

An assessment of challenges of Vision 2020 Umurenge Program on Poverty Reduction in Rwanda

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Abstract:- *This study was undertaken to discover the challenges experienced by the Vision 2020 Umurenge program on reducing poverty in Rwanda. The study was empirical in nature, based on primary data collected through a researcher developed questionnaire and interview guide. The study used a descriptive and a cross-sectional survey design. A sample size of 188 respondents was selected using cluster, purposive and systematic random sampling techniques. Analysis was done using frequency counts and analysis of major themes from the interview qualitative data. Project implementation delays were found to be one of the most challenging aspects in the implementation of the public works component of VUP, followed by delays in payment of beneficiary wages and cases of non-eligible beneficiaries cited with a small frequency. The biggest challenge in implementing direct support was also delays in compiling lists of beneficiaries, followed by delays in payments. For financial support, the biggest challenge was weak skills in monitoring and evaluation and inadequate knowledge of implementers about the program. The researcher recommended that there is need to train the VUP implementers about the project management and to strengthen the aspect of monitoring and evaluation, so as to enhance the poverty reduction process by the VUP.*

Keywords:- *Umurenge, challenges, public works, financial services, direct support*

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I. Introduction

The challenges which Vision 2020 Umurenge program faced during its implementation have been identified on every components namely Public Works (projects aimed at creating off-farm employment infrastructure, through paid activities), Direct Support (unconditional cash transfer to poor households with no members qualifying for Public Works) and Financial Services component (which focuses on increasing access to financial services for the poor through credits) (EDPRS, 2007).

II. Literature review

2.1 Challenges of Vision 2020 Umurenge Program on Poverty Reduction

2.1.1 Challenges of Public Works in Poverty Reduction

According to the VUP (2011) the major challenge for Public Works (PW) is the delays in implementation of the projects at sector level. There are a number of reasons for these delays. The processes are lengthy and require many months preparations before work starts. Processes are particularly long when highly technical projects are selected, such as constructions and roads, since these require sophisticated technical studies (which also have to be procured). Also, for larger more expensive projects, processes are longer because of regulations concerning who can conduct the studies (whether they can be done at district level, or require an individual consultant or firm) and the type of procurement possible. In all cases, sectors are informed of their PW budget at the start of the financial year, at which time they identify an appropriate project from the sector development plan, after which a feasibility study is then conducted, followed by a procurement process and then work starts. Other factors affecting the timeliness of PW project implementation are timely recruitment of VUP staff for new sectors, to ensure smooth start-up at the beginning of the financial year and the need for full engagement in VUP procedures at the district level, otherwise processing can be delayed (VUP, 2011).

Like other VUP components, the PW component also faces a challenge with delays in payment of beneficiary wages. Partly this is due to long delays in requesting for the initial payment and waiting until the existing butch of money is complete before requesting successive disbursements. Also there are instances of disbursement delays from Head Quarters when awaiting transfers from the MINECOFIN. The challenge of delaying payments of beneficiaries does not happen only in Rwanda, it also happens in other places where the public works and direct support is given programs are implemented as poverty reduction strategies. For example, Stefan & Christian (2012) indicates that, in India the workers (beneficiaries) are often not paid on

time, that worksites are not up to the prescribed standards, that workers are not aware of their entitlements under the Act and that payment of unemployment allowance is still sensational news. A third major challenge with the PW component concerns non-eligible households participating in public works. Although VUP is exceeding its annual target for eligible household participation (77% of eligible households participated in 2009/10 compared to a target of 35%), there is an issue of a sizeable proportion of non-eligible households also participating (23% of total PW households in 2009/10 were non-eligible). In India, the challenge of non-eligible household happen where Stefan & Christian (2012) indicate that few households participate in Public Works employment in all three years. Outside SNNPR, fewer than half of participating households received employment in 2006, 2007 and 2008.

The seasonal nature of projects and need that more people can be served in time and due late start in implementation as explained earlier, and sometimes a combination of the two are a common challenge. Also there have been instances of relatively large sector budgets compared to eligible households, related to the budget allocation system and timing of targeting data availability. The implications of such over-targeting are that some eligible households receive fewer days of work and some are not employed at all. This implies that the scarce resources are not spent as efficiently as they could be which has implications for extreme poverty reduction. Households participating in public works are receiving on average 69 days of work during the year, the wages from which can help smooth income, which is an important outcome in and of it. But the amount earned is less likely to have a significant impact on household poverty. It has been suggested that several actions are taken to improve the implementation of the VUP to see to it that it meets its intended objectives. Such actions suggested in the VUP (2011) include timeliness of project implementation, raising awareness on the targeting system and implications of over-targeting, improving the budget projection and allocation systems so that they are more aligned with sector needs, providing more timely targeting data and introducing an appeals and complaints mechanism of reducing the non-eligible household participants and increasing the number of days of work for participating households.

