Preface

This social protection budget brief is one of four briefs that explore the extent to which the Government of Rwanda addresses the social protection needs of children under 18 years of age in Rwanda. The brief analyses the size and composition of the budget allocation to the social protection sectors for the 2017/18 fiscal year and assesses the adequacy of past spending under the social protection sector of Rwanda. The objective of this endeavour is to synthesize complex budget information so that it is easily understood by stakeholders inside and outside the government, and to inform decision makers through key messages for policy and financing changes.

Key messages

- **The Government of Rwanda’s commitment to strengthen social sectors in Rwanda is increasing, as the budget allocated to social sectors has substantially increased:** The spending under the social protection sector has realized a nominal increase, from 71.1 billion RWF in 2013/14 to 94.3 billion RWF in 2017/18 – an increase of 32.6 per cent.

- **The budget allocated to child-focused social protection interventions is realizing a decreasing trend:** It declined from 12.3 per cent in 2015/16 to 9.2 per cent in 2017/18. There is a need to advocate for an increased budget allocated to child-focused interventions, particularly with a focus on nutrition support for malnourished children, early childhood development, and other forms of child protection.

- **High budget execution at central and local levels:** The budget execution rate under the social protection sector for both central and local levels was nearing 100 per cent in recent years. This is an indication of strong planning and budget execution capacities at all levels.

- **External financing of the social sector shows a fluctuating trend in recent years, creating a risk of predictability and reliability:** e.g., the share of external finance increased from 24.6 per cent in 2013/14 to 26.0 per cent in 2014/15, while it dropped to 12.1 per cent in 2015/16, but there was an increase of 19.4 per cent in 2016/17.
1. Introduction

1.1 Understanding the social protection sector in Rwanda

The Social Protection Sector Strategy explains that it comprises the system of regular and predictable cash transfers that provide income support to those living in poverty, as well as to those who are vulnerable, in order to prevent them from falling into poverty, by enabling poor households to overcome the financial barriers they may face. The mission of the sector is to ensure that ‘all poor and vulnerable people are guaranteed a minimum income and access to core public services, [...] that protect them from the crisis and shocks’. Nationally, the social protection sector is coordinated by the Ministry of Local Government (MINALOC), with support from various ministries and agencies.

Like in other countries’ social protection systems, the Rwandan system is mainly characterized by contributory and non-contributory schemes.

This budget brief focuses mainly on government budget allocated principally for non-contributory scheme. It comprises two major categories: the first constitutes the core programmes, which include the Vision 2020 Umurenge Programme (VUP), the Direct Support programme and the Public Works programme, the Genocide Survivors Support and Assistance (FARG), and the assistance to demobilization and reintegration of former armed personnel (RDRC). The second category constitutes complementary social protection programmes or cash plus initiatives, including:

- VUP financial services
- Ubudehe programme
- Income-generating and other activities
- Old age, disability and survivors’ pensions
- Mutuelle de Santé
- Free basic education**
- Support to orphans and other vulnerable children
- Girinka, the One Cow Per Poor Family Scheme
- Fertilizer subsidies and seeds
- Districts preparedness to social protection intervention
- Support to people with disabilities
- Saving and Credit Cooperatives (SACCOs)

In addition, to the complementary programmes, the Government of Rwanda has initiated a series of programmes supporting the nutritional status of children, including one litre of milk per child for acutely malnourished children, One Cup of Milk Per Child programme implemented in primary schools, and a recently launched initiative to distribute supplementary food to children in the poorest households. The programmes are implemented by different agencies – notably, the Rwanda Agriculture Board (RAB), Local Administration Development Agency (LODA), Rwanda Education Board (RAB) and Ministry of Education (MINEDUC).
Table 1 summarizes the list and role of government agencies contributing to social protection in Rwanda.

