the bilateral relations between the Netherlands and Rwanda after this period. It is expected that trade and investments, in particular in the agri-business sector, will be the main focus of economic cooperation between the two countries. By that time, Rwanda will have even more access to the capital market to finance its development. Foreign and domestic private investment will play a significant role in the further development of the country. Given the size of the country and its economy, trade volumes between the Netherlands and Rwanda are likely to remain modest for many years to come.

4.2. SPEARHEAD 'SECURITY AND THE (INTERNATIONAL) LEGAL ORDER'

4.2.1. Regional dimension: challenges and opportunities

The essence to rebuild the infrastructure of the judiciary, both at a human resource level as well as on the level of the physical infrastructure, continues to be the main challenge for the Government of Rwanda. Its success and outcome will define the trust of its population not only in its judicial institutions but also to a large extent define the legitimacy of the government. Its main aim is to not only promote good governance but achieve a culture of peace by having a just and a functioning judicial system in place. In fact, all countries in the Great Lakes region need a well- or better functioning judiciary. Trust in the legal system defines trust in a government and will lead to national stability and ultimately to regional stability. Despite the high score of Rwanda on trust of its population in the justice sector (the 2010 government survey, high scores registered by Transparency International and very low levels of corruption) further capacity enhancement is needed.

Most of the programs will be executed on a bilateral basis but certain aspects, as described in the Regional MASP, are considered for more regional cooperation/projects. The ongoing bilateral programs will further improve the security and justice sector, as well as support important elements of an inclusive democratic society, such as media, civil society and human rights. Additionally, Rwanda country-specific tensions will continue to be addressed bilaterally. The regional program itself will thereby focus on a) specific cross-border issues and on b) opportunities to strengthen the bilateral interventions. For more information on the regional aspects of Rule of Law and security: see the Regional MASP.

4.2.2. Outcomes and outputs

Taking into account that the new type of assistance is still under discussion, the following outputs/outcomes are described in more general terms. The more specific ones concern already running activities.

Outcome 1: Improved access to quality justice

Outputs

- Through sector budget support the Embassy has in the past been able to engage proactively in all sector review structures on this output. A key requirement to improve access to justice on the ground was the installation of legal advice offices in all districts, which has now been done. The formulation of a national legal aid policy is urgently warranted. It would clearly describe the roles and responsibilities of all stakeholders, including government. The preparatory study is currently on-going as a result of substantial pressure from the Embassy, other DP's and NGO's.
- Support to the Legal Aid Forum (LAF), in building the capacity of its 37 member organisations that provide legal advice and assistance throughout the country. In the future more emphasis will be placed on the actual provision of legal aid to vulnerable groups;
- Provide more access to legal advice and services in the specific area of land rights for women and vulnerable groups, in relation to the national land tenure regularization process. Women are caught between traditional practices and new land law content, which in practice is not adequately enforced. The Embassy is considering a partnership with the Rwanda Initiative for Sustainable Development (RISD) and the Réseau Citoyens/Citizen's Network. Also the Netherlands continues its program on land tenure regularization, with a focus on the maintenance of the system at district and sector level. The latter falls partly under the spearhead of Food Security but also for certain aspects under Security and Legal Order (in particular the aspect of land governance);
- Selection of Dutch knowledge and training institutions closely aligned to the justice sector in the Netherlands. These could play a substantial role in further improving the role and composition of the educational package of the ILPD, the institute that coordinates all educational needs of the sector (through, or in addition to non-delegated funds aiming at these type of activities);
- Contacts and exchange programmes between Rwandan JRLS and Dutch judiciary and prosecution staff in order to further strengthen the Rwandan judiciary (in preparation of extradition). This will include provision of an applied educational package related to international humanitarian law and exposure (for example via NFP and NICHE program);

Outcome 2: Strengthened mechanisms for conflict mediation and reconciliation

Output

- The Embassy has closely followed the revision of the contentious genocide ideology law. Monitoring of implementation of this law will be done. Provision of psychological counselling forums in several districts, at community level, thereby contributing to transitional justice in post-Gacaca Rwanda.
- Extending the existing Gisozi Genocide Memorial (in cooperation with Sweden and the UK) functioning as a genocide prevention centre. Executing partner is the Aegis Trust Rwanda.

