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Report No: PAD4984

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF US\$100 MILLION

TO THE

REPUBLIC OF RWANDA

FOR A

SOCIAL PROTECTION TRANSFORMATION PROJECT

August 30, 2022

Social Protection and Jobs Global Practice
Eastern and Southern Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective July 31, 2022)

Currency Unit = Rwanda Franc (RWF)

US\$1 = RWF 1,034

US\$1 = SDR 0.76

FISCAL YEAR

July 1 - June 30

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ABBREVIATIONS AND ACRONYMS

ACCA	Association of Chartered Certified Accountants
ANC	Antenatal Care
BCC	Behavior Change Communication
BNR	National Bank of Rwanda
CDD	Community-Driven Development
CFSVA	Comprehensive Food Security and Vulnerability Analysis
CHW	Community Health Worker
CIA	Certified Internal Auditor
COVID-19	Coronavirus Disease 2019
CPA	Certified Public Accountant
CPF	Country Partnership Framework
cPW	Classic Labor-Intensive Public Works
CSO	Civil Society Organization
DARP	Digital Acceleration Project
DHS	Demographic and Health Survey
DP	Development Partner
DPF	Development Policy Financing
DPO	Development Policy Operation
DS	Direct Support
ECD	Early Childhood Development
ePW	Expanded Public Works
EICV	Integrated Household Living Conditions Survey (<i>Enquête Intégrale sur les Conditions de Vie des ménages</i>)
ERP	Economic Recovery Plan
ESMF	Environmental and Social Management Framework
ESS	Environmental and Social Standards
FAO	Food and Agriculture Organization (of the United Nations)
FCDO	Foreign, Commonwealth and Development Office, United Kingdom
FM	Financial Management
G2P	Government-to-Person
GDP	Gross Domestic Product
GIZ	German Agency for International Cooperation (<i>Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH</i>)
GoR	Government of Rwanda
GRS	Grievance Redress Service
HB-ECD	Home-Based Early Childhood Development
HCD	Human Capital Development
HCIG	Human Capital for Inclusive Growth
HWS	Household Welfare Scorecard
ICR	Implementation Completion and Results Report

IFMIS	Integrated Financial Management Information System
IFR	Interim Financial Report
IPF	Investment Project Financing
IT	Information Technology
KfW	German Development Bank (<i>Kreditanstalt für Wiederaufbau</i>)
KPI	Key Performance Indicator
LMP	Labor Management Procedures
LODA	Local Administrative Entities Development Agency
LTSS	Long-Term Savings Scheme
M&E	Monitoring and Evaluation
MEIS	Monitoring and Evaluation Information System
MGFP	Ministry of Gender and Family Promotion
MINALOC	Ministry of Local Government
MINECOFIN	Ministry of Finance and Economic Planning
MIS	Management Information System
MoH	Ministry of Health
MoU	Memorandum of Understanding
NCDA	National Child Development Agency
NGO	Nongovernmental Organization
NISR	National Institute of Statistics of Rwanda
NSDS	Nutrition-Sensitive Direct Support
NST1	National Strategy for Transformation 1
OAG	Office of the Auditor General
OPRC	International Convention on Oil Pollution Preparedness, Response and Co-operation
PAP	Project-Affected Person
PDO	Project Development Objective
PFM	Public Financial Management
PIM	Project Implementation Manual
PNC	Postnatal Care
PPSD	Project Procurement Strategy for Development
PRAMS	Procurement Risk Assessment and Management System
PW	Public Works
RPF	Resettlement Policy Framework
RPPA	Rwanda Public Procurement Authority
RSSB	Rwanda Social Security Board
RUDP II	Second Rwanda Urban Development Project
SACCOS	Saving and Credit Cooperatives
SBCC	Social and Behavior Change Communication
SLE	Sustainable Livelihoods Enhancement
SP	Social Protection
SPIU	Single Project Implementation Unit

SPRP	Stunting Prevention and Reduction Project
SPS	Social Protection System
SPTP	Social Protection Transformation Project
SR	Social Registry
SSN	Social Safety Net
SSP	Sector Strategic Plan
SSPP	Strengthening Social Protection Project
STEP	Systematic Tracking of Exchanges in Procurement
SWG	Sector Working Group
TA	Technical Assistance
ToR	Terms of Reference
UNICEF	United Nations Children's Fund
VUP	Vision 2020 Umurenge Program
WBL	Women, Business and the Law
WFP	World Food Programme



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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
Rwanda	Social Protection Transformation Project	
Project ID	Financing Instrument	Environmental and Social Risk Classification
P177492	Investment Project Financing	Moderate

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Enhanced Implementation Support (HEIS)

Expected Approval Date	Expected Closing Date
21-Sep-2022	31-Dec-2026

Bank/IFC Collaboration

No

Proposed Development Objective(s)

To strengthen the social protection programs and delivery systems and to improve access of poor and vulnerable households to human capital and economic inclusion services

Components

Component Name	Cost (US\$, millions)
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Component 1: Strengthening of social safety net programs to accelerate human capital development	67.18
Component 2: Support to Economic Inclusion	19.29
Component 3: Transformative Delivery Systems	5.46
Component 4: Capacity building, policy and program coordination	8.07

Organizations

Borrower:	Republic of Rwanda
Implementing Agency:	Local Administrative Entities Development Agency (LODA) The Ministry of Local Government (MINALOC)

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	100.00
Total Financing	100.00
of which IBRD/IDA	100.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	100.00
IDA Credit	100.00

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	Guarantee Amount	Total Amount
Rwanda	100.00	0.00	0.00	100.00
National PBA	100.00	0.00	0.00	100.00
Total	100.00	0.00	0.00	100.00

Expected Disbursements (in US\$, Millions)



WB Fiscal Year	2023	2024	2025	2026	2027
Annual	34.00	26.00	24.00	14.00	2.00
Cumulative	34.00	60.00	84.00	98.00	100.00

INSTITUTIONAL DATA

Practice Area (Lead)

Social Protection & Jobs

Contributing Practice Areas

Digital Development, Education, Finance, Competitiveness and Innovation, Health, Nutrition & Population

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● Low
2. Macroeconomic	● Substantial
3. Sector Strategies and Policies	● Low
4. Technical Design of Project or Program	● Moderate
5. Institutional Capacity for Implementation and Sustainability	● Moderate
6. Fiduciary	● Substantial
7. Environment and Social	● Moderate
8. Stakeholders	● Low
9. Other	● Substantial
10. Overall	● Moderate



COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any waivers of Bank policies?

Yes No

Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Relevant
Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

Legal Covenants

Sections and Description



Schedule 2, Section III, C of the Financing Agreement

Within two (2) years of the Effective Date, the Recipient shall prepare and submit to the Association for approval, a Transition Plan in a form and substance acceptable to the Association

Sections and Description

Schedule 2, Section I, A.1 (a) of the Financing Agreement

No later than three (3) months after the Effective Date, appoint or recruit (as applicable) to MINALOC-SPIU, the following additional staff to carry out the Project: a community engagement specialist, a social registry communication specialist and a social registry specialist (database application administrator) and such other specialists as may be agreed with the Association, all under terms of reference, and with qualifications and experience satisfactory to the Association; and (b) ensure that throughout Project implementation, the SPIU has adequate resources and staffing to carry out its responsibilities under the Project, all as further detailed in the Project Implementation Manual

Sections and Description

Schedule 2, Section I, A.3 (a) of the Financing Agreement

No later than three (3) months after the Effective Date, appoint or recruit (as applicable) to the LODA-SPIU the following additional staff to carry out the Project: a communications and outreach specialist, a community/homebased early childhood education specialist, an MEIS software developer consultant, an MEIS business analyst consultant, a procurement specialist, a financial management specialist and such other specialists as may be agreed with the Association, all under terms of reference and with qualifications and experience satisfactory to the Association; and (b) ensure that throughout Project implementation, the LODA-SPIU has adequate resources and staffing to carry out its responsibilities under the Project, all as further detailed in the Project Implementation Manual, agreed with the Association

Sections and Description

Schedule 2, Section I, B.5 (d) of the Financing Agreement

The Recipient shall prepare and furnish to the Association the first proposed Annual Work Plan and Budget not later than one month after the Effective Date, which shall cover the period between Effective Date and June 30, 2023

Conditions

Type	Financing source	Description
Effectiveness	IBRD/IDA	The Subsidiary Agreement has been duly executed and delivered and is legally binding upon the Recipient and the Project Implementing Entity, in accordance with its terms; and the Association has received a legal opinion satisfactory to the Association confirming on behalf of the Recipient and the Project



		Implementing Entity that the Subsidiary Agreement has been duly authorized by, and executed and delivered on behalf of, such party, and is legally binding upon such party in accordance with its terms
Type Effectiveness	Financing source IBRD/IDA	Description The Project Implementation Manual as referred to in Section I.B(1) of Schedule 2 to this Agreement has been prepared and adopted by the Recipient and the Project Implementing Entity in a manner acceptable to the Association
Type Effectiveness	Financing source IBRD/IDA	Description The VUP Operations Manual as referred to in Section I.B(2) of Schedule 2 to this Agreement has been updated and adopted by the Recipient and the Project Implementing Entity in a manner acceptable to the Association
Type Effectiveness	Financing source IBRD/IDA	Description The Social Registry Operations Manual as referred to in Section I.B(3) of Schedule 2 to this Agreement has been updated and adopted by the Recipient and the Project Implementing Entity in a manner acceptable to the Association
Type Disbursement	Financing source IBRD/IDA	Description No withdrawal shall be made under Category 4 unless and until LODA has updated and adopted the Sustainable Livelihoods Enhancement and Para-Social Workers Guidelines in a manner satisfactory to the Association
Type Effectiveness	Financing source IBRD/IDA	Description The Project Agreement has been duly executed and delivered and is legally binding upon the Project Implementing Entity, in accordance with its terms
Type Effectiveness	Financing source IBRD/IDA	Description The Recipient has prepared, consulted upon, adopted and publicly disclosed the Environmental and Social Management Framework, the Resettlement Policy Framework and the Labor Management Procedures, all in manner and substance satisfactory to the Association



I. STRATEGIC CONTEXT

A. Country Context

1. **Rwanda has made remarkable progress in sustaining high growth and improving human capital development (HCD) indicators in the recent decades.** Its signature achievements include per capita economic growth at about 5 percentage points per year for over two decades (second highest in the continent)¹ and major strides in nonmonetary indicators of well-being, especially maternal and child health where Rwanda performed at par with or above many lower-middle-income countries. Between 2001 and 2017, poverty fell from 58.9 percent to 38.2 percent while extreme poverty fell from 40 percent to 16 percent.² Of the total population of 13 million, over 1.8 million people have been lifted out of poverty and extreme poverty.³ Rwanda was one of two countries in Sub-Saharan Africa that achieved all health Millennium Development Goals. Under-five mortality declined sharply over 2000–2020 from 196 to 45 deaths per 1,000 live births, and the maternal mortality ratio dropped from 1,071 to 203 maternal deaths per 100,000 live births.⁴

2. **However, Rwanda still has a long way toward achieving its socioeconomic goals and continues to face challenges in translating strong growth into commensurate gains in poverty reduction and boosting shared prosperity.** During 2014–2017, poverty reduction remained less responsive to strong growth, reflecting the weakening job-creating potential of growth driven by capital-intensive sectors and a resulting slowdown in rural to urban and farm to nonfarm transition of the workforce. Not only does the growth elasticity of poverty reduction remain lower in Rwanda than in many regional peer countries, the country also has relatively high poverty rates compared to countries with similar income per capita. Poverty remains high in rural areas and among households with many children. Inequality in Rwanda measured by the Gini coefficient remains the highest in East Africa at 43.7 (2016), compared to Uganda 42.8 (2016), Kenya 40.8 (2015), Tanzania 40.5 (2017), and Burundi 38.6 (2013).⁵ On the Human Capital Index, Rwanda's score of 0.38 (2020) is closer to the global low-income average (0.375 in 2020) but lower than the Sub-Saharan Africa average (0.40 in 2020).⁶ Stunting remains a stubborn challenge. Despite having fallen from 38 percent in 2015 to 33 percent in 2019–2020, the pace of stunting reduction has slowed and is not yet fast enough to reach the ambition of the Government of Rwanda (GoR) of 19 percent by 2024.⁷ Stunting is also higher in rural areas due to complex factors including demand- and supply-side barriers in access to and provision of adequate maternal care, knowledge, and information. Women in rural areas (52 percent) are more likely to cite challenges in accessing health care than women in urban

¹ The Country Partnership Framework (CPF) for the Republic of Rwanda FY21-FY26. World Bank, Kigali. Report No. 148876-RW <https://openknowledge.worldbank.org/handle/10986/34682>

² Measured by the Rwanda national poverty line of 2000/01 and 2016/17 respectively.

³ Integrated Household Living Conditions Survey for Rwanda (*Enquête Intégrale sur les Conditions de Vie des ménages* [EICV]) 4 and 5, October 2013-October 2014 and October 2016-October 2017 respectively <https://statistics.gov.rw/datasource/integrated-household-living-conditions-survey-eicv>.

⁴ National Institute of Statistics of Rwanda (NISR), Ministry of Health (MoH), and ICF. 2021. Rwanda Demographic and Health Survey 2019-20 Final Report. Kigali, Rwanda, and Rockville, Maryland, USA: NISR and ICF.

⁵ World Bank, Poverty and Inequality Platform. <https://pip.worldbank.org>

⁶ World Bank, Human Capital Index, <https://www.worldbank.org/en/publication/human-capital>

⁷ Rwanda National Strategy for Transformation 1 (NST1).



areas (35 percent).⁸ About 49 percent of children from the lowest quintiles are stunted compared to 11 percent in the highest quintile. Boys are more likely to be stunted (37 percent) than girls (29 percent). Quality and quantity of schooling also remain a concern—a child who starts school at age 4 can expect to complete 6.9 years of school by the time he/she is 18. This is below many other comparable countries in the region such as Malawi (9.6 years), Kenya (11.6 years), and Tanzania (7.2 years).⁹

3. The Coronavirus disease 2019 (COVID-19) drove the Rwandese economy into its first recession since 1994 and pushed a large proportion of vulnerable people into poverty. Global and domestic mobility restrictions that started in the second quarter of 2020 brought economic activity to a halt in many sectors, particularly services, increasing unemployment and shrinking private consumption. The pandemic has affected human capital accumulation, poverty reduction, and employment, with a marked impact on women and girls.¹⁰ Employment is still limited despite strong economic recovery since 2021. Female-headed households were poorer and less likely to be employed in the formal sector before the pandemic, compared to male-headed households. As of November 2021, the unemployment rate was over 8 percentage points higher than in November 2019, and female unemployment was even higher during this period.¹¹ Women particularly are mostly in informal sectors with less earnings, have less job protection and limited access to formal pension coverage,¹² and have experienced an increase in the burden of unpaid care work since the onset of COVID-19.¹³ More than 9 out of 10 women and men reported a decrease in household income during the pandemic.¹⁴ Additionally, businesses operated by women have been the most affected compared to that of men, and a higher proportion of women (54.6 percent) have closed their businesses compared to that of men (49 percent).¹⁵ The crisis is estimated to have raised poverty in Rwanda by about 5 percentage points in 2021, representing over half-a-million additional poor people. The disrupted progress on human capital accumulation due to COVID-19 impacts may continue to be felt in the medium to long term.

4. The GoR was effective in navigating successive waves of COVID-19 in 2020–2021, and the country is positioned for a strong economic rebound. The GoR's Economic Recovery Plan (ERP) for May 2020 to December 2021 aimed to support vulnerable households and boost employment. The ERP monetary value was estimated at 4.4 percent of gross domestic product (GDP). It committed to scale up social safety net (SSN) programs, build key infrastructure for recovery, and support strategic enterprises to offset the crisis impact. After contracting by 3.5 percent in 2020, the economy grew by 10.9 percent in 2021¹⁶ owing to the gradual easing of mobility restrictions, government social protection (SP) transfers to households affected by the pandemic, and support to businesses hardest hit by the pandemic through the Economic Recovery Fund. The rebound is supported by a recovery in agriculture, industry, and services.

⁸ NISR, MoH, and ICF. 2021. Rwanda Demographic and Health Survey 2019-20 Final Report. Kigali, Rwanda, and Rockville, Maryland, USA: NISR and ICF.

⁹ World Bank, Human Capital Index, <https://www.worldbank.org/en/publication/human-capital>.

¹⁰ Staff Report for the 2021 Article IV Consultation and Fifth Review under the Policy Coordination Instrument. International Monetary Fund, December 20, 2021.

¹¹ NISR, Labour Force Survey Trends, November 2021 report, March 2022.

¹² World Bank, Rwanda Gender Context Review -Taking stock of achievements, challenges, and the way forward, April 2022.

¹³ Ministry of Gender and Family Promotion (MGFP), Rapid Gender Assessment of the Impact of COVID-19 on Women and Men in Rwanda, 2020.

¹⁴ World Bank, Rwanda Gender Context Review -Taking stock of achievements, challenges, and the way forward, April 2022.

¹⁵ MGFP, Rapid Gender Assessment of the Impact of COVID-19 on Women and Men in Rwanda, 2020.

¹⁶ NSIR, GDP National Accounts 2021, <https://www.statistics.gov.rw/publication/1789>.



The war in Ukraine however has also affected the economy. Particularly, the increase in global fuel prices has led to increased costs of electricity, transportation, and food, which has a disproportionate impact on the poor and vulnerable families. In particular, fertilizer prices have increased since the COVID-19 pandemic began and climbed to record levels since the war, threatening future food and agricultural production.

5. **Besides COVID-19 and other idiosyncratic shocks, Rwanda is vulnerable to climate shocks.** Key climate change hazards include extreme temperatures, droughts, extreme precipitation and flooding, and landslides. Climate-related shocks, especially recent prolonged droughts, have been associated with the slow progress in poverty reduction between 2014 and 2017.¹⁷ About 40 percent of the population in the Western, Southern, and Northern Provinces are exposed to landslides and flooding risks. Meanwhile, the Eastern Province is the region most exposed to drought hazards.¹⁸ In 2018, 4 out of 10 households reported experiencing periods of hardship in the preceding 12 months, with negative effects on their food security and household assets. Half of these households attributed this to climate hazards. Climate-affected households have reported coping strategies such as sale of assets, reduced expenditures on food, health, and education, or withdrawing children from school.¹⁹ Temperature changes are expected to negatively affect the agriculture sector, which accounts for 35 percent of GDP and 80 percent of total employment. Women are primarily responsible for climate-sensitive activities such as fetching household water, preparing food, and collecting cooking firewood and account for 70 percent of subsistence agricultural farmers;²⁰ therefore, their burdens are disproportionately higher due to climate shocks.²¹

6. **Rwanda is widely recognized for its commitment to gender equality.** The GoR has put in place a strong legal and policy framework including a revised constitution that reflects the principle of gender equality and a 30 percent quota for women in decision-making positions; the inclusion of gender as a cross-cutting issue in Rwanda's national policy strategy documents, such as Rwanda's NST1; a stand-alone national gender policy (2021); and a variety of sector-specific gender strategies and profiles. These efforts have yielded fruits including gender equality in primary and secondary enrolments, a sharp reduction in fertility from 6.1 in 2005 to 4.1 in 2020,²² large improvements in maternal health outcomes, and women's greater access to land and therefore to finance which requires land as collateral. Rwanda scores 80.6, in the 2021 Women, Business and the Law (WBL) index, which measures gender inequality in law and outperforms many of its neighbors such as Uganda (73.1), Burundi (73.1), and the Democratic Republic of Congo (78.8).²³ Rwanda scores 75/100 in the indicator for entrepreneurship (scoring low for not explicitly outlawing gender discrimination in access to credit).²⁴

7. **Despite achievements, gender gaps remain.** These include difficulties with translating gains in human capital into greater quality of women's economic participation; a continuing gender gap in

¹⁷ NISR, Rwanda Poverty Profile Report, 2016/17, November 2018.

¹⁸ World Food Programme (WFP), Comprehensive Food Security and Vulnerability Analysis (CFSVA), 2018.

¹⁹ WFP, Assessment of the Sensitivity of the Social Protection Sector in Rwanda to Climate Related Shocks, 2020.

²⁰ NISR. 2018. Labour Force Survey Report. <http://www.statistics.gov.rw/publication/labour-force-survey-report-february-2018>.

²¹ World Bank Group. 2019. *Rwanda Systematic Country Diagnostic*. World Bank, Washington, DC. <https://openknowledge.worldbank.org/handle/10986/32113>.

²² NISR, MoH, and ICF. 2021. Rwanda Demographic and Health Survey 2019-20 Final Report. Kigali, Rwanda, and Rockville, Maryland, USA: NISR and ICF.

²³ World Bank DataBank <https://data.worldbank.org/indicator/SG.LAW.INDX?locations=RW>.

²⁴ World Bank, Women, Business and the Law index, 2021,

<https://wbl.worldbank.org/content/dam/sites/wbl/documents/2021/02/WBL%20Economy%20Summary%20Rwanda.pdf>



secondary completion, tertiary education, and technical and vocational education and training with 86.6 percent of girls passing the national secondary school examination, compared to 93 percent of boys (2019); lower representation of women in decision-making positions below the national government level; and gaps in access to productive assets for agriculture and entrepreneurship. Challenges remain in eliminating gender-based violence and violence against children. The FinScope Rwanda 2020 shows a clear gender gap in the access to and use of formal financial services where women are lagging with a 7 percent gap compared to male counterparts.²⁵ In WBL 2021, one of the lowest scores for Rwanda is related to laws affecting women's work after having children. Given their socially constructed roles in unpaid household and care work, women in Rwanda face 'time poverty', facing significant constraints to engage in productive activities. Data collected during the COVID-19 pandemic revealed that women had to swing between childcare and other tasks to keep a paid job during the pandemic, while men's 'routines' remained intact.²⁶ Rwanda also received a lower score (WBL 2021) for not legally mandating equal remuneration for work of equal value.

B. Sectoral and Institutional Context

8. **SP remains a top priority for the GoR for meeting its ambitious poverty reduction and HCD goals.**

Over the last decade, significant investments have been made to build and operationalize an SP system that promotes poor and vulnerable households' resilience to shocks, access to various social services, and enhanced opportunities to sustain themselves in the long run. SP is one of the priorities in NST1. Aligned with the NST1, Rwanda's Cabinet approved a new SP Policy in 2020, which, among others, emphasizes the role of SP in building human capital and supporting an inclusive growth agenda. The SP Policy is operationalized through the SP Sector Strategic Plan (SSP, 2018/19–2023/24) which lists the following five priorities: (a) increasing coverage of the extreme poor and vulnerable; (b) addressing child poverty and vulnerability in the poorest households; (c) ensuring a sustainable impact of the SP system on extreme poverty; (d) establishing a more efficient, effective, and harmonized SP system; and (e) improving the measurement and visibility of SP results and impacts.

9. **SSN expenditures have significantly increased over the last few years, and at 1.39 percent of GDP in 2019–20, they are very close to the Sub-Saharan African regional average.** Being the main component of Rwanda's SP, SSN expenditures increased from RWF 78.8 billion in 2016–17 to RWF 140.8 billion in 2020–21—from 1.09 percent of GDP in 2016–17 to 1.39 percent in 2020–21 (Figure 1). SSN expenditures in Rwanda are slightly below the Sub-Saharan African average of 1.53 percent and slightly below the average for low-income countries of 1.50 percent.²⁷

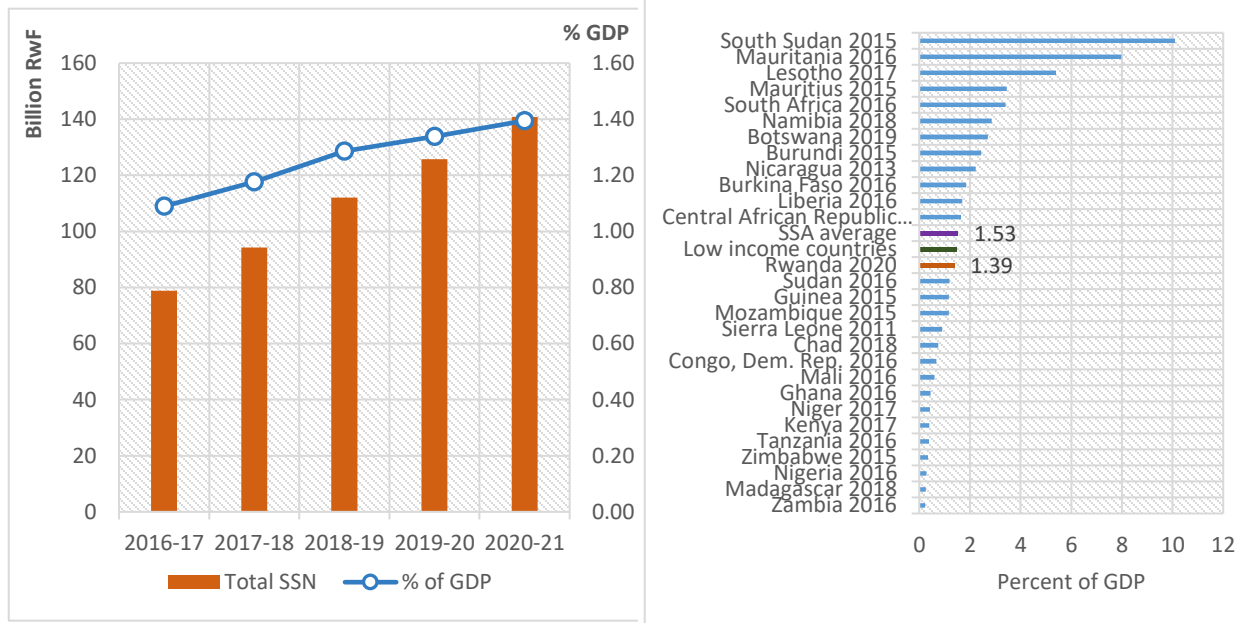
²⁵ Access to Finance Rwanda, FinScope 2020 report, October 2020.