2.1.2 Challenges of Direct Support on Poverty Reduction

According to GoR (2011), direct support (DS), on the beginning of the program and before the implementation of DS component, there was a significant policy change. Originally the policy stated that the DS component was budget constrained if the budget for DS transfers exceeded 20% of VUP's total program budget. The number of eligible households was to be capped. However, for VUP to be able to fulfill its social protection objectives and particularly since the DS households are the poorest and most vulnerable and have few other options, the policy was changed to make DS an entitlement. The component is thus prioritized in budget allocations to ensure all eligible households receive DS transfers.

According to the EDPRS (2011), one of the biggest challenges for DS has been delays in beneficiary payments. There has been several reasons for such delays; for example, the EDPRS (2011) indicates that in the January-June 2009 financial year, the main reasons for delays were the time and cost for opening beneficiary bank accounts, financial disbursement and request delays at various points in the chain from the head quarters (HQ) to sector and required reporting before the next disbursements were made. In fact it has been mentioned in this report in respect to timeliness of payments that, "many of the DS payments due in January-June 2009 were paid in the 2009/10 financial year". A clear analysis of the DS implementation manual and reports available so far, reveals that the delays were due to a number of factors; for example our analysis of the literature reveal that there was no proper planning to mitigate some of the challenges; the reporting system about the implementation was not set up well. As indicated in the EDPRS (2011) report, the reporting checklist were not developed at the beginning, instead they were developed later to indicate submission procedures, especially at the time of requesting the next disbursement. In the same way, the system of disbursements from HQ to the districts was streamlined later other than at the beginning and whether they were to be monthly or quarterly. Other causes of delays pointed out in the EDPRS (2011) report include delays in recruitment of staff for the new sectors and in filling vacancies, delays in the completion of the target lists and the fact that a significant proportion of sectors are making DS payments to beneficiaries on a quarterly basis, rather than monthly (although policy remains monthly).

Other challenges were on the charges and costs of opening bank accounts, since most of the DS individuals were extremely poor, to the extent that they could not even afford opening up accounts on their own and meet other requirements such paying for the passport photos, pass books and opening fees. The administration had not planned for these costs but they affected the implementation of the program. According to the EDPRS (2011) report, it was later agreed that for the 2009/10 financial year, all bank opening costs (for passbooks and photos) for DS beneficiary households were to be met by the VUP administration, together with the monthly bank charges.

Another serious challenge was that there was inadequate training and sensitization of the beneficiaries and the implementing staff about the implementation procedures and guidelines of the VUP. It is expected that had those trainings and sensitizations been done timely and thoroughly, the challenges would have been pointed out through those interactions and then mitigation measures would have been put up in time. To emphasize this argument, the EDPRS (2011) report indicated that in the year 2009/2010, several training programs were conducted with local authorities at various levels (sector, district, province and nationally). These also emphasized the importance of reliable and predictable cash transfers within a social protection program.

2.1.3 Challenges of Financial Services in Poverty Reduction

The financial services microcredit sub-component went through a long process of redesign in 2009, which delayed its implementation. Initially the intention was to sub-contract the microcredit scheme to private financial institutions. However, lengthy negotiations were unsuccessful, with financial institutions finding the anticipated risks and costs of transacting with the poor to be too high. There were also discussions on whether the VUP microcredit could be managed by the Umurenge SACCOs. However, these are relatively new bodies, and were felt to be too immature to be able to currently adopt this role. Instead, the government decided to manage the microcredit facility itself, and the *Ubudehe* Credit Scheme was designed, based on the *Ubudehe* community and household grant experience.

As a very new sub-component, it is still quite early to be able to assess what is working well with the UCS, and what the challenges are. However initial field visits found that delays between project proposal submission and loan approval meant a number of individuals and groups were using loans for a different type of income generating activity to that submitted (mainly because of seasonality of the projects). There were also indications that the project proposal review system could be strengthened, and that VUP's plans for group strengthening and financial literacy training were needed, and should be designed and rolled-out as early as possible. In 2010/11, a financial services consultant will be working with the VUP on the financial services component. Part of this work will involve reviewing the UCS experience and making recommendations on any areas which could be further strengthened. Part will also involve looking at exit strategies for the UCS and mapping out when and how it can be harmonized with the requirements of financial institutions, and how beneficiaries can be prepared for greater competitiveness in the private financial market. The FS component is designed to complement DS and PW and help people to graduate out of poverty. The aim is that through financial literacy and access to microcredit, the ability of households to effectively manage income generating activities and productively utilize loans will be strengthened. Since the UCS implementation did not effectively start until mid 2010, and the financial literacy sub-component was not operational during the period, the potential additive effects of these elements of FS on poverty reduction and graduation will have been limited (VUP, 2011).