Outcome 3: Improved security, rule of law and accountability

Output

- There is a structural dialogue with all sector institutions as part of the engagement in the JRLO framework and country outputs will be monitored;
- The Embassy could take a pro-active role in establishing contacts between the Rwandan Ombudsman and his Dutch Counterpart, as well as with the UN Conference against Corruption preparations related to the pilot review of Rwanda. A continuation of the twinning arrangement is envisaged which has already resulted in a streamlined complaint handling and mediation capacity of the National Ombudsman.
- The Embassy will strengthen the area of 'voice and accountability' through support to the media reform, the national election commission and the Office of the Auditor General.

Outcome 4: Improved human rights situation for vulnerable groups

Output

- Long term engagement of the Embassy in the justice sector has resulted in a relationship of trust. It allowed for easy access to the authorities in relation to for example extradited suspects (from the Netherlands to Rwanda). The quality of the processes has become an important determinant for future engagement towards extradition of suspected *génocidaires* for trial in Rwanda.
- The embassy has hosted the bi-monthly Human Rights Defenders focal point and will strongly support continuation of this forum. It gives defenders a useful and appreciated platform to exchange information, analyse developments and coordinate activities. Human Rights organisations are supported.
- Support to the fight against Gender Based Violence in Rwanda in close cooperation with UN Women, UNICEF and bilateral donors active in the theme (Germany and Belgium), focusing on sensitization and training of the Rwandan police.
- In cooperation with the Institute for War and Peace (IWPR) an ambitious media reform program has been developed. This program aims at supporting the practical implementation of four new Media Laws that were adopted by Parliament early 2013

4.2.3. Programmatic risks

A risk lies in the weakness of data gathering and data analysis. Another risk concerns issues with regard to capacity of Rwandan NGOs.

4.2.4. Cross-cutting issues

Access to justice for men and women is an important objective of Dutch support to the Justice and Rule of Law sector. It can be noted that women are very well presented in the sector, also at the highest levels. Women's rights to land will be addressed specifically in the program and due attention will be given to gender based violence and the way police and legal aid institutions can become more efficient and sensitized on this subject.

4.3 SPEARHEAD 'FOOD AND NUTRITION SECURITY'

4.3.1. Regional dimension: challenges and opportunities

As stipulated in the regional MASP, three main food security related challenges could threaten the stability in the Great Lakes:

- Youth unemployment accelerates because of rapid population growth. Large groups of young men and women with no future add to the instability of the region. Their food security is not guaranteed. This can partly be taken up in bilateral efforts to develop the private sector.
 - The Embassy will focus on the development of the agribusiness sector, given its importance for food security.
- Land and water scarcity. Rivers and lakes cross borders and therefore water management can only partly be taken up nationally (see 4.3). There is a need for higher yields and productivity and for regulation of land ownership. It makes sense to address these issues through country systems, i.e. to take them up in bilateral programs.

- The Embassy will address the regulation of land ownership, which is seen as a prerequisite for the development of the agribusiness sector.
- *Inequality* between city and countryside, people with different backgrounds, men and women, and within the household hampers inclusive economic growth. This could lead to tensions and/or hamper access to food for certain groups of people. Problems like chronic malnutrition in very young children can best be addressed bilaterally.
 - The Embassy will address the inequality within the household in order to reduce the number of stunted (chronically malnourished) children. Also gender will be mainstreamed into the program where feasible.

For regional opportunities, see 4.4.1.

4.3.2. Outcomes and outputs

Country outcome:

- More food security and nutrition in Rwanda

Intermediate outcomes:

- Strengthened agribusiness sector (including cooperatives). This will create more jobs and thus generate more income to buy food. It also leads to less post-harvest losses, so that more food reaches the consumer. See outcome 1 and 2 below.
- Reduced number of stunted (chronically malnourished) children. This will lead to more adults that can take care of themselves in terms of income and food. See outcome 3 below.