²⁶ World Bank, Rwanda Gender Context Review -Taking stock of achievements, challenges, and the way forward, April 2022.

²⁷ The Rwanda Public Expenditure Review (forthcoming).



Figure 1. SSN Expenditure (RWF, millions, and % GDP) and Cross-Country Comparison (% GDP)



Source: The Atlas of Social Protection Indicators of Resilience and Equity database (consulted September 2021) and World Bank (2018) for regional average. Rwanda 2016–17 to 2020–21 expenditure numbers are based on World Bank staff computations from Integrated Financial Management Information System (IFMIS) data.

10. **SSN support is mainly delivered through the flagship Vision 2020 Umurenge Program (VUP).** At its inception in 2008, the VUP had three components: (a) unconditional cash transfers (Direct Support [DS]) to the poorest labor-constrained households such as those with or caring for persons with disability, (b) classic labor-intensive public works (cPW) for the poorest households with some labor capacity, and (c) financial services through which microcredits are provided to eligible individuals from the poorest households. The Ministry of Local Government (MINALOC) serves as the institutional home for SP and sets policies and strategies whereas the implementation of the VUP is mandated to a dedicated Local Administrative Entities Development Agency (LODA) that reports to MINALOC. LODA implements the VUP in partnership with districts (30 across the country) and in coordination with other relevant entities. To date, close to 2 million individuals in the country have received a mix of interventions through the VUP.

11. **In its effort to tackle the low progress on HCD, the GoR in partnership with the World Bank and other development partners (DPs) has introduced human capital-centered interventions under the VUP.** These include

- (a) The expanded Public Works (ePW), a gender-sensitive public works (PW) scheme that offers flexible, year-round, and multiyear work opportunity to the poorest households with caring responsibilities;
- (b) The Home-Based Early Childhood Development (HB-ECD) program under the ePW scheme, enabling poor families with care work responsibilities to get paid while learning and delivering nutrition, early stimulation, and better parenting knowledge and practices in dedicated childhood development (childcare) centers. This program supports not only safety



net objectives but also facilitates access to free childcare and investments in the early years of life; and

- (c) The Nutrition-Sensitive Direct Support (NSDS), a co-responsibility cash transfer scheme targeted at the poorest households with pregnant women and/or children under 2 years, aimed at incentivizing the uptake of essential health and nutrition services during the early years of life.

12. In August 2020, supported by the World Bank, the GoR launched a new civil registration and vital statistics system, with a focus on improving birth and death registration, issuance of a unique identifier at birth, and birth certification—all critical requirements for timely enrolment into the VUP, access to other social services, and building a reliable statistical system. The Government is also committed to modernizing the national identification ecosystem, supported through the Digital Acceleration Project (DARP, P173373), that will support, among others, digitization and indexing of civil registration records.

13. **To extend SP coverage to the large informal sector, the GoR has launched the Ejo Heza long-term savings scheme (LTSS).** Given that the overall social insurance coverage has been limited to the formal sector, which represents 8 percent of the country's workforce²⁸, (December 2018) the GoR introduced Ejo Heza, a voluntary defined contribution scheme that is open to all Rwandese and foreigners residing in the country. The scheme considers the low and irregular earnings of those in the informal economy and allows flexibility on the amount and frequency of contributions. Ejo Heza provides a means-tested fiscal incentives package by matching contributions from the GoR to encourage enrollments. The means testing is done through links established between the Ejo Heza and SSN system with the size of incentives varying based on the Ubudehe (community-based targeting) category of individuals.²⁹ Initially, the incentives were set for three years and then extended till 2024. The GoR aims to inspire sustained savings discipline among all Rwandese especially those in the informal sector, including the beneficiaries of the VUP. As of January 2022, the coverage of Ejo Heza has reached 1.8 million people out of which 87 percent are from the informal sector. Females constitute 49 percent of the total contributors. Over 50 percent of all enrolments are from Ubudehe categories 1 (21.5 percent of total enrolments) and 2 (33.2 percent), which shows that even those in the poor and vulnerable categories have an ability and interest to save.

14. **The World Bank's support has been instrumental to the evolution and strengthening of the GoR's social protection system (SPS).** Starting in 2009, this partnership went beyond the provision of funds of around US\$0.5 billion to bringing global expertise and technical leadership in SP, contributing to several development policy and investment financing operations (Box 1). During 2018–2021, with an International Development Association (IDA) credit of US\$80 million and an additional grant of US\$23 million, the Strengthening Social Protection Project (SSPP, P162646) supported the introduction of the aforementioned human capital-centered components to the VUP as demand-side interventions.³⁰ In addition to SSPP, the programmatic Human Capital for Inclusive Growth (HCIG) Development Policy

²⁸ Rwanda Social Security Board (RSSB), Assessment of RSSB's Pension Scheme: Financial Projections and Reform Options (2021).

²⁹ All households in the country belong to one of the four categories, with category 1 being the poorest (currently being revised to five categories).

³⁰ The Stunting Prevention and Reduction Project (SPRP, P164845, US\$55 million) and the Quality Basic Education for Human Capital Development Project (P168551, US\$210 million) were approved around the same period as SSPP as complementary supply-side investments.



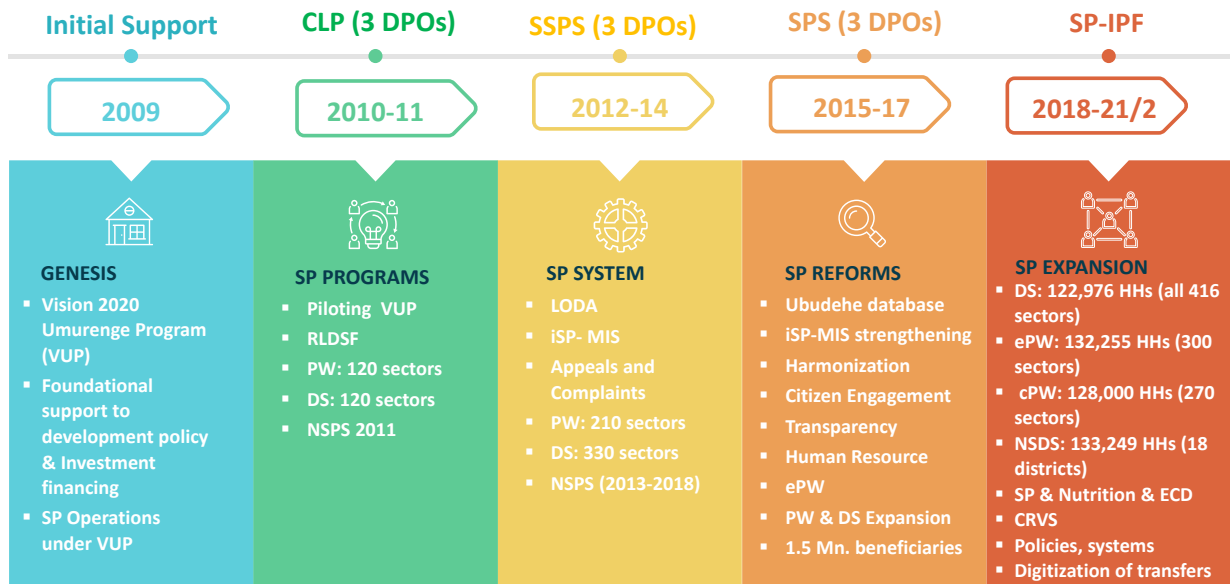
Financing (DPF) is supporting the GoR’s policy and institutional reforms aimed at enhancing coverage and equity in access to critical social sector programs and strengthening decentralized capacity and accountability for accelerated HCD.³¹

Box 1. The World Bank’s SP Support to Rwanda

In 2009–2021, besides global technical expertise, the World Bank’s support included several development policy and investment financing operations.

Under the Community Living Standards programmatic Development Policy Operation (DPO) series, the World Bank supported the introduction of the VUP, employing some of the best practices for SSNs. This was followed by the SPS DPO series with a continued focus on the strengthening of Rwanda’s SP system through policy and reforms aimed at enhanced efficiency, transparency, and expansion of coverage as illustrated in the following figure.

EVOLUTION OF THE WORLD BANK’S SUPPORT TO THE GOR’S SOCIAL PROTECTION SYSTEM



Following the DPO series, the SSPP Investment Project Financing (IPF) implemented in 2018–2021 helped improve the effectiveness of Rwanda’s SP system, notably the VUP, for targeted vulnerable groups. Among others, the SSPP supported demand-side interventions to advance the country’s HCD program financed by the World Bank through supply-side investments of the SPRP and Quality Basic Education for Human Capital Development Project. Owing to the SSPP, the coverage of the core safety net moved from 67 percent to 92 percent of eligible beneficiaries in targeted districts, 54 percent being women.

Currently, the World Bank is implementing a programmatic DPF series on HCIG (2020–2023) led by the Social Protection and Jobs Global Practice. The series encompasses prior actions across health, education, SP, and macro-fiscal priorities to address Rwanda’s key human capital constraints. On the SP front, the series has introduced institutional and policy reforms to facilitate expansion and improved benefit adequacy of human capital focused VUP schemes, development of the social registry (SR), and decentralization for improved

³¹ HCIG DPF, to be delivered through three operations (P171554 - US\$150 million, P173680 - US\$175 million delivered, and P178113 - US\$125 million under preparation).



implementation of human capital programs. By supporting the implementation of these reforms, the project helps deliver their intended outcomes to a broad range of VUP beneficiaries.

The World Bank's policy dialogue and operational work is underpinned by several Advisory Services and Analytics tasks aimed at strengthening country's knowledge and capacity to better design and deliver gender, nutrition, and child-focused safety nets and to build upon the country's advancements in digital infrastructure by the digitization of safety net payments.

The project builds on the World Bank's continuous and productive engagement and aims to consolidate previous achievements while taking forward the elements of Rwanda SP that makes it transformational for the country's poverty and human capital agenda.

15. **During the COVID-19 pandemic, the SSPP introduced various adaptations in line with the ERP.** Eligibility criteria for NSDS were expanded to reach more beneficiaries with young children; the DS cash transfer component was expanded to reach more vulnerable households; work requirements for cPW beneficiaries were temporarily lifted; and monitoring of NSDS co-responsibilities was temporarily relaxed to allow beneficiaries comply with lockdown and social distancing measures without losing program benefits. As of February 2022, 125,994 new beneficiary households, essentially dependent on the informal sector employment, were enrolled to receive the VUP benefits as part of the COVID-19 emergency cash transfer scheme.

16. **COVID-19 pointed to the need for enhancements in SP to increase its coverage and improve efficiency.** Analysis suggests that safety net expansions in Rwanda since 2016, including the COVID-19 response scale-up in March–September 2020, achieved up to 1.43 percentage point reduction in poverty in 2020. The forthcoming Public Expenditure Review suggests that overall, across all VUPs, poverty in Rwanda has decreased by 2 percentage points. However, SP financing and coverage remains low, which limits its poverty reduction and HCD impact as well as its contribution to households' resilience to climate shocks. For example, only around 25 percent of older people and people with disabilities are accessing any form of old age or disability pension or other form of direct income support.³² Only one-third of households with food shortage and only 25 percent of households with a malnourished child receive social assistance.³³ Social insurance—namely pension and formal sector health insurance, is mandated only for those with formal labor contracts (public and private), and as of 2019, only 9 percent of the working age population in Rwanda were contributing to the pension scheme (public and private). The coverage of human capital-focused intervention is small, with ePW, an innovative solution to address the high childcare burden faced by women in Rwanda, being implemented in 300 out of 416 sectors³⁴ in which 75.5 percent of eligible households are receiving their full benefit (in 2021/22). An estimated 42 percent of children in Rwanda access integrated early childhood development (ECD) services. cPW are being implemented in 270 sectors in which 64 percent of eligible households are covered. NSDS is being implemented in 18 out of 30 districts in which 96 percent of eligible beneficiaries are covered. The VUP remains concentrated in rural areas where it covers 5.3 percent of eligible households compared to 0.3

³² At end of FY2016/17, pensions and DS schemes provided by the Rwanda Social Security Board, the VUP, the Genocide Survivors Support and Assistance Fund, and the Rwanda Demobilization and Reintegration Commission covered approximately 156,000 older people and people with disabilities.

³³ World Food Programme (WFP), Comprehensive Food Security and Vulnerability Analysis (CFSVA), 2015.

³⁴ Sectors are local administration units under districts.



percent in urban areas. Annex 2 provides more details on the issues affecting the VUP's performance and poverty impact and explains how the project contributes to addressing them.

17. **COVID-19 also highlighted the urgent need to strengthen shock-responsive delivery systems,** particularly the new SR and digitization of payment systems, two reforms that were already part of the GoR plan before COVID-19 that will allow SP programs to expand quickly to cushion the impact of climate-related and other shocks. The use of mobile banking and information and communication technology facilities during COVID-19 was slightly lower for women compared to men. The use of digital payments dominated by mobile money and e-banking surged during the lockdown period as reported by 65 percent of women and 68 percent of men.³⁵ However, mobile phone ownership remains dominated by men³⁶.

18. **A comprehensive reform of the current beneficiary targeting mechanism is under way with a new SR expected to be operationalized starting with selected geographic locations during 2022/23.** The GoR has been using the Ubudehe, a community-based targeting system, for identification of beneficiaries for safety net and other social programs. Analysis based on survey data indicated that the Ubudehe performs poorly as a poverty targeting tool, with only 19 percent of poor households classified in Ubudehe category 1 and receiving the VUP DS potentially, leaving out a large group of beneficiaries who should be receiving benefits.³⁷ Additionally, although women are the majority of beneficiaries of SP programs because they are poorer than men, the analysis in the revised National Gender Strategy (2021), pointed to insufficient targeting of women. The GoR authorized MINALOC to develop a credible system to improve the effectiveness of social sector programs in reaching intended beneficiaries. A household profiling exercise was conducted with completed collection of data on more than 90 percent households in the country. A subset of this data was used to devise a Household Welfare Scorecard (HWS), a new targeting methodology based on econometric evidence on the correlation of poverty in Rwanda. Recently, supported by the HCIG DPF, MINALOC approved policy guidelines to build upon this exercise and introduce a new SR, interoperable with the National Identification and other relevant databases to replace the Ubudehe as a beneficiary identification mechanism and strengthen objective and transparent identification of the poor. A newly built SR that is dynamic and categorizes households based on the HWS methodology is expected to reduce inclusion and exclusion errors of Rwanda's social sector programs and increase welfare and human capital outcomes for poor households. Having updated, sex-disaggregated, individual-level data is also a precondition to identify and systematically address gender gaps and recalibrate the service delivery by reaching households most in need.

19. **The GoR has embarked on the digitalization of the VUP payments for greater efficiency and financial inclusion.** This new payment modality, first piloted in 10 districts under SSPP and currently being scaled up countrywide, provides an option to receive payments via mobile money platforms. Through the World Bank's DARP, there are also plans to digitize Saving and Credit Cooperatives (SACCOs) that serve as the main payment service provider for the VUP beneficiaries with fully functional accounts. Digitization of SACCOs will be a step forward to allow for easy monitoring and reconciliation of transfers, being a critical element of a strong fiduciary control in the payment system. The World Bank is supporting an evaluation of the VUP digitization pilot to inform improvements and course corrections during the scale-up phase.

³⁵ MGFP, Rapid Gender Assessment of the Impact of COVID-19 on Women and Men in Rwanda, 2020.

³⁶ NISR, EICV5, Gender Thematic Report, December 2018.

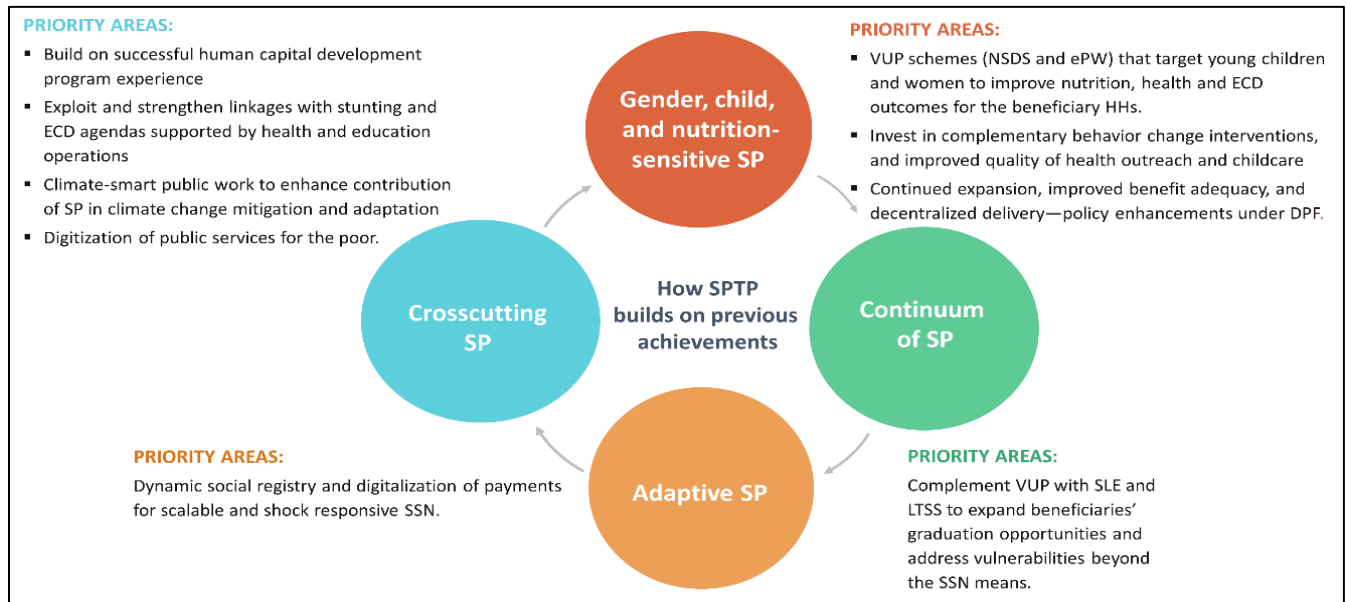
³⁷ World Bank, Technical Note on Developing a Welfare Scoring Card in Rwanda, 2020.



20. **The stagnation of poverty numbers between the two latest rounds of the Integrated Household Living Conditions Survey (*Enquête Intégrale sur les Conditions de Vie des ménages – EICV, 2013/14–2016/17*) prompted the need for more investments in sustainable livelihoods enhancement (SLE) and graduation programs.** Under the SSPP, the GoR developed the SLE and para-social workers guidelines. The latter are community advisory volunteers engaged to support SLE efforts through strengthening the referral and coordination of services for extremely poor households. Implementation of the SLE and para-social workers guidelines is under way. In addition, the GoR has been working on a National Strategy for Sustainable Graduation 2021, building on implementation experience, and following NST1 priorities. The Graduation Strategy which is currently pending approval by the competent authority and graduation measurement options will inform the expansion of the SLE and para-social workers’ scheme. Support is needed to operationalize the strategy and ensure its successful implementation by leveraging its cross-sectoral and decentralized elements.

21. **Considering the scope and ambition of reforms and building on the successful prior engagement, the GoR requested the World Bank to continue investing in its transformational SP agenda.** As featured in Figure 2, the proposed Social Protection Transformation Project (SPTP) will consolidate earlier achievements by expanding a robust VUP SSN to reach more poor and vulnerable households including with its innovative human capital-focused elements. Furthermore, the project will finance the implementation of the GoR’s SLE strategy and stronger link between SSNs and social insurance LTSS as a pathway for sustainable graduation of the VUP beneficiaries. Capitalizing on the GoR’s policy reforms, the project will complement the HCIG DPFs policy dialogue on the SR to finance the operationalization of an SR to guide pro-poor expansion of SSN and facilitate rapid response to shocks. Finally, the project will make investments to (a) scale up digital payments; (b) strengthen institutional capacity, with operational and technological solutions for more efficient and effective delivery of the VUP; and (c) reinforce the human development impact of SSN through behavior change and other communications as well as leveraging other human capital interventions.

Figure 2: SPTP Contribution to Transformational SP Agenda





C. Relevance to Higher Level Objectives

22. **The project is aligned with the World Bank Group Country Partnership Framework (CPF) for Rwanda FY21–FY26 (Report No. 148876-RW) discussed by the Board on July 9, 2020.** It will directly contribute to the CPF’s first objective of improving human capital through supporting human capital-focused interventions and resilience-building activities that support enhanced nutrition outcomes, women empowerment, and access to jobs alongside consumption smoothing. The project will contribute to objective three related to expanding access to infrastructure and the digital economy, through supporting the digitization of the VUP transfers. That together with the operationalization of the SR will bring the VUP into the forefront as a dynamic technology-based program that is scalable in response to climate and other shocks. The SPTP will also contribute to increased agricultural productivity (CPF objective four) through supporting the SLE and para-social workers scheme which aims at promoting, among others, agricultural activities as a means toward poverty graduation.

23. **The SPTP supports the NST1 that is a guiding policy for Rwanda’s development trajectory underscoring inclusive participation in the economic growth for all Rwandese.** The project activities fall under the priorities of the NST1’s Social Transformation Pillar that emphasizes the importance of promoting resilience and eradicating malnutrition through stronger health, education, and SPSs.

24. **The project will support the World Bank Group Digital Economy for Africa initiative as well as the achievement of several technology-related policy commitments set by IDA.** The African Union Digital Transformation Strategy sets out a bold vision that calls for every African individual, business, and government to be digitally enabled by 2030, to drive the digital transformation of Africa and ensure its full participation in the global digital economy. The project’s focus includes support for enablers of the digital economy—such as the digitalization of safety nets payments. In line with IDA20’s increased ambition to support countries to adopt inclusive and transformative technologies, the SPTP will support adaptive SPSs (Human Capital Special Theme) by facilitating digital financial services and a dynamic SR alongside addressing persistent gender gaps (Gender and Development Special Theme)—by removing barriers to women’s access and usage of digital and financial services.

25. **The project will help close gender gaps specific to Rwanda in line with the World Bank’s Gender Strategy (2016–2023) pillars one and two on improving human endowments and economic opportunities, respectively.** Specific actions include enhanced access to ECD and childcare programs that provide center- and home-based care and nutrition opportunities for young children to not only address stunting but also increase mothers’ participation in the labor force; nutrition grants for mothers and pregnant women to address demand-side barriers to antenatal and postnatal care; and engagement with community health workers (CHWs) for better outreach and follow-up to ensure the participation of women in relevant cash transfer schemes. The project supports the expanded coverage of SP programs—some specifically targeted to women such as NSDS, and complements basic SSNs with interventions to close gaps in voice and agency (through delivery of targeted sessions delivering information on parenting and feeding practices) and expansion of economic opportunities (through employment in PW and access to economic inclusion services which include provision of assets and addressing gender gaps in access to economic inclusion activities). The project finances actions that attempt to narrow relevant gender gaps identified and measures the intended changes through gender-specific indicators (details in Annex 3).