Abigail (2011) also pointed out the challenges faced by financial services support saying that it is not easy to determine who among the entire pool of prospective borrowers are indeed eligible for UCS loans. This is further complicated by the fact that the UCS is currently being implemented by a non-financial institution, which means that some of the required know-how and institutional capacity are not adequately built in the system for delivering these loans.

III. Methodology

3.1 Research Design

The study used a descriptive survey and cross-sectional design. The descriptive survey design was used to collect data from a large sample of VUP beneficiaries and the cross-sectional survey design was used since the interest of the researcher was to obtain all the data from all VUP beneficiaries, officers and JADF members once and at one point in time. The study followed a mixed method, where both quantitative and qualitative data was collected to discover the challenges of Vision 2020 Umurenge Program implementation in Rwanda. The data collected from existing records and from respondents was supplemented by the views of informants about the VUP.

3.2 Population of the Study

Population is the aggregate or totality of objects or individuals having one or more characteristics in common that are of interest to the researcher and where inferences are to be made (Amini, 2005). In this study, the target population and sample size were as follows:

3.2.1 Target population

The researcher targeted two categories of people to provide data for this study. These included those in charge of VUP (two per sector); JADF members (these are representatives from civil society organizations, the private sector and local government at the district and sector levels). In total, the target population comprised 287 people which included, 36 personnel in charge of VUP in sectors where the study was conducted, 251 JADF members. All those were considered to have thorough knowledge about VUP.

3.3.2 Sample size

The sample size for this study consisted of 188 respondents, including 36 personnel in charge of VUP in sectors; 152 Joint Action Development Forum (JADF) members. The Krejcie and Morgan table was used to determine the minimum sample sizes of each group.

3.4 Research instruments

Data was collected from both primary and secondary sources. Primary data was collected through questionnaires and interviews, while secondary data was collected from the bulletins and reports of Government and Nongovernmental reports, NISR, MINALOC and MINECOFIN.

IV. Findings

Project implementation delays were found to be one of the most challenging aspects in the implementation of the public works component of VUP. This is followed by delays in payment of beneficiary wages and cases of non-eligible beneficiaries were cited with a small frequency. The biggest challenge in implementing the direct support is delays in completing compiling the lists of targeted beneficiaries; this is followed by delays in payment of the direct support beneficiaries. The biggest financial support challenge is monitoring and evaluation and implementers' having inadequate knowledge about the program.

V. Discussion

While the major goal of VUP is to eradicate extreme poverty by 2020 through creating off-farm employment opportunities and accelerating the process of monetization and formalization of the economy (Berglund, 2012), the implementation of the program has faced several challenges, which may inhibit the government to achieve the set target by the year 2020. Like many other social development programs and projects, the VUP target is facing several roadblocks from the side of implementers and beneficiaries. We discuss the findings in this regard regarding the three components of VUP (Public Works, Direct Support and Financial services support).

From the implementers' side, several delays in implementation have been cited as a major challenging aspect in the public works aspect of VUP. The findings of this study are in agreement with several other reports about VUP, where delays in several aspects have been cited. For example, the VUP report (2011) highlights delays in payment of beneficiary wages as a big challenge that has always raised questions from the beneficiaries and other evaluators of the program. The delays have been attributed to a number of factors by the different evaluators but in the researcher's analytical interpretations, most of such delays are due to inadequate planning and preparation of the different stakeholders involved in the implementation. Several activities are required to be accomplished and so implementers have to be involved in several planning and preparation sessions. For example, the VUP Report (2009/2010) indicates that while the sector administrators are informed of their Public Works (PW) budgets at the start of the financial year, they usually take long to identify appropriate projects from the sector development plan. Before such projects are selected, a feasibility study has to be conducted and forwarded into the procurement processes before work starts. All these activities require a lot of timely planning and preparations. We notice that the processes are lengthy and can result in many months delay before work starts. The situation becomes worse when highly technical projects such as constructions and roads are selected, since they require sophisticated technical studies (which also have to be approved through the procurement process). The findings of Berglund (2012) agree with those in this study. The two findings indicate that there is a deviation from the known or planned target that VUP's payment take place every 15 days, which in practice comes 5-45 days late. This according to Berglund (2012) makes it hard for VUP workers to plan bigger projects (like buying a goat or iron sheets for roofing). This reduces the contribution of the program towards improving the life conditions of the beneficiaries; for example, still many of them are dependent on their friends and family to help them with food until they get paid. This still leaves them less able to stand on their own, yet the program targeted to make them more independent than dependent.

