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**VISION 2020 UMURENGE PROGRAMME (VUP)**

**Direct Support Operational Framework and  
Procedure Manual**

**Revised Version**

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# DIRECT SUPPORT OPERATIONAL FRAMEWORK AND PROCEDURE MANUAL

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## I. BACKGROUND

### 1.1 The Challenge

Despite significant efforts to eradicate poverty over the last decade, Rwanda remains classified as one of Africa's poorest countries. Poverty prevails, although at a decreasing rate. Per capita income was estimated at \$US 281 in 2006, 56.9% of the Rwandan population were classified poor in the same year, while 36.9% were surviving in conditions of extreme poverty.<sup>1</sup> Multiple factors contribute to this situation, including low agricultural productivity, leading to poor yields for major crops, population pressure on arable land, poor agricultural marketing in rural areas, rural unemployment and underemployment, lack of savings and investment in rural households and weak environmental conservation practices.

These factors are compounded by the enormous social challenges stemming from Rwanda's turbulent history and the 1994 genocide. The genocide swelled the ranks of vulnerable groups and created new ones, such as households headed by children; widows or women whose husbands are in prison; recently freed prisoners; unskilled and unemployed youth; landless farmers; elderly people taking care of their surviving relatives who are minors; and people with disabilities. The four decades leading up to the genocide saw much of Rwanda's socio-cultural capital destroyed, mistrust between communities took hold and individual or collective potential including entrepreneurship had very limited space in which to express itself and grow.

Consequently improving efficiency in poverty reduction including support for the extremely vulnerable, maximizing the utility of Rwanda's 26,000 square kilometres and lowering the population growth rate from the current 3.3% (average of 6.1 children per family) are pivotal challenges for Rwanda.

### 1.2 VUP Overview

The Vision 2020 Umurenge Programme is one of three flagship programmes of the National Economic Development and Poverty Reduction Strategy (2008-2012) aimed at tackling these challenges. The aim of the programme is to eradicate extreme poverty by 2020. An interim target of the programme is to lower extreme poverty from 36.9% (2006) to 24% by 2012.

The Vision 2020 Umurenge Programme (VUP) uses the existing decentralisation system and leverages technical and financial assistance to accelerate the rate of poverty reduction in Rwanda. It builds on past experiences which show that "isolated" interventions by sector ministries, donors or NGOs are not sufficient to lift people out of poverty in a cost-effective and sustainable fashion. The other extreme of "integrated" development has also shown its limits in many circumstances. One of the limitations of both isolated and integrated approaches has been the failure to address two of the most important insights of economics (i) "resources are scarce" and (ii) "people respond to incentives"

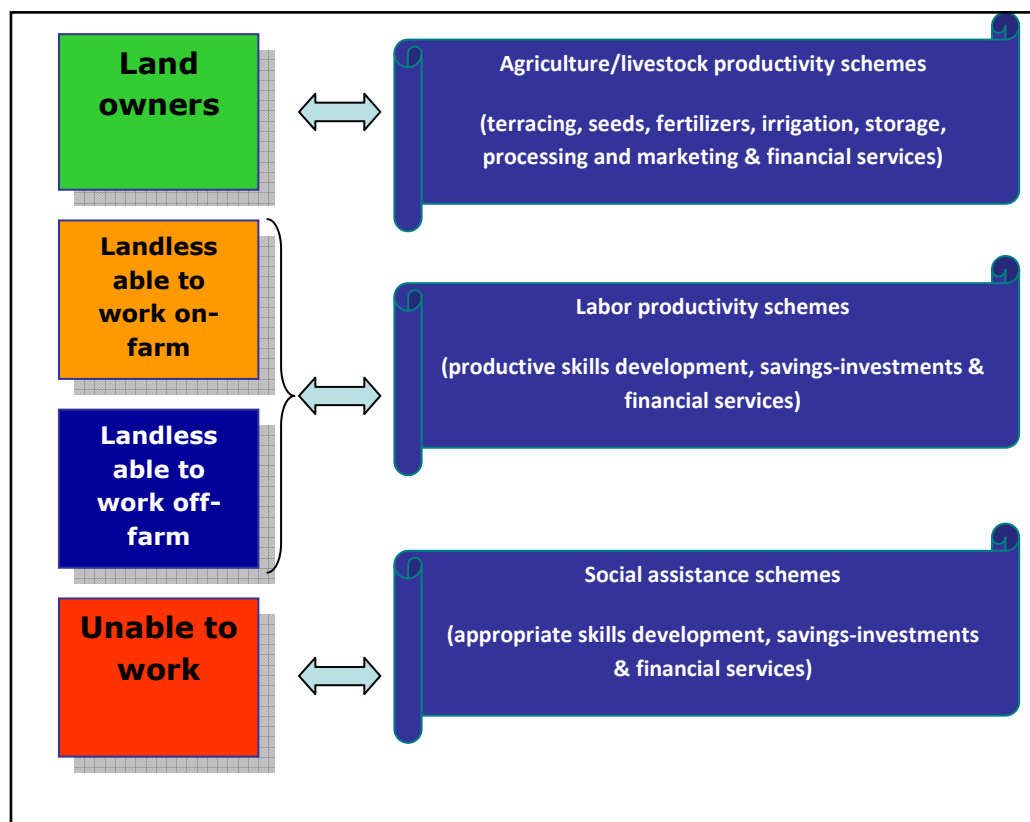
In order to capture these insights, the VUP balances central guidelines for socio-economic transformation (i.e. economic growth, job creation and extreme poverty eradication) with local participatory mechanisms. This intends to make the best possible use of scarce resources while, at the same time, ensuring adequate local incentives for sustainable progress.