II. PROJECT DESCRIPTION

A. Project Development Objective

26. **The Project Development Objective (PDO) is to strengthen the social protection programs and delivery systems and to improve access of poor and vulnerable households to human capital and economic inclusion services.**

27. **The project aims to further strengthen Rwanda’s flagship SP program, the VUP, by financing cash transfers to poor and vulnerable beneficiary households and facilitating their access to gender-, child-, and nutrition-sensitive interventions thus complementing the World Bank’s human development program in Rwanda.** The project will invest in NSDS and home-based ECD that are designed to boost human capital of children enrolled in these schemes. Furthermore, the project will finance climate-sensitive cPW that in addition to consumption smoothing, will contribute to adapting to and mitigating climate-related shocks in beneficiary communities. Furthermore, the project will focus on the delivery of economic inclusion services for the VUP beneficiaries and other poor and vulnerable groups through (a) sustainable livelihood interventions to create a pathway to sustainable graduation and (b) linking social assistance with social insurance to support and incentivize savings to reduce vulnerability. The strengthening of SP delivery systems will include operationalizing the dynamic SR and scaling up digitization of the VUP cash transfers. Such investments are important for an adaptive SPS that can respond to shocks in a timely and effective manner. The combination of different interventions to be supported by the proposed project such as cash transfers, economic inclusion, and development of delivery systems is expected to contribute to an increased resilience of Rwanda’s poor households to climate change.

PDO Level Indicators

28. **The following PDO Indicators will measure progress toward achievement of the PDO:**

- (a) Eligible households covered by the VUP cash transfer schemes³⁸ in targeted sectors and/or districts (Percentage).
- (b) Proportion of VUP beneficiaries enrolled in human capital-focused interventions.³⁹
- (c) Eligible VUP households benefiting from SLE package (Percentage).
- (d) VUP beneficiaries identified through the dynamic social registry (Percentage).

B. Project Components

29. **The project will build on achievements of previous and ongoing World Bank engagement to support the implementation of the GoR’s SP policies and interventions.** Activities will be grouped in four components as described in the next paragraphs.

³⁸ DS, ePW, NSDS, and cPW.

³⁹ ePW including HB-ECD and NSDS.



30. **Component 1: Strengthening of Social Safety Net Programs to accelerate Human Capital Development (US\$67.18 million)** will finance the expansion and enhanced implementation of the VUP.

31. **Subcomponent 1.1: Delivery of the VUP to eligible households (US\$63.69 million)** will finance costs associated with the delivery of the VUP to eligible households through DS cash transfers, NSDS cash transfers, cPW, and ePW, including HB-ECD intervention. During project implementation the number of VUP beneficiaries is expected to grow from 479,543 to 513,576 households or from 71.5 percent to 74.5 percent of eligible households. As presented in Table 1, under Subcomponent 1.1, the project will finance part of this expansion effort. Most of the subcomponent’s financing—US\$40.78 million of US\$63.69 million—will support the human capital-centered interventions of NSDS and ePW. The number of beneficiary households under these programs is expected to increase by 13 percent and 7 percent, respectively. The identification of new VUP beneficiaries will draw on the new SR when it is operational (see Component 3). In the meantime, the GoR will utilize the existing Ubudehe system.

Table 1. VUP Expansion Targets and SPTP Funding (Subcomponent 1.1)

Program	Number of Beneficiary Households					Coverage Increase, 2022-2026 (%)	Project Funding, US\$, millions	Project Funding, % of Overall Program Cost
	Baseline	2022/23	2023/24	2024/25	2025/26			
DS	122,976	122,976	122,976	122,976	122,976	0.0	6.32	8
NSDS	133,249	141,284	144,369	147,521	150,742	13.1	22.42	32
ePW, including	95,318	92,407	96,320	99,330	102,340	7.4	18.36	21
<i>ePW HB-ECDs</i>	<i>36,937</i>	<i>35,612</i>	<i>37,120</i>	<i>38,280</i>	<i>39,440</i>	<i>6.8</i>	<i>7.55</i>	<i>21</i>
cPW	128,000	137,509	137,509	137,509	137,509	7.4	16.59	14
Total VUP beneficiary households, of which	479,543	494,176	501,176	507,336	513,567	7.1	—	—
<i>VUP beneficiary households financed by SPTP</i>	—	<i>146,918</i>	<i>97,273</i>	<i>98,937</i>	<i>49,419</i>	—	—	—
Funding by SPTP, US\$, millions	—	22.84	15.96	16.36	8.53	—	63.69	—

32. **Subcomponent 1.2: Quality enhancements in the design and delivery of the VUP (US\$3.49 million)** will be informed by the evolving SP policy priorities and implementation lessons to support enhancements on concern eligibility and parametric and operational changes required to strengthen the VUP benefits’ effectiveness and human capital outcomes including in health and education. The subcomponent’s investment will aim at;

- (a) Increasing participation by women⁴⁰ in PW through, among others, review of program guidelines, engagement of CHWs in delivery of NSDS and HB-ECDs in line with their existing

⁴⁰ These will include teen mothers of appropriate working age according to the Rwanda labor laws.



mandate, and support of coordinated efforts by CHWs and the National Child Development Agency (NCDA) for greater nutrition and health outcomes.

- (b) Enhancing supervision of NSDS and monitoring of co-responsibilities for greater uptake of health services.
- (c) Capacity building of caregivers and providing other inputs for safe and quality childcare and cognitive stimulation at HB-ECD services.
- (d) Implementing behavior change interventions to reinforce human capital impact of the VUP schemes.
- (e) Improving climate sensitivity of cPW projects through, among others, supporting their alignment with the climate adaptation priorities in districts' economic development plans, enhancing implementation guidelines for climate- and gender-smart PW projects to be supported by the SPTP, and carrying out outreach mechanisms to ensure adequate participation of target groups such as women (see annex 4 for climate-smart PW and climate co-benefits of other project activities).
- (f) Supporting coordinated delivery of the VUP interventions through the engagement of relevant stakeholders.
- (g) Improving operational standards, processes, and tools for quality implementation of the VUP.

33. **Component 2: Support to Economic Inclusion (US\$19.29 million) will help build resilience of the poor and vulnerable households above and beyond the VUP income support by offering them complementary livelihood and economic inclusion opportunities.** This component will consist of two subcomponents aimed at improving the effectiveness and expansion of the SLE and para-social-workers scheme (Subcomponent 2.1) and strengthening links between social assistance and social insurance (Subcomponent 2.2).

34. **Subcomponent 2.1: Support to SLE and para-social workers scheme (US\$10.82 million) will finance the implementation of the SLE and para-social workers schemes in line with the GoR's Graduation Strategy and building on past implementation lessons.** Under the scheme, eligible beneficiary households will receive a sequenced two-year package of the SLE interventions, including the VUP safety nets, asset transfers, skills training, apprenticeship facilitation, and other activities such as financial literacy/entrepreneurship training, coaching, and facilitating links to markets and value chains as well as other inputs tailored to their needs. The SLE interventions will facilitate the easing of some of the multiple constraints experienced by extremely poor and vulnerable households and, thereby, position them on a sustainable livelihood pathway. Their long-term graduation will depend on the easing of other constraints, including through links with other sectors and a continuum of support and household resilience to shocks. Livelihood activities will be adapted to climate change-related hazards through among others diversifying income-generating activities and crop diversification. This will entail taking on board advice from experts such as agriculture extensionists for agriculture activities as well as access to a shock-responsive VUP. The subcomponent will also finance targeted behavior change communication (BCC), sensitization, and mobilization within the broader community to tackle social (including disability) and gender norms that might hinder the full realization of the productive capacities of the SLE beneficiaries.



35. **Subcomponent 2.1 will invest in developing and strengthening para-social workers who constitute the core of the SLE delivery mechanism.** The role of para-social workers is to provide regular coaching to beneficiary households. They enjoy strong community trust as their selection follows a transparent community-led process. Their good understanding of the local context and presence in the same neighborhood as beneficiaries will allow them to introduce the right packages that meet household needs and capitalize on available opportunities and local resources. Para-social workers have a role to play in the monitoring of households' livelihood enhancement activities. This subcomponent will finance para-social workers' capacity building, implementation tools, equipment, and other inputs as necessary to enable them to effectively participate in the SLE delivery including specific training modules on how to assess constraints faced by the youth and women in accessing the SLE scheme, the needs of these subgroups in terms of livelihood enhancement activities, and how to enhance their participation in the scheme. Furthermore, the subcomponent will help develop nonmonetary incentives to contribute to para-social workers' motivation and improve the chance of attracting competent para-social workers. This may include annual workshops for refresher trainings, motivation on their roles and responsibilities, cross fertilization of ideas and learnings, and a pathway to improved careers through referrals and certifications. Lastly, to facilitate gender-balanced recruitment, caseloads for para-social workers will also be clustered, comprising nearby households to minimize physical strain of caseloads on female para-social workers and distance between households.

36. **The SLE scheme is designed based on the findings from the evaluations of previous pilot versions of these activities** (such as the evaluation of the Minimum Package of Graduation launched by MINALOC as a pilot scheme in 2015). Through these experiences the Government has developed a draft Graduation Strategy within the ambit of which the SLE will operate, guidelines for the operationalization of the SLE, and guidelines for the operationalization of para-social workers. The SLE guidelines not only describe the various underlying interventions, criteria for selection of beneficiaries, and delivery of these interventions but also provide a clear pathway to engage civil society organizations (CSOs) in the implementation of these interventions, as required. The guidelines will be updated to reflect new lessons and analytical activities as well as to ensure alignment with the final Graduation Strategy before implementation of this subcomponent. The implementation of financial literacy and village savings and loans associations will be primarily undertaken through CSOs, nongovernmental organizations (NGOs), and faith-based organizations that will be engaged to support the monitoring of the SLE.

37. **This investment builds on a relatively large body of evidence generated internationally and will continue to be informed by additional analytical work in-country.** The State of Economic Inclusion Report 2021⁴¹ highlights the growing body of evidence on the SLE type interventions globally. Additionally, as part of a programmatic analytical task, the World Bank along with the GoR is producing a note to inform the SLE and para-social workers' incentive mechanisms. This work will propose options for social workers' talent management along with a methodology to measure progress and outcomes from the graduation schemes mentioned earlier. This is key to ensure efficient and effective delivery given the scale and complexity of implementation. The subcomponent will also include provisions for an operational review (for example, process evaluations and robust monitoring systems) of the SLE scheme to inform ongoing course corrections. Additionally, this subcomponent will also benefit from work undertaken by the GoR with other DPs such as the Foreign, Commonwealth and Development Office, United Kingdom (FCDO) and

⁴¹ The World Bank, 2021. The State of Economic Inclusion Report 2021: The Potential to Scale. Washington, DC: World Bank. <https://openknowledge.worldbank.org/handle/10986/34917> License: CC BY 3.0 IGO.



United Nations Children’s Fund (UNICEF) which plan to test various combinations of interventions underlying the SLE scheme. Lastly, Subcomponent 2.1 will require updated guidelines for the SLE and para-social workers to inform project implementation.

38. **Subcomponent 2.2: Links between social assistance and social insurance (US\$8.47 million) will strengthen links between the social assistance delivered mainly through the VUP and the social insurance Ejo Heza, as an LTSS.** Currently, Ejo Heza relies on the Ubudehe classification to identify households eligible for fiscal incentives to promote savings by the poor and vulnerable. The project will aim to strengthen these links by actively incentivizing the VUP beneficiaries to participate in Ejo Heza. This will be done through both monetary and nonmonetary incentives. On the monetary side, the GoR is considering transferring part of an increase in the wage for PW eligible beneficiaries for saving through Ejo Heza. The new benefit amounts recently approved for NSDS and ePW⁴² can be an attractive opportunity for beneficiary households to save in Ejo Heza. Among nonmonetary incentives, there exist multiple areas of synergies which can boost coverage of the scheme. First, para-social workers will be engaged as a powerful channel of communication to explain the benefits of saving through Ejo Heza; in addition, they can support registering of individuals and leverage social and behavior change communication (SBCC) tools to nudge households to save. Second, the existing HCD officers who support programs at the local level will be engaged in promoting the participation of the VUP beneficiaries in Ejo Heza. Beneficiaries of SSN programs will receive financial literacy training and material that will include modules on investment, savings, insurance, and planning for old age. Para-social workers and HCD officers will receive similar training to influence persistent savings behavior of the VUP beneficiaries. Finally, data interoperability between LODA and Ejo Heza systems will be supported so that the VUP-based incentives can happen in real time, and information on the VUP households’ characteristics can be used by Ejo Heza to tailor communication. Enhanced delivery systems supported under Component 3 will help strengthen these links.

39. **Component 3: Transformative Delivery Systems (US\$5.46 million) will invest in enhancing delivery systems through (a) supporting of the building blocks that are necessary to operationalize the dynamic SR and (b) digitization of the VUP payments.** These are two foundational elements for a well-targeted and adaptive SP safety net system with the ability for timely response to shocks (including those related to climate change), as evidenced during the COVID-19 response when the GoR used SP delivery systems for a rapid rollout of COVID-19 emergency payments.

40. **Subcomponent 3.1: Operationalization of the dynamic SR (US\$5.28 million) will support investments in the key building blocks to further the Government’s policy on the operationalization of a dynamic SR as a new targeting tool for the VUP and other social sector programs.** This includes, among others, supporting

- (a) Communication and outreach efforts to facilitate community validation protocols to inform the households’ welfare ranking analyzed through the HWS (a proxy means test developed on the foundation of EICV5).
- (b) MINALOC with additional resources and capacities needed to host, manage, and regularly update the SR and its management information system (MIS). While the current version of

⁴² NSDS beneficiaries will be receiving RWF 10,000 (~US\$9.9) monthly (up from RWF 7,500) while ePW beneficiaries will be receiving RWF 15,000 (~US\$14.8) monthly (up from RWF 10,000), effective July 1, 2022.



the SR relies on data that were collected in 2020 (data collection completion year), it is expected that more recent data will be needed for subsequent updates to ensure the accuracy of the data in relation to evolving poverty metrics post COVID-19.

- (c) Collection of this additional household profiling data.
- (d) Integration between the SR information system and the existing integrated SP MIS hosted by MINALOC and other relevant national systems.

41. Additionally, given the prevalence of natural disasters and climate shocks, this subcomponent will explore the use of satellite imagery to support dynamic and on-demand updates to the registry in coordination with other stakeholders (see annex 4 for climate co-benefits of this activity). The subcomponent will ensure adequate data protection and privacy of household information in the registry to comply with the 2021 Rwanda data protection policy and international best practices in the collection, maintenance, and use of SR data. It is worth noting that the System Requirement Specification for the registry that was developed and approved by the Rwanda Information Society Authority has provisions for data security features, and the SR policy guidelines⁴³ approved under the HCIG DPF include a dedicated section on how to ensure data privacy and security. The project support will help in implementation of the provisions made in these guiding policy documents.

42. **Subcomponent 3.2: Digitization of the VUP transfers (US\$0.18 million) will build on the VUP payments digitization pilot under the SSPP and draw from the results of an assessment being supported through a government-to-person (G2P) Bank-Executed Trust Fund to take the VUP transfer digitization to the next level.** The project will finance adaptations in implementation, including assessing the range of available digital payment modalities including transaction accounts such as mobile money accounts, functional SACCO accounts, and accounts at other licensed financial institutions. The investments will cover required upgrades to LODA's backend systems, including the Monitoring and Evaluation Information System (MEIS), to ensure proper management and tracking of digitized VUP payments and fiduciary accountability for strengthened end-to-end reconciliation of beneficiary funds. The support will also include awareness and capacity-building activities and dialogue with the national switch (RSwitch), telecom operators, and financial institutions to improve digital payment use and acceptance among beneficiaries. The project will also coordinate with the Mobile Devices Affordability program supported by the World Bank's DARP, which is designed to improve affordability of mobile phones for the poorest households, to ensure that SPTP beneficiaries are included.

43. **Component 4: Capacity building, policy and program coordination (US\$8.07 million)** will ensure that the SP programs supported through the project are well developed and coordinated and will continue to strengthen implementation capacity, with quality assurance at all levels of implementation.

44. **Subcomponent 4.1: Capacity building, policy, and program coordination for MINALOC (US\$2.19 million) will support strengthening of MINALOC institutional capacity in SP policy and program**

⁴³ Ministry of Local Government, Policy Guidelines for Operationalization of the Social Registry, 2020



development, coordination, and oversight. Specifically, it will finance technical assistance (TA), training, and operational and other costs to help MINALOC undertake the following activities:

- (a) Support strategic and operational communications to advance the implementation of SP policies and programs through the Government delivery systems including the SR and to enhance human capital and other outcomes of SP policies and programs by means of behavior change and other communications.
- (b) Facilitate policy coordination across the GoR institutions, DPs, CSOs, and other key stakeholders at the national and subnational levels for their alignment with national SP strategic priorities and plans, including through formal coordination mechanisms (such as sector and technical working groups) and organizing peer learning sessions across SP interventions, as well as policy guidance and oversight to ensure coordinated delivery of the SP interventions.
- (c) Support capacity development for efficient delivery of SP interventions at the national and subnational levels, including via an established training framework for SP cadre and other relevant staff, leveraging MINALOC's mandate of overseeing local decentralized structures.
- (d) Monitor, evaluate, and disseminate knowledge to inform continuous improvements in SP policies, strategies, and programs with the focus on those supported by the SPTP through independent and in-house research, studies to document successful practices, peer learning platforms, and other means.
- (e) Support Single Project Implementation Unit (SPIU) positions to strengthen MINALOC's capacity to manage the SPTP activities. In line with MINALOC's mandate, critical functions required to continuously deliver on SP policy and strategy oversight and to implement the SPTP subcomponents for MINALOC will be supported, including coordination and program management; financial management (FM); procurement; strategic communication; policy and strategy-related monitoring, evaluation, and learning; and oversight on SR.

45. **Subcomponent 4.2, Capacity building and program coordination for LODA (US\$5.88 million) will help consolidate LODA's capacity to implement the SP interventions supported by the SPTP.** Specifically, activities will include the following:

- (a) Support for continuous engagement with beneficiary communities and households to ensure that the objectives and expected results of the project are well disseminated; that the beneficiaries understand their rights, roles, and responsibilities as well as available redress and grievance mechanisms; and that key messages developed by LODA and other institutions on project-supported interventions and results reach the communities in an effective and efficient manner.
- (b) Review of the VUP implementation guidelines and development of user manuals and other documents to support project operation as well as training of the VUP implementors at all levels to improve the efficiency and quality of program delivery.
- (c) Monitoring, evaluation, data analysis, and reporting including among others through organization of monitoring and evaluation (M&E) activities at district and sector levels;



enhancing of M&E tools; and strengthening of the capacity of national and district-level staff in data generation and quality assurance to inform project results.

- (d) Project management and operational support, including capacity building of project implementers and other stakeholders at the national and subnational levels in environmental and social risk management, gender, and other issues; complementing of LODA and districts' core SP staff with SPIU positions to strengthen critical functions including program/project coordination; managing of fiduciary and safeguards (FM, procurement and contract management, and social and environmental safeguards); data analysis; monitoring, evaluation, and learning; and communication, as well as experts/focal points on specific interventions or technical areas such as DS, NSDS, PW, HB-ECD, and MEIS.

C. Project Beneficiaries

46. **The primary beneficiaries of the proposed project are the beneficiaries of the VUP, the main SSN program.** The SPTP will complement the GoR and DP efforts to scale up the VUP schemes. The project is expected to support the VUP beneficiaries across 416 sectors - DS; 284 sectors - NSDS; 300 sectors - CPW; and 340 sectors - ePW of the country. Table 1 above illustrates the projected increase in the number of VUP beneficiary households as well as the number of beneficiaries to be supported by the project under Component 1. These are eligible households who receive cash support under DS, NSDS, ePW, cPW schemes.⁴⁴ Most of these are defined as 'poor and vulnerable' households, and many are also pregnant and lactating women, children, elderly, or people living with disabilities. During the time of project implementation, the total number of VUP beneficiaries is expected to grow from 479,543 to 513,567 households, which represents about 16 percent⁴⁵ of the total number of households in Rwanda. Among these, the number of beneficiaries of the human capital-centered social safety net schemes such as NSDS and ePW will increase the most (see Table 1). Some of the individuals from the VUP households will also benefit from the SLE interventions of Component 2. The project will help to raise the number of such beneficiaries from the current 21 thousand to above 200 thousand households. Sensitization activities on the LTSS will reach not only the VUP beneficiaries but also vulnerable non-VUP beneficiaries. Additionally, indirectly, the project will benefit local government staff who will receive training and other capacity building to be able to support the implementation of project-financed interventions more effectively. Furthermore, the project will develop and finance a system of incentives for a national cadre of para-social workers who are tasked to implement the SPTP and other SP activities in communities. Finally, the project will support the SP staff who will benefit from enhanced ability to monitor the SP programs implementation and contribute to policy formulation and coordination.

D. Results Chain

47. **The three project components will directly contribute to the project outcomes and the fourth one will help support and coordinate project operations.** Component 1 will finance cash transfers to poor and vulnerable households through income support and gender, child, nutrition, and climate sensitive interventions, thereby directly contributing to resilience building, poverty reduction, and human capital

⁴⁴ The beneficiary unit for DS and PWs is a household and for NSDS an individual.

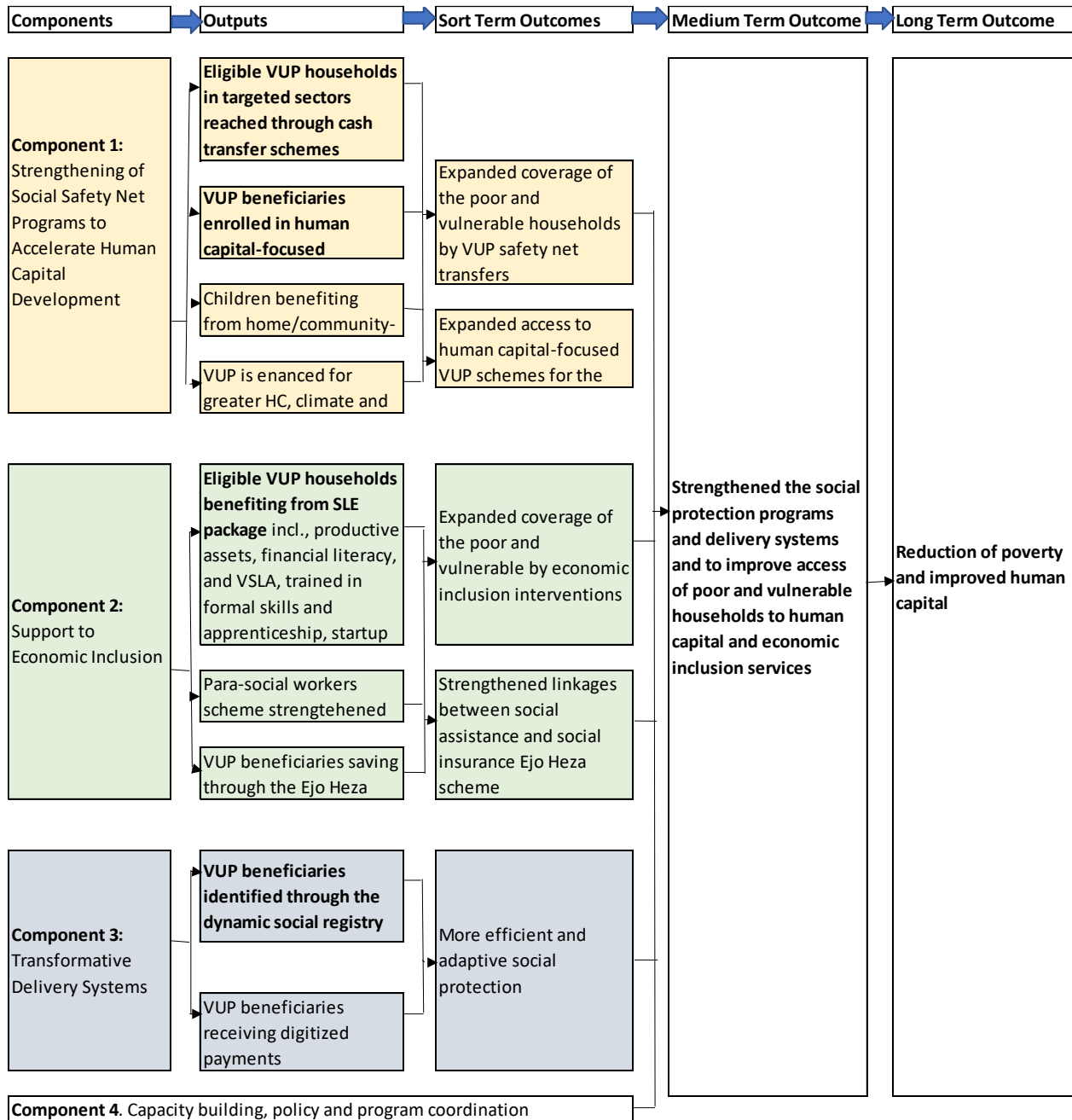
⁴⁵ The estimate is made based on the population projections for Rwanda by UNFPA <https://www.unfpa.org/data/world-population/RW> and an average household size of 4.3 as measured by DHS. NISR, MoH, and ICF. 2021. Rwanda Demographic and Health Survey 2019-20 Final Report. Kigali, Rwanda, and Rockville, Maryland, USA: NISR and ICF.



development in Rwanda. Component 2 will focus on sustainable livelihood interventions to create the means for chronically poor households to sustainably graduate from poverty in the medium to long-term. The component will also link social assistance with social insurance to create a continuum of social protection interventions and prevent vulnerable households from falling back into poverty. Component 3 will strengthen the delivery systems for beneficiary identification and payment by supporting the social registry and digitization of VUP transfers. Such systems are critical for adaptive social protection to enable a quick response in case of shock. Last, Component 4 will underpin the above activities by supporting social protection policy oversight and implementation capacity as well as monitoring and evaluation of Rwanda's SP programs. Figure 3 lays out the theory of change for the project.