4.3.3. Embassy outcomes

During the course of the MASP 2014-2017, The Embassy does not foresee changes in the outcomes and outputs mentioned below. However, as soon as there is financial space (most likely in 2016 and 17, as for 2014 and 2015 funds have been committed), The Embassy could define new activities, in particular for the agribusiness sector and further align the bilateral program with the regional program.

Outcome 1: Improved infrastructure to produce, process, distribute and prepare food

Output

- Feeder roads are built in a labour-intensive way, so that the poorest Rwandans gain an income, while improving local economic development. In 2012-13, the roads are financed through NGO Helpage, which further builds the capacity at district level to handle these large labour-intensive works. The Embassy considers transferring responsibilities directly to districts from 2014 on.
- Local infrastructure is built according to district needs. This is needed to attract and maintain investments at the local level. The Embassy's contribution to the Rwanda Local Development Support Fund results in concrete outputs like infrastructure (roads and bridges), energy (electrification and solar energy) and revenue generation projects (for instance markets). Capacity of districts will be built throughout the programme.
- Land registration is improved through participation in a basket fund that finances the demarcation of parcels and the distribution of land titles. Also, the capacity of the Land and Mapping Department under the Rwanda Natural Resources Authority and the decentralized institutions (districts and sectors) will be strengthened.
- Access to reliable and affordable energy is increased through support to the government's Energy Access Roll-out Program (new connections to the electricity grid) and through the production of cooking wood (tree planting, fuel wood and charcoal). However, given changing Dutch priorities, this part of the food security program will be phased out over the course of the MASP.

Outcome 2: Increased capacity of government and private sector (representatives) in the field of food security

Output

- The influence of agri-business will be increased through strengthening of agri-business representatives and the forums in which they can raise their concerns. The Embassy reinforces the Agricultural Chamber of the Private Sector Federation so that it can strengthen the link with its members and raise agribusiness related issues with the Government. The Embassy will also continue to play a leading role in the Private Sector Development sector working group and the local economic development sector working group.
- The development of the agribusiness sector in general and the capacity of SMEs in particular will be strengthened through the Agri-sector Development Facility (in earlier documents

indicated as 'Front Office') and other business facilitation instruments. There is a clear link to Dutch expertise and companies.

- Government agencies will be strengthened so that they can improve their services to companies and contribute to food security. For instance, our agricultural experts support the Ministry of Agriculture in the fields of inspection and certification services, legislation for plant breeders' rights and phytosanitary matters. Possibilities to link up knowledge institutes to this activity will be further explored.
- Cooperatives and their service providers will be strengthened. In line with the Government of Rwanda's *Hanga Umurimo* program, NGO Spark will build the capacity of rural cooperatives and their support network.

Outcome 3: Increased access to healthy food for very young children

Output

- Chronic malnutrition will be reduced by 5% per year through a program coordinated by UNICEF including NGOs, the government and knowledge institutes. The program not only teaches parents how to feed their young children correctly, it also helps them to access proper food. A unique feature of the program is that knowledge institutes (Kigali Health Institute supported by Wageningen University) feed research into the program, while internships within the implementing organizations help students from Kigali Health Institute to become nutritionists with practical experience. The program takes place at district level, reinforcing and implementing the district plans to eliminate malnutrition.

4.3.4. Opportunities

The Embassy will explore the following options for new activities under the outputs as described above:

