

IMPACT OF SOCIAL PROTECTION PROGRAMS ON ECONOMIC RESILIENCE OF POOR HOUSEHOLDS IN EASTERN PROVINCE OF RWANDA

Olivier Ngamata MILITERY*¹, Deo MBONYINKEBE², Philippe LEBAILLY¹

¹University of Liège, GxABT (Unit of Economics and Rural Development), Belgium

²Kigali Independent University (ULK), Kigali, Rwanda

*(Corresponding author: kahundwe@yahoo.fr)

Abstract

This paper analyses the contribution of three programs of poverty reduction in Rwanda. It uses data from different reports and surveys with beneficiary poor households of social protection programs. The activities developed by these programs have allowed the poor in general and the widows of genocide in the Eastern Province of Rwanda in particular to improve their socioeconomic conditions, notably access to education, accommodation and medical care. Moreover, the beneficiaries have developed activities that diversify households' revenues and improve their economic resilience.

Keywords: Social protection program, economic resilience, poor households, Rwanda

Introduction

Rwanda is one of the poorest countries in world; it is classified 166th among 186 (Khalid, 2013). Rwanda is also one of the smallest countries in the world with 26.338 km², and 10.8 millions of population. With an annual demographic growth rate estimated at 2.9 %, the Rwandan population would reach 15 million by 2020 and 20 million by 2030 (INSR, 2010). The poverty rate is 44.9 % and 24.1 % for extremely poverty (NISR, 2011)²⁵. Agricultural sector is the pillar of the Rwandan economy with more than 80% of population engaged in agriculture. To Andy McKay (2007), 90 % of households own agricultural land and more than 60 % of them has less than 0.7 hectare. Rwanda's vision 2020 is a long term strategy of development that has been implemented since 2000. It is a crossroads that moves from the humanitarian assistance phase associated with the 1994 genocide into one sustainable development (Minecofin, 2000). Different social protection²⁶ programs have been set for poverty reduction. These include (1) the Public Fund for Genocide Survivors (FARG) that essentially uses 5% of total country budget. FARG supports education, health to orphans and direct support in cash, accommodation and financing of generating micro-project (GMP) for vulnerable households. FARG is a special social protection program for vulnerable Genocide Survivors; (2) the vision 2020 Umurenge Programme (VUP)—an integrated local development program which has three components: (i) Direct Support (DS) in cash for the poorest people who are unable to work, (ii) Public Works (PW)—this component promotes rural employment related to productive community assets²⁷, development projects and (iii) Financial Services

²⁵Poverty threshold and extreme poverty are determined on the basis of 194 and 137 USD, respectively. The national Bank rate of exchange on July 17, 2013 was 1 USD = 650 966 Rwf.

²⁶ This paper uses the definition of social protection from the European report on development 2010: “A specific set of actions to address the vulnerability of people's life *through social insurance*, offering protection against risk and adversity throughout life; *through social assistance*, offering payments and transfers in kind to support and enable the poor; and *through inclusion efforts* that enhance the capability of the marginalized to access social insurance and assistance.”

²⁷ The community assets refer to road, sanitation and education infrastructures.

(FS) – which increase the access for the poor to financial services by providing loan at low interest rate; (3) Girinka Program known also as “one cow per one poor family”. The program enables poor households to own and manage an improved dairy cow that would help the family to better their livelihood through increased milk and meat production and increase of soil fertility for their crops, using available manure.

Materials and methods

In this paper, the data have been collected by surveys of beneficiaries of the social programs protection on the one hand and on the other via interviews with local authorities and the managers of AVEGA. This concerned 18 genocide widows in two sectors of Rwamagana District in Eastern province of Rwanda which are in AVEGA²⁸ Association. These data have facilitated the analysis of socio-economic resilience at household level by comparing the widows’ socio-economic conditions before and after the launching of these programs. The other information comes from different reports. Secondary data are from the report of social protection programs at national level.

Results and discussion

The outcomes are presented in first place compared to protection programs before the consolidation by survey data.