Figure 3. Theory of Change - SPTP



E. Rationale for Bank Involvement and Role of Partners

48. The World Bank has been providing lending and TA on social assistance systems and livelihoods interventions both worldwide and in the Africa region. The World Bank has (a) global experience in the design and implementation of social assistance reforms and expansions and livelihoods interventions, (b) experience in implementing similar projects in other African countries that can be considered 'technical



peers' (such as Kenya), and (c) the ability to support projects that take a multifaceted approach toward human capital formation linking SP with health and education sector outcomes. In Rwanda, the World Bank's engagement on SP spans over 10 years, with the World Bank not only familiar with the sector landscape but also a lead DP on the country's SP agenda.

49. **Role of partners.** Owing to its substantive and long-term SP engagement in Rwanda, the World Bank's technical leadership has been well recognized by DPs active in this domain. While providing the main financial support to the VUP since 2017/18, the World Bank has successfully leveraged contributions from other financiers. The FCDO has been one of the key funding partners to support safety nets and graduation or the SLE with additional funds going to systems strengthening and capacity building. Other DPs providing technical and financial support to the program in a harmonized and coordinated manner include the German Development Bank (*Kreditanstalt für Wiederaufbau*, KfW), UNICEF, WFP, and German Agency for International Cooperation (*Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH*, GIZ). GIZ has an ongoing discussion with MINALOC to support SP capacity building further. WFP and UNICEF have also been catalytic in providing TA to improve targeting and refine operational guidelines, as well as for community sensitization, data systems strengthening, studies, and capacity building with special attention to nutrition, sustainable livelihoods, and shock response activities. KfW has aligned its budget support to the World Bank's DPF, specifically on the prior actions aiming at enhancing coverage and equity in access to critical social sector programs. KfW's project is also expected to support systems strengthening within LODA and other GoR agencies to ensure effective delivery of SSN and complementary local economic development programs. International NGOs are also substantially contributing to the sector. For instance, most recently, Give Directly, World Vision International, and Plan International have dedicated resources to support COVID-19 response through emergency cash transfers.

50. **The close partnership and collaboration between the World Bank, FCDO, and other DPs will continue under the SPTP.** This will include joint implementation support activities and sector working groups (SWGs), to ensure alignment of respective project designs and efforts, and technical advice on policy interventions supported by the SPTP. The FCDO will continue to support the VUP such as through the DS for persons with disability, NSDS, and ePW, as well as the graduation agenda. It will also provide TA for M&E to contribute to the country's strategic vision for further strengthening SP delivery systems and enhancement of the local service delivery across Rwanda. KfW has committed EUR 36 million as sector budget support in the form of policy-based financing for the GoR to implement policy reforms and strengthen the effectiveness of the VUP program and for the geographical expansion of the VUP safety net components: DS, NSDS, and ePW. Through LODA, the GoR has discretion on decisions to invest the grants in each of the safety net components. Additionally, the close collaboration with WFP, Food and Agriculture Organization (FAO) of the United Nations, UNICEF, KfW, and GIZ will be continued through their support to LODA, with a focus on system strengthening and capacity building at the national and local government levels.

F. Lessons Learned and Reflected in the Project Design

51. **The project design is grounded in lessons learned from the World Bank's long-standing engagement in Rwanda and the World Bank's global experience on the implementation of safety net programs.** The Independent Evaluation Group's Rwanda Country Program Evaluation (FY09–17) endorsed key elements in the VUP that are to be taken forward by the project such as improving the beneficiary



targeting mechanism to address inclusion and exclusion errors, expanding employment opportunities for caregiving women through the ePW, and addressing child malnutrition through NSDS.

52. **The Implementation Completion and Results Report (ICR, Report No ICRR0021648) for the SPS DPO series additionally noted that there is a need for continual support and strengthening of the delivery tools and systems given the pace of technological change and the evolution of the SP sector.** The project design includes digital payments and enhancement of the interoperability of various MISs. The ICR endorsed the use of an IPF to deliver resources for building capacities and delivery systems at the points of service delivery, complementing DPO efforts to build policy and implementation capacity. This lesson is reflected in the fact that the project intends to finance implementation capacity and delivery systems required to implement policy and institutional reforms introduced by the HCIG DPF series. Furthermore, various assessments under the SPS DPO series also pointed to the importance of both program design and institutional capacity. Specifically, it was noted that while MINALOC and LODA have played central roles in the establishment and implementation of the SP sector, they will need to continue to invest in reviewing the design elements as well as in staffing and capacity building, especially given growing decentralization. The project’s focus on introducing transformative elements in SP programs design—for example, through linking social assistance beneficiaries with social insurance and scaling up economic inclusion—while supporting capacity building required to implement these initiatives is aligned with this lesson. The introduction of climate-smart PW is another innovation in the program design to respond to the need to use SP mechanisms for building community resilience to climate-related shocks.

53. **Lastly, the project design considers the lessons captured in the SSPP ICR.**⁴⁶ The report has found that information systems should always be considered dynamic instruments that are continuously adapted to new activities, programs, and processes in real time, and respective financing should be secured. The project’s support to the SR reflects this consideration and intends to make the registry’s information system more dynamic to enable real-time policy and program responses to various shocks. The ICR also found that the GoR could capitalize and build upon the positive experience of adjusting its SP system in response to the pandemic. The operationalization of the dynamic SR and expansion of digital payments are project investments to make Rwanda’s SP well geared to respond to future crises and income shocks of various nature. Additionally, the ICR noted that complementarities with other projects in the country portfolio that support similar goals can produce greater results. In view of this, the SPTP is deliberately designed to complement the ongoing supply-side SPRP (P164845) by intervening on the demand side through an SP cash transfer instrument. The SPTP will complement the DARP which among others is supporting the digitization of SACCOs which are primary payment service providers for the VUP beneficiaries.

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

54. **The SPTP will be implemented by MINALOC and LODA, the ministry and implementing entity charged with SP policy and SP and local economic development implementation, respectively.** MINALOC is a well-established ministry within the GoR structure, mandated with oversight of social protection

⁴⁶ Rwanda - Strengthening Social Protection Project (English). Washington, DC: World Bank Group. Report No: ICR00005766.



policies and strategies, decentralization policy as well as the coordination of the decentralized levels of governance. LODA is an autonomous agency under MINALOC, with a mandate to coordinate the implementation of local government support activities in economic development and SP. Table 2 summarizes a split of components and subcomponents to be implemented between MINALOC and LODA. To facilitate the implementation of the VUP components at the district level, LODA will sign an agreement with the districts in form and content as detailed in the Project Agreement.

Table 2. Split of Component and Subcomponent Implementation by Agency

Component/Subcomponents	Implementing Agency	Budget (US\$, millions)
Component 1: Strengthening of Social Safety Net Programs to Accelerate Human Capital Development		67.18
1.1. Delivery of the VUP to eligible households	LODA	63.69
1.2. Quality enhancements in the design and delivery of the VUP	LODA	3.49
Component 2: Support to Economic Inclusion		19.29
2.1 Support to SLE and para-social workers scheme	LODA	10.82
2.2 Links between social assistance and social insurance	LODA	8.47
Component 3: Transformative Delivery Systems		5.46
3.1. Operationalization of dynamic SR	MINALOC	5.28
3.2. Digitization of the VUP transfers	LODA	0.18
Component 4: Capacity building, policy, and program coordination		8.07
4.1. Capacity building, policy, and program coordination for MINALOC	MINALOC	2.19
4.2. Capacity building and program coordination for LODA	LODA	5.88
TOTAL BUDGET		100.00

55. Under the SSPP, both entities as well as districts had their implementation capacity strengthened through additional staff under both MINALOC and LODA’s SPIUs. Districts also were supported by data managers. Capacity strengthening was also facilitated through training provided to SPIU staff, regular staff under SP units and local government staff. As the VUP continues to expand while accommodating more innovations, SPIU capacities and other specialized skills are still needed. The project will rely on SPIU staff and specialists who will be contracted to reinforce the team and to help with the implementation of new initiatives under Components 2 and 3 such as the SR while also supporting quality improvement of interventions under Component 1. The project coordinators of both SPIUs and experienced technicians will manage the technical and financial implementation activities, including procurement, FM, M&E, and social and environmental safeguards. Additional technical support to implement HB-ECDs, BCC, local government training, evaluations, and studies will be outsourced to complement the SPIUs.

56. The SPTP will include, under Component 4, resources to continue supporting SPIU positions under MINALOC and LODA as well as district data managers, including their capacity strengthening, to ensure quality implementation of the SPTP activities. Table 1.2 under Annex 1 lists the SPIU positions (MINALOC, LODA, and districts) to be supported under the SPTP. However, the GoR will aim to gradually absorb key support functions into the Government structures. To that end, the counterpart will develop a transition plan that will review the functions performed by the SPIU and set a timeline and



implementation arrangements to enable the Government entities to gradually take them over, as needed for the sustainability of the Government's SP programs. The submission of an approved Transition Plan is a dated covenant in the Financing Agreement due by the third year of project implementation. In addition to the SPTP support to the SPIUs, there is an ongoing FCDO-financed TA (including capacity strengthening) to MINALOC and LODA, and other DPs have expressed interest to engage in SP through TA on capacity strengthening, including GIZ and KfW.

57. **Beside support to the SPIUs, details of capacity strengthening activities will be further informed by the outcomes of an ongoing capacity assessment, which is being implemented as a joint venture of key DPs in SP, in collaboration with MINALOC and LODA.** The objective of the assessment is to (a) identify the capacity gaps in the management and implementation of SP by MINALOC and LODA (and a sample of districts), as well as gaps in complementarity with other support services and the broad enabling environment for SP service delivery; (b) assess capacity needs and develop a capacity-building plan to address potential gaps in managing and implementing shock-responsive and shock-adaptive SP programs at the central level and local level, respectively. The assessment will inform, among others, the development of capacity strengthening modules of different key SP actors at all levels (including core and SPIUs staff).

58. **The project will promote the coordination of all relevant ministries, agencies, DPs, and stakeholders through the existing SP SWG and beyond.** MINALOC and LODA will continue consultation with counterparts in the MoH, Ministry of Education, and Ministry of Gender and Family Promotion. Engaging with the NCDA will ensure quality implementation of ECD interventions including through regular consultation during implementation support missions. The SWG has proven to be an important platform for the SP sector coordination, at both policy and program levels. The SWG will continue to facilitate technical coordination and alignment of partners and stakeholders at both the national and district levels.

59. **The project will continue to rely on the VUP GRM that was used in SSPP.** The VUP has an established GRM that enables citizens to provide feedback on VUP delivery and to raise complaints by phone, SMS or through local decentralized entities. The mechanism was used under SSPP and performed well. The project will continue to rely on the VUP GRM. Furthermore, the guidelines and manuals for project supported interventions that are not part of the VUP, such as the Social Registry Operational Manual, will include a GRM section.

B. Results Monitoring and Evaluation Arrangements

60. **The Results Framework includes selected results indicators that are closely monitored through the national SP sector-wide M&E Framework.** LODA and MINALOC's M&E Units will be monitoring and reporting on these indicators while seeking inputs from NCDA and other GoR agencies as needed. The SWG oversees the sector-wide M&E, which is enshrined in the annual joint SP sector review that assesses sector performance on policy, outputs, and outcomes and make recommendations for the next year. In addition, other indicators, considered to be important to the success of the project, will be monitored outside the Results Framework. The GoR is also considering a range of process and impact evaluations including an evaluation of the SLE package.



C. Sustainability

61. **Leveraging on the GoR SP strategies, the project is designed to consolidate and co-finance the existing programs and delivery systems that are mostly well developed and embedded in the Government structures.** The project's sustainability rests on several factors: (a) continuing the Government's ownership and commitment to the SP agenda as well as strong track record of delivery of SSN interventions including during the COVID-19 crisis; (b) capitalizing on existing implementation capacities at the national and local levels while investing in advanced skills and systems for policy formulation, coordination, and monitoring; (c) investing in programs and delivery systems that are critical for improved efficacy and efficiency of SP (SR) and sustainable livelihoods improvement of its beneficiaries; (d) building capacity of SP actors, for example, para-social workers that are going to be relevant beyond the life of the project; (e) prioritizing SSN investments into human capital-focused interventions. for example, ECD with life-long outcomes; (f) combining experiences that have been successful in other countries with home-grown solutions to support the continuous transformation of Rwanda's SP system; (g) exploiting synergies with other GoR interventions, including World Bank-financed projects such as DARP, to deliver more comprehensive development solutions with longer lasting outcomes, for example, stunting reduction and financial inclusion; and (h) financing systemic changes, for example, decentralized delivery of SP and climate-sensitive and scalable SSNs, with potential to serve the GoR's objectives beyond the project scope and scale and to benefit broader country's population.

IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis

62. **An economic analysis was prepared as part of the project preparation.** The project's benefits will materialize along three dimensions. First, the horizontal and vertical expansion of Rwanda's SSN will directly contribute to poverty reduction. Second, the sustainable livelihoods intervention will allow poor households to sustainably increase their productive potential and eventually graduate out of poverty. Third, the upgrading of Rwanda's targeting system through the operationalization of a dynamic SR and digital payment of cash transfers will increase the efficiency of Rwanda's social assistance spending as well as preparedness of the country's SP system to respond to shocks. See Annex 2 for full details.

63. **Simulations indicate that the expansion of the VUP is going to reduce poverty by about three-quarters of a percentage point.** The upcoming Rwanda Public Expenditure Review has conducted microsimulations to gauge the impact of the expansion of Rwanda's VUP program. These simulations were based on EICV5 data that were updated using the results of a computable general equilibrium macroeconomic model to consider the impact of the COVID-19 shock. The simulations indicate that the projected increase in the VUP, as discussed in Component 1, namely by 13 percent under NSDS and by 7 percent each under ePW and cPW schemes along with improved adequacy of cash transfers under both NSDS and ePW,⁴⁷ may help reduce poverty in Rwanda by an additional 0.78 percentage points. The PW expansion will decrease poverty by about 0.42 percentage points whereas the DS and NSDS expansion will yield an additional 0.37 percentage points of poverty reduction. The PW expansion is simulated to

⁴⁷ The transfer value of NSDS will increase from RWF 7,500 to RWF 10,000 per month whereas the transfer value of ePW will increase from RWF 10,000 to RWF 15,000 per month.



reduce the total poverty gap by 0.3 percentage points while DS and NSDS expansion will reduce the poverty gap by 0.33 percentage points.

64. **Based on evidence from similar programs in other countries, the sustainable livelihoods intervention is projected to produce significant positive impacts on livelihoods.** Sustainable livelihoods interventions have been implemented in several different countries. Impact evaluations of these programs find that they can have a lasting impact on the lives of poor households by sustainably increasing their productive capacity. The intervention is projected to yield benefits of US\$81 million with a benefit cost ratio of 5.4.

65. **The operationalization of the SR combined with a functioning welfare score card mechanism is projected to significantly increase SP spending efficiency.** The analysis of targeting performance of the existing Ubudehe targeting mechanism shows significant room for improvement. It also shows the simulated gains to targeting efficiency resulting from the implementation of a welfare scorecard using high-quality data collected by MINALOC and LODA. Under the full implementation of the welfare scorecard, the targeting efficiency (that is, the share of the VUP beneficiaries who are poor) will increase by 27 percentage points.

66. **The interventions supported under the project are going to reduce poverty, boost human capital, and increase SP spending efficiency, thereby yielding significant economic and social returns.** More long-term gains in human capital are difficult to quantify; however, the economic analysis has shown that each of the interventions supported under the project will have significant impacts on Rwanda's population and generate high economic returns.

B. Fiduciary

Financial Management (FM)

67. **An FM assessment of LODA, MINALOC, and participating districts has been undertaken.** The objective of the FM assessment was to determine whether the existing FM arrangements (a) are capable of correctly and completely recording all transactions and balances relating to the project; (b) facilitate the preparation of regular, accurate, reliable, and timely financial statements; (c) safeguard the project's assets; and (d) are subject to auditing arrangements acceptable to the World Bank. The assessment complied with the World Bank Policy and Directive on Investment Project Financing.

68. **According to the World Bank Policy and Directive on Financial Management in Bank-Financed Operations and Other Operational Matters, the FM system is considered adequate.** The arrangements for oversight and accountability are considered acceptable. They consist of management oversight; internal oversight bodies, including audit committees; external oversight bodies, including the Office of the Auditor General (OAG); and the Parliament, which reviews the OAG's audit reports and approves the budget, including that of the project. Nevertheless, risk areas identified related to (a) delayed funds flow to the beneficiaries, (b) staffing gaps, (c) unreliable reporting and reconciliation, and (d) inadequate and delayed implementation of the OAG recommendations and qualified or adverse audit opinion at the district level.



69. **The FM risk rating for this project is Substantial.** The project will involve numerous low-value transactions with multiple actors from central to decentralized levels, which increases the FM risk. Key mitigation measures include the following:

- (a) An internal audit specialist at LODA should be recruited, with partly qualified professional qualifications such as Certified Public Accountant (CPA), Association of Chartered Certified Accountants (ACCA), and Certified Internal Auditor (CIA) and with relevant experience. The terms of reference (ToR) of the recruitment shall be agreed with the World Bank. The staff should be recruited within three months of project effectiveness.
- (b) Detailed FM and disbursement guidelines should be prepared as part of the Project Implementation Manual (PIM) to address the complexities of the project.
- (c) The World Bank will provide FM and internal audit training within three months of project effectiveness and continuously during the project implementation as deemed necessary. The LODA FM and internal audit staff will provide ongoing capacity building and implementation support to the district FM and internal audit staff.

Procurement

70. **Procurement for the project will be carried out in accordance with the ‘World Bank Procurement Regulations for Borrowers under Investment Project Financing’, dated November 2020, hereafter referred to as ‘Procurement Regulations’.** The project will be subject to the World Bank’s Anticorruption Guidelines, dated July 1, 2016, and beneficiary disclosure requirements. The project will use Systematic Tracking of Exchanges in Procurement (STEP), a planning and tracking system that will provide data on procurement activities, establish benchmarks, monitor delays, and measure procurement performance.

71. **The project largely follows the Community-Driven Development (CDD) approach in the part that concerns PW.** Procurement by the communities will follow Procurement Regulations paragraph 6.52 and Annex XII - Selection Methods paragraphs 6.9 and 6.10. Communities will be hired to carry out small works under PW. The procurement arrangements at the community level and oversight mechanisms such as citizen engagement and social audit and accountability will be detailed in the Project Operations Manual and in line with the ‘Guidance Note for Design and Management of Procurement Responsibilities in Community Driven Development Projects’, dated March 15, 2012. The fiduciary assurance is expected to come from citizen engagement, disclosure at the community level, and social audit.

72. **A Project Procurement Strategy for Development (PPSD) was prepared as part of the project preparation by the borrower with the assistance of the World Bank,** which looked at the market, procurement risks and procurement options and set out the selection methods to be followed by the implementing agencies during project implementation in the procurement of goods, works, and non-consulting and consulting services. The Procurement Plan is part of the PPSD and will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. Details on the PPSD are under Annex 1, Box 1.1.

73. **A procurement capacity and risk assessment has been carried out for the implementing agencies to confirm whether the existing capacity is adequate to implement the project and to propose mitigation measures for capacity gaps.** The implementing agencies such as MINALOC and LODA as well



as districts and sectors to be involved in the implementation of the project activities have gained capacity and experience from the implementation of a similar project, SSPP, in the recent past. The Procurement Risk Assessment and Management System (PRAMS) has been finalized. The major procurement risks are

- (a) The procurement staff and tender committee members of LODA are new and hence lack experience in World Bank Procurement Regulations, causing potential risk.
- (b) Hiring a qualified and experienced procurement staff for the project under LODA and on-boarding on time could be a challenge.
- (c) As the project largely follows the CDD approach, fiduciary assurance which comes from citizen engagement, disclosure at the community level, and social audit could be a challenge/risk.

74. The risk mitigation measures are

- (a) LODA in coordination with the World Bank will provide tailored trainings on World Bank Procurement Regulations and STEP.
- (b) Selection of new procurement staff will be initiated as early as possible, and as a transition, the procurement specialist of the Second Rwanda Urban Development Project (RUDP-II) also implemented by LODA will be used.
- (c) LODA will make use of the lessons learned from SSPP and use them as input in preparing the Project Operations Manual.

75. **The project procurement risk rating is Moderate.** With the implementation of the above recommended mitigation measures, the risk can be revised to ‘low’ during the project implementation. The PRAMS for the project was done on April 17, 2022, and the procurement performance risk is rated Moderately Satisfactory.

C. Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

D. Environmental and Social

76. **Environment and social risk management.** The SPTP environmental and social overall risk is Moderate. Based on an initial project screening, there is a low probability of serious adverse effects, and the risks and impacts can be easily mitigated in a predictable manner. The project is expected to have both positive and negative social and environmental impacts. It is envisaged that the project will create employment opportunities for extremely poor households, support extremely poor households to meet their basic needs, support disability inclusion, increase social interaction among communities, reduce poverty and food insecurity, and raise Government revenues. On the other hand, there will be several



excavations, soil disturbance, and movement and some increased traffic around sites associated with PW projects that will be implemented.

77. **The environmental risk rating is Moderate and considers, among other things, the type of project and nature of its activities, the project location areas, and environmental and social implementation capacity.** The project will also support cPW and ePW that are characterized by their labor-intensive, gender-sensitive, and climate-smart PW programs that support community resilience against climate-related shocks, in addition to providing part-time work opportunities in road maintenance and home-based childcare subprojects. The scope of the physical project activities will be limited to small-to moderate-scale civil works, which are not anticipated to have significant adverse impacts on the people or the environment. The potential risks and impacts are expected to be largely site-specific and reversible and can be avoided or mitigated with measures that are known. The potential risks and impacts will be considered in the design, construction, and operation phases of the interventions under the project.

78. **The project activities might create short-term disturbances to the environment and create inconveniences to people in the project area during construction and operational phases.** Some of the potential risk and impacts expected from the project include but are not limited to community health and safety, noise and dust pollution, solid and hazardous waste, and clearance of vegetation, among others. The potential environmental risks and impacts will need to be explored further, including issues related to soil, water availability and use for construction, cultural heritages, and inconvenience to the people during implementation, among others.

79. **There are potential risks associated with the poor disposal of electronic waste.** Under Component 3, the project is expected to procure electronic equipment like computers, printers, smartphones, batteries, servers, or other information technology (IT) related equipment for data storage and management as part of the digitization of the VUP payments and operationalization of the SR, which will generate e-waste. The outcomes of the support may have environmental implications, entailing risks and potentially inducing adverse impacts through the disposal of old or used electronic equipment that may result in soil and water contamination through the release of heavy metals and potentially air pollution by release of dioxins and PM₁₀ through melting of materials if not properly managed. However, the risks associated with e-waste will be site-specific and well manageable through measures as specified in the Environmental and Social Management Framework (ESMF) and proper enforcement of national electronic waste management regulations and policies.