The VUP is organised around three core components. The first component revives public works planned using community based participatory approaches (e.g. ubudehe) to build community assets and create off-farm employment infrastructure. The second component innovates with credit packages to tackle extreme poverty as well as to foster entrepreneurship and off-farm employment opportunities; these packages are designed to make best possible use of scarce public resources, involve the private financial sector, and provide people with incentives to improve their own productive capacities. The third component includes direct support to improve access to social services or to provide for landless households with no members qualifying for public works or credit packages, such unconditional support seeks to expand health and education coverage as well as to encourage the development of "appropriate" skills handicraft or social service activities. This component will also include social assistance for extremely vulnerable people.

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<sup>1</sup> Government of Rwanda (2007) Economic Development and Poverty Reduction Strategy.

The VUP targets four main groups of poor people with priority interventions as illustrated in the diagram below.



These three core components are planned to catalyse and complement twelve developmental outcomes in each sector as follows:

1. Land productivity
2. Financial service coverage
3. Off-farm jobs
4. Ecosystem rehabilitation
5. Access to training centres
6. Formal market transactions
7. Clustered village settlements
8. Access to drinking water
9. Access to schools
10. Access to health services
11. Provision of social services
12. Developing community spirit

The programme will be piloted in the poorest Umurenge in each of the 30 districts from 2008 to 2009. Subsequently the programme would be scaled up throughout the country.

## II. VUP IMPLEMENTATION ARRANGEMENTS

### 2.1 Organisational Framework

The programme is co-ordinated by the Ministry of Local Government, Good Governance, Community Development and Social Affairs (MINALOC) and guided by an inter-ministerial steering committee comprising the Ministry of Finance and Economic Planning (MINECOFIN), Ministry of Agriculture and

Animal Resources (MINAGRI), Ministry of Commerce, Industry, Investment Promotion, Tourism and Cooperatives (MINICOM), Ministry of Infrastructure and Energy (MININFRA) and Ministry of Land, Environment, Forestry, Water and Mines (MININTERE)

Districts will play an important oversight and supervisory role, supporting budget and expenditure management of VUP funds channelled through the CDF and providing technical support as required by the sectors to effectively define and implement their specific VUP plans. They will have primary responsibility for financial management including procurement and payments of the programme.

Sectors are the focal point for all the VUP interventions and will be responsible for identifying priority projects for public works and for overseeing the identification of beneficiaries for all the three components (direct assistance, public works and financial services) primarily through the ubudehe process. They will manage the day to day activities of the programme in close liaison with districts and the umudugudu communities.

Implementation of the pilot phase will be supported by a VUP team based at MINALOC and comprising 6 national officers and 3 international specialists.

The core VUP management team is located within CDF and includes six (6) permanent local staff will be supported by three (3) international specialist staff, all contracted on a competitive basis. The management team has individuals responsible for core activities, and is made up of:

- National Coordinator – Team leader;
- Community mobilization specialist;
- Finance and fiduciary management specialist;
- Program and resource mobilization specialist,
- Monitoring and evaluation specialist,
- Support Staff

Each of the pilot sectors is reinforced with three posts on contract terms; a VUP programme manager, a finance officer and a statistician, and their will be further intermittent input from technicians and specialists in various fields to ensure that the lessons are well captured and that the model for scale up is effective and sustainable. It is anticipated that the scaling up phase will include embedding the programme fully into government structures and systems, including the permanent establishment of the three staff posts and any further reinforcement required at the sector level.

## **2.2 Operational framework**

The remainder of this manual covers the operational framework for Direct Support component. These should be treated as work in progress to be refined as the pilot is rolled out.

### **III. INTRODUCTION ON DIRECT SUPPORT COMPONENT**

This manual sets out the policy framework for the design and development of a cash based poverty program (Direct Support) and a working manual designed as guidance on how to administer the program. This manual addresses the policy objectives, the intended beneficiaries, the roles and responsibilities of the various levels of administration and a set of administrative instructions intended to cover the implementation of the program.

This manual is therefore designed to answer two questions:

- What is the policy intention of a cash based poverty program, who is it intended to reach, and what is it intended to achieve?

- How to implement the direct support program, including identification of the poor, deciding the level of support, administrative arrangements for decisions and payments and other related administrative issues?

This manual is intended to be used by all levels of administration, from policy makers to implementation staff at the Umudugudu level.

Part I sets out the background to the Direct Support program and the objectives of the program. This is intended to be used primarily by National level government to set out the intention, monitor the outcome, to revise the policy over time, and as a general background to the program and its intentions, but will also be of interest to all levels of administration.

Part II is a more practical set of guidance and instructions to the administrators at all levels on how the policy is intended to be implemented. This second part should certainly be translated into Kinyarwanda and be available to every Umudugudu committee, and every individual involved in the administration of Direct Support as a working aide-memoire.

## **Part I: Direct Support Rationale**

### **IV. RATIONALE FOR DIRECT SUPPORT**

Within the group of extreme poor there are households and individuals who have no land with which to support themselves and who do not have the ability to partake in either private labour or public works. The provision of additional work either through economic growth or through the provision of public works will not assist this group directly. This group may still have the capacity to partake in some form of activity that would improve their living conditions if not fully support themselves, but they require assistance to (a) meet their survival and livelihood protection needs in the short term and (b) develop whatever skills they have for the longer term.

VUP is a programme focused on moving people out of extreme poverty. However to move out of poverty in a sustainable way, the poor must find ways to convert their assets and talents (e.g. skills and productive labour, financial capital, land, nutrition, health) into income, and to release their productive capacity. The group of people without land and without the capacity to work have potentially very few assets and productive skills and will be, understandably, much more cautious and take fewer risks than other extremely poor people.

Cash transfers constitute an effective mechanism for providing resources to poor households if essential goods are available on the market but the poor do not have enough money to purchase them. If the amount of the transfer is enough to cover expenditure deficits and is predictable, a cash transfer can also provide a solid base to reduce poverty by encouraging households to develop their skills and take risks and adopt other livelihood support activities.