- The way the chronic malnutrition program has been set up is quite innovative and the Embassy will try out this concept for 3,5 years. This timeframe is however too short to eliminate chronic malnutrition and follow-up activities will need to be looked into.
- Deepen the focus on *youth* employment and look into possibilities to further integrate Technical and Vocational Training in the food security program. Possibilities of twinning Rwandan universities to their Dutch and regional counterparts through the Nuffic/NICHE program, thereby looking especially at Dutch knowledge of applied sciences will be explored.
- Exploring opportunities in the agricultural sector on which the Netherlands have added value and which are complementary to the activities of other donors. Particular point of attention will be value chains that also have regional relevance.
- Closely look into the sustainability of the land program, amongst other things the maintenance of the registration system.
- Increase the sustainability of our interventions at the local level. This will be done for instance by exploring linkages between Dutch programs and local tax revenue collection.
- Consider further support to the Joint Action Development Forum (JADF), which is recognized by Rwanda as the key platform for business integration at the local level.
- Further explore opportunities of joint EU programming in the field of nutrition (stunting, diversification of agriculture), agriculture (for instance horticulture value chain) and local economic development (in the field of agriculture); discuss with the EU whether they can take over the Dutch efforts in the field of energy. Efforts will be made to find practical ways of cooperation rather than strict adherence to definitions.

4.3.5. Approach

Within the Rwandan division of labour, The Embassy realizes its food security program through two sectors: private sector development and decentralization.

The regional MASP will be further strengthened, and budget cuts are channelled to our bilateral MASP. Some bilateral projects will have a more limited scope than originally foreseen. Also, the Embassy will spend fewer funds on energy and phase out our efforts in this field in the course of the MASP.

In order to improve the enabling environment for agri-business, binding constraints such as unreliable and low quality inputs, lack of skilled labour, limited access to finance, inaccessible roads, high electricity prices and uncertainty about land need to be tackled. Of these general binding constraints focus will be on capacity building and on infrastructure. Rural infrastructure is already very much part of the programme and NL has gained experience in this field over the years, especially in energy, feeder roads, and working in districts and with district authorities.

With the posting of the Agricultural Counselor (end 2012), the Embassy contributes to Rwanda's

aim to transform its agricultural economy. This will be done by developing value chains where Dutch agribusinesses and institutes have added value (notably potatoes, horticulture, dairy and seeds), through targeted development programs in its food security and water spearheads, as well as through collaboration in the 'Dutch Diamond' (collaboration between public-, private sector, and learning institutes) approach and links to the Dutch 'top sectors' initiatives.

The Embassy will improve its programme structure and feed into broader discussions in order to address specific issues for follow-up with the GoR and other stakeholders:

- Being active in the above mentioned *value chains*. The regional context of these value chains is also being looked at, see regional MASP.
- Direct contact with Rwandan and Dutch *companies* and have thus first-hand information about the challenges that they face. Also, this way one can link Dutch expertise to the Dutch program where useful and necessary.
- Through its role in *decentralisation* the Embassy has gained extensive knowledge of and working experience with the district level. District authorities are important in the fight against food insecurity, because they are close to the rural Rwandans that are most food insecure and they implement food security and economic development strategies. The embassy has deepened its work with districts by selecting two districts to work with in more detail (Musanze, Burera).

The water and food security spearheads are closely related, for instance when it comes to marshlands, irrigation, hydropower and soil management. Therefore synergy between the water and food security spearheads will be aimed at. The agricultural sector is becoming a major water user and the sector has an important impact on land use in water catchments with significant effects on both water quantity and quality. With the introduction of an IWRM approach, water demand/supply for irrigated crop production will take into consideration the downstream effects of agricultural water use. In addition improved fertilizer and pesticide use should mitigate pollution, as well as watershed restoration to avoid erosion of agricultural soil. Limiting erosion is also important for proper feeder road construction and road maintenance. Better integration of these issues in both the water and food security program will be needed.

4.3.6. Programmatic risks

The overall risk of the proposed food and nutrition security programme is that results may be limited if negative impacts on food security (for instance rapid population growth in Africa's most densely populated country) outweigh the positive impacts of the programme. However, this only stresses the importance of the issue. Another programmatic risk is that the capacity of districts is relatively weak, while the GoR transfers more and more responsibility to the districts. Also donors, including the Netherlands, increasingly turn to districts as counterparts. The mitigating measure is to invest in capacity building of districts in line with the national strategy for capacity building.