80. **Overall, the project is expected to promote positive social benefits for the targeted population through economic inclusion, transformation of the urban and rural landscape by addressing infrastructure needs, and climate change resilience.** Some of the positive impacts envisaged from the project include but are not limited to the creation of employment opportunities for extremely poor households, support for extremely poor households to meet their basic needs, support for disability inclusion, increase of social interaction among communities, reduction of poverty and food insecurity, and increase of Government revenues. Rehabilitation and maintenance of the interventions such as drainage and roads, establishment of terraces (radical and progressive) and plantation of trees will also support the local communities in climate change resilience and adaptation.

81. **As the specific project sites are not yet identified, an ESMF will guide the preparation of site-specific instruments.** The ESMF will provide guidance and processes to the project planners, proponents,



and implementers in identifying, appraising, and implementing subprojects and to adequately address and mitigate adverse environmental and social impacts that potentially may be generated by the subproject activities. Before undertaking construction, rehabilitation, and maintenance activities, the subprojects will be screened with simplified Environmental and Social Assessments⁴⁸ and Environmental and Social Management Plans will be prepared to assess the risks and impacts and develop a mitigation and monitoring plan of those impacts.

82. The SPTP has prepared Labor Management Procedures (LMP) which will have detailed information on the work terms and conditions. The LMP includes Environmental and Social Standards (ESS) 2 (Labor and Working Conditions) requirements and national provisions. The LMP has detailed provisions for grievance mechanism for community workers in which roles and responsibilities for monitoring such workers are clearly explained. A separate grievance redress mechanism will be established for all direct workers and contracted workers to raise workplace concerns, which will be separate from the grievance redress mechanism required under ESS10 (Stakeholder Engagement and Information Disclosure).

83. The activities are expected to have minimal or no physical or economic displacement of project-affected persons (PAPs). The project will finance civil works where involuntary loss of land, assets, and properties is not expected or will be minimal, as the scale of civil works is likely to be small and confined to existing wayleaves or public land. Thus, very limited or no physical and/or economic displacement of PAPs has been anticipated. However, the possibilities of expansion of roads and other civil works that may cause some limited resettlement may not be ignored. In addition, small land may be required for mandatory design requirements for upgrading and rehabilitation of the roads and other infrastructures. These might result in affecting people and will require them to be compensated for their losses. A Resettlement Policy Framework (RPF) has been updated to provide guidance and processes of developing an Abbreviated Resettlement Action Plan or Resettlement Action Plan for the subprojects in case there will be any economic or physical displacement of PAPs.

84. The SPTP will be guided by the World Bank's Environment and Social Framework standards. In line with the Environmental and Social Framework requirements, the SPTP put in place relevant environment and social management instruments. Two instruments, namely the RPF and the ESMF, were updated having been initially developed under the SSPP. Other instruments developed, include the Stakeholder Engagement Plan, LMP, and the Environmental and Social Commitment Plan. The Stakeholder Engagement Plan and Environmental and Social Commitment Plan were disclosed on August 28th and 29th, 2022, respectively in-country and by the World Bank. The ESMF, RPF and LMP are being finalized and will be approved and disclosed before effectiveness. These instruments provide guidance and processes to the project planners, proponents, and implementers of the SPTP in identifying, appraising, and implementing subprojects and to adequately address and mitigate adverse environmental and social impacts that potentially may be generated by the subproject activities. These documents were informed by lessons learned from the previous project. In addition, a Rapid Social Assessment of Vulnerability of targeted beneficiaries will ensure that most vulnerable households will be reached during implementation. During project implementation, it will be crucial to ensure that principles of inclusivity of beneficiaries and gender-responsive approaches are adopted in all project components which will be evaluated through robust data-disaggregated results and an enhanced grievance redress mechanism. It

⁴⁸ Environmental and Social Impact Assessment studies will be conducted as required.



has been noted that the institutional capacity regarding consultation and overall environmental and social risk management needs to be strengthened, and this is included in the institutional strengthening activity to be supported by the project.

85. **Citizen engagement.** Citizen engagement considerations are integral to the design of this project. First, the project will ensure community buy-in of the new HWS methodology and recognize the salience of engaging with communities in the rollout of a new beneficiary targeting mechanism. Specifically, the community members will be engaged to validate the household scores that will be gendered through the HWS methodology. Second, rollout of digital payments will enable stronger links between beneficiaries, program implementers, and other stakeholders such as SACCOs and partner banks by facilitating more transparent and faster payments. Third, the project will heavily rely on a strong SBCC plan to implement key interventions such as the SLE scheme, with the aim of bringing beneficiaries closer to program implementers and incorporate their feedback as program information is disseminated. Fourth, the project will utilize existing cadres at decentralized levels and existing community advisory services that are well placed to bridge the gap between design and implementation. These include leveraging para-social workers and HCD officers as two agents for beneficiary feedback at the local level. Lastly, the project’s design will be backed by strong analytical work, some concluded such as the operational review of NSDS and HB-ECD and others currently being undertaken that brings on board beneficiary feedback on the effectiveness of the current modality of implementation; these include a Knowledge, Attitude and Practices Survey of ePW beneficiaries on HB-ECD and a digitization assessment. The project will measure the success of the above through dedicated intermediate indicators.⁴⁹

V. GRIEVANCE REDRESS SERVICES

86. **Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB’s Grievance Redress Service (GRS).** The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB’s independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank’s attention, and World Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank’s corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

VI. KEY RISKS

87. **The overall risk of the project is assessed as Moderate.**

⁴⁹ The intermediate indicators under Component 4 that capture citizen engagement include (a) Number of CSOs involved in monitoring, sector coordination, service delivery at the district and central levels and (b) Percentage of project related grievances addressed, disaggregated by gender.



88. **Macroeconomic risks are Substantial.** The macroeconomic risk is largely driven by the uncertainty around the COVID-19 pandemic and its impact on Rwanda's growth path. A prolonged pandemic in Rwanda and its DP countries will lead to lower growth and generate further decline in the fiscal space, threatening the delivery of critical human capital-related services in the long run. Public finances are already under pressure as public debt (including public sector guarantees) has reached 73.3 percent of GDP in 2021 (up from 58 percent in 2019). The macroeconomic risk is mitigated to some extent by Rwanda's efficient health response and ambitious vaccination deployment plan. The Government's continued strong reliance on concessional debt and its commitment to fiscal sustainability, once the crisis abates, are critical mitigating factors for fiscal risk. The oversight from the Debt and Treasury Management committees, tasked with closing any financing gaps for priority spending in the event the outlook worsens, should contribute to protect the delivery of critical human development services. The concurrent HCIG DPF series is also supporting the GoR's fiscal management reforms aimed at stabilizing the debt to GDP ratio through improved debt management capacity, enhanced fiscal transparency, and improved public investments for fiscal consolidation and more efficient investment mix. Despite these mitigating factors, macroeconomic risk will remain substantial due to uncertainties related to the magnitude and duration of the COVID-19 pandemic crisis and its unfolding fiscal implications for Rwanda.

89. **Fiduciary risks are rated Substantial.** This rating is a combination of a Substantial rating for FM and a Moderate rating for procurement. FM was improved during the SSPP period and was rated Satisfactory by the end of the project. Throughout the implementation of the SSPP, implementing agencies have been submitting timely interim financial reports (IFRs) which were acceptable to the World Bank. However, the FM risk for the project is Substantial because the project will involve multiple low-value transactions with multiple actors from central to decentralized levels. Moreover, the client is in the process of transiting to a digitized payment system which will require appropriate management to ensure reconciliations remain robust. The risks could be high, but mitigating measures are planned that make the residual risk Substantial. Such mitigating measures include recruiting qualified relevant FM staff in the SPIUs, preparation of detailed FM and disbursement guidelines, and the provision of FM training by the World Bank FM team. Procurement was also improved and was rated Satisfactory by the end of the SSPP. The main challenge which had to do with regularly updating the STEP system was addressed. Procurement risks remain Moderate. A procurement capacity and risk assessment was carried out for the implementing agencies—MINALOC, LODA, and sample districts and sectors. Although implementing agencies have gained capacity and experience from the implementation of the SSPP, there is a new procurement staff being hired at LODA who is unfamiliar with the World Bank Procurement Regulations, causing potential risk. These risks will be mitigated by ensuring adequate training of new staff during implementation.

90. **Other (COVID-19) risk is Substantial.** COVID-19 poses a historic challenge to public health and livelihoods across Africa, and Rwanda. Despite concerted efforts to manage the crisis; the rollout of vaccinations faces a threat as new variants emerge and income-generating activity remains subdued. Although Rwanda's MoH has a strong vaccination system in place with 67 percent of the population fully vaccinated, the impact of possible future waves on project implementation and outcomes is difficult to fully anticipate. Variants of the virus remain a risk that is currently mitigated by restrictions on movement but cannot be fully eliminated. Nonetheless, the project incorporates the Government's strong protocols to minimize the risk of infection. These include COVID-19 safety protocols on any large gatherings and incorporation of COVID-19-related hygiene information in all BCC and other communication messaging to program beneficiaries and partners. The project's strong focus on building the foundational elements of an adaptive safety net system highlights the salience of this project to support post-pandemic recovery



with the project activities instrumental in the Government's response to any future threats posed by COVID-19.



VII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Rwanda

Social Protection Transformation Project

Project Development Objectives(s)

To strengthen the social protection programs and delivery systems and to improve access of poor and vulnerable households to human capital and economic inclusion services

Project Development Objective Indicators

Indicator Name	PBC	Baseline	End Target
Strengthening of Social Safety Net Programs to Accelerate of Human Capital Development			
Eligible households covered by the VUP cash transfer schemes in targeted sectors and/or districts (Percentage)		71.52	74.46
Eligible households covered by climate-smart cPW (Percentage)		18.87	50.00
Eligible beneficiaries receiving NSDS transfers (Percentage)		64.79	70.02
Eligible households supported under ePWs (Percentage)		95.63	97.77
Eligible households supported through DS (Percentage)		100.00	100.00
Proportion of VUP beneficiaries enrolled in human capital-focused interventions (Percentage)		49.68	51.47
Proportion of female beneficiaries reached through ePWs (Percentage)		70.00	80.00
Support to Economic Inclusion			



Indicator Name	PBC	Baseline	End Target
Eligible VUP households benefiting from SLE package (Percentage)		1.90	21.20
Transformative Delivery Systems			
VUP beneficiaries identified through the dynamic social registry (Percentage)		0.00	100.00

Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	End Target
Strengthening of SSN Programs and Acceleration of Human Capital Development			
Beneficiaries of social safety net programs (CRI, Number)		1,465,688.00	1,539,020.00
Beneficiaries of social safety net programs - Female (CRI, Number)		908,049.00	959,781.00
Beneficiaries of Safety Nets programs - Unconditional cash transfers (number) (CRI, Number)		282,845.00	282,845.00
Beneficiaries of Safety Nets programs - Other cash transfers programs (number) (CRI, Number)		133,249.00	150,742.00
Beneficiaries of Safety Nets programs - Cash-for-work, food-for-work and public works (number) (CRI, Number)		1,049,595.00	1,127,290.00
Beneficiaries of ePWs (Number)		95,318.00	102,340.00
Share of climate-smart cPWs projects as a proportion of all cPW (Percentage)		28.00	50.00
Pregnant women enrolled in NSDS attending 4 ANC visits (Percentage)		39.00	55.00
0-6 weeks old children whose mothers/guardians are NSDS		59.70	65.00



Indicator Name	PBC	Baseline	End Target
beneficiaries attending 2 PNC visits at health facility (Percentage)			
Enrolled children 18 months to 24 months whose mothers/guardians are NSDS beneficiaries attending 6 height for age measurement at health facility (Percentage)		46.40	60.00
Children benefiting from Community-Based/Home-Based ECD (Number)		78,751.00	87,040.00
Parents participating in community meetings where behavior change parenting sessions are delivered (Number)		3,174.00	14,592.00
Support to Economic Inclusion			
Eligible VUP households receiving SLE (Number)		21,333.00	201,633.00
Eligible female-headed VUP households receiving SLE (Number)		7,587.00	125,745.00
Para-social workers receiving refresher trainings to deliver socio-economic services (Number)		0.00	14,752.00
Share of VUP beneficiaries registered to save under Ejo Heza (Percentage)		73.00	75.00
Eligible VUP beneficiaries who reach a minimum saving threshold (annual) to Ejo Heza savings scheme (Number)		170,940.00	239,849.00
Eligible female VUP beneficiaries who reach a minimum saving threshold (annual) to Ejo Heza savings scheme (Number)		123,854.00	173,782.00
Transformative Delivery Systems			
Social registry information system modules deployed (Number)		0.00	4.00
Beneficiaries who receive cash transfers through digital payment modality (Number)		159,592.00	185,512.00
Female beneficiaries who receive cash transfers through digital payment modality (Number)		98,847.00	122,109.00
District staff trained on social protection information systems (Number)		1,985.00	4,462.00



Indicator Name	PBC	Baseline	End Target
District staff trained on VUP MEIS (Number)		1,985.00	4,282.00
District staff trained on social registry (Number)		0.00	180.00
Capacity Building, Policy and Program Coordination			
CSOs involved in monitoring and supporting of delivery of social protection services at the district and central levels (Number)		11.00	20.00
SP communities of practice and peer learning sessions organized (Number)		0.00	6.00
Project related grievances addressed, disaggregated by gender (Percentage)		100.00	100.00

Monitoring & Evaluation Plan: PDO Indicators					
Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Eligible households covered by the VUP cash transfer schemes in targeted sectors and/or districts	This indicator will use the number of HH eligible for VUP in eligible sectors as the denominator* and the number of HH receiving cash transfer as the numerator** *The denominator will be reconstructed after the GoR switches to the social registry	Semi-annual	LODA MEIS	The number of HH eligible for VUP in eligible sectors will be determined according to the targeting system in place, that is, first Ubudehe and then the social registry. It will be reconstructed after the GoR switches to the social registry. The	LODA



	**The numerator will exclude households benefiting from NSDS (double counting issue)			number of HH receiving cash transfers will be informed by administrative data in MEIS. to avoid double counting, it will exclude households benefiting from NSDS.	
Eligible households covered by climate-smart cPW	This indicator will use the number of HH eligible for cPW as the denominator and the number of HH benefiting from climate-smart cPW* in the targeted sectors as the numerator. *climate-smart cPWs will be defined at the central level (in the VUP Operations Manual). Currently, the public works in the category of radical and progressive terracing; and forest rehabilitation count as climate-smart PWs.	Semi-annual	LODA MEIS	The GoR targeting system will be used to estimate the number of HH eligible for cPW and administrative data from MEIS will be used to inform the number of HH benefiting from climate-smart cPW, as defined in the VUP Operations Manual.	LODA
Eligible beneficiaries receiving NSDS transfers	This indicator will use the number of HH eligible for NSDS in eligible sectors* as the denominator and the number of HH benefitting from NSDS as the numerator *NSDS baseline is based on	Semi-annual	LODA MEIS	The GoR targeting system will be used to estimate the number of HH eligible for NSDS and administrative data from MEIS will be used	LODA



	18 districts (overlapping with SPRP districts)			to inform the number of HH benefiting from NSDS.	
Eligible households supported under ePWs	This indicator will use the number of HH eligible for ePW in eligible sectors as the denominator and the number of HH benefitting from ePW as the numerator. ePW baseline is based on all 416 sectors of 30 districts targeted.	Semi-annual	LODA MEIS	The GoR targeting system will be used to estimate the number of HH eligible for ePW and administrative data from MEIS will be used to inform the number of HH benefiting from ePW.	LODA
Eligible households supported through DS	This indicator will use the number of HH eligible for VUP in eligible sectors as the denominator and the number of HH receiving DS cash transfer as the numerator	Semi-annual	LODA MEIS	The GoR targeting system will be used to estimate the number of HH eligible for DS and administrative data from MEIS will be used to inform the number of HH benefiting from DS.	LODA
Proportion of VUP beneficiaries enrolled in human capital-focused interventions	This indicator measures the number of VUP beneficiaries enrolled in human capital-focused interventions such as NSDS and ePW as the nominator and the overall number of VUP beneficiaries as the denominator	Semi-annual	LODA MEIS	This indicator will be calculated based on the administrative data on VUP beneficiaries in MEIS.	LODA



<p>Proportion of female beneficiaries reached through ePWs</p>	<p>This indicator measures the proportion of female beneficiaries covered by ePW</p>	<p>Semi-annual</p>	<p>LODA MEIS</p>	<p>Administrative data from MEIS will be used to disaggregate ePW beneficiaries by gender.</p>	<p>LODA</p>
<p>Eligible VUP households benefiting from SLE package</p>	<p>The indicator will measure the number of VUP households enrolled in at least two SLE interventions* as the nominator and the overall number of VUP households** as the denominator. The target of the intervention is a household since VUP is household targeted and SLE is a subset but only an individual within the household receives the benefit. *SLE package will consist of multiple social inclusion services delivered in a sequence (the two priority services will be the toolkit and skills development training on top of the SSN). This indicator will cover beneficiaries that receive at least one social inclusion service. ** PWs beneficiaries</p>	<p>Once in 2025</p>	<p>LODA MEIS</p>	<p>The indicator will use the administrative data in MEIS that will be amended to capture the SLE beneficiaries and enable reconciliation of individual and household beneficiary data for reporting.</p>	<p>LODA</p>



	***This indicator will be measured in 2025 because it is 2-year package that will likely be launched in 2023				
VUP beneficiaries identified through the dynamic social registry	This indicator measures the number of VUP beneficiaries* identified through the dynamic social registry as the numerator and the overall number of VUP beneficiaries as the denominator *VUP beneficiaries from the Ubudehe 1 and 2 or bottom two expenditure quintiles (depending on whether or not HWS applies). The final definition will align with the DPF III results measurement.	Annual	LODA MEIS/MINAL OC	The methodology of measurement is being finalized under the DPF III that supports the targeting reform.	MINALOC

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Beneficiaries of social safety net programs		Semi-annual	LODA MEIS	This indicator measures the number of individual beneficiaries of the VUP Program supported by SPTP. For	LODA



				NSDS, beneficiary unit is an individual. Since the beneficiary unit for DS and PW is a household, for those schemes the indicator will measure number of household members. When there is an overlap, the double counting issue will be addressed by counting only the members of household on a cumulative basis.	
Beneficiaries of social safety net programs - Female					
Beneficiaries of Safety Nets programs - Unconditional cash transfers (number)		Semi-annual	LODA MEIS	This indicator will measure the number of VUP beneficiaries benefitting from Direct Support	
Beneficiaries of Safety Nets programs - Other cash transfers programs (number)		Semi-annual	LODA MEIS	This indicator will measure the number of VUP beneficiaries benefitting from NSDS	
Beneficiaries of Safety Nets programs - Cash-for-work, food-for-work and public works (number)		Semi-annual	LODA MEIS	This indicator will measure the number of VUP beneficiaries	



				benefitting from cPW and ePW	
Beneficiaries of ePWs					
Share of climate-smart cPWs projects as a proportion of all cPW	This indicator measures the number of climate-smart cPWs* projects as the nominator and the overall number of cPWs projects as the denominator *climate-smart cPWs will be defined at the central level	Annual	LODA MEIS	This indicator will use the administrative data from MEIS.	LODA
Pregnant women enrolled in NSDS attending 4 ANC visits	This indicator will measure the percent of pregnant women* receiving NSDS cash transfers who comply with the co-responsibility of attending 4 ante-natal care visits during pregnancy. Women who attend all 4 ANC visits is the numerator and total enrolled women in NSDS. *Women at the date of the child's birth	Semi-annual	LODA MEIS	The data required for measuring the indicator will come from MEIS that would capture information from health facilities on NSDS beneficiary visits and services received.	LODA
0-6 weeks old children whose mothers/guardians are NSDS beneficiaries attending 2 PNC visits at health facility	This indicator will measure the percentage of children 0-6 weeks of age whose mothers/guardians are receiving NSDS grants, that	Semi-annual	LODA MEIS	The data required for measuring the indicator will come from MEIS that would capture information from	LODA



	are attending at least 2 Post Natal Care (PNC) visits at the health facility, complying with the co-responsibility established for this group. Newborn children aged 0-42 days need to complete 2 PNC visits at health center at birth and week 6			health facilities on NSDS beneficiary visits and services received.	
Enrolled children 18 months to 24 months whose mothers/guardians are NSDS beneficiaries attending 6 height for age measurement at health facility	<p>This indicator will measure the percentage of children 18 months to 24 months of age whose mothers/guardians are receiving NSDS grants, that are complying with the co-responsibility of attending 6 height for age measurement at the health facility as follows:</p> <ul style="list-style-type: none"> - Visit 1 (3.5 months after birth) - Visit 2 (6 months after date of birth) - Visit 3 (9 months after date of birth) - Visit 4 (12 months after date of birth) - Visit 5 (15 months after date of birth) - Visit 6 (18 months after date of birth) 	Semi-annual	LODA MEIS	The data required for measuring the indicator will come from MEIS that would capture information from health facilities on NSDS beneficiary visits and services received.	LODA



Children benefiting from Community-Based/Home-Based ECD	This indicator measures the number of children attending Community-Based/Home-Based ECD	Annual	District reports	Currently, the information is collected through the district staff. The project will support enhancements in MEIS to enable reporting through the system.	LODA
Parents participating in community meetings where behavior change parenting sessions are delivered	This indicator measures the number of parents participating in of community meetings where BCC sessions were delivered	Annual	District reports	The information is to be collected through the district staff. The project will support enhancements in MEIS to enable reporting through the system.	LODA
Eligible VUP households receiving SLE	This indicator will use the number of beneficiaries* benefiting from at least two services** in the SLE package in eligible sectors *Households with beneficiaries with the capacity to engage productively with markets **The two priority services in the SLE package will be the toolkit and skills development training on top of the SSN	Annual	LODA MEIS		LODA



Eligible female-headed VUP households receiving SLE					
Para-social workers receiving refresher trainings to deliver socio-economic services	<p>This indicator measures the number of para-social workers receiving refresher trainings*</p> <p>* Training manual to be updated to include new services, including Ejo Heza scheme</p>	Annual	LODA MEIS/ District report	The information on participation of para-social workers in the training will be collected by LODA through its district staff as well as through reports from training provides.	LODA
Share of VUP beneficiaries registered to save under Ejo Heza	<p>This indicator will use number of VUP beneficiaries registered to save under Ejo Heza* as the nominator and all eligible VUP VUP beneficiaries** as the denominator</p> <p>*System-based data exchange arrangements between RSSB and LODA: RSSB will provide the list of people registered to save under Ejo Heza and cross check with the database of VUP beneficiaries. 100 % of beneficiaries in Ejo Heza system have a National ID number and account number. LODA MEIS currently doesn't have</p>	Annual	LODA MEIS/ RSSB MIS	The indicator will use the administrative data from RSSB and LODA. The LODA MEIS and RSSB systems will be strengthened to facilitate linkage and data exchange.	