### Table 1: Overview of the social protection programme

<table>
<thead>
<tr>
<th>Institutions</th>
<th>Interventions</th>
</tr>
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<tbody>
<tr>
<td>Ministry of Local Government (MINALOC)</td>
<td>Funding to districts to ensure they can provide a broad range of services to vulnerable groups</td>
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<tr>
<td>Local Administrative Entities Development (LODA)</td>
<td>The Vision 2020 Umurenge Programme (VUP):</td>
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<tr>
<td></td>
<td>• VUP Direct Support Grant</td>
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<td></td>
<td>• VUP Public Works</td>
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<tr>
<td></td>
<td>• Ubudehe</td>
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<tr>
<td>Ministry of Education (MINEDUC)</td>
<td>• Free primary and post primary education (9YBE and 12YBE)</td>
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<td></td>
<td>• School feeding</td>
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<tr>
<td>Genocide Survivors Support and Assistance Fund (FARG)</td>
<td>• Education assistance</td>
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<tr>
<td></td>
<td>• Health assistance</td>
</tr>
<tr>
<td></td>
<td>• Financial assistance</td>
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<tr>
<td></td>
<td>• Shelter assistance</td>
</tr>
<tr>
<td>Rwanda Demobilization and Reintegration Commission (RDRC)</td>
<td>• Demobilization</td>
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<td></td>
<td>• Reintegration</td>
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<tr>
<td></td>
<td>• Reinsertion</td>
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<tr>
<td>National Council of Persons with Disabilities (NCPD)</td>
<td>• Mainstreaming and advocacy of persons with disabilities</td>
</tr>
<tr>
<td>Ministry of Health</td>
<td>• Nutrition</td>
</tr>
<tr>
<td>Rwanda Agricultural Board (RAB)</td>
<td>• Nutrition and Household vulnerability</td>
</tr>
<tr>
<td></td>
<td>• One Cow per Poor Family (Girinka)</td>
</tr>
<tr>
<td>Ministry of Gender and Family Promotion (MIGEPROF)</td>
<td>• Child Rights Protection and Promotion</td>
</tr>
<tr>
<td></td>
<td>• Women Empowerment</td>
</tr>
<tr>
<td>Ministry of Disaster Management and Refugees (MIDIMAR)</td>
<td>• Returnees and refugees management</td>
</tr>
<tr>
<td></td>
<td>• Disaster management</td>
</tr>
<tr>
<td>Rwanda Social Security Board (RSSB)</td>
<td>• Retirement support, pension</td>
</tr>
<tr>
<td>Districts</td>
<td>• Family protection and women empowerment</td>
</tr>
<tr>
<td></td>
<td>• Vulnerable groups support</td>
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<tr>
<td></td>
<td>• Genocide survivor support</td>
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<td></td>
<td>• People with disability support</td>
</tr>
</tbody>
</table>

Source: Authors’ summary

### 1.2 Key strategic documents and targets

Table 2: Strategic documents and key social protection sectors

<table>
<thead>
<tr>
<th>Strategic document</th>
<th>National target and sector outcome</th>
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</thead>
</table>
| Rwanda Vision 2020                                      | • Population under the poverty line reduced from 44.9 per cent in 2012 to 20 per cent in 2020  
|                                                         | • Extreme poverty eliminated by 2020                                                                                                                                    |
| EDPRS II: 2013–2018                                     | • Social protection programmes to double, from 5 per cent to 10 per cent of the population by 2018  
|                                                         | • Population below the poverty line living in extreme poverty from 24 per cent in 2012 to 9 per cent in 2018                                                        |
| National Social Protection Strategy: 2013–2018          | • Increased coverage of the extreme poor and vulnerable from 497,000 households to 1,096,000 households;  
|                                                         | • Child poverty and vulnerability in the poorest households addressed by establishing improved targeting framework;  
|                                                         | • Social protection system has sustainable impact on extreme poverty;  
|                                                         | • More effective, efficient and harmonized social protection sector;  
|                                                         | • Better measurement and visibility of social protection results and impact; and  
|                                                         | • Improved sector response to climate-related risks.                                                                                                                      |
1.3 Achievements under social protection

1.3.1 Poverty and graduation

The trend analysis of poverty conducted by the National Institute of Statistics between 2000/01 to 2013/14 revealed that:

- Poverty rate in 2013/14 fell from 58.9 per cent in 2000/01 to 39.1 per cent in 2013/14.
- Extreme poverty fell from 40 per cent in 2000/01 to 16.3 per cent in 2013/14.
- 46 per cent of the population avoided poverty between 2010/11 and 2013/14 both years (Figure 1).