- a) The expenses of FARG allocated to vulnerable survivors’ problems since its inception in 1998 are evaluated at 124.879.174.000 Rwf; that’s 191.836.707, 29 USD (Primature, 2012). They concern all the interventions at national level and are presented as follows:

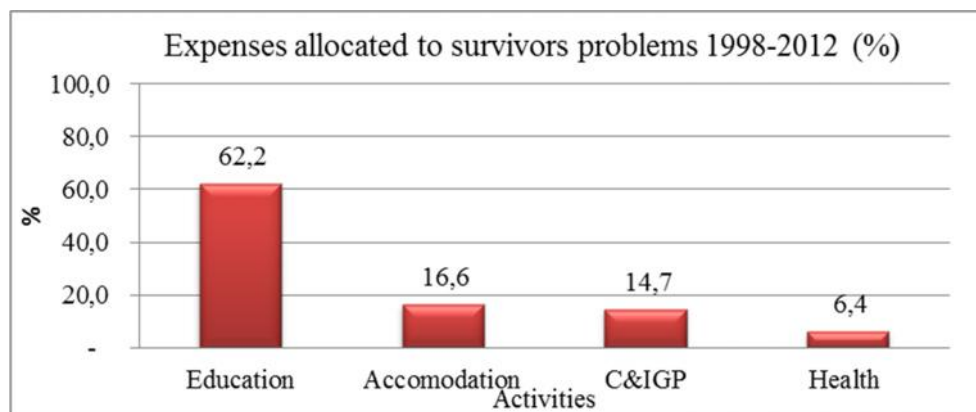


Figure 9: Expenses allocated to survivors problems,

C&IGP: Cash and income generating project

On its own, education uses 62. 2 % of FARG’s funds. It is a short or long term strategy of poverty reduction for households, as well as the whole nation. In fact, for the concerned period, on average for each year, 40428 and 2098 students have received FARG scholarship respectively in secondary schools and in university. However, it should be mentioned that scholarships are offered to children who excel in school, which limits the chance of those who do not get the required marks. The handicapped people or those in advanced age get a financial direct support for their survival. For the period between 1988 and 2012, the average

²⁸ AVEGA: Association of widows survivors of genocide -Agahozo

of 24460 have received annual averages of 572459000 Rwf a year. Regarding accommodation, 727 houses, of an average value of 1 598914 Rwf in 2012.

The widows we interviewed appreciated FARG support, mostly in the domain of education. They expected a bright future hoping their children will help them once they will have completed their studies.

b) In contrast with FARG that specifically focuses on the problems of Genocide Survivors, VUP- 2020 deals with all poor households' social protection. Its achievements are summarized below:

Table 1 : Support to the poor in the form of social protection, in (000)

Components	2009-2010	2010-2011	2011-2012	Total	%
Direct support	1,396,360	2,800,564	4,035,706	8,232,630	20.32
Financial services	4,324,079	4,132,532	3 ,851,633	12,308,244	30.38
Public works	6,759,195	8,977,224	4,233,478	19,969,897	49.30
Total	12,479,634	15,910,320	12,120,817	40,510,771	100

Source : Reports RLDSF²⁹ (2009-2012)

The above table highlights that 40.5 billion have been directly injected in poor households via VUP-2020 program. Finance comes from the Rwandan government (54 %) and financial sponsors (46 %) ³⁰.

Direct support covers 20.32 % of the fund, i.e financial transfers to households identified as poor. For the period between 2011–2012, 27631 households of 62854 members got direct support. Among them, those managed by women are 18.660 against 8.971 ruled by men. The financial services represent 30.38 % of the total amount. The beneficiaries of the credits for the period of 2011–2012 are evaluated at 14 956, with 8 459 personal credits, 6 394 offered to groups of people and 103 to cooperatives. Women represent 48 % of the total. Credits offered by VUP program during 2010 and 2011 represent respectively 13 % and 11 % (BNR, 2011) ³¹. Remunerations from public works have covered 49.30 % of the total amount. The jobs created for the same period are 94 397 of which 46 % for women. The average remuneration for these jobs was 44 847 Rwf.

Do achievements reduce poverty in beneficiaries' households? What are the other social economic effects induced by the activities of Umurenge 2020-VUP programme?

Regarding the data of the integral survey on life conditions of households (EICV1, 2000 and EICV2, 2005) and the outcomes of other studies notably those of the EU carried out in 2009 for measuring the impact of VUP-2020 programme, it becomes clear that the average income of the poor is estimated at 146 Frw/day/adult in 2000 and 150 Rwf/day/adult in 2005/2006 (EICV, 1 and 2). With the new VUP components, a household beneficiary of direct transfer receives amounts calculated as follows: 250 Rwf for the household head, 150 Rwf for the second head in hierarchy (the wife for instance) and 100 Rwf for other members of the household (maximum 3). The household of 5 persons and above gets 700 Rwf a day (21 000 Rwf /monthly and 252 000 Rwf /annually). This amount supplements the revenue the poor used to earn from their own economic activities.