4.3.7. Cross-cutting issues

The Embassy takes the following cross-cutting issues into account: gender, climate and, disaster risk reduction. At project level, where possible, indicators for cross-cutting issues have been added. For this MASP, external experts have undertaken a gender study and a study on climate/disaster risk reduction. The gender study generated both general advice (for instance: integrate gender better in project development) and advice for specific projects. The gender advice for specific projects has been discussed with our implementers. On the more general advice, The Embassy will hire the services of a gender expert to train the embassy staff on gender issues, (so that these are better integrated in early stages of project programming discussions) and to discuss gender issues with projects that are already underway. Concerned about young men without job and future, It will be taken into account that the embassy is particularly concerned about young men without job and future, as they are a more likely threat to stability than young women. In a similar way, services of the regional senior expert on environment and climate change will be used to make sure that climate and disaster risk reduction are integrated in the food security program.

4.4. SPEARHEAD 'WATER RESOURCES MANAGEMENT'

4.4.1. Regional dimension: challenges and opportunities

The Great lakes Region is well endowed with water resources, though their distribution and accessibility varies. Competition for water, poor land and water management, inequitable water allocation, etc., may provoke tensions at community level. At the regional level access to water is not yet perceived as a major cause for conflict. However, population growth and continued land- and environmental degradation increasingly threaten water resources and indications of widening

climate induced water stress are emerging. This eventually may elevate localized tension to regional levels. Better management of water resources may provide opportunities to foster stability in the region by addressing:

- **Mistrust:** The need to collaboratively manage water resources may get actors across borders around the table and build trust. Depending on each other, the countries will need to discuss and agree on management, financing and distribution of benefits.
- **Youth/demography:** With the fast growing population, there will be increasing competition for water in both urban and rural areas. Integrated water management will be needed to ensure sufficient water for industry and agriculture which, in turn, can provide employment to youth.

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- **Mistrust:** The need to collaboratively manage water resources may get actors across borders around the table and build trust. Depending on each other, the countries will need to discuss and agree on management, financing and distribution of benefits.
- **Youth/demography:** With the fast growing population, there will be increasing competition for water in both urban and rural areas. Integrated water management will be needed to ensure sufficient water for industry and agriculture which, in turn, can provide employment to youth.
- **Land:** Improved water management can contribute to increased agricultural productivity hence reducing competition for land and tackle water pollution and sedimentation (erosion; mines)
- **Elites /power:** Enlargement and diversification of the economy, and hence assuring wider access to water as a prerequisite for any initiative to enlarge and diversify the economy

4.4.2. Outcomes and outputs

The country outcome for the implementation of IWRM is: *“Water resources are sustainably and rationally managed and meet the country’s needs for socio-economic development”*.

4.4.3. Embassy Outputs

Integrated natural resource management and, hence, IWRM is a new concept to Rwanda. Focus of the Netherlands support will be on awareness building, learning and stakeholder collaboration. The initial focus will be on support to policy- and institutional development and capacity building, while working on some urgent water problems to demonstrate new approaches with the specific objectives:

- Strengthen the IWRM institutional framework and water management capacity. Gradually emphasis will shift to support to developing catchment/river basin water resource management plans and investments in projects for watershed protection, irrigation management and drinking water *resource* management.
- Enable government and other stakeholders to jointly prepare IWRM projects and investment plans.
- Inclusion of IWRM in spatial and land use planning.
- Inclusion of IWRM issues in national and district development planning, including financing.

Addressing the bottle-necks identified in the Water Scan and the NWRMP, expected outputs of supported activities are:

Outcome 1: Improved capacity and effectiveness of the Water Resources Department of RNRA and Increased IWRM capacity in national and decentralized institutions as well as civil society and private sector

Output

- Technical assistance and training are provided through placement of a (Dutch) policy and training adviser in the Water Department of the Rwanda Natural Resources Authority (RNRA/WD) for 4 years; the policy adviser manages a fund to facilitate studies, trainings and project formulation. Similar modalities will be considered for the irrigation water unit in the Ministry of Agriculture and the drinking water unit in the Ministry of Infrastructure.