Poor and extremely poor households require an integrated approach that combines activities in a way that addresses their needs. The direct support cash transfer is based on the rationale that many of the poorest can be helped to help themselves meet survival and livelihood protection needs and some will have the potential to eventually graduate out of poverty if given the right support (an appropriate mix of interventions properly sequenced) and the will and capacity to succeed.

The VUP 2020 Direct Support income transfer aims to combine an unconditional cash transfer with a core complimentary package of training, sensitisation and savings to produce an integrated response. Households will also possibly have access to modest amounts of credit, provided they qualify and it is available. In this way, the productive potential of the poor can potentially be unleashed.

There are community economic benefits that occur when the poorest become less dependant and start to become productive. At the most basic level, they become less of a burden on the community

and others who are currently supporting them. Providing cash transfers will inject increased liquidity into the local economy. The majority of the cash will typically go towards purchasing food; this in turn will help local agricultural producers as demand will be stimulated in their own communities.

Direct support therefore is intended to provide a measure of support to the extreme poor without land and without the ability to partake in public works. Training, guidance, and access to credit will form part of the package for those households who could benefit from them and who could graduate from the program. However it is recognised that this group represents the most vulnerable in society and there will be some households within the group who will never be able to graduate and for whom longer term support will be required.

## V. OBJECTIVES OF DIRECT SUPPORT

### **The objective of Direct Support as set out in the Vision 2020 program is:**

To target from the extreme poor at village level those households who are landless and have no members qualifying for the public works program. To offer a level of direct support in either cash or – exceptionally - in kind, to improve the short term living conditions. An additional objective is to provide to those households receiving direct support the possibility, where feasible, of developing ‘appropriate’ skills, or encourage handicraft work or social service activities.

The Direct Support income transfer package therefore has both *Protective* and *Productive* objectives for the group of households that fall into the category of extreme poverty, have no land, and no capacity to partake in manual labour.

#### ***Protective:***

- To fill expenditure deficits.
- To stop households from falling below agreed survival levels.
- To stop the selling of productive assets (which otherwise undermines development efforts).
- To build a buffer to help households manage shocks.

#### ***Productive:***

- To reduce risk and encourage risk taking by making transfer predictable. If the client knows how much is coming and when, they can take the risk of adapting new approaches such as credit knowing that their basic needs will be met.
- To provide a financial and training base upon which to build resilience and sustainable livelihoods for those with the will and capabilities.
- To develop an entrepreneurial culture by bringing poor households into the market economy.
- To build social cohesion by giving marginalized poor people a meaningful productive role.

It is essential that the direct support program is an integrated part of the VUP program, and is also viewed by communities as one social protection response amongst several. Standing alone direct support could become a poverty benefit which, while providing a useful level of financial support to a very vulnerable section of the extreme poor, is potentially unaffordable and unsustainable, and could undermine the policy intention of helping almost all households to become self supporting. However, properly integrated with the other components of VUP, direct support will provide short term financial protection for those households who could benefit from training, guidance and credit, and longer term protection for those who are unlikely to ever become self supporting. The longer term element was not envisaged in the original VUP objective, but it is now recognised that some households will never graduate and will continue to require a level of direct financial support.

At the same time, one outcome of successful VUP implementation will be the integration of VUP and other social protection interventions, allowing communities to select from a number of protective options through the Umurenge Joint Action and Development Fora.

Therefore whilst VUP's Direct Support has the two objectives of protection and production, not all households will be able to benefit from both objectives. Some households, because of their circumstances, will always just require protection. This requires that the design of direct support takes account of elements of incentives to graduate where possible, and disincentives to becoming long term recipients of direct support.

## **VI. THE POLICY INTENTION**

*To provide a better understanding of how the policy objectives will be met through the introduction of direct support, a number of policy questions have to be answered before an administration to deliver direct support can be designed.*

The main questions are:

- What is the intended policy outcome of providing direct support?
- Who is intended to benefit from direct support?
- How much will they receive?
- What support in addition to a cash transfer will they receive?
- For how long will they receive the support?
- Will the support be in cash or in kind?
- What will direct support cost and how will it be sustained?

### ***What is the intended policy outcome of direct support?***

Until now households in Rwanda who fall into the category of extremely poor has relied on the assistance of other household and village members and the provision of external food and other aid for their survival. The assistance which has been provided is very helpful; however it is ad-hoc and there is no guarantee that it fully covers the survival needs of these households. What is required is a more strategic approach to assisting this group of households that is reliable and sufficient to allow them to focus on possible options for helping themselves rather than constantly relying on external support. Direct support is an attempt to provide a regular level of income to raise these households out of extreme poverty and to give them the opportunity to explore possibilities for becoming self sufficient in the longer term.

Through the provision of training, voluntary savings and possibly modest amounts of credit, if households qualify, it is expected that some of these households will graduate from the programme and become either participants in public works or fully or partially self sufficient. The long term intention of the whole VUP program is to lower the number of households in extreme poverty to 24% by 2012. It is expected that direct support will contribute to that by raising a proportion of households out of extreme poverty.

### ***Who is intended to benefit from direct support?***

The definition is those households who are extremely poor (according to the Ubudehe system), have no land ( or less than 0.25 hectares of land) and no adult (at least 18 years old) able to undertake manual labour, either public or private. Households will be identified using the Ubudehe process, subject to general public scrutiny at Umudugudu level and supported by Ubudehe level staff. This process is well established and well understood. It is monitored and supported by a parallel committee that reviews its activities and has the power to intervene in decisions. The process is made more transparent by giving public access to the meetings and by the publication of the results.



The household, as defined in the National Population Census (see Annex 1) will be treated as the unit for direct support. There is no definition of the typical household who will be considered for direct support. However, it is believed that households who are considered suitable will include the disabled with no able-bodied members or very elderly with or without children. In most of these cases it is assumed that the household structure and therefore the household capacity will be unlikely to change. However in addition it is assumed that there will be some households whose circumstances will change and they will either graduate completely or move onto one of the other VUP programmes such as public works. These will most likely be households where the head has been sick or disabled for some time but becomes fit for at least limited work or households headed by children, where the elder child will attain age 18 and move to the public works programme. Some households will be headed by a single parent who will also move to the public works program when they regain their ability to work.