²⁹ RLDSF : Rwanda Local Development Support Fund

³⁰ Data collected from the report of RLDSF (2012).

³¹ For this comparison, the credits portfolio of the IMF in Rwanda in 2010 and 2011 represent respectively 32,3 and 37,8 billions of Rwf. The data are from the report of the National Bank of Rwanda for the year 2011.

The VUP components allow the development of exchanges in rural areas under the effects of trainings. Indeed, the data collected from EICV3 (2011) confirm that 8% of households at national level believe to have increased their monetary income from community works activities and the credits offered by VUP 2020 programme. Only 1% declares their revenues vary because of the component « direct support ». This is well justified as the latter concerns the poorest households, the ones without even a possibility in agriculture (household without arable land). Moreover, as these are the people with no working skills, the direct support is directly used for basic needs (food, clothes,...). The results of the assessment done by the EU in 2009 on 120 collective projects and 60 individual ones of households in the context of the UE-VUP project, the direct or indirect beneficiaries of Ubudehe project are evaluated at 1,4 millions, that's 20% of the Rwandan population. The results of the study also confirm that 96.6% of the interviewees have improved their food. However, 100 % of households say they are unable to pay school fees for their children and mostly in higher education. Globally, the income has improved (view of 95% of respondents) but remains poor. The impact of VUP actions is finally analyzed in comparison with its component « financial services». This helped to check if the credits offered to the poor are well reimbursed. The table below depicts the situation of 2009/2010.

Table 2 : Credits offered by VUP financial services (in 000)

Province	OC	TR	RC	% UC
Kigali	256,947	262,087	142,846	54.50
East	1,088,015	1,116,361	553,299	49.56
West	1,035,813	1,058,595	642,317	60.68
South	1,132,432	1,073,985	557,234	51.88
North	805,541	820,513	460,570	56.13
Total	4,318,748	4,331,541	2,356,266	54.40

Source : RLSDF (2009/2010)

OC : Offered Credit, TR: Total Required, RC : Reimbursed Credit, UC: Unpaid Credit

The outstanding loan at the end of the year is only reimbursed at 54.40 %. This is a big problem for institutions like banks, because their main objectives are profitability, liquidity and solvency. But for a development project such as the one supporting the poor (social protection), this is not very alarming as the objective is to educate the poor on better managing finances in terms of savings and investment and this takes time. Failures in reimbursement are attributed to the management system (projects study, recovery mode, deadline for reimbursement: a year maximum).

c) The program One Cow per One Poor Family (*Girinka munyarwanda*), like FARG and VUP-2020 program, is also one of social protection programs for poverty reduction in Rwanda. It reinforces the productive physical capital by owning a milky cow. Conversely to the two previous programs, Girinka does not target the poorest households. The choice of the beneficiaries considers the capacity to feed the cow in stalling, an obligatory practice since 2006 (EDPRS, 2008). All in all, in order to get a cow, one's obliged to own land comprised between 0.3 and 0.7 ha (RARDA, 2006) in order to produce fodder and have another part for food producing. There exist a tacit contract between the beneficiary and the local authority regarding the redistribution (*Kwitura*) of the first calf to another poor household of the village in order to perpetuate the process. For the period between 2006 and 2012, 114 803 cows have been given by Girinka, 25% of them to the Eastern Province (RADA, 2012).

The outcomes of the study conducted by Argent *et al.* (2013) show that the cows distributed to the poor through Girinka program have improved food by the consumption of milk,

diversified revenues by selling milk. The cows have also helped to get farm fertilizers and the increase of productive assets thanks to new offspring. These authors have equally found that only 31% of the cows produced milk (whereas the expectations were 67 %). It is worth mentioning that performance production for the distributed cows is less compared to the expectations. In fact, it is evaluated at 31.1 % in comparison with the standard of 67 %. These differences are explained by the fact that Girinka has distributed many local cows of ‘Ankole’ race that produce less milk (almost 2 litres/day) but they easily adapt to the climate. Secondly, these exotic races (hybrid and pure) produce more milk, but lack sufficient fodder and water. Finally, 95 % of the beneficiaries of Girinka program use organic manure in their fields and 20 % say they sell a part of their manure. Globally, 90 % of the beneficiaries ascertain that their socioeconomic conditions have been improved by detaining a cow.