The delays in payment produce other undesirable effects on the program, for example, as Berglund (2012) put it, due to the unreliable payments and the physically demanding work, VUP workers do in general not work for more than three days per week, yet the target is to work for five days a week. This may either result into resource wastage or incomplete works. Resources are wasted in the way that the budget is financed fully but

the period may end when all tasks have not been accomplished. This may negatively affect the overall target of reducing poverty in the country.

The delays in payment bring in another challenge discovered by the researcher, and this is the challenge of non-eligible beneficiaries. Because PWs are heavy, some people after working for three days, they send in another family member to do the work on their behalf. But since these other members have not gone through the eligibility screening, to be allowed on the list, leaders usually demand some money from them. This has also been reported by Berglund (2012) and Renate (2013). Like this study, all the previous researchers reviewed had a face- to- face interaction with the beneficiaries and in all, this unexpected vice was brought out. It was even reported that even after eligibility screening at the village level, the administrators sometimes threaten to remove some people from the list if they do not bribe them. This practice has also seen many people coming on the list even if they are not eligible.

Like public works component, the biggest challenge in implementing direct support (DS) is delays in payment, which, according to Berglund (2012), comes from the delays in compiling lists of targeted beneficiaries. So the two challenges identified, one comes from the other and so if one is removed, the other one can also go away. Another revelation in this study was that direct support makes some people lazy and not creative. However, this may depend on the individual receiving the support; some can use it productively, others cannot. However, like interviewees we interacted with put it, some people get the money and do not think beyond, only to wait for another remittance. As indicated in the MINALOC (2009), some beneficiaries never graduate from the DS category of poor people, meaning that their life conditions may not have improved even after a long time of support. This is mainly because there are some people within this category who cannot graduate either intentionally or unintentionally. It was revealed that some people *do not use the money to improve themselves like starting income generating activities*. The researcher has identified an important fact that the DS implementers failed categorize people who are graduatable and those who are not, something that would have removed the fear of people who fail to graduate.

Another identified challenge was on the fact that many direct support beneficiaries are unable to manage and utilize or maintain the income generating assets they are given. It implies that giving such assets may not help and may result into loss of resources. Giving people income generating assets without building their capacity to maintain and/or manage them may produce less positive results. Many other researchers on this field have also revealed that on many occasions, the animals given died or became far less productive than expected. This puts national resources to waste. Renate (2013) noted that joint assets like animals which have to be shared by more than one person usually face a challenge of maintenance and care, as they think that any time the government may take them or that another person is soon taking them. So the poor attitude towards sharing with others seems a big challenge to the program.

The major challenge reported about financial support is inadequate monitoring and evaluation and as a result, implementers having inadequate knowledge about the program. Due to poor monitoring and evaluation, reports about the program are late and not well made to provide enough understanding. This is also indicated in the mismatch between the design of the credit product and the characteristics of the targeted borrowers, as indicated by Abigail (2011). Due to this, several adjustments to the design of the program have been proposed, but still some of the challenges are still prevalent. As indicated in the findings on this component, beneficiaries had less to say, since it was relatively new in implementation as compared to the other two components. As reported in the VUP Annual Report of 2009/2010 (VUP, 2011), there were some challenges in collaborating with financial institutions which had been asked by the government to implement this component on its behalf. Several financial institutions found some weaknesses in the design of the program and withdrew their collaboration, making the government to implement it its self but with several delays. This alone is an indication that the component still has challenges, even in the way it is to be implemented in full swing.

Another challenge that was reported in this study was improper utilization of the finances. It has been reported by many people and in many reports that people get money in their names and give it to other people and sometimes use it for other purposes other than that for which it was given. It may be because some poor people cannot make effective use of the loan they are given, because their capacity and awareness is low or because they cannot manage money or business. It has also been reported by Abigail (2011) that it is not easy to understand those eligible for VUP loans. This can be both for the beneficiaries and the administrators of the program. The beneficiaries also need to be aware of their eligibility by assessing their ability to pay back the loan, which now includes the principle and the interest. Abigail's (2011) report further implies that since the financial services support is being implemented by non-financial institutions, they lack the technical knowhow and the system has not been developed well.

VI. Conclusion

The challenges which Vision 2020 Umurenge program faced during its implementation have been identified on every components and project implementation delays is one of the most challenging aspects in public work, but also in almost all the three components. The delays are mainly in payment of beneficiary wages, compiling the lists of targeted beneficiaries, remitting the direct cash transfers and loan processing for financial services beneficiaries, as well as inadequate monitoring and evaluation and inadequate knowledge about the program by the implementers.

Recommendations

- The officers should regularly go to the field to see what is there and whether the projects presented (on financial services support) to them really exist, how they perform and whether the real person who presented project is the actual owner.
- Officers on sector level should sensitize the beneficiaries more about the program and how to take care of all support from the program like the cows and to tell them that those cows are for their own benefit, not for the government.

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