Therefore within the definition of which households will be considered for direct support there will be three broad household types that are expected to achieve different outcomes:

- Households who have the capacity to benefit from training and/or credit and can graduate.
- Households not able to graduate, but able to move into the public works category.
- Households who will never graduate or move into the public works category and require longer term assistance.

Getting the direct support eligibility criteria correct and administered uniformly across Ubudehe committees is critical to (a) reduce errors of inclusion and exclusion, (b) provide the right interventions for the right household and maximise the opportunities to graduate and (c) keep within any budget constraints.

### ***How much will they receive?***

Direct support is a level of cash transfer intended to provide assistance to households who otherwise cannot support themselves. It is not a replacement wage and for incentive reasons should not be seen as such. There should therefore be no direct link to either minimum wage or level of public works payments, although in setting the level regard should be had to both to avoid disincentives.

The level of direct support for a household has to be set to achieve three, sometimes conflicting, objectives. First it has to have regard to some form of minimum protection, a poverty line, however set, and this will vary depending on the size of the household. Second it has to be set at a level that retains an incentive to move off the support and become self supporting. Third it has to be affordable and sustainable.

Setting the household level of direct support in most countries is a trade off between the level required to take people out of poverty (raising everyone to some level of poverty line) and the budget available. Most countries are unable to provide a budget for direct support that would raise all the poor or even the extreme poor out of poverty. In Rwanda attempting to raise everyone out of even extreme poverty is beyond the available budget and therefore direct support levels have to be set at what are realistic levels.

With a fixed budget there is a choice between setting the household benefit at a level that would ensure that all eligible extremely poor households could receive some cash benefit, or setting the rate at a level that would take some households completely out of extreme poverty but leave other similar households without any assistance remaining in extreme poverty. In addition the whole thrust of Vision 2020 is that people should be helped to be self supporting and therefore the level has to be set to provide an incentive to help oneself and not to provide an acceptable level of income that a household may settle into for life.

In setting the level of direct support for an individual household the intention is to follow some basic policy best practices:

- Direct support levels will be based on households or household groups, but not individuals, unless it is an individual living alone.
- The household's direct support level will be based on the size and the composition of the household, and take account of economies of scale in larger households.
- A maximum benefit for the household will be set either as a fixed maximum or by restricting the number of dependants taken into the calculation.

Following these best practice guidelines, the transfer will be introduced with the following levels:

- |   |                            |
|---|----------------------------|
| • Head of Household                           | 250 RwF                    |
| • Second household member                     | 150 RwF or 60% of HoH rate |
| • Each other member of the household (max. 3) | 100 RwF or 40% of HoH rate |

The maximum household benefit is currently set at 700 RwF per day. Per month, the payment is the Household daily amount x 30 days per month. The transfer amounts will be reviewed every six months.

Setting the level is critical to ensuring that the beneficiary can meet the minimum survival threshold (the poverty line) for all members of the household, while retaining an incentive and no disincentive to take on activities that will lead to graduation.

There is an assumption that households who satisfy the basic conditions for direct support will not be receiving any other cash income transfers. However to avoid the possibility of duplicate payments of direct support in addition to any other transfers a household may receive, the level of benefit calculated for the household might be reduced by the value of any other known transfers received. The reduction should only be considered when offsetting 'like with like'. For example, if the support from the other support is meant as a survival cash transfer then offset should be considered. But if it is a payment in respect of a specific characteristic of the household, e.g. a payment in recognition of particular costs associated with a disability, then the transfer reduction may not be appropriate (and might indeed be a barrier to graduation). Any reduction will be determined at the Umurenge level by VUP staff in consultation with the Joint Action Development Forum.

Transfers will be monthly, at the beginning of the month. The payment schedule will be regular and predictable and communicated clearly to the clients in advance to encourage household planning and risk taking. The beneficiary list including amounts paid will be publically posted for all to see to encourage accountability, transparency, and to aid in household level planning.

### ***What support in addition to a cash transfer will households receive?***

Direct support income transfers are best at addressing the protection objective, not the productive objective, and it is unlikely that there would ever be sufficient budget to eradicate even extreme poverty through continued direct support alone. The transfer is a predictable base onto which other interventions must be added. The direct support income transfer will be combined with a core package of sensitisation, training and savings. The aim is to address the barriers that prevent the poor from accessing credit and other services, and the barriers to entering the market economy.

The first step in the process is to sensitise the clients and educate them on the goals of the VUP. It will build on the ongoing sensitisation efforts of HIMO and other programmes to educate the recipients on the options that may be available to them and to create awareness about the potential they could have, the importance of trying new initiatives, and start to build self-confidence.

Recipients of direct support will be advised of the VUP programme, the goals and objectives, how the components work together, and the concepts of graduation. Graduation is a new concept and clients need to know their role and that this benefit may not be endless. The direct support package concept, the amount and duration of assistance, the expectations of graduation, and household obligations, will be explained to all direct support clients.

Recipients will also be advised of the importance of savings and the range of existing opportunities and potentials which they could access (the culture of savings and using money in general). For example, the benefits of joining in group savings and credit schemes, of utilizing cooperatives, of taking health insurance, will be explained.

For those considered suitable, a training programme will be implemented in conjunction with the credit component and is envisioned to be the entry level training course of an overall training programme under VUP. It is aimed at preparing the poorest to begin advancing up the staircase towards microfinance.

The function of preparatory microfinance is to provide a pathway towards microfinance for low-income and vulnerable individuals who because of their extreme poverty are not in a position to be entrepreneurial or able to benefit from microfinance loans. The approach consists of a 'staircase', leading from extreme deprivation and risk aversion to purposive involvement in the cash economy, of which ability to take advantage of microfinance loans is a component.