It is important to note, however, that social protection interventions are not the only factors contributing to the reduction of poverty, as economic development has also been taking place over the past decade.

1.3.2 Social protection coverage

1.3.2.1 Coverage of core social protection programme

The core social protection programmes consist of VUP Direct Support, VUP Public Works, Assistance to Vulnerable Genocide Survivors (FARG) and Demobilization and Reintegration (RDRC). The administrative data indicate that the eligible population covered by core social protection reached 55.1 per cent in 2014/15, up from 49.7 per cent in 2013/14. However, in 2015/16 the coverage of core social protection programmes has slightly declined, as it was estimated at 47.4 per cent.

1.3.2.2 Coverage of key selected complementary programmes: Health insurance and Girinka

Mutual health insurance – the solidarity scheme for health cost sharing - has maintained a high level of the population’s subscription, ranging between 73 per cent and 90 per cent (Figure 3). Also, EICV 4 (2013/14) revealed that 83.5 per cent of households that benefited from VUP direct support were holding mutual health insurance.
2. Trends in government spending for the social protection sector

2.1 Size of government spending under the social protection sector

Government spending under the social protection sector has realized an increase in nominal terms from 71.1 billion RWF in 2013/14 to 94.3 billion RWF in 2017/18, an increase of 32.6 per cent. The share of the social protection sector budget to the total national budget shows slight fluctuation over the past five years, and has hovered around 4 per cent from 2013/14 to 2016/17 (Figure 4). This shows a strong commitment by the Government of Rwanda to strengthen the social sector and social inclusiveness.

Despite a nominal increase in the budget allocated to the social protection sector, the ratio of social protection expenditure to gross domestic product (GDP) shows a declining trend from 1.5 per cent in 2013/14 to 1.2 percent in 2016/17 (Figure 5). This is a result of a high GDP growth that Rwanda realized in recent years.

Figure 4: Social protection sector budget and per cent share of national budget

![Total social protection budget](chart1.png)

Source: State finance data analysed

Figure 5: Percentage share of the social protection budget to GDP

Source: State finance data analysed

To foster social inclusiveness, the Government of Rwanda should also take into consideration both GDP growth and inflation levels, while deciding on an increase in the budget for social protection as well as other social sectors.
2.2 Changes in the social protection sector budget

2.2.1 Original vs. revised budget law

Every mid-year of fiscal execution, the Government of Rwanda revises the budget law to respond and adjust to emerging priorities. With the exception of 2015/16, which registered a downward budget revision, the social protection sector budget in other years realized upward revisions (Figure 6). The recent increase can be explained by an increased effort in fighting malnutrition and strengthening social protection programmes such as the introduction of expanded public works (EPWs) and direct cash transfers.

Figure 6. Budget changes: Original vs. revised law

![Figure 6: Original vs. revised budget changes](source: State finance laws)

2.2.2 Changes in the social protection sector budget adjusted by inflation

When looking at the budget based on changing price levels and real, inflation-adjusted figures, the social protection budget was not affected by inflation due to the fact that the inflation rate is relatively low in Rwanda, coupled with a continued nominal increase in the social protection budget (Figure 7).