	<p>national IDs for each VUP beneficiary consistently. While the LODA MEIS and RSSB systems currently talk to each other, during the proposed project implementation the two systems will be further strengthened to automatically interlink and facilitate the data exchange.</p> <p>**VUP beneficiaries is defined as people who have been VUP beneficiaries from the start of SPTP</p>				
<p>Eligible VUP beneficiaries who reach a minimum saving threshold (annual) to Ejo Heza savings scheme</p>	<p>This indicator measures the number of cPW and ePW beneficiaries that reached the minimum saving threshold* as the nominator and all eligible** cPW and ePW beneficiaries as the denominator</p> <p>* minimum saving threshold is defined by RSSB for matching contribution</p> <p>** eligible for fiscal incentives (excluding DS)</p>	<p>Annual</p>	<p>RSSB and LODA</p>	<p>The indicator will be informed by the administrative data from RSSB system that supports implementation of Ejo Heza.</p>	<p>RSSB and LODA</p>
<p>Eligible female VUP beneficiaries who reach a minimum saving threshold (annual) to Ejo Heza savings scheme</p>	<p>gender disaggregation will be measured by the number of eligible female-headed</p>				



	households beneficiaries				
Social registry information system modules deployed	This indicator will measure the number of social registry information systems modules deployed *Measurement of this indicator will start after the launch of the targeting module	Semiannual	MINALOC	Social registry unit at MINALOC will report on the progress of developing the information system.	
Beneficiaries who receive cash transfers through digital payment modality	This indicator measures number of beneficiaries who receive cash transfers through digital payment modality* * digital payment modality includes mobile money account (MTN and Airtel), functional bank account (that can be used to cash out, save, and make payments using an associated payment instrument)	Semi-annual	LODA MEIS	The indicator will use the administrative data from MEIS.	LODA
Female beneficiaries who receive cash transfers through digital payment modality	gender disaggregation will be measured by the number of eligible female-headed households beneficiaries				
District staff trained on social protection information systems	This indicator measures number of District staff trained* on social	Annual	Quarterly reports	The data will come from the reporting by the training providers.	LODA and MINALOC



	<p>protection information systems</p> <p>*The training will include new dynamic features</p> <p>**Sequencing of these trainings will be defined during the implementation. The reporting of these two trainings will be on a cumulative basis.</p>				
District staff trained on VUP MEIS	<p>The end target of 4,282 includes 2148 at cell level, 4 persons at sector level (4*416=1664), 6 at District + City of Kigali level (31*6=186) and 1 at health center (284) in 20 districts implementing NSDS. Note that all staff at sector, cell and Health are managed by the District.</p>	Annual	Quarterly reports		
District staff trained on social registry	<p>This indicator measures number of District staff trained on social registry (6 staff per 30 districts)</p>	Annual	Quarterly reports		
CSOs involved in monitoring and supporting of delivery of social protection services at the district and central levels	<p>This indicator measures the number of civil society organizations (CSOs) involved* in monitoring and supporting delivery of social</p>	Annual	District reports	<p>The data will be collected by the district staff and shared with LODA for consolidated reporting.</p>	LODA



	<p>protection services** at the district and central levels *will be further refined by the government</p> <p>* the definition of activities will be defined in line with the Ops Manual **VUP and SLE</p>				
SP communities of practice and peer learning sessions organized	<p>This indicator measures the number of SP communities of practice and peer learning sessions* organized *peer learning sessions are defined as sessions where SP stakeholders exchange knowledge and learn from each other; including study tours</p>	Annual	MINALOC and LODA	MINALOC and LODA will report on the sessions organized and share their proceedings.	LODA
Project related grievances addressed, disaggregated by gender	<p>This indicator measures the number of project related grievances addressed as the numerator and the overall number of project related grievances received as the denominator</p>	Annual	LODA MEIS MINALOC e-citizen	The grievances are to be registered and reported through MIES as well as MINALOC e-citizen system, including their status.	LODA



ANNEX 1: Implementation Arrangements and Support Plan

(a) Implementation Support Plan

1. **Team expertise.** To support the project implementation, the World Bank brings on board global and Rwanda-specific experience. Support to Component 1 will benefit from experience in design and delivery of cash transfer programs across Eastern Africa, leveraging from the global lessons on the design and delivery of cash transfer programs in a range of settings. Component 2 brings on board experts on economic inclusion with experience not only in the immediate region but also, more broadly, in Africa. On establishing SSN links with social insurance, the World Bank will ensure complementarity with the TA being provided to Rwanda for expanding SP coverage to the informal sector. Component 3 will be supported through technical expertise on SRs and SSN payment systems and will benefit from the World Bank's global work on designing digital G2P payment systems. Lastly, Component 4 will draw on the local expertise and strong knowledge of the SP landscape in Rwanda built over years of cooperation.

(b) Financial Management

2. An FM assessment of LODA, MINALOC, and participating districts has been undertaken. The objective of the FM assessment was to determine whether the existing FM arrangements (a) are capable of correctly and completely recording all transactions and balances relating to the project; (b) facilitate the preparation of regular, accurate, reliable, and timely financial statements; (c) safeguard the project's assets; and (d) are subject to auditing arrangements acceptable to the World Bank. The assessment complied with the World Bank Policy and Directive on Investment Project Financing.

3. **According to the World Bank Policy and Directive on Financial Management in Bank-Financed Operations and Other Operational Matters, the FM system is considered adequate.** The arrangements for oversight and accountability are considered acceptable. They consist of management oversight; internal oversight bodies, including audit committees; external oversight bodies, including the OAG; and the Parliament, which reviews the OAG's audit reports and approves the budget, including that of the project. Nevertheless, risks areas identified related to (a) delayed funds flow to the beneficiaries, (b) staffing gaps, (c) unreliable reporting and reconciliation, and (d) inadequate and delayed implementation of the OAG recommendations and qualified or adverse audit opinion at the district level. The mitigating measures in the risk matrix (T



4. Table 1.1) are appropriate to maintain acceptable accountability and transparency.
5. **Use of country systems.** The project's FM arrangements will rely on the existing public financial management (PFM) system at the central and decentralized levels, and on the individual FM systems in place at each of the implementing agencies, with some amendments to accommodate the project's and the World Bank's FM requirements.
6. **Country system.** Rwanda's PFM system is anchored in the 2003 Rwanda Constitution, revised on December 24, 2015, Articles 162–166. The Organic Law No 12/2013 of December 9, 2013, on State Finances and Property establishes principles and modalities for the sound management of state finances and property. The organic law applies to all budget entities at the central and decentralized levels and sets up fundamental PFM principles, including comprehensiveness, transparency, accountability, uniformity, consolidation, and gender balance in public state finance management. Other guiding documents include the following:
 - (a) The Ministerial Order No. 001/16/10/TC dated January 25, 2016, on financial regulations that regulates the structure and functioning of PFM, the preparation and implementation of the state budget, the accounting and reporting of all financial transactions, and financial controls. The order applies to the PFM of all public entities, including of the Central Government, decentralized entities, public institutions, and subsidiary entities.
 - (b) Government Accounting Policies Manual.
 - (c) Articles 165–166 of Rwanda's revised Constitution and the Law No 79/2013 dated September 11, 2013, which determine the mission, organization, and functioning of the OAG of state finances.
7. **Rwanda's PFM system had undergone a series of reforms since 2008, guided by the PFM sector strategic plan (SSP) 2008–2012, the PFM SSP 2013–2018, and the PFM SSP 2018–2023.** At the national level, progress has been made in improving budget planning, expenditure efficiency, the internal audit function, external audit coverage, and level of financial reporting. The Public Expenditure and Financial Accountability Assessment from 2016 confirmed these developments. Nevertheless, areas for improvement identified include weak consultation regarding budget preparation, lack of qualified PFM staff to handle PFM functions coupled with high staff turnover especially at the district levels, a relatively nascent internal audit function, internal control weaknesses at districts which often result in qualified/unclean audit opinions, and weaknesses in contract management.
8. **Risk assessment and mitigation.** The overall FM risk rating for this project is Substantial. The project will involve multiple low-value transactions with multiple actors from central to decentralized levels, which increases FM risk. Specific risks and their ratings are detailed in T



9. Table 1.1. The risk level might reduce during project implementation, after mitigating measures have been implemented, but at this stage, the ratings have not been reduced in anticipation of this. Key mitigation measures include the following:

- (a) Recruitment of an internal audit specialist at LODA, with relevant professional qualifications such as CPA, member of the ACCA, and CIA. The ToR of the recruitment shall be agreed with the World Bank. The staff will be recruited within three months of project effectiveness.
- (b) Detailed FM and disbursement guidelines will be prepared as part of the Project Implementation Manual (PIM) to address the complexities of the project.
- (c) FM and internal audit training are to be provided by the World Bank within three months of project effectiveness and continuously during project implementation, as deemed necessary. LODA FM and internal audit staff will provide ongoing capacity-building and implementation support to district FM and internal audit staff.



Table 1.1. Financial Management Risk Assessment and Mitigation

Risk	Risk Mitigating Measures Incorporated into Project Design	Residual Risk Rating
Inherent Risk		Substantial
<p>Country level The country’s political environment is deemed stable, with ongoing judicial and legislative reforms. Governance challenges include retention of adequate accounting and internal audit capacity across the Government and weak links between budgeted and actual performance. Likely macroeconomic challenges exist due to the impact of COVID-19.</p>	<p>Establishment of a Medium-Term Expenditure Framework as a basis for Government budgeting, adoption of International Public Sector Accounting Standards, and implementation of smart IFMIS. Regular oversight through the OAG, which is deemed independent and effective. Ongoing World Bank support to PFM and accountability.</p>	Moderate
<p>Entity level The project will be implemented by MINALOC, LODA, and districts. The district’s PFM capacity gap is still significant as reflected by OAG reports.</p>	<p>Maintain the FM capacity at MINALOC and LODA as was with the SSPP. Provide ongoing implementation support to the districts by FM staff at LODA. Enhance the internal control environment by recruiting an internal audit specialist in LODA-SPIU.</p>	Substantial
<p>Project level The funds flow to the beneficiaries may be delayed.</p>	<p>Establish an effective funds flow and reporting system.</p>	Substantial
Control Risk		Moderate
<p>Budgeting Unreliable budget forecast.</p>	<p>MINALOC, LODA, and the districts to strictly follow national budget procedures and timeline. Ensure that annual work plans and budgets are in line with the Procurement Plan to prevent any delays.</p>	Substantial
<p>Accounting Inadequate FM capacities especially at the districts may affect the reliability of the financial information. The qualified audit opinions for most districts allude to unreliable financial statements; hence, there is a risk that the financial information presented may not be reliable or accurate.</p>	<p>Provide ongoing capacity-building and implementation support to district FM staff. Maintain the FM staff at MINALOC and LODA as was the case under the SSPP. Enroll the project in IFMIS at MINALOC, LODA, and districts.</p>	Substantial
<p>Internal controls Financial information reconciliations and reporting arrangements between districts and LODA have been unsatisfactory.</p>	<p>Detailed FM guidelines as part of the Project Implementation Manual should be developed that clarify the reporting arrangements, internal control procedures, and supporting documentation requirements. The guidelines will be supplemented with additional details in the Memorandums of Understanding (MoUs) signed between LODA and each participating district.</p>	Substantial
<p>Internal audit The internal audit capacity at LODA is not sufficient to support the project.</p>	<p>Recruit an internal audit specialist at LODA, with partly qualified professional qualifications such as CPA, ACCA,</p>	Substantial



Risk	Risk Mitigating Measures Incorporated into Project Design	Residual Risk Rating
The capacity in some districts may adversely affect the effectiveness of the function.	CIA, and with relevant experience. The ToR of the recruitment shall be agreed with the World Bank. As part of the MoU with the districts, agree on the annual internal audit coverage and reporting requirements related to the project activities. Internal audit function to provide ongoing support to district internal auditors. Internal audit at LODA to prepare project audit reports every six months and to share a copy with the World Bank during implementation support missions.	
Funds flow Potential funds flow delays from the World Bank to LODA, from LODA to districts, and from districts to beneficiaries will result in non-achievement of the PDO.	Two Designated Accounts will be opened at the National Bank of Rwanda (BNR) in US dollars, one managed by MINALOC and another by LODA. Each district shall open a separate Project Account at BNR in Rwanda francs. IFR-based disbursement method will be used to request funds from the World Bank. Fund requests will cover 6 months cash flow needs of MINALOC and LODA. District fund requests to LODA will be based on 3 months cash flow needs. LODA shall monitor the timely disbursement of funds from districts to beneficiaries.	Substantial
Financial reporting and monitoring Unreliable IFRs and delay in submitting the IFRs.	Enroll the project into IFMIS at MINALOC, LODA, and the districts so that the financial reports preparation is done by the system. Specific financial information which cannot be retrieved directly from IFMIS shall be subject to a quality assurance review before inclusion in the financial report. Monthly management reviews of FM reports submitted to the Ministry of Finance and Economic Planning (MINECOFIN) should mitigate unreliability of the quarterly IFRs and submission delays as the same systems, processes, and people are used to deliver the reports.	Moderate
External auditing Delays in submitting the audit report and delayed implementation of the OAG recommendations at the district level which results in qualified audit opinions.	Project management to engage the OAG to conduct the audit within the time stipulated in the Financing Agreements. Fill all vacant internal audit positions at districts to have 3 qualified internal auditors, enhance the functioning of the Audit Committees, and provide continuous capacity building through continuous professional development of project FM and internal audit staff.	Substantial
Fraud and corruption Risk of fraud and corruption.	Rwanda has an effective governance system, including robust anticorruption laws, effective oversight institutions, and strong political commitment to control fraud and corruption. The effective implementation of a complaints and redress mechanism will also help mitigate the risk.	Moderate
Overall Risk		Substantial



10. **Planning and budgeting.** The project will comply with the GoR's planning and budgeting procedures and timeline. MINECOFIN plays the leading role in the planning and budget preparation process. LODA, MINALOC, and the districts are all budget agencies, and so, each prepare a budget that is discussed with MINECOFIN. MINECOFIN issues a first budget call (planning phase) to all budget agencies every October or November and later a second budget call which provides ceilings to budget agencies, based on the predicted available funding assigned for the fiscal year and DP commitment to disburse. Budget approval is carried out by the Parliament in June every year. Budgets are then uploaded in IFMIS, and budget agencies can spend. Commitments are made in IFMIS following approval procedures under the responsibility of the Chief Budget Officer. LODA's role in relation to the district budget setting process is twofold: (a) to train and coach the districts in budget planning and formulation of the development side of the budget and (b) to advise the districts of the budget ceilings that relate to LODA development programs, including the VUP.

11. **The implementing entities will disclose their specific allocated budgets within their respective budgets.** The World Bank will review and provide no objection to the annual plan and budget. All implementing entities will follow the above process for planning and budgeting of the project. However, the project budget will be consolidated by LODA in consultation with districts and MINALOC. The period of the submission to the World Bank for no objection is set out in the Financing Agreement. The annual budget will be supported by the cash flow forecast for the fiscal year broken down by month, to allow monthly cash flow performance monitoring. Budget monitoring will be done through the monthly budget performance report sent to MINECOFIN and the quarterly budget performance report to be submitted to the World Bank as part of the quarterly financial report. The latter will include budget variance analysis, including reasons for any variances and measures to address these.

12. **Accounting and financial reporting.** All implementing entities prepare their accounts on a modified accrual basis and in accordance with International Public Sector Accounting Standards issued by the International Federation of Accountants. Where appropriate, disclosures are made to ensure compliance with the project document, the Project Implementation Manual, and the Legal Agreement. MINALOC, LODA, and districts all prepare IFRs on a monthly basis for MINECOFIN. A financial report covering the quarter will be prepared by these entities, and submitted to the World Bank. Thus, the financial reporting arrangements are built on country financial reporting systems and consider World Bank-specific needs for financial monitoring of the project. A separate quarterly financial report will be submitted by both MINALOC and LODA to the World Bank 45 days after the end of the quarter. The participating districts will prepare an IFR to be submitted to LODA on a monthly basis for disbursement and consolidation purposes within 15 days of the end of the month. The reporting arrangement between districts and LODA will be further clarified in the MoUs with districts and agreed with the World Bank. The IFR submitted will include the following:

- (a) A statement of revenues and expenditure
- (b) Financial assets and liabilities
- (c) Cash flow statement
- (d) Budget performance report according to economic classification
- (e) Budget performance report by project activity/component and categories
- (f) Designated Account activity statement



- (g) OAG recommendations implementation status
- (h) Post-review and prior-review contracts, if any
- (i) A statement of accounting policies adopted with explanatory notes.

13. **Staffing arrangements.** The MINALOC-SPIU shall maintain the same FM specialist and accountant for the project as was the case for the SSPP. The two internal auditors at MINALOC shall cover the activities of the project. LODA shall also maintain the same structure as the SSPP, that is, having two FM specialists and one financial compliance and monitoring specialist. There is a vacant position of one FM specialist that will need to be recruited within three months of project effectiveness. The ToR of the FM specialist to be recruited shall be submitted to the World Bank for ‘no objection’.

14. **Internal control.** The GoR has created an enabling environment to manage public resources effectively and efficiently. The Organic Law and the associated financial regulations provide a good legal framework for the management of and accounting for state revenue and expenditures. They are complemented by the Manual of Government Policies and Procedures for Financial Management and Accounting used by all Government budget and reporting agencies. Regarding the project, detailed FM guidelines that consider the World Bank’s specific requirements and disbursement procedures will be developed. The FM guidelines will articulate the additional requirements of the internal control system for each entity, considering project risk, including risks at the district level. The guidelines will be complemented by the MoUs signed by LODA with participant districts to enforce the FM monitoring mechanism.

15. **Internal audit.** Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Each district is required to have three internal auditors, who report to the Audit Committee within the District Council; however, not all internal audit positions are filled at the district level, so it is important that all entities take necessary action to fill vacant internal audit positions. MINALOC has two internal auditors, and they shall include the SPTP activities in the annual internal audit approved work plan. The internal audit function of the SPTP at LODA needs to be enhanced so that they have an internal audit specialist in addition to the internal audit officer who supported the SSPP. The internal audit function for the SPTP at LODA shall produce project internal audit reports at least twice a year, while the internal audit function at MINALOC shall produce project internal audit reports at least once a year.

16. **External audit.** The activities of the project shall be subject to external audit by the OAG. The audit report and the Management Letter shall be submitted to the World Bank within six months of the financial year-end. The audit reports will be publicly disclosed in accordance with the World Bank’s Access to Information Policy. Upon receipt of the audit report, project management will be expected to prepare an action plan to address audit findings. Follow-up on the implementation of audit recommendations will be conducted as part of the regular World Bank FM supervision missions and quarterly reviews of IFRs.

17. **Funds flow arrangements.** Two separate Designated Accounts will be opened at BNR—one to be managed by LODA and another by MINALOC. The Designated Accounts will be denominated in US dollars. Each participating district will open a separate account at BNR in Rwanda francs. Signatories of the bank

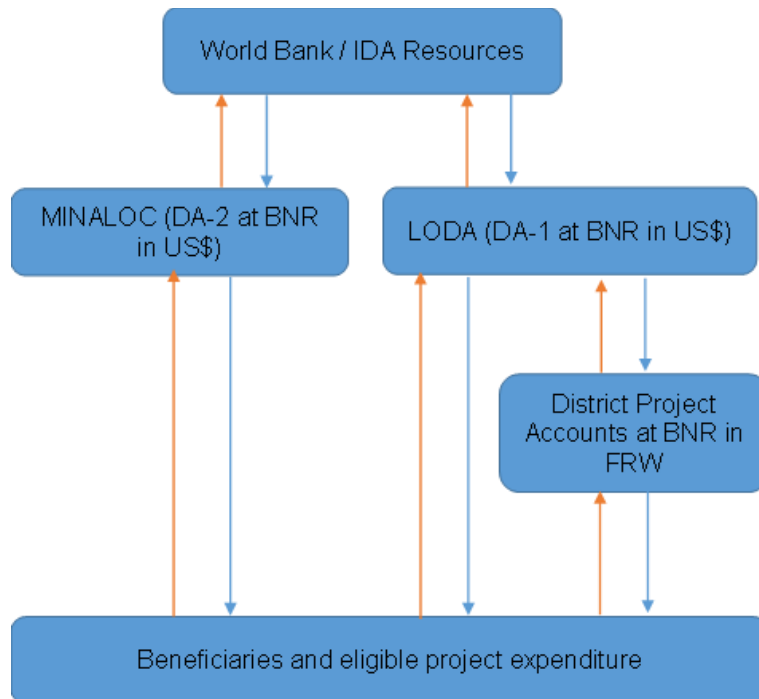


accounts will be documented to ensure only authorized persons can sign payment orders. The signatories of the withdrawal application to request funds from the World Bank will be proposed by MINALOC and LODA and submitted to the World Bank by MINECOFIN.

18. To mitigate the risk of delayed funds flow, disbursement will be financial report based and funding requests from LODA or MINALOC will be based on the next six months' cash flow forecast needs. At LODA, funds will flow from the Designated Account or Project Account to the districts' Project Account at the request of the districts. Districts will report to LODA on the use of funds monthly, after making payment to final beneficiaries. The reporting format from districts will be agreed in the MoUs signed with districts and the World Bank.

19. The disbursement methods are Advance to the Designated Account, Direct Payment, Reimbursement, and Special Commitment. Upon credit effectiveness, MINALOC and LODA will be required to submit withdrawal applications for initial deposits to the Designated Account, drawn from the financing. If ineligible expenditures are found to have been made from the Designated Accounts, the GoR will refund the amounts to the World Bank.

Figure 1.1. Funds Flow Chart



Note: DA = Designated Account.

Legend:

Fund Flow	
Reporting, Documentation, invoices	



20. **Governance and anticorruption issues.** The implementing entities have a fraud and corruption policy in place that is complemented by provisions of the World Bank Anticorruption Guidelines (Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016). An appeals and complaints handling mechanism has been developed and its effectiveness will mitigate the risk of fraud and corruption. The Ombudsman’s Office and the National Prosecution Office are empowered and play a strong role in improving the country’s governance environment.

21. **Implementation support plan.** Given the substantial risk, each fiscal year, at least two field missions will be carried out. The support missions will include review of the financial report and audited financial statement, advice to the implementing entities and capacity building, and visits to districts. The budget for supervision will consider the need to increase the efficiency of financial controls and related support to project implementation. Joint supervision missions with procurement staff to strengthen World Bank control and support are envisaged. In-depth review missions could also be carried out, depending on the evolution of risk during the project implementation.

(c) Procurement

22. Procurement for the project will be carried out in accordance with the World Bank Procurement Regulations for IPF Borrowers”, dated November 2020. The project will be subject to the World Bank’s Anticorruption Guidelines, dated July 1, 2016, and beneficiary disclosure requirements. The project will use STEP, a planning and tracking system that will provide data on procurement activities, establish benchmarks, monitor delays, and measure procurement performance.

23. A PPSD was prepared as part of the project preparation by the borrower with the assistance of the World Bank which looked at the market, procurement risks and procurement options. The PPSD sets out the selection methods to be followed by the borrower for major activities during project implementation in the procurement of goods, works, and non-consulting and consulting services financed by the project (Box 1.1). The PPSD includes Procurement Plans of the project for the first 18 months and will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

Box 1.1. Summary of the PPSD

Procurement for the SPTP will be implemented by MINALOC-SPIU, LODA-SPIU, and districts. The project procurement will be carried out following the World Bank’s Procurement Regulations and Anticorruption Guidelines. The PPSD document is prepared by the borrower in line with a stipulated requirement according to the World Bank’s New Procurement Framework and Procurement Regulations.

The PPSD defines procurement objectives aligned with the PDOs. The borrower has identified key procurement transactions envisaged through the SPTP. To procure and implement these key transactions, the PPSD considered (a) operational context, (b) borrower’s procurement capacity, and (c) market dynamics to identify potential risks likely to affect the accomplishment of PDOs and corresponding mitigation measures. For key procurement activities with high value and high risk, the PPSD discussed the merits/demerits of feasible selection methods/arrangements and market options (procurement approach) available in the New Procurement Framework. As a result, the PPSD recommends an optimum fit-for-purpose procurement approach to achieve value for money and PDOs.



The discussion and conclusions in this PPSD form the basis of the initial Procurement Plan, which is the key output of the PPSD. Therefore, an initial Procurement Plan has been prepared at least for the first 18 months and agreed upon with the World Bank. The agreed initial Procurement Plan needs to be published through the World Bank's STEP portal. The Procurement Plan will be updated every 12 months or earlier, as needed.

The oversight responsibility for project activities and results will rest with the two entities: for Components 1 and 2, it will be with LODA, and for Components 3 and 4 activities, it may be carried out by LODA or MINALOC. Most activities under Components 1 and 2 will be implemented by the districts under LODA support and monitoring, in line with the VUP program design, so the key to program effectiveness is operational reporting of the districts to LODA.

All procuring entities involved in the project are well established and with competent procurement units and well-functioning tender committees. Oversight of the procurement systems lies with the Rwanda Public Procurement Authority (RPPA) which conducts procurement audits annually and provides training and guidance. As far as the Components 1 and 2 activities are delivered by the districts and sectors, following community procurement procedures, LODA will provide day-to-day oversight, together with training in procurement, program operations, planning, budgeting, and M&E systems.

The procurement approach and methods will follow standard approaches and methods (approved selection methods and market approach options in the regulations). No activity is envisaged to involve departure from policy thresholds or need of additional oversight or International Convention on Oil Pollution Preparedness, Response and Co-operation (OPRC) review levels. A big portion of the World Bank finance (53 percent) will be invested in HCD (NSDS ePW labor based and HB-ECD). Almost all the PW projects are implemented by the community, literally involving no procurement activities, except small-value procurement of materials, tools, and equipment for use for the PW projects, accounting for no more than 20 percent of the project budgets.

The works on PW projects are contracted to the communities, following community procurement procedure. The selection of community participants is done by the communities themselves and approved by the sector council and sent to the district. The community agreement is signed by the district executive secretary and the community representatives following a public meeting at which all the community members present sign to confirm their participation. A community procurement manual shall be prepared and be a condition of effectiveness. In general, PW is community procurement and involves no contractors, except some specialized works, in rare cases, where specialist technical skills are required.