In common with the public works component of VUP a voluntary savings component will be built into the direct support package to ensure the culture of saving is introduced. This will be beneficial in terms of encouraging, where possible, use of some of the transfer on non-immediate expenditure needs, that households move to market integration by opening bank accounts (where practical) and provides a basis to engage with microfinance structures in future. Although savings will be voluntary, measures will be taken to incentive them, e.g. by linking savings to household Imihigo.

Each month the client will be encouraged to save a portion of their direct support, up to a maximum amount, for a fixed period. Savings will be held by the Bank making the direct support payments and after a fixed period the client will be encouraged to use the savings to finance a self supporting venture.

The provision of incentives to save are being considered, e.g. Imihigo or matching funds up to a maximum amount being given after a fixed period, say 6 months, in addition to the regular direct support. This will be dependent on future resource availability.

### ***For how long will they receive the support?***

As discussed above it is recognised that while the main thrust of the VUP program is to assist all the extremely poor to graduate out of poverty, there will remain a number of the most vulnerable who will never have the capacity to graduate. There will thus be two types of households on direct support - those who should be able to graduate and those who probably will not graduate.

The duration of direct support is therefore critical to the type of program that direct support is attempting to provide.

The basic policy intention is to provide a level of support to those households who cannot be helped by public works and/or credit, to provide financial support together with training for a limited period to enable the household to adjust and become self sufficient. All households in receipt of direct support will be offered additional assistance to help them graduate off the cash benefit, however for some the need for the direct support assistance could continue indefinitely.

It is proposed to tackle this in two ways. In the first instance direct support will be awarded for a period of six months. During that time recipients will be offered the additional training and possibly credit services to graduate. After six months the Ubudehe committee will review the list of recipients. Those who have graduated or are able to move onto public works will be removed; those who have the capacity to take advantage of training and sensitisation but who have not made any effort to do so may be removed from the list. Those who could not benefit from the services either because the services were not provided or they did not have the capacity to benefit will remain on the list for the next period. The same process will be followed every six months. Some households may never graduate or move into the public works category and will require long term assistance.

***Will the support be in cash or in kind?***

The intention is to have all payments in cash.

There may be exceptional occasions where a case can be made to the Ubudehe committee for 'grossing up' of support, in effect an advance of benefit payments, to support asset acquisition to be used as a platform for graduation. "Grossing up" will be at the discretion of the Ubudehe committee, and will, without exception, be communicated in advance to the VUP Programme Management Team. The direct support list will be used to identify recipients of that aid, and social maps at Umudugudu level will be consulted to sharpen targeting. The value of the aid must be equal to the value of the direct support the household would otherwise have received over a six-monthly period.

Payments in kind will not be used as an attempt to control the expenditure of particular households.

***What will direct support cost and how will it be sustained?***

At least initially in the pilot phase, there will be a fixed budget for all VUP programs and direct support will account for approximately 20% of the total available budget at a national level. At a sector level the budget percentage for direct support will vary, due to differing poverty levels and direct support client numbers.

The overall cost of direct support will depend on the number of households qualifying and the value of the benefit per household. If the budget is fixed and the qualifying conditions for direct support are clearly defined the variable factor will be the value per household. It is envisaged that the policy and administration will be designed to ensure that all extremely poor households identified will be offered assistance and there will be no rotation of direct support payments between households.

The distribution of budget to District will be determined using the CDF equalisation formula (using sector data where available since it is more specific). Allocation to Imirenge within Districts will be according to their relative needs expressed by the numbers in poverty, in particular the bottom two Ubudehe categories targeted by the VUP programme.

**VII. ROLES AND RESPONSIBILITIES OF ALL LEVELS OF ADMINISTRATION**

The implementation of the direct support component will be fully in line with the government's decentralization objectives and evolving structures. The community at Umudugudu level is the key operational unit and will be empowered to take increasing responsibility for direct support and other social protection initiatives as their capacity increases.

**Umudugudu  
(Village)**

- Undertake the Ubudehe process as the basis for community planning and identification and targeting of direct support clients as well as lead any additional assessment processes as required.
- Conduct a stakeholder analysis to ensure the mix of all social protection programmes are coordinated at household level and that duplication is avoided.

	<ul style="list-style-type: none"> <li>▪ Design “household packages” for eligible VUP clients and involve key stakeholders in the process. Be present during cash delivery and payment to monitor distribution and prevent diversion. Monitor and adjust direct support packages as required to ensure the poor are receiving the right mix of interventions. Make recommendations on those who are eligible for graduation.</li> <li>▪ Participate in an action learning process to identify and solve problems, innovate and test new approaches, and to communicate lessons and ideas upwards.</li> <li>▪ Evaluate activities and ensure results are used to adjust direction and guide planning and review processes.</li> </ul>
<b>Akagari (Cell)</b>	<ul style="list-style-type: none"> <li>▪ Verify the beneficiary lists for direct support from the Umudugudu level.</li> <li>▪ Support the mobilisation and sensitisation of the population to participate in all aspects of direct support (sensitisation and training, utilising savings, ensuring direct support goes to the household as a unit and not just to an individual household member).</li> <li>▪ Mobilise technical and logistical support for the Umudugudu level in conjunction with the Umurenge.</li> <li>▪ Collect and synthesise data from Umudugudu level for immediate problem solving and upwards transmission.</li> <li>▪ Receive and resolve problems that are beyond the means of the Umudugudu.</li> </ul>
<b>Umurenge (Sector)</b>	<ul style="list-style-type: none"> <li>▪ Ensure coordination of social protection interventions by other stakeholders for harmonisation of procedures and to avoid duplication.</li> <li>▪ Ensure that the direct support activities are incorporated into Umurenge Development Plans and that activities are properly integrated with other ongoing interventions.</li> <li>▪ Coordinate and direct technical support for direct support activities to the Umudugudu level. Identify constraints and help Imidugudu to solve problems.</li> <li>▪ Support the development of appropriate infrastructure required to implement the VUP activities through the decentralised technical structures.</li> <li>▪ Support the Umudugudu level to implement an action learning process to identify and solve problems, innovate and test new approaches, and to communicate lessons and ideas upwards. Compile experiences for communication in a district overview.</li> <li>▪ Ensure that monitoring and evaluation activities are undertaken on a regular basis, provide technical support to the process, and compile M&amp;E information including action learning experiences from the Imirenges into a District overview.</li> </ul>
<b>District</b>	<ul style="list-style-type: none"> <li>▪ Ensure coordination of social protection interventions by other stakeholders for harmonisation of procedures and to avoid duplication.</li> <li>▪ Ensure the direct support activities are incorporated into District Development Plans and that activities are properly integrated with other ongoing interventions.</li> <li>▪ Support Imurenge to provide adequate technical support for direct support activities. Identify constraints and help Imurenge and Imidugudu to solve problems.</li> <li>▪ Support Imirenge in the financial management of the programme and, in the early stages of the programme, work with the imirenge VUP teams to make</li> </ul>