- An institutional and capacity analysis and training needs assessment is done and training will be provided to specific target groups at central and district levels to enhance knowledge and understanding of their role in IWRM.
- Demonstration projects will serve as “field-schools” for joint learning and building experience, including for policy analysis and evidence based advocacy, legal aspects, negotiation and conflict management and joint planning.

Outcome 2: Operational water resources assessment and monitoring (WRAM) system in place

Output

- The WRAM system (under development) will be made operational at the RNRA/WD and rolled-out in relevant line ministries, water regulating authorities and districts, for guiding management of river basins and catchments, water distribution and investments in user sectors.

Outcome 3: Rehabilitation and development of watersheds for environmental health and climate resilience, drinking water, hydropower and irrigation

Output

- Based on the NWRMP and sectoral plans for water, food and energy security, IWRM project plans will be elaborated for watershed management. These will target wetland protection, marshland development, irrigation, drinking water security, sustainable urbanization, hydropower development, disaster risk reduction.
- Demonstration projects in a few districts: Watershed functions will be sustainably restored.

4.4.4. Programmatic risk

The RNRA/WD is established in 2012 but its capacity is still very low and it cannot yet exert its authority in the relevant sectors. Risks are that the Government of Rwanda does not timely avail sufficient financial and human resources for building this institution. These are medium risks and considered acceptable. A number of risk mitigating measures will be taken: 1) the commenced Dutch technical assistance to the RNRA/WD; 2) fast track essential training; 3) make RNRA/WD to utilize the significant capacity building components of (Dutch supported) activities in the water sector.

Rwanda’s drive for quick results may hinder sound inclusion of considerations of sustainability. Erratic choices for ill-advised irrigation projects in marshlands, dam building, or drinking water schemes, etc., may persist and also chances of economic investment failure may be underestimated. Such issues may defy IWRM and effectiveness of the Embassy support. These are medium-high risks but are considered acceptable. A number of risk mitigating measures will be taken: 1) assessments of actual investment failures for direct demonstration and advice for improvement; 2) step up policy dialogue; 3) engage other players in RNRA/WD training; etc.

4.4.5. Cross-cutting issues

Inherent to IWRM, water governance, stakeholder participation, gender, poverty reduction, environment, climate resilience and disaster risk reduction, will feature as prominent cross-cutting issues. In support of this, the embassy will promote and support Strategic Environment & Social Assessment and Environmental Impact Assessment in IWRM as standard tools for policy development, strategic planning decision making and project implementation. Corporate Environment and Social Responsibility will be promoted for private sector investments.

Wherever possible, the Embassy will support twinning arrangements between Rwandan and Dutch institutions for capacity building. These would include knowledge institutions (e.g. through NUFFIC facilities) but also governance and management structures such as water boards ('Waterschappen').

Collaboration with Dutch private sector initiatives for vocational training will be supported. The Embassy will scan for opportunities for active engagement of the Dutch private sector in Rwanda.

The Embassy will strive for the formation of a national platform for IWRM policy dialogue, exchange of experiences and joint learning and planning. The Embassy will also gauge interest for establishing a multi-stakeholder IWRM Support Program & Partnership (possibly with a multi-donor fund attached) for better harmonization and alignment. Regionally, such structure could feed into and benefit from existing similar initiatives of the Global Water Partnership in the region.

4.5. ECONOMIC DEVELOPMENT AND FOREIGN TRADE

4.5.1. Regional dimension: challenges and opportunities

Regional opportunities relate to economic cooperation between countries, mostly the East African Community (EAC). Indeed, the EAC offers the Great Lakes countries access to the sea and to a larger market. While the DRC is not part of the EAC, Eastern DRC is better connected to the East African trading system than to the West African trading system and it is Rwanda's main export market. The region (EAC and DRC) offers opportunities for Dutch businesses, for instance when it comes to regional infrastructure projects or to value chains that cross borders.