Procurement of consultancy services for capacity-building TA and trainings are implemented at the national level by MINALOC and LODA. The assessment revealed that both LODA and MINALOC have reasonable capacity to manage the project procurement. Procurement of materials, tools, and equipment for the PW is managed at the community level. At the district level, there are two procurement officers, and they work according to the national procurement regulatory environment with training and technical oversight provided by the RPPA. They have acquired adequate experience in public procurement.

Therefore, given that only small-value procurements will be involved under the project, only a small proportion of the finance is spent through procurement while the big portion is a DS, and reasonably adequate capacity and long-time experience in the implementation of the VUP and PW both at the national (MINALOC and LODA) and district levels exist, which will ensure successful implementation of procurement and contract management of the project.

The major procurement risks identified are (a) the procurement staffs and the tender committee members of LODA were suspended for 'procurement malpractices' and replacement by new procurement staff is under way and a new tender committee has been formed; therefore, both the procurement staff and the tender committee lack experience in World Bank Procurement Regulations, causing potential risk; (b) hiring a qualified and experienced procurement staff for the project under LODA and on-boarding on time could be a challenge; and (c) as the project largely follows the CDD approach, fiduciary assurance which comes from citizen engagement, disclosure at the community level, and social audit could be a challenge/risk. The risk mitigation measures are (a) LODA, in coordination with the World Bank, will provide tailored trainings on World Bank Procurement



Regulations and STEP, (b) selection of new procurement staff will be initiated as early as possible and as a transition the procurement specialist of RUDP-II will be used, and (c) LODA will make use of lessons learned from the SSPP and use as input in preparing the Project Operations Manual. Therefore, it is concluded from the assessment that the risks associated with procurement and contract management to delivery of value for money in achieving the PDO are Moderate.

24. **STEP.** The project will use STEP, a planning and tracking system, which will provide data on procurement activities, establish benchmarks, monitor delays, and measure procurement performance.
25. **e-Procurement system.** The implementing agencies of the project will be using the Rwanda e-Procurement system (Umucyo) for 'post' procurement activities, in parallel with the World Bank STEP system.
26. **Beneficial ownership pilot.** At present, the project procurement involves no procurements within OPRC thresholds, hence beneficial ownership pilot is not applicable.
27. **Procurement risk assessment.** A procurement capacity and risk assessment has been carried out by the World Bank for the implementing agencies MINALOC-SPIU and LODA-SPIU to review the organizational structure and functions, experience, staff skills and capacity, procurement cycle management, quality and adequacy of supporting and control systems, and record keeping. Based on the assessment, the following risks are identified:
- (a) The procurement staffs and tender committee members of LODA were suspended for 'procurement malpractice' and replacement by new procurement staff is under way and a new tender committee is formed. Therefore, both the procurement staff and tender committee lack experience in World Bank Procurement Regulations, causing potential risk.
 - (b) Hiring of a qualified and experienced procurement staff for the project under LODA and on-boarding on time could be a challenge.
 - (c) As the project largely follows the CDD approach, fiduciary assurance which comes from citizen engagement, disclosure at community level, and social audit could be a challenge/risk.
28. **The mitigation measures for the identified risks are** (a) LODA, in coordination with the World Bank, will provide tailored trainings on World Bank Procurement Regulations and STEP, (b) selection of new procurement staff will be initiated as early as possible and as a transition, the procurement specialist of RUDP-II will be used, and (c) LODA will make use of lessons learned from the SSPP and use as inputs in preparing the Project Operations Manual.
29. **Project procurement risk rating.** Based on procurement assessment of the implementing agencies, market practice and nature of procurement activities of the project, and experiences gained by the implementing agencies and advantages to be taken from lessons learned in the last years, the project procurement risk is rated 'Moderate'.
30. **MINALOC-SPIU and LODA-SPIU have well-established project units.** MINALOC has three procurement staffs, one procurement specialist, and two procurement officers. The three procurement



staffs are assessed to be adequate to manage procurement of the project. LODA has one procurement officer and will hire two procurement staff, one for SPTP and one for RUDP-II in the future.

31. **The project procurement profile of the activities** under the operation mainly comprise (a) supply of materials, tools, and equipment for cPW and ePW and the projects are to be implemented by the community; (b) production of materials and guidelines for sensitization and community mobilization; (c) mass media campaign to promote behavior change in different areas of SP; (d) materials to improve childcare services and nutrition of vulnerable families through low-cost ECD alternatives including refurbishment of houses and purchase of ECD equipment; (e) outsourced training and supervision of home-based ECD services; (f) livelihoods enhancement and purchase and transfer of livestock under the productive asset transfer scheme; (g) capacity-building trainings and consultancy service in areas of policy and program development to MINALOC and LODA; and (h) IT and information system development activities for MINALOC and LODA.

32. **Country systems.** From July 1, 2017, all procurement entities in the country started using the Rwanda e-Procurement system for Government-financed and most DP-financed projects. The e-Procurement system is used for World Bank-financed projects starting January 1, 2019, for all post-review contracts and will be used also for prior-review procurement in the future, once the ongoing e-Government Procurement system enhancement is finalized. Suppliers of goods, works, and services are adequately available in the country. In case of market limitation for specialized items, measures have been recommended with market approach and selection methods in the PPSD. There is an internal audit structure. In addition, external procurement audit by the OAG is undertaken on an annual basis. The RPPA is also conducting annual procurement audit, though not regular. There is adequate complaint review and resolution mechanism in Rwanda. National Independent Review Panel is independent of the Government, which deals with complaints received from bidders or consulting firms or individuals, as provided in the procurement law. The e-Procurement system has included a feature for submitting and addressing complaints electronically in the system and hence all complaints and responses are available in the system for public disclosure and auditing.

33. **The assessment revealed that, in general, the track record of procurement performance of MINALOC, LODA, and districts was satisfactory;** however, the recent suspension of procurement staffs and the tender committee based on fraud and corruption allegations caused hiring of new staffs, and the hiring and induction could take time and this in turn may risk the performance of project procurement.

34. **An 18-month Procurement Plan** with list of procurable items with corresponding cost estimates, review types, and selection methods has been prepared as part of the PPSD. The World Bank's Standard Procurement Documents will be used for all procurements using the international market approach.

35. **Use of borrowers' procurement procedures.** The implementing agencies shall follow World Bank Procurement Regulations as required by the Financing Agreement. When approaching the national market, the borrower's own procedures will be used as appropriate and as provided by World Bank Procurement Regulations. When approaching the national market, the national Standard Procurement Documents will be used subject to incorporating additional requirements provided in the World Bank Standard Procurement Documents for small works, and the agencies' Standard Procurement Documents will be reviewed by the World Bank to make sure provision for application of World Bank Anticorruption



Guidelines and the World Bank's right to audit and all environmental and social framework requirements are included.

36. **Procurement of works, goods, and non-consultancy services.** For procurement of works, goods, and non-consultancy service contracts, implementing agencies' own procurement procedures and Standard Bidding Documents as agreed with and deemed satisfactory by the World Bank will be used, when approaching the national market. Procurements while approaching the international market will be done using the World Bank's Standard Procurement Documents. Smallvalue works, goods, and non-consultancy service will be undertaken through request for quotation procedures. The request for quotation will indicate the specifications of works, goods, and non-consultancy services as well as the delivery/completion time and the contract award will be based on comparing price quotations from several qualified contractors/suppliers, with a minimum of three, to ensure competition. When the value of the contract of such works, goods, and non-consultancy service exceeds the request for quotation threshold and when procured through National Competitive Bidding procedures, the implementing agencies' Standard Bidding Documents acceptable to the World Bank will be used. Direct contracting shall be used where the PPSD informs so and it is to the benefit of the project and in accordance with the Procurement Regulations.

37. **Procurement of consultancy services.** Procurement methods to be used are specified in the PPSD. Project staffs required for the implementation will be hired following World Bank regulation for positions identified as consultant (individual consultant [IC]) and following project implementation support personnel, paragraph 7.32 of Procurement Regulations, for positions not identified as consultants (IC).

38. **Operating costs.** The items to be identified as operating cost in the PPSD will be procured using the borrower's procurement and administrative procedures subject to review and acceptable to the World Bank including selection of project implementation support personnel not identified as consultant (IC).

39. **Record keeping.** All records pertaining to award of tenders, including bid notification, register pertaining to sale and receipt of bids, bid opening minutes, bid evaluation reports and all correspondence pertaining to bid evaluation, communication sent to/with the World Bank in the process, bid securities, and approval of invitation/evaluation of bids will be retained by the respective agencies and in electronic or hard copy and uploaded in STEP.

40. **Disclosure of procurement information.** The following documents shall be disclosed on the agencies' websites: (a) a Procurement Plan and updates; (b) an invitation for bids for goods and works for all contracts; (c) request for expression of interest for selection/hiring of consulting services; (d) contract awards of goods, works, and non-consulting and consulting services; (e) a monthly financial and physical progress report of all contracts; and (f) an action taken report on the complaints received on a quarterly basis.

41. **When approaching the international market (International Competitive Bidding), the following details shall also be published in the United Nations Development Business and the World Bank's external website:** (a) an invitation for bids for procurement of goods and works following open international market approaches, (b) Request for Expression of Interest for selection of consulting services



following open international market approaches, and (c) contract award details of all procurement of goods and works and selection of consultants using open international market approaches.

42. **Fiduciary oversight by the World Bank.** The World Bank shall prior-review contracts according to prior-review thresholds set in the PPSD/Procurement Plan.

43. **All contracts not covered under prior review by the World Bank shall be subject to post review** during implementation support missions and/or special post-review missions, including missions by consultants hired by the World Bank or a third-party independent auditor delegated by the World Bank. To avoid doubts, the World Bank may conduct, at any time, independent procurement reviews of all the contracts financed under the loan. All procurement post reviews are carried out online in STEP. For this reason, uploading of procurement documents of post-review contracts should be done on time and always kept up-to-date.

44. **Contract management.** Currently, high-risk and high-value procurements have not been identified for increased contract management support. However, if such contract is identified in due course of implementation, the agency will develop key performance indicators (KPIs) for such identified contracts and the KPIs will be monitored during actual execution of contracts. The World Bank will provide additional due diligence and independent review of the contract performance of such identified procurements. A fully staffed Project Implementation Unit will be responsible for the overall project/contract management.

Table 1.2. List of SPIU Positions to Be Supported under MINALOC and LODA

S. No	Position	Number	Comment
MINALOC			
1	SPIU Coordinator	1	Existing position
2	Program Manager	1	Existing position
3	FM Specialist	1	Existing position
4	Accountant	1	Existing position
5	Procurement Specialist	1	Existing position
6	Communication Specialist	1	Existing position
7	Community Engagement Specialist	1	New position
8	SR Communication Specialist	1	New position
9	Monitoring, Learning and Evaluation Specialist	1	Existing position
10	SR Specialist (Database application administrator)	1	New position
11	SP SWG Specialist	1	Existing position
12	District Nutrition Coordination Program Specialist	1	Existing position
13	Administrative Assistant	1	Existing position
14	SP Specialist	1	Existing position
TOTAL MINALOC-SPIU		14	
LODA and Districts:			
1	SP Program Manager	1	Existing position
2	SP Environmental Safeguards Specialist	1	Existing position



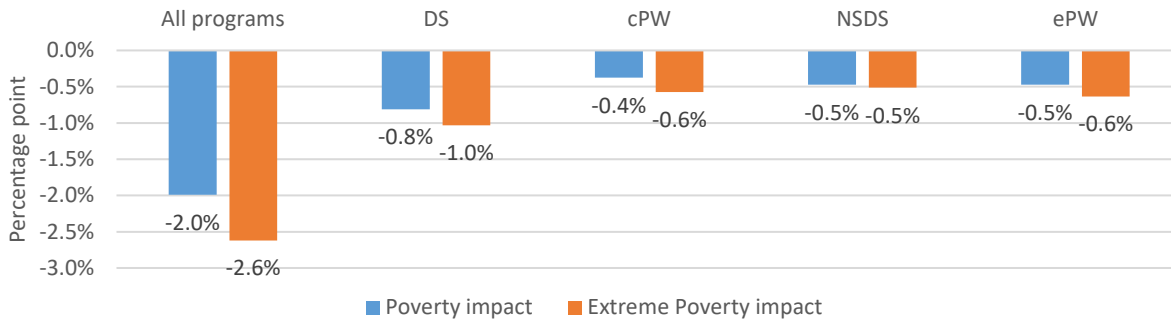
S. No	Position	Number	Comment
3	SP Social Safeguards Specialist	1	Existing position
4	SP Data Analysis Specialist	1	Existing position
5	SP Specialist/ Livelihood	1	Existing position
6	FM Specialist	1	New position
7	Financial Compliance Monitoring Specialist	1	Existing position
8	M&E Learning/ Knowledge Management Specialist	1	Existing position
9	SP MEIS Specialist/ Database application administrator	1	Existing position
10	Procurement Specialist	1	New position
11	Internal Audit Specialist	1	Existing position
12	Data Management Specialist at district level	30	Existing position
13	NSDS Specialist	1	Existing position
14	Communications and Outreach Specialist	1	New position
15	Community /Home-Based ECD Specialist	1	New position
16	MEIS Software Developer consultant	1	New position
17	MEIS Business analyst consultant	1	New position
Total LODA-SPIU (16) and district Data Managers (30)		46	
<i>Note: The midterm review will determine the position whose functions will be dissolved by the Government structure, before the end of the project.</i>			



ANNEX 2: Technical, Economic and Financial Analysis

1. The technical analysis confirms that Rwanda has a well-established SP system with the SSN component being central to the Government’s commitment to alleviate poverty.⁵⁰ However, it needs strengthening to improve the poverty and vulnerability impact. As mentioned previously, SSN constitutes the core of Rwanda’s SP with expenditures reaching 1.39 percent of GDP in 2019–20. While the share of national expenditure has been increasing to reach about 61 percent of total SSN outlays in FY20–21, the external financing remains important especially in the post-pandemic era. The VUP accounts for the bulk of SSN spending, at 32.1 percent of SSN expenditures. The VUP budget almost tripled between 2016 and 2020, and the program’s coverage increased significantly. In 2019–20, RWF 40.3 billion was spent on the VUP, reaching almost 394,000 households. Since the onset of the COVID-19 pandemic, the VUP expanded even further, primarily through human capital-centered interventions, to cover 464,000 households in February 2022. This corresponds to 13 percent of the population. The coverage is progressive, that is, it is higher in the poorer districts and at the lower end of the income distribution. However, significant gaps remain, with some 65 percent of individuals in the poorest quintile not covered by the VUP. Further, the VUP covers only 27 percent of the extreme poor households and 23 percent of poor households. Improving the coverage of SSNs that target poorer households with children such as NSDS and ePW can help reduce this gap. Moreover, the proportion of the VUP benefits that go to the poor currently is estimated at around 44 percent and should be improved for more efficient spending. The adequacy of the VUP transfers is low, making up just 9 percent of the consumption needs of individuals in the poorest quintile. The VUP is estimated to reduce poverty by 2 percentage points (Figure 2.1). Increased coverage and adequacy, together with improved targeting accuracy, can improve the overall poverty impact of the VUP and the overall SSNs in Rwanda.

Figure 2.1. VUP Impact on the Poverty Headcount



Source: World Bank staff estimates based on simulations using administrative data and EICV5.

2. The project aims to strengthen Rwanda’s SP programs and systems and contribute to the twin objectives of poverty reduction and HCD. Component 1 will support the VUP cash transfers (unconditional and conditional) and PW interventions. The component will finance expanded coverage of the VUP. Furthermore, it will finance NSDS and ePW benefits at an increased level to provide more adequate cash support for the poor households with children. Improved coverage and adequacy

⁵⁰ This annex draws significantly from the SSN analysis performed under the Rwanda Public Expenditure Review; the report is upcoming.



combined with investment in stronger targeting tools through Component 3 will contribute to enhanced poverty impact of the VUP and the overall SSNs in Rwanda (see simulations of poverty impact later in this annex). Furthermore, Component 1 will focus on gender-, child-, and nutrition-sensitive VUP interventions such as NSDS and ePW, including home-based ECD, which boosts the human capital of children in beneficiary households. Climate-sensitive PW, besides providing income for consumption smoothing, contribute to adapting the beneficiary households as well as their communities to climate-related shocks which could reverse the hard-won gains in human capital. Component 2 focuses on economic inclusion with sustainable livelihood interventions that create the means for chronically poor households to be on an upward trajectory that will eventually lead to their sustainable graduation from poverty in the medium to long term. The component also creates a continuum of SP interventions by linking social assistance with social insurance, to further support vulnerable households with savings and insurance that will cushion them from falling back into poverty. Component 3 strengthens the delivery systems with focus on operationalizing the SR and taking the digitization of the VUP transfers to the next level. Not only are such systems important for a mature SPS, they are also critical for adaptive SP to enable a quick response in case of a shock. SR particularly will allow for more effective targeting of poor households, thereby increasing spending effectiveness of the country's social assistance interventions. Lastly, Component 4 supports SP policy oversight and implementation capacity as well as M&E of Rwanda's SP programs at the central and local levels.

3. The World Bank has been providing lending and TA on SSNs and livelihoods interventions both worldwide and in the Africa region. The World Bank has (a) global experience in the design and implementation of social assistance and delivery system reforms and expansion and livelihoods interventions, (b) experience in implementing similar projects in other African countries that can be considered 'technical peers' (such as Kenya), and (c) the ability to support projects that take a multifaceted approach toward human capital formation linking SP with health and education sector outcomes.

4. International evidence shows that cash transfers to poor households have important impacts on human capital accumulation with limited negative side effects. There is extensive evidence from numerous impact evaluations on the human capital-related impact of cash transfers to poor households in both low- and middle-income countries.⁵¹ These studies find that cash transfers lead to (a) improved health and nutrition outcomes for young children, (b) increased school enrolment for older children, and (c) delaying of labor market entry to stay in education for longer. Moreover, there is emerging evidence of cash transfers fostering households' resilience by contributing to savings and thereby facilitating lifetime income smoothing⁵² as well as contributing to reduction in inequality.⁵³ There is also evidence

⁵¹ The World Bank, 2019. Long-Term Impacts of Conditional Cash Transfers: Review of the Evidence. *The World Bank Research Observer* 34 (1): 119–159. Washington, DC. For evidence from Africa see Davis, Benjamin; Handa, Sudhanshu; Hypher, Nicola; Rossi, Natalia Winder; Winters, Paul; Yablonski, Jennifer 2020. "From Evidence to Action: The Story of Cash Transfers and Impact Evaluation in Sub-Saharan Africa." FAO and UNICEF, Oxford University Press.

⁵² The World Bank, 2020. "Do Cash Transfers Foster Resilience? Evidence from Rural Niger." Policy Research Working Paper No. 9473. World Bank, Washington, DC.

⁵³ FCDO. 2011. "Cash Transfers. Evidence Paper." London, United Kingdom.



that cash transfers do not contribute to increased fertility among beneficiary households⁵⁴ or boost the consumption of alcohol or tobacco.⁵⁵

5. **Economic inclusion or livelihood enhancement programs have been shown to be an effective means of putting the extreme poor on a poverty graduation trajectory by significantly and sustainably boosting their consumption, income, and assets.** Economic inclusion programs aim to lift the most severely resource-constrained households out of poverty by combining a variety of interventions: cash and productive asset transfers coupled with access to coaching, health care, and technical training as well as mechanisms to encourage savings. A review of 107 impact evaluations of 80 economic inclusion programs worldwide finds that economic inclusion programs have positive and sustained impacts on income, assets, and savings.⁵⁶ These programs thereby also boost household resilience by increasing their ability to withstand negative shocks. Programs that combine multiple types of interventions have higher and more long-lasting impacts compared to stand-alone interventions. The State of Economic Inclusion Report 2021⁵⁷ highlights the growing body of evidence on SLE type interventions globally. It shows that such programs, termed economic inclusion programs, by providing a bundle of multiple interventions, help extreme poor households improve their short- and long-term consumption, capacity to be productively engaged, and resilience to shocks. Moreover, they also have a substantial impact on their overall well-being, self-esteem, and women empowerment.

6. **An economic analysis was prepared as part of project preparation.** The analysis quantifies the costs and benefits of the supported interventions. The project's benefits will materialize along three dimensions. First, the horizontal and vertical expansion of Rwanda's SSN will directly contribute to poverty reduction. Second, the sustainable livelihoods intervention will allow a subset of poor households to sustainably increase their productive potential and eventually graduate out of poverty. Third, the upgrading of Rwanda's targeting system through the operationalization of a dynamic SR and digital payment of cash transfers will increase the efficiency of Rwanda's social assistance spending as well as preparedness of the country's SP system to respond to shocks. For instance, in Turkey,⁵⁸ the integrated social assistance system, which relies on three platforms, namely strong ID system, SR, and G2P digitization has increased spending efficiency by identifying that 10 percent of assistance benefits were duplicated and also allowed timely social response to the COVID-19 crisis.⁵⁹

⁵⁴ Laszlo, Sonia; Majid Muhammad Farhan; Renée, Laëtitiæ et al. 2021. Conditional Cash Transfers and Women's Reproductive Choices. Working Paper, <https://www.laetitiarenee.com/publication/conditional-cash-transfers-womens-empowerment-and-reproductive-choices>.

Carneiro, Pedro. 2021. Do Cash Transfers Promoting Early Childhood Development Have Unintended Consequences on Fertility? Working Paper, <https://socialprotection.org/discover/publications/do-cash-transfers-promoting-early-childhood-development-have-unintended>.

Overseas Development Institute, 2017. The Impact of Cash Transfers on Women and Girls. A Summary of the Evidence. London.

⁵⁵ The World Bank, 2014. Cash Transfers and Temptation Goods: A Review of Global Evidence. Policy Research Working Paper 6886. World Bank, Washington, DC.

⁵⁶ The World Bank, 2021. Assessing the Impact and Cost of Economic Inclusion Programs. World Bank Policy Research Working Paper.

⁵⁷ The World Bank, 2021. The State of Economic Inclusion Report 2021: The Potential to Scale. Washington, DC: World Bank. <https://openknowledge.worldbank.org/handle/10986/34917> License: CC BY 3.0 IGO

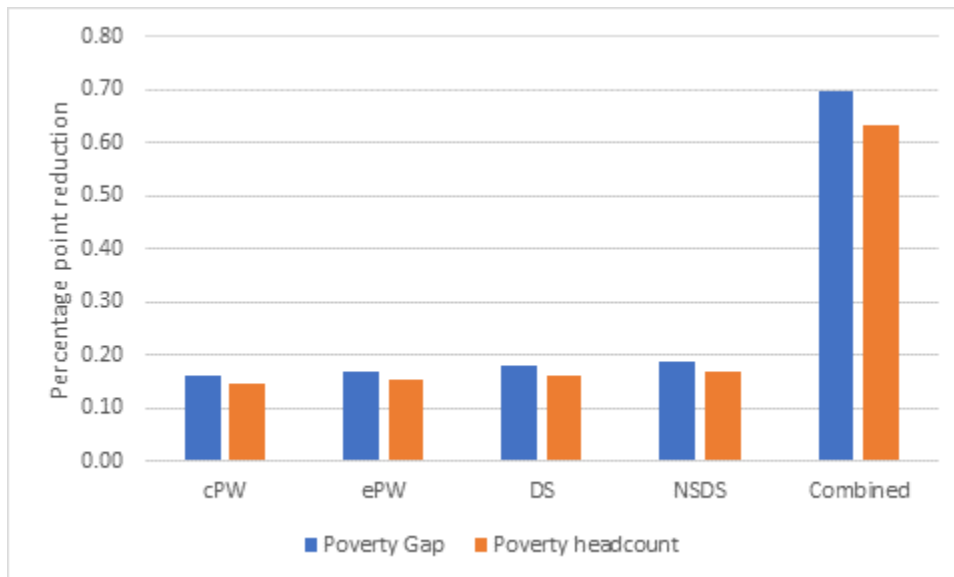
⁵⁸ Turkey's Integrated Social Assistance System (English). Washington, DC: World Bank Group. <http://documents.worldbank.org/curated/en/515231530005107572/Turkey-s-integrated-social-assistance-system>.

⁵⁹ The World Bank, 2020. Social Protection and Jobs Responses to COVID-19: A Real-Time Review of Country Measures. World Bank, Washington, DC: World Bank. <https://openknowledge.worldbank.org/handle/10986/33635> License: CC BY 3.0 IGO.