	<p>cash payments. Perform core accounting functions.</p> <ul style="list-style-type: none"> <li>▪ Support the development of appropriate infrastructure required to implement the VUP activities through the decentralised technical structures.</li> <li>▪ Ensure that monitoring and evaluation activities are undertaken on a regular basis, provide technical support to the process, and compile M&amp;E information including action learning experiences from the Imirenge into a District overview.</li> </ul>
<b>National</b>	<p><b>MINALOC</b></p> <ul style="list-style-type: none"> <li>▪ Coordination of technical line ministries, donors, private sector and civil society for harmonisation of procedures, creating synergies between programmes and to avoid duplication.</li> <li>▪ Dissemination of data to national and international stakeholders.</li> </ul>
<b>National</b>	<p><b>CDF</b></p> <ul style="list-style-type: none"> <li>▪ Oversight of the VUP and responsibility for supervising and facilitating the programme activities including:</li> <li>▪ Ensuring technical assistance from the line ministries is forthcoming and that the direct support packages are harmonized with the appropriate guidelines, technical norms and standards.</li> <li>▪ Ensuring that the direct support component is well coordinated with activities under VUP and with other social protection mechanisms.</li> <li>▪ Ensuring that regular monitoring and evaluation of the programme activities are undertaken and that corrective actions and recommendations are implemented.</li> </ul>
<b>National</b>	<p><b>VUP Management Unit</b></p> <ul style="list-style-type: none"> <li>▪ General management of the program</li> <li>▪ Provide training and technical assistance to Imirenge committees</li> <li>▪ Coordinate and supervise the transfer of resources to Imirenge.</li> <li>▪ Coordinate the processes of identification and selection of projects.</li> <li>▪ Coordinate Monitoring and Evaluation (M&amp;E) work</li> <li>▪ Ensure proper documentation and reporting for the program.</li> <li>▪ Coordinate with external agencies and related stakeholders in project related activities.</li> <li>▪ Ensure linkage of Direct Support with the Social Protection Policy</li> <li>▪ Define the ToR for short-term technical consultants.</li> <li>▪ Ensure consultation with the CDF, in particular Ubudehe</li> <li>▪ Ensure linkages between VUP and Rwanda's broader strategy framework, in particular the EDPRS.</li> <li>▪ Process financial transfers to local governments</li> </ul>

## Part II: Operational Instructions

### VIII. IDENTIFICATION OF POTENTIAL RECIPIENTS FOR DIRECT SUPPORT

#### *Policy intention*

*To provide a level of support for the household that is sufficient for the household, is determined by the size of the household and takes account of any other support the household may receive*

The basis for the identification of potential recipients of any aspect of the VUP program is the Ubudehe process and social map at Umudugudu level, which includes all the extreme poor in the village. Committees will be asked to identify which households are in the bottom two categories. Within these two categories, those that are landless (or have less than 0.25 hectares) and have no adult (at least 18 years old) capable of manual labour as required for public works will be assigned to the Direct Support programme eligibility list.

Direct support is seen as a benefit of last resort for landless households who cannot benefit from a public works program or the provision of credit facilities without considerable training and guidance. Also the committee will note against any household on the list any known support from other programs or any other source. This will be further discussed at the Joint Action Development Forum of the Umurenge, which will bring a number of different stakeholders and implementers together.

In this way the Ubudehe committee produces a list of potential direct support recipients (and a similar list for potential public works participants and the list is used as the mechanism to identify and to rank households who will receive direct support. Direct support is a household based benefit and therefore only one member of a household can appear on a list for a direct support payment at any one time. This will normally be the person accepted as the household head.

Levels of poverty vary across the country and it is inevitable that inclusion or exclusion from an Ubudehe list for households in similar circumstance will also vary across the country. However to achieve a level of uniformity of treatment that will allow the whole country to work towards its target of reducing the national level of extreme poverty the following guidance on the completion of the Ubudehe lists should be applied by all Ubudehe committees:

- The household (or household to be defined) will be treated as the unit for direct support and only one recipient, the household head, for direct support will be accepted from each unit.
- Households will be listed with reference to the name of the designated household head.
- Only households that are landless (or less than 0.25 hectares) and do not have any adult member (at least 18 years old) capable of work will be accepted onto the direct support list.
- Only one household member can be on the list at any one time, and any member of the household on the list cannot be on the public works list.
- The public will participate fully in the Ubudehe selection process, as initial recommendations of the committee will be tabled in front of the community as a whole. Finally agreed lists will be published within the Umudugudu and posted at the appropriate Umurenge office.
- The Ubudehe committee will take account of any submissions or appeals made by members of the Umudugudu on either their own household's inclusion or exclusion in the list or of any other particular household in the list.