- d) The results of a study conducted in 2012 with the widows’ survivors of the genocide and beneficiaries of the programs of social protection are represented in the table below:

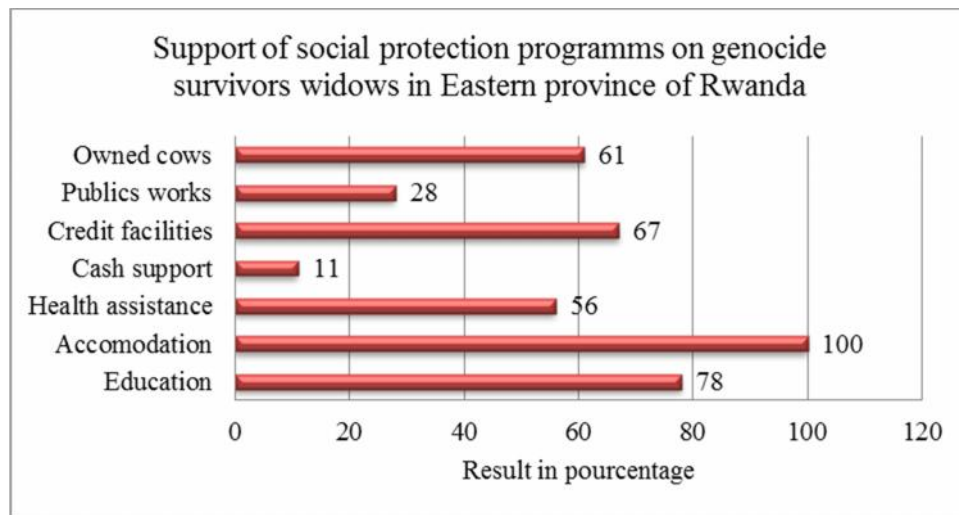


Figure 10 : Support to widows of social protection programs

This support has allowed the widows to develop their economic resilience, notably thanks to the diversification of income generating activities. These activities include agriculture, farming and small business. Only one widow practices business as income generating activity. Among all the respondents, she is the most economically resilient. She’s a well known personality in the city of Nyagasambu. In general, agriculture remains the most important activity for the widows. It is practiced by more than 96.67% of the respondents, mainly subsistence agriculture involving polyculture. It is associated with farming (70% of respondents) and with small business (40%). Agriculture is the unique activity practiced by 10% of the widows. Regarding the cows distributed to the widows, they have improved the widows’ food supply, helped the production of fertilizers and the increase of agricultural production. Finally, VUP credits allow the widows to develop commercial activities in the city of Nyagasambu (Eastern Province).

Conclusion

The programs of social protection that have been discussed in this survey are important tools for poverty reduction in Rwanda. In fact, they allow the poor to have access to education,

accommodation, medical care, job and the financing of small income generating projects and productive assets (mainly cows).

References

- Andy McKay (mai, 2007), Analyse de la pauvreté à partir des données de l'enquête intégrale des conditions de vie des ménages pour la stratégie de développement économique et de réduction de la pauvreté au Rwanda, Kigali.
- Argent J., Augsburg B. & Rasul I. (2012). An interim evaluation of the Girinka ('One Cow per one poor Family') Programme. Kigali: Institute for Policy Analysis and Research (IPAR)/ The International growth centre (IGC) for the Ministry of Agriculture and Animal Resources (MINAGRI).
- BNR (2011). Rapport 2011. Kigali : Banque Nationale du Rwanda.
- Khalid Malik & al. (2013) Human Development Report 2013, the Rise of the South: Human Progress in a Diverse World. Disponible sur http://hdr.undp.org/en/media/HDR2013_EN_Summary.pdf, consulté le 13/08/2013
- MINECOFIN (2000). Document stratégique de Réduction de la Pauvreté. Ministère des finances et de la planification économique, Kigali.
- MINECOFIN (2008), Document stratégique de Réduction de la Pauvreté (2008), Ministère des finances et de la planification économique, Kigali.
- NISR (2011), Integrated Household Living Conditions Survey 3 (EICV 3), Rwanda.
- Primature (2012), FARG'S budget used since 1998 up to 2010-2011, Kigali.
- RARDA (2006), A proposal to distribute a cow to very poor family in Rwanda, Kigali: Rwanda Animal Resources Development Authority