7. **Simulations indicate that the expansion of the VUP is going to reduce poverty by about three-quarters of a percentage point.** The upcoming Rwanda Public Expenditure Review has conducted microsimulations to gauge the impact of the expansion of Rwanda’s VUP. These simulations were based on EICV5 data that were updated using the results of a computable general equilibrium macroeconomic model to consider the impact of the COVID-19 shock. The resulting household consumption distribution is used as a baseline to estimate the additional poverty reduction impact of the project. The simulations indicate that the projected increase in the VUP, as discussed in Component 1, namely by 13 percent under NSDS and by 7 percent under each of ePW and cPW schemes along with improved adequacy of cash transfers under both NSDS and ePW,⁶⁰ may help reduce poverty in Rwanda by an additional 0.78 percentage points. The PW’s expansion will decrease poverty by about 0.42 percentage points whereas the DS and NSDS expansion will yield an additional 0.37 percentage points of poverty reduction. The PW’s expansion is simulated to reduce the total poverty gap by 0.3 percentage points while the DS and NSDS expansion will reduce the poverty gap by 0.33 percentage points. NSDS and home-based ECD ePW interventions also have a direct impact on human capital accumulation in Rwanda. A review of the evidence of conditional cash transfers finds them to have positive impacts on children’s schooling, whereas the evidence on cognitive outcomes is more mixed.⁶¹ NSDS incentivizes households to invest in their infants’ health whereas home-based ECD ePW have important spillover effects in the community by boosting the educational outcomes of households benefitting from the additional childcare.

Figure 2.2. Simulated Additional Poverty Reduction Impact of VUP Expansion Supported under Component 1



Source: World Bank staff calculations based on EICV5 data.

8. **Based on evidence from similar programs in other countries, the sustainable livelihoods intervention is projected to be a highly profitable investment.** Sustainable livelihoods interventions have been implemented in a number of different countries. Impact evaluations of these programs find that

⁶⁰ The transfer value of NSDS will increase from RWF 7,500 to RWF 10,000 per month whereas the transfer value of ePW will increase from RWF 10,000 to RWF 15,000 per month.

⁶¹ The World Bank, 2019. Long-term Impacts of Conditional Cash Transfers: Review of the Evidence. The World Bank Research Observer, 34, (1); pp. 119–159. Washington, D.C.



they can have a lasting impact on the lives of poor households by sustainably increasing their productive capacity.⁶² For example, in Uganda, an intervention provided a US\$150 grant along with business skills training and follow-up visits to ultra-poor, resulting in beneficiaries nearly doubling their savings and increasing their consumption by about one-third.⁶³ More recently, an impact evaluation of an early intervention program in Niger found the program to have lasting positive impacts on consumption and food security.⁶⁴ A recent World Bank review also summarized the global evidence on economic inclusion programs (Figure 2.3). Most studies find positive and significant impacts on key livelihood metrics. While the evidence on the rate of return of early intervention programs is quite varied and depends on impact dissipation rate.⁶⁵ At moderate dissipation rates, the economic return of these programs can quickly approach zero. However, a number of impact evaluations still find positive rates of return ranging from 7 percent to 26 percent.⁶⁶ Based on these estimates, the economic analysis calculates the potential return from the sustainable livelihoods intervention. The analysis assumes that the package of SLE interventions will lead to a sustained occupational shift of beneficiary households from casual wage labor or low-capital agriculture to higher-productivity livestock rearing. Likewise, the graduation measures under the SLE intervention are going to directly provide a boost to the human capital of beneficiaries and their families. Moreover, the SLE intervention is going to boost human capital by allowing more households to invest in their children's health and education.

⁶² Banerjee, Esther; Abhijit; Nathanael, Goldberg; Karlan, Dean; Osei, Robert; Parienté, William; Shapiro, Jeremy; Udry, Christopher; Thuysbaert, Bram 2015. "A Multifaceted Program Causes Lasting Progress for the Very Poor: Evidence from Six Countries." *Science* 348 (6236).

⁶³ Blattman, Christopher; Eric P. Green; Julian Jamison; M. Christian Lehmann; Jeannie Annan. 2014. *The Returns to Microenterprise Support among the Ultrapoor: A Field Experiment in Postwar Uganda*.

⁶⁴ The World Bank. 2021. "Pathways out of Extreme Poverty. Tackling Psychosocial and Capital Constraints with a Multi-Faceted Social Protection Program in Niger." World Bank, Washington, DC.

⁶⁵ Banerjee, Esther; Abhijit; Nathanael, Goldberg; Karlan, Dean; Osei, Robert; Parienté, William; Shapiro, Jeremy; Udry, Christopher; Thuysbaert, Bram 2015. "A Multifaceted Program Causes Lasting Progress for the Very Poor: Evidence from Six Countries." *Science* 348 (6236).

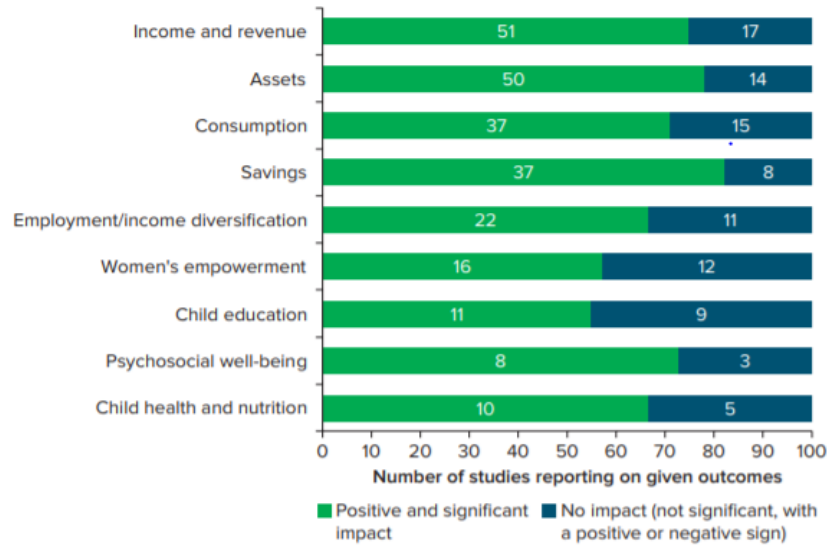
⁶⁶ Banerjee, Esther; Abhijit; Nathanael, Goldberg; Karlan, Dean; Osei, Robert; Parienté, William; Shapiro, Jeremy; Udry, Christopher; Thuysbaert, Bram 2015. "A Multifaceted Program Causes Lasting Progress for the Very Poor: Evidence from Six Countries." *Science* 348 (6236).

Gulesci, Imran Rasul, and Munshi Sulaiman. 2017. "Labor Markets and Poverty in Village Economies." *Quarterly Journal of Economics* 132 (2): 811–70.

The World Bank, 2019. No Household Left Behind: Afghanistan Targeting the Ultra Poor Impact Evaluation. Policy Research Working Paper 8877. World Bank, Washington, DC.



Figure 2.3. Summary of the Evidence of Economic Inclusion Programs

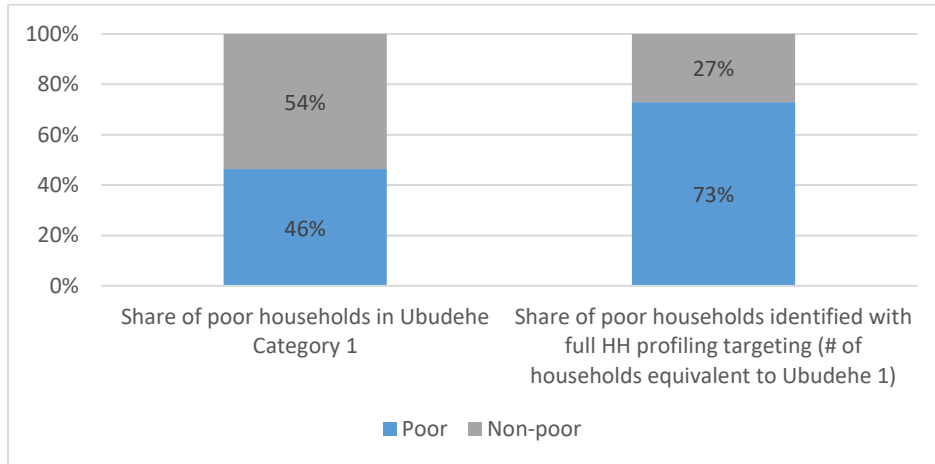


Source: World Bank. 2021. *The State of Economic Inclusion Report*. Washington, DC: World Bank.

9. **The operationalization of the SR combined with a functioning welfare score card mechanism is projected to significantly increase SP spending efficiency.** The dynamic SR is one of the building blocks of a well-functioning SPS. The SR will be the key tool for the targeting of the VUP and other social programs, notably using a welfare score card. Analysis of the targeting performance of the existing Ubudehe targeting mechanism shows significant room for improvement. Figure 2.4 gives the targeting performance of the Ubudehe 1 category which is the main targeting tool currently used in Rwanda. It also shows the simulated gains to targeting efficiency resulting from the implementation of a welfare scorecard using high-quality data collected by MINALOC. Under the full implementation of the welfare scorecard, the targeting efficiency (that is, the share of the VUP beneficiaries who are poor) will increase by 27 percentage points.



Figure 2.4. Simulated Gains in Targeting Efficiency of SR Implementation



Source: World Bank staff estimates based on EICV5 data.

10. **The implementation of the SR will also make Rwanda’s SP system more shock responsive.** The SR will provide a permanent database of poor and vulnerable households, allowing the Government to quickly identify households in need of support in the case of shocks such as droughts or further pandemic outbreaks. Moreover, the system building supported under the project will increase digitization and timeliness of cash transfer delivery. This will also allow the Rwandan SP system to respond more swiftly and effectively to shocks.

11. **Support to the digitization of cash transfer payments through mobile money and bank accounts is expected to improve financial inclusion by increasing the number of transaction accounts and stimulating the frequent usage of these accounts, particularly for poor women.**⁶⁷ Digital cash transfers have the potential to bring large numbers of underbanked, including people in remote areas, into the formal financial system. International evidence has shown that digital payments can drive up overall account ownership. Among Latin America and the Caribbean adults who receive Government cash transfers into an account, 58 percent said they opened their first account specifically for that purpose— while the same is true for about one-third of recipients in the developing world as a whole (Global Findex Database 2017). Regarding the gender divide in Rwanda, according to the Global Findex (2017),⁶⁸ only 28 percent of women had an account in a bank or a financial institution compared to 38 percent for men. Studies show that access to mobile money services in Kenya reduced extreme poverty of women-headed households by 22 percent. Moreover, when faced with an income shock, mobile money users received more digital remittances and did not need to reduce consumption, whereas non-users did by 7 percent. Mobile money is also estimated to have lifted 2 percent of Kenyan households out of poverty.⁶⁹

12. **The interventions supported under the project are going to reduce poverty, boost human capital, and increase SP spending efficiency, thereby yielding significant economic and social returns.**

⁶⁷ Bank for International Settlements and World Bank Group. 2016. “Payment Aspects of Financial Inclusion.” Committee on Payments and Market Infrastructures.

⁶⁸ Global Financial Inclusion (Global Findex) Database 2017.

⁶⁹ Suri, T., and W. Jack. “The Long-Run Poverty and Gender Impacts of Mobile Money.” *Science* 354, 6317 (2016): 1288–92, and Jack, W., and T. Suri. “Risk Sharing and Transactions Costs: Evidence from Kenya’s Mobile Money Revolution.” *American Economic Review* 104, 1 (2014): 183–223.



The economic analysis has shown that each of the interventions supported under the project will have significant impacts on Rwanda's population and generate high economic returns: the expansion of existing SP programs is going to reduce poverty, the new SLE intervention will support long-term graduation, and the operationalization of the SR will significantly increase SP spending efficiency.



ANNEX 3: Gender Approach of the Project

The project’s components have been designed to address some of the constraints faced by women in Rwanda, as follows.

Constraints	Gender-Targeted Actions	Indicators
<p>Access to SP to address setbacks from COVID-19 and other shocks. Women form most beneficiaries of SP programs in Rwanda.⁷⁰ However, there is room for SP to offer greater consumption smoothing and income support to women as even before the COVID-19 pandemic, female-headed households were already poorer and less likely to be employed in the formal sector, compared to male-headed households. After COVID-19, the unemployment rate increased over 8 percentage points in November 2021 against November 2019 affecting female employment disproportionately.⁷¹ Rwanda’s women are engaged in unpaid work more than men, curtailing their opportunities to engage in productive work. Women spend an average of 25.3 hours per week on unpaid care compared to 13.5 hours for their male counterparts.⁷² During the pandemic, women also reported that childcare-related tasks were the most challenging demands on time. More often than men, women had to juggle between childcare and other tasks to keep a paid job.⁷³ Additionally, businesses operated by women have been the most affected compared to those of men with the majority of women (54.6 percent) having closed their businesses compared to men (49 percent).⁷⁴ Lastly, women bear a heavier burden from the impacts of</p>	<p>Under Component 1, the project will finance the VUP with a focus on expanding the coverage of its gender-, child-, and nutrition-sensitive safety net schemes. These include NSDS specifically targeted to pregnant women and mothers of children under 2 years and the ePW targeted to poor families with care responsibilities. Apart from financing the expansion, the project will also support modifications to ePW design to facilitate greater enrolment of female beneficiaries, using the lessons from an operational review conducted under the SSPP and an ongoing Knowledge, Attitude and Practice Survey. Under ePW, the HB-ECD scheme provides flexible and year-round employment for women as caregivers in home-based ECD centers catering to children ages 2–6. Finally, the project will contribute to closing gaps in voice and agency through targeted SBCC delivering information on early stimulation and parenting as well as feeding knowledge and practices to enhance the human capital impact of the VUP.</p>	<ol style="list-style-type: none"> 1. Number of female beneficiaries of the VUP cash transfer schemes in targeted sectors 2. Percentage of female beneficiaries reached through ePWs.

⁷⁰ GoR. 2021. *Revised National Gender Strategy 2021*.

⁷¹ MGFP, Rapid Gender Assessment of the Impact of COVID-19 on Women and Men in Rwanda, 2020.. <https://africa.unwomen.org/en/digital-library/publications/2021/09/COVID-19-gender-assessment-rwanda>.

⁷² World Bank Group. 2021. *Rwanda Country Gender Context*.

⁷³ MGFP, Rapid Gender Assessment of the Impact of COVID-19 on Women and Men in Rwanda, 2020.

⁷⁴ MGFP, Rapid Gender Assessment of the Impact of COVID-19 on Women and Men in Rwanda, 2020.



Constraints	Gender-Targeted Actions	Indicators
<p>climate change given their heavy involvement in time-consuming activities that are vulnerable to shocks such as agriculture, food/fuel provision, and water fetching.⁷⁵</p>		
<p>Uptake of health services to tackle stunting. Rwanda’s high stunting rate reflects, among others, demand-side barriers in access to adequate maternal care, knowledge, and information. About 49 percent of women report at least one problem in accessing health services, with 40 percent citing financial reasons as one of the most common barriers to accessing health care in 2019–20.⁷⁶ The 2019–20 DHS also indicates that more than half of women do not receive the recommended four antenatal care (ANC) visits. Use of ANC services increases with higher levels of education and household wealth with poorly nourished mothers having children with worse stunting than well-nourished mothers.</p>	<p>The provision of the VUP cash transfers under the project addresses some of the demand-side constraints in accessing health care services essential to address stunting. Among others, the project will help expand NSDS, which apart from providing cash support, incentivizes pregnant women and caregivers of children under 2 years to access appropriate ANC, postnatal care (PNC), and growth monitoring visits alongside delivery of information sessions on adequate maternal and child nutrition. The project relies on deliberate geographic targeting to prioritize expansion in areas with the highest stunting, food insecurity, and poverty levels.</p>	<ol style="list-style-type: none"> 1. Percentage of pregnant women enrolled in NSDS attending 4 ANC visits 2. Percentage of 0-6 weeks old children whose mothers are NSDS beneficiaries attending 2 PNC visits at health facility 3. Percentage of enrolled children 3.5 months to 24 months whose mothers are NSDS beneficiaries attending 6 height for age measurement at health facility.
<p>Women targeting and financial inclusion. Enhancement of delivery systems supported by the project such as digitization of the VUP payments and operationalization of the SR intend to address other gender-related constraints in Rwanda. The National Gender Strategy (2021) noted insufficient targeting of women by SP interventions. Furthermore, the 2021 Rwanda Country Gender Review highlights disparities between women and men on ownership and use of bank accounts and ownership of mobile phones with the share of women with a bank account standing at 22.4 percent compared to 38 percent among men and 48 percent of women owning a mobile phone versus 62 percent of men.</p>	<p>The SR—through the availability of dynamic and objective household-level data—is expected to not only facilitate improved targeting of the poorest and vulnerable but also ensure that previously underrepresented groups can be identified and included in the VUP and other social programs. Furthermore, Component 3 of the project will support nationwide digitalization of the VUP payments that is expected to boost the use of formal financial services by women VUP beneficiaries. The project will coordinate with the Mobile Devices Affordability Program, supported by the World Bank’s DARP, to improve affordability of mobile phones among SPTP beneficiaries.</p>	<ol style="list-style-type: none"> 1. Number of female beneficiaries who receive cash transfers through digital payment modality. 2. The project does not include a specific gender disaggregated indicator on the social registry. However, social registry will be the main data source for all gender disaggregated indicators once operationalized and is critical

⁷⁵ According to the Rwanda DHS 2019–20, 41 percent of rural households and 11 percent of urban households report having to travel more than 30 minutes (round trip) to obtain drinking water.

World Bank. 2021. *Rwanda Country Gender Context*.

⁷⁶ DHS 2019–20 (2020).



Constraints	Gender-Targeted Actions	Indicators
		in ensuring adequate gender tracking by the project.
<p>Women’s economic inclusion Women in Rwanda are rapidly gaining economic independence and contributing to their own empowerment—the gender gap continues to narrow down with 92 percent of women considered financially included (versus 93 percent males) compared to 87 percent financially included women in 2016.⁷⁷ However, challenges still exist—women’s historical disadvantage in education means that they have lower levels of literacy than men and lack financial, business, and employment skills, which inhibit their move into sustainable livelihoods.⁷⁸ While the GoR has put in place policies aiming at addressing the gender gap in access to productive assets, the fact that men continue to be regarded as the default head of the households give them leverage on the control of key productive assets in Rwanda such as land, livestock, and enterprises.</p>	<p>Component 2 of the project aims at providing complementary livelihood and economic inclusion opportunities above and beyond the VUP transfers. Implementation of the component will be guided by the GoR’s Graduation Strategy (at approval stage) and the SLE and para-social workers guidelines which all have a focus on ensuring gender equity in selection of beneficiaries, hiring of para-social workers, and provision of trainings and assets.</p> <p>The Graduation Strategy calls for mainstreaming of gender equity in implementation of the strategy and support to graduation clients including reviewing the nature of gender challenges for graduation clients, communicating findings of gender equity challenges for graduation clients into key decision-making forums, and advocating for gender equity in national and local-level planning processes. The SLE guidelines additionally note that in case of insufficient budget to cover all beneficiaries, priority will be given to (a) extremely poor households with children under 6 years, (b) households with malnutrition and stunting cases, and (c) gender equity in favor of single mothers. The SLE guidelines also mandate districts to ensure gender balance during the selection of the SLE beneficiaries and para-social workers. For vocational training for employment, priority will be given to individuals (suggested by their household) who are (a) female, (b) have a disability (and are able to undertake a productive activity), and (c) are of ages 18–30.</p>	<p>1. Number of eligible female-headed VUP households receiving SLE</p>

⁷⁷ FinScope Rwanda 2020.

⁷⁸ Institute of Policy Analysis and Research in Rwanda. 2015. *Gender Analysis for Sustainable Livelihoods and Participatory Governance*.



ANNEX 4: Climate Co-Benefits

The project aims to address some of Rwanda’s climate vulnerabilities, as detailed in the following table:

Component/Activity	Financing, US\$, millions	How the Activity Addresses Climate Change Vulnerability
1. Component 1/DS, NSDS, and expanded PW (ePW) programs	50.58	These are safety net cash transfers that provide critical consumption smoothing to the poor and vulnerable households in Rwanda, thus helping them to endure climate change-induced shocks while limiting negative coping strategies such as sale of assets and limited nutritional intake. Such transfers offer a sound approach for building climate-resilience among the most vulnerable and facilitating their ‘autonomous adaptation’ to a changing environment. ⁷⁹ A study of Zambia’s Child Grant Program found that cash empowered poor, rural households affected by weather shocks to employ shock-coping strategies commonly used by the non-poor, such as spending savings. ⁸⁰ NSDS, in particular, is targeted to food-insecure areas (among other criteria) and aims to prevent stunting by providing demand-side incentives to increase uptake of health and nutrition services. This as well as provision of ECD interventions under ePW reduces overall food insecurity from climate change-induced hazards and increases the resilience of beneficiary households, particularly women and children, to cope with shocks. In addition, there is evidence that delivering cash benefits to poor households reduces ecosystem degradation as cash acts as a substitute for deforestation and market-purchased goods are substitutes for deforestation-sourced goods. Building on a TA provided under the Bank-Executed Trust Fund, the project will also support delivery of knowledge and practices on clean cooking solutions to ePW beneficiary households. Such solutions will reduce emissions of major climate forcing agents including both greenhouse gases and short-lived climate pollutants in beneficiary communities.
2. Component 1/Classic Public Works (cPW)	16.59	In addition to supporting consumption of its participants, cPW will contribute to adapting the beneficiary communities to climate-related shocks. The cPW preparation and implementation will be coordinated with districts’ priorities on climate change adaptation and resilience building at the community level through projects that focus on increasing water security, reducing soil erosion, increasing afforestation, and others. This intervention will benefit from the best practices in the design, rehabilitation, construction, operation, and maintenance of climate-resilient community assets provided in a guidance manual on climate-sensitive assets.
3. Component 2/ SLE	19.29	Participants in the SLE scheme will be provided with assets through grants and interest-free loans to develop productive income-generating activities. Specifically, livelihood activities for participating households will consider area-specific climatic vulnerabilities and will be intentionally designed to be adaptable to climate

⁷⁹ Wood, R.G. 2011. “Is There a Role for Cash Transfers in Climate Change Adaptation?” International Conference on Social Protection for Social Justice, Institute of Development Studies, United Kingdom, April 13–15, 2011.

⁸⁰ UNICEF (United Nations Children’s Fund). 2011. *Cash Transfers and Climate-Resilient Development Evidence from Zambia’s Child Grant Programme*.



Component/Activity	Financing, US\$, millions	How the Activity Addresses Climate Change Vulnerability
		change through, among others, supporting climate-resilient livelihood options. For example, this will entail taking advice from agriculture extensionists and referrals to local agricultural services for education on climate-smart agricultural practices, such as crop diversification, in climate-vulnerable areas to support sustainable agriculture and ensure food security. In addition, beneficiary households will be encouraged to diversify income-generating activities. Diversified livelihood options for these vulnerable households will further enhance their adaptive capacity by improving their financial strength and assets to withstand the impact of climate change, and eventually, help build a resilient community.
4. Component 3/SR and digitalizing cash transfer payment	5.45	Investments in the delivery systems supported by Component 3, such as the SR and digitization of cash transfer payments, raises the adaptation potential of SSNs as they underpin the ability of cash transfer and other programs to expand coverage in response to climate change-induced shocks. The SR will help rapidly identify the poor households in the areas affected by climatic shocks while digital delivery will help get cash transfers to those households in an expedient manner, thus enhancing their resilience and supporting their adaptation (see point 1 above). Digitized payment services such as mobile money allow marginalized populations to receive cash transfers after disasters and provide a fast, targeted, and cost-efficient channel for supporting affected communities. In Fiji and the Philippines, mobile money-enabled G2P payments have been successfully used to reach vulnerable populations in the aftermath of extreme climate events and to disburse transfers to individuals helping clear roads, buildings, schools, and hospitals. ⁸¹ Moreover, digital mode of cash delivery reduces use of transport by the beneficiaries who do not need to travel to collect cash at the counter, thus generating additional climate co-benefits. In the future, the SR is expected to connect with data sources to track climate change-specific vulnerabilities. This will provide a geographic map of vulnerability linked with areas with the greatest risk of floods and droughts to enhance preparedness and response capacity.

⁸¹ GSMA (GSM Association). 2019. "Making the Connection between Mobile Money and Climate Change." *Mobile for Development*.