- In the case of a child headed household (i.e. where there is no adult member who can qualify for the direct support) access to direct support will be given to that child, but additional efforts will need to be taken by the Umudugudu to support capacity building in respect of managing household finances.
- Any household who has benefited from direct support in the past six months and was capable of taking advantage of the training provided but failed to do so, will be excluded from the list.
- Lists will be compiled and reviewed at six monthly intervals and passed to the Umurenge.
- The list will indicate the names of every member of the household.
- The list will indicate those households who could be assisted to graduate, including how (training, or credit, or a combination of both) and those who would find it difficult to graduate.

## **IX. DETERMINING THE LEVEL OF INTERVENTION OF DIRECT SUPPORT**

### *Policy intention*

*To provide a level of support for the household that is sufficient for the household, is determined by the size of the household and takes account of any other support the household may receive.*

Once a household has been identified by the Ubudehe committee as potential recipients of direct support, their level of support has to be calculated. This will be done by the Umurenge VUP team, using the model developed by the VUP Management Team at the national level.

Calculations will be based on the size of the household, but not individuals. The household's direct support level will reflect the size of the household and take account of economies of scale in larger households. An Excel Spreadsheet will be used for this, designed in MINALOC and setting out the model of benefits for the households of different sizes as established by MINALOC

Each household will have a level of direct support calculated based on the number of dependants in the household taken from a national scale. The monthly allowance will be the sum of the allowances for the household taken from the scale.

If the household is in receipt of any other form of support from other programs the value of that support might be deducted from the calculation of the household's direct support. The offset should only be considered when offsetting "like with like". For example, if the support from the other source is meant as a survival cash transfer, some offset might be considered. But if it is a payment in respect of a special characteristic of the household, e.g. a payment in recognition of particular costs associated with a disability, the offset may not be appropriate (and might indeed be a barrier to graduation). This offset will be done in consultation with the Umurenge Joint Action and Development Forum. The resulting balance is the amount of direct support payable to that household for a period of six months.

To avoid the problem of incentives not to work there will be a maximum level of support set by restricting the number of dependants taken into the calculation.

## **X. DURATION OF DIRECT SUPPORT**

### *Policy Intention*

*Direct support is intended as a short term provision of cash support to allow a household to develop skills to help them become self sufficient. However it is recognised that some households will not have the capacity to become self sufficient and will require direct support for longer periods.*



Direct support will be awarded for a period of 6 months and then reviewed, during which time households will access training and sensitisation, and possibly small amounts of credit (if they qualify and it is available). At the time of the 6 monthly review:

- Households who have graduated will be removed from the list;
- Households not able to graduate but able to move to public works will be removed from the list;
- Households who do not have the capacity to graduate or move to public works will remain on the list for the next period, and may remain on the list indefinitely (they may require long term assistance);
- Those who have the capacity to take advantage of training and sensitisation but who have not made any effort to do so may be removed from the list

Any new household meeting the programme criteria will be added to the list.

Entitlement to direct support will cease at the six month review period if a household has graduated or one adult member of the household becomes able to take up public works. There should never be a circumstance when one person is on both the public works and direct support list or where two people in the same household are on the public works and direct support lists. It will be the task of the cell/sector coordinator to ensure that individuals or households do not appear on both lists.

Any household which is still eligible for Direct Support after six months (i.e. poor, landless and unable to work), will be added to the new list and their direct support continued for another six month period. At each six month review period a new list will be drawn up containing all the remaining households plus any new households. Direct support for all households on the new list will be recalculated and put into payment for a period of six months.

## **XI. HOW DECISIONS ARE GIVEN TO THE HOUSEHOLD**

### *Policy Intention*

*To provide the household with a clear decision on why they do, or do not, qualify and what they qualify for. To provide the opportunity for the household or any other household in the Umudugudu to appeal about the decision and provide additional evidence to the Ubudehe committee.*

Meetings of the Ubudehe committee will be open and all members of the village will be encouraged to attend and contribute. Decisions of the committee will be published within the Umudugudu.

Individual households will receive a detailed decision of what they will be entitled to and what their obligations are, from the Cell or Sector, with a full list provided to the Ubudehe committee.

Monthly lists of payments of direct support giving household names and amounts of payments will be published within the Umudugudu and published at the Umurenge office

It will be possible for any member of the Umudugudu to provide information to the Ubudehe committee at any time, not just during the six monthly meeting, that has a relevance to households who should or should not be receiving direct support.

## **XII. PAYMENT PROCESS**

### *Policy Intention*

*Payments of direct support must be made on a regular basis in a manner that is convenient to the recipient household. Payments mechanisms should be secure, not subject to possible manipulation, and free to the beneficiary.*

Direct support will build on the payment process in place for public works, but payments will be made monthly (at the beginning of the month) not two weekly (as is the case for public works).

Payments will be made directly into Bank Accounts of clients. Plans are in place for the provision of banking services at least on a part time basis at locations convenient to most villages.

Direct support recipients will be given the option of having a small part of their monthly allowance retained as personal savings. Training will be given to encourage direct support recipients to make savings. The saving will be retained by the Bank in a personal account and restrictions will be placed on (a) the maximum amount of savings an individual household may make in any one month, and (b) the frequency in which the household can make withdrawals from the savings account.

To encourage saving, consideration will be given to enhance the amount saved by an additional grant of direct support, if (a) savings are made regularly and (b) savings are held for a minimum period. This could possibly take the form of Imihigo or matching funds after six months, but this will be dependent on resource availability.