Rwanda is positioning itself within the EAC as a springboard for Kenya and Uganda to the DRC and Burundi. Rwanda's neighbors are much more important to Rwanda's trade and investment than far-away Europe and further strengthening economic relationships is also important for stability in the region (see the EU example). As for Dutch opportunities, the Rwandan government sees the importance of Foreign Direct Investments. Also, as stressed by Rwanda's Minister of Agriculture during her visit to the Netherlands (June 2013), the Netherlands is considered a model for agribusiness. This means that trade and investment opportunities for Dutch companies certainly exist.

4.5.2. Outcomes and outputs

Country outcomes:

- Inclusive economic growth.
- NL relationship with Rwanda becomes a 'transition relationship' rather than an 'aid relationship', meaning that while aid remains at an adequate level, efforts are being made to increase trade and investment.

4.5.3. Embassy outputs

The Embassy will further intensify its work regarding trade and investment. Where the Embassy is now focusing on a reduction of bottlenecks (output 1) and a facilitation of Dutch interests on the request of the private sector (first bullet output 2), a more proactive approach will be chosen in the identification of market opportunities. Up to now, this has been done in the field of FDI, but less so when it comes to sales opportunities for Dutch companies.

Outcome 1: Reduced bottlenecks for the private sector

Output

- Bottlenecks for the private sector will be addressed through notably the Embassy's food security program. Infrastructure remains a bottleneck, and the Netherlands invest in (feeder) roads, energy and land registration. Also capacity issues, for instance within the Government, are addressed.
- Market imperfections in Rwanda are discussed with the Government of Rwanda, mostly together with other development partners. This collaboration with other development partners is particularly useful with regard to politically sensitive discussions on issues that could hamper both Dutch and other businesses' interests. In this regard, the Embassy will continue to play an important role in the Private Sector Development Sector Working Group at national level, combined with a leading role in the local economic development (sub) working group.
- Private sector concerns will be fed into development programs of other development partners like multilateral organizations. Indeed, the Embassy is one of very few development partners that not only has development programs, but is also in direct contact with Dutch and Rwandan companies.

Outcome 2: Facilitated Dutch interests (businesses, knowledge institutes, etc)

Output

- Information about Doing Business in Rwanda will be provided, questions from Dutch companies will be answered, and the Embassy's network in both the public and private sectors will be opened up to Dutch organizations. This can happen in the context of a trade mission, but also in response to an individual company's interest in Rwanda. When needed and feasible, the Embassy will intervene with its partners to defend specific Dutch business issues.
- Market research will be undertaken focusing on investment and sales opportunities in the Dutch 'top sectors', as well as in other sectors that may generate Dutch exports.

4.5.4. Approach

The Government of Rwanda will do everything to sustain high levels of economic growth, but experience, also in other parts of the world, has shown that inclusiveness doesn't happen by itself, while it is a prerequisite for stability. The Embassy addresses the inclusiveness of Rwanda's growth through a focus on decentralization: Rwanda's poor mostly live on the countryside and investments in economic development in rural areas are therefore more likely to foster inclusiveness than investments at the national level (i.e. in capital Kigali and its surroundings).

4.5.5. Programmatic risks

A programmatic risk is that, even if the Embassy pays (even) more attention to economic development and trade, investors and traders may for other reasons not see Rwanda as an interesting place to do business and may not trade or invest, thus reducing the impact of our efforts on economic growth and trade.

5 Other instruments of foreign policy

5.1. Political and diplomatic initiatives

Objective: maintaining good bilateral relations in which problems, calamities and risks can be timely discussed so as to prevent them from escalating, as well as creating an environment in which human rights issues can be effectively discussed.

Given the strong Dutch-Rwandan bilateral development relationship, many political initiatives derive from development issues. The Embassy is leading in the Justice sector, which renders it particularly active in the field of human rights. The revision of the genocide ideology law is a particular case in point. The Embassy also organises regular meetings of a human rights defenders focal point.