Figure 7. Nominal and real budget changes

![Figure 7: Nominal and real budget changes](source: State finance data analysed)
3. Composition of social protection sector spending

3.1 Budget allocation by social protection ministries

Five key ministries are responsible for social protection programmes: (i) MINALOC leads the sector and is allocated more than a third of the social protection budget mainly used under VUP, FARF, RDRC, NCPD and social protection interventions; (ii) MINISANTE is another major ministry with an increasing budget for social protection from 6.7 billion RWF in 2013/14 to 16.6 billion RWF, mainly used to cover the subscription cost of mutual health insurance (CHBI) for poor and vulnerable households; and (iii) other ministries – namely, MINAGRI, MIGEPROF and MIDIMAR – have been allocated relatively small amounts mainly for nutrition, child rights promotion and women’s empowerment, as well as disaster recovery interventions (Figure 8).

Figure 8: Social protection budget allocation by key

Source: State finance laws
3.2 Budget allocation in selected social protection programmes

In recent years, significant shares of social protection budgets have been allocated to local development initiatives which include VUP-Public Works, Ubudehe and nutrition support (One Cup of Milk per Child, one litre of milk and distribution of fortified blended food (FBF) to severely malnourished children from the poorest households) programme. Assistance to vulnerable genocide survivors under FARG and health service subsidization have been allocated a considerable share of the social protection budget over the past three years. The annual budget allocated to the aforementioned programmes ranges between 15 billion RWF and 20 billion RWF over each of the past three years. Due to its specificity, the budget allocated to demobilization and reintegration of armed personnel was relatively constant, with about 5 billion RWF allocated annually (Figure 9).

Figure 9: Budget allocation in selected social protections programmes

<table>
<thead>
<tr>
<th>Programme</th>
<th>2017/18</th>
<th>2016/17</th>
<th>2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support to genocide survivors (FARG)</td>
<td>17.5</td>
<td>18.7</td>
<td>18.0</td>
</tr>
<tr>
<td>Health service subsidisation</td>
<td>5.6</td>
<td>20.3</td>
<td></td>
</tr>
<tr>
<td>Local development initiatives (VUP, Ubudehe, nutrition etc.)</td>
<td>35.9</td>
<td>36.5</td>
<td>46.2</td>
</tr>
<tr>
<td>Demobilisation and reintegration (NCDR)</td>
<td>5.1</td>
<td>5.7</td>
<td>4.7</td>
</tr>
<tr>
<td>Nutrition and household vulnerability (MINAGRI and MINISANTE)</td>
<td>3.8</td>
<td>4.6</td>
<td>3.6</td>
</tr>
<tr>
<td>Child rights protection and promotion</td>
<td>2.8</td>
<td>2.3</td>
<td>2.8</td>
</tr>
<tr>
<td>Disaster management</td>
<td>2</td>
<td>2</td>
<td>1.5</td>
</tr>
<tr>
<td>Women empowerment</td>
<td>0.2</td>
<td>0.3</td>
<td>0.4</td>
</tr>
<tr>
<td>Person with disability (NCPDW)</td>
<td>0.4</td>
<td>0.3</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Source: DBE 2017 and General Household Survey 2015 and 2016

While the budget allocated to some social protection interventions has increased, there is a limited budget allocated to nutrition development-related interventions, child right’s protection and promotion, and women’s economic empowerment, as well as support to people with disability. There is a need for the Government of Rwanda to increase the budget allocated to these initiatives, particularly by targeting poor households in rural areas where the high risk of vulnerability is evident.
3.3 Complementary initiatives supporting child-sensitive social protection

While the budget for the social protection sector has increased over the past three years, government investment in child-focused social protection initiatives has realized a slightly decreasing trend, from 12.3 per cent of the total social protection budget in 2015/16 to 9.2 per cent in 2017/18. The nominal budget also declined from 9.3 billion RWF in 2015/16 to 8.7 billion RWF in 2017/18 (Figure 10).

There is a need for the Government of Rwanda to increase coverage of nutrition support for malnourished children across all public pre-primary and primary schools and out-of-school children.

The budget allocated for child protection initiatives remains limited, and thus there is a need for an increased budget for interventions aimed at ensuring child protection focusing on adolescents, preventing teenage pregnancy and supporting street children, as well as interventions targeting human trafficking.