Dialogue with the Government of Rwanda has improved in frequency and quality in recent years, which provides a good platform to discuss a great variety of issues. This positive trend is expected to continue under the MASP 2014-2017:

- The Joint Governance Assessment (JGA) has yielded an intensive dialogue with the Government of Rwanda, in which the issues raised in the Human Rights Group have come to serve as a general agenda. The JGA Monitoring and Evaluation Framework has certain weaknesses, which complicate reporting, but the twice annual JGA dialogue sessions largely compensate for this;
- The Article 8 Dialogue between the Government of Rwanda and the EU Heads of Mission in Kigali has been intensified over the past few years. Confidence of the government of Rwanda has grown to discuss sensitive issues; there are no taboo subjects anymore, including the most sensitive, such as the UN mapping report;
- Bilateral dialogues between the Ambassador and Cabinet Ministers and Defence staff have been very effective in dealing with specific bilateral issues; with trust also comes a willingness to share information. This trust is not only earned through cordial relations, but also by putting money where our mouth is;
- Interaction with headquarters on diplomatic initiatives is regular and intensive, in part also due to the high attention in Dutch Parliament for developments in Rwanda.

5.2. Peace-Keeping Operations (PKO)

The Rwandan Defence Forces are presently active as a peace-keeping force in Darfur (UNAMID). Their performance is widely acclaimed, particularly by the US, which supports the RDF peace-keeping operations through a multi-annual ACOTA programme. Rwanda holds the command of UNAMID. The Rwandan Police Forces (RPF) plays a support role in Darfur as well as in Haiti, and has been contemplating a contribution to peace keeping in South Sudan. These operations have an important spin-off within Rwanda, as these thousands of military (three battalions in Darfur) and hundreds of policemen in Darfur and Haiti need regular replacement and substantial training programmes are required. This results in army and police being well trained and disciplined, which contributes to stability in Rwanda and beyond.

In 2009 and 2010, the Netherlands provided training on the Law on Armed Conflict (LOAC) as well as on ethics and Legal Advisers. Military lawyers studied in the Netherlands. These much valued training courses in Rwanda were not limited to the RDF: staff officers from all members of the East-African Community (EAC) participated.

Given the importance of Rwanda’s internal stability and its role as stabilizing force in the region, the presence of a Defence Attaché in the Great Lakes Region should continue.

5.3. Consular services

Objective: Client-friendly and efficient services for the Dutch community in Rwanda as well as for VIP’s and business people wishing to visit NL.

Visa handling was transferred to the Belgian Embassy except for the provisional resident permit (MVV), whilst passports remain the responsibility of the Netherlands Embassy. The Embassy maintains good contacts with the Dutch community in Rwanda, which is of particular importance in the case of calamities, such as conflict, earthquake and localized bomb attacks.

5.4. Communication

Objective: Public Diplomacy as well as raising Dutch visibility in Rwanda. The Embassy will actively communicate about its activities via its Facebook page and several members of the Embassy, including the Ambassador, communicate through Twitter accounts.

5.5. Programs implemented in Rwanda from non-delegated funds

Objective: Encourage and facilitate synergy and alignment between delegated and non-delegated funds and between bilateral and multilateral interventions.

The delegated program implemented by the Embassy is not the only Dutch intervention in Rwanda. Many other Dutch organisations and programs are active in Rwanda. In many cases these activities are directly or indirectly paid for by the Dutch Ministry of Foreign Affairs. Moreover, international organisations of which NL is member or contributor, such as the UN, the World Bank, the ADB, the IMF and the EU, have large programmes in Rwanda. Coherence and synergy between all these different levels of engagement with Rwanda are required in order to increase effectiveness and efficiency of the overall Dutch cooperation with Rwanda. The Embassy will play an active role in creating partnerships with all these actors.

6. Financial Implications

Financial ODA implications 2014-2017 in € (budget-code, description of policy area)

Budget 2014-2017		
1.3	Stronger private sector and better investment climate in developing countries	500.000
2.1	Improved food security	122.898.000
2.2	Improvements in water management, drinking water and sanitation	35.000.000
4.3	Developing the rule of law, reconstruction, peacebuilding, strengthening the legitimacy of democratic structures and combating corruption	30.280.000
5.2	Other poverty reduction policy	50.000
Total		188.728.000