3.4 Social protection sector budget by recurrent and development classification

The social protection budget is mainly dominated by recurrent spending in nature, and the share of the development budget has fluctuated. The share of the development budget increased from 44.3 per cent in 2013/14 to 55.6 per cent in 2015/16, but it declined in recent years; in 2017/18 budget, the development budget stands at 40.9 per cent (Figure 11).
4. Social protection sector budget execution

Both central and local government realize the high rate of budget execution in the social protection sector, nearing 100 per cent in recent years (Figure 12). The strong budget execution rate is a result of increased capacity in planning, budgeting, and monitoring social protection programmes and interventions.

As a result of an increasing budget allocated to the agencies delivering social protection, the social protection budget allocated at district level has increased from 31 billion RWF in 2013/14 to 34.4 billion RWF in 2017/18. However, the per cent share of the social protection budget allocated to districts as a proportion of the total social protection budget shows a decreasing trend, as it decreased from 42.4 per cent in 2013/14 to 31.9 per cent in 2017/18 (Figure 13).

To enhance decentralization and ensure the improved targeting framework of social protection services, improving budget decentralization is recommended as an efficient option.

5. Decentralization and social protection sector spending

As a result of an increasing budget allocated to the agencies delivering social protection, the social protection budget allocated at district level has increased from 31 billion RWF in 2013/14 to 34.4 billion RWF in 2017/18. However, the per cent share of the social protection budget allocated to districts as a proportion of the total social protection budget shows a decreasing trend, as it decreased from 42.4 per cent in 2013/14 to 31.9 per cent in 2017/18 (Figure 13).
6. Financing the social protection sector

The external financing of social protection has realized a fluctuation over the past five years. For example, the share of external finance increased from 24.6 per cent of the total budget in 2013/14 to 26.0 per cent in 2014/15, and dropped to 12.1 per cent in 2015/16. The share of external financing to social protection increased from 19.4 per cent in 2016/17 to 19.7 per cent in 2017/18, respectively (Figure 14).

To deal with unpredictable changes in foreign aid flows coupled with an increasing generosity of the social services among the population, the Government of Rwanda will have to design a sustainable financing framework of social protection services to ensure proper targeting, and graduation from social safety nets.

Figure 14: Source of financing in social protection sector

Source: State finance data analysed
7. Key policy issues

- **Coverage of social protection service remains low while generosity (demand) of social safety nets continues to rise**: The Government of Rwanda is targeting the eradication of extreme poverty by 2020, only three years away, and given the pace of poverty reduction for the past decade, it will require various, innovative mechanisms as well as increased public funding allocated to social protection programmes to accelerate poverty graduation. In addition, as national income increases and the poverty thresholds move upward, this creates an increased demand for social safety nets among the lowest income households.

- **Complex coordination of institutional framework delivering social protection programmes**: There are various institutions providing social protection services. This results in difficulties in monitoring the efficiencies and aggregating the impact of scattered interventions. Harmonization of the social protection programmes and ensuring coordination under one public entity (a national board) to serve as an entry gate is recommended to gain improved efficiency and better reporting.

- **Costly targeting framework and monitoring graduation from social safety as well lack of case management approach**: Various social protection programmes, together with lack of a coordinated targeting framework and lack of case management, compromise monitoring of the poverty graduation processes. Efforts to improve the targeting mechanism through case management as well as proper monitoring of households’ graduation from poverty are recommended.

- **Financial sustainability and fiscal space for social protection interventions**: Increasing poverty threshold measures as national income increases and fluctuating foreign aid to the social protection sector create demand for public financing for social protection. Thus, the Government of Rwanda will have to identify alternative but sustainable sources of financing for social protection programmes.
Endnotes


3 The coverage was measured by taking the total beneficiaries divided by total eligible population under category one of Ubudehe; see <www.minaloc.gov.rw/index.php?id=469&tx_ttnews%5Btt_news%5D=461>.


5 Contemporary Ubudehe is a Government of Rwanda poverty reduction initiative which provides communities with the skills and support necessary to engage in problem-solving and decision-making for their development.