Financial controls covering the payment mechanisms and accounting are given in Annex 5. In summary the annex sets out the following steps:

- An advance payment schedule will be constructed as a collaborative effort between the District, Umurenge and Umudugudu levels (with the lead coming from Ubudehe committees at Umudugudu level) detailing households, amounts, offsets and the amount payable. This will be sent to the VUP PMU one month in advance of each quarter to initiate payment into the District VUP bank account.
- The Umurenge will maintain an Excel spreadsheet – called the Approved Client List – listing each Client household (by Umudugudu) and the amount to be paid per cycle. The list will also indicate:
  - Whether each Client is to be paid in cash or by bank transfer, and
  - The amount to be retained as savings.
- Before each payment run the VUP Finance Officer will inspect the Approved Client List and, in consultation with the Umurenge Programme Manager and the Ubudehe Committee, will make additions and/or deletions to the list. It will serve as a requisition for cash and bank transfers.
- The requisition will be signed by the Umurenge Executive Secretary, and sent to the District for certification by the District Finance Officer and District Executive Secretary.
- Once certified at District level, funds will be transferred from the District bank account to the Umurenge VUP bank account.
- Five days in advance of Transfer Day the VUP Finance Officer will also make arrangements for direct payments into bank accounts for Clients.
- All Clients will have to attend the payment cycle. Each Client will sign or thumb-print a copy of the Approved Client List, which will act as a schedule of payment. Clients who have been paid through their bank accounts will sign or thumbprint the schedule to show the moneys have been in receipt into their accounts.
- A record will be made of any cash not collected by Clients. A full reconciliation of cash payments made (per the Approved Client List) and any undistributed cash will be made.
- Once all payments are made the District Finance Officer and VUP Finance Officer will sign the bottom of the Approved Client List, certifying it as a true record of transactions.
- The list of Clients and amounts received will be posted in a public place at village, cell and Umurenge levels.

### **XIII. PROVISION OF ADDITIONAL SERVICES (TRAINING AND ACCESS TO CREDIT)**

#### *Policy Intention*

*It is the intention that all recipients will receive an initial level of sensitisation during which they will be educated on the goals of the VUP program, the importance of saving, and the possibilities of developing skills. Some direct support recipients will be offered more specific training to assist them to become self sufficient.*

## **ANNEX 1: HOUSEHOLD MEMBER DEFINITION**

Recognised members of the household are all the people who live in the household, whether they are actually present or not, as long as they normally live in that household, share meals and accommodation, and recognize the authority of the head of the household.

This includes: the head of household, his spouse or all his wives, if he has more than one, and for each wife, all of her children if they normally live in the household. This also includes relatives of the head of the household (HH) or relatives of the spouse(s), with their children, if they normally live in the household under the authority of the head of the household (HH). There could also be household members who are not related to the HH or his spouse(s), if they normally live in the household under the authority of the head of the household.

Should not be forgotten those who may not be present, but who normally live in the household under the authority of the head of the household (HH). The term "normally live" is understood as "not being absent from the household for more than 6 months in a year". (Examples: people who are not present for some periods of time because they go to school, they work outside, they stay at hospital for one reason or another etc.)

## ANNEX 2: SUMMARY OF DIRECT SUPPORT OPERATIONAL FRAMEWORK AND PROCEDURES

Objectives	<p><b>Protective:</b> To fill expenditure deficits, stop households from falling below agreed survival levels into destitution, stop the selling of productive assets and build a buffer to help households manage future shocks.</p> <p><b>Productive:</b></p> <ul style="list-style-type: none"> <li>• Reduce risk and encourage risk taking by making transfers predictable, forming a base for making savings and taking credit;</li> <li>• Provide a financial and training base upon which to build resilience and sustainable livelihoods for those with the will and capabilities;</li> <li>• Develop an entrepreneurial culture by bringing very poor households into the market economy and help to monetize the local economy;</li> <li>• Build social cohesion by giving marginalised poor people a meaningful productive role.</li> </ul>								
Who is intended to benefit?	Households who are extremely poor and have no land (less than 0.25 hectares) and have no capacity to undertake manual labour as required for public works.								
How will they be targeted?	Households will be identified using the Ubudehe process, subject to general public scrutiny at Umudugudu level and supported by Umurenge level staff.								
How much will they receive per day and per month?	<p><u>Per day:</u></p> <table> <tr> <td>Head of household</td> <td>250 RwF</td> </tr> <tr> <td>Second household member (rate at 60% of HoH)</td> <td>150 RwF</td> </tr> <tr> <td>Each other member of the household (max 3) (rate at 40% of HoH)</td> <td>100 RwF</td> </tr> <tr> <td><b>Maximum direct assistance per household is</b></td> <td><b>700 RwF</b></td> </tr> </table> <p><u>Per month:</u> Daily amount x 30 days per month The transfer amount will be reviewed every six months.</p>	Head of household	250 RwF	Second household member (rate at 60% of HoH)	150 RwF	Each other member of the household (max 3) (rate at 40% of HoH)	100 RwF	<b>Maximum direct assistance per household is</b>	<b>700 RwF</b>
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Each other member of the household (max 3) (rate at 40% of HoH)	100 RwF								
<b>Maximum direct assistance per household is</b>	<b>700 RwF</b>								
When and how will they be paid?	Every month, at the beginning of the month through bank accounts.								
Complementary interventions	Training and sensitisation: on savings, how to make productive use of savings and credit; public messages on health, education and cross cutting issues such as gender equity.								
Savings and credit	<p>Saving must be voluntary.</p> <p>Incentives to savings are being considered e.g. Imihigo or matching funds after 6 months (this will be dependent on resource availability).</p> <p>Households will possibly have access to modest amounts of credit (if they qualify and it is available)</p>								
For how long will they receive the benefit?	<p>Direct support will be awarded for a period of 6 months and then reviewed, during which time households will access training and sensitisation, and possibly small amounts of credit (if they qualify and it is available). At the time of the 6 monthly review:</p> <p>Households who have graduated will be removed from the list;</p> <p>Households not able to graduate but able to move to public works will be removed from the list;</p> <p>Households who do not have the capacity to graduate or move to public works will remain on the list for the next period, and may remain on the list indefinitely (they may require long term assistance);</p> <p>Those who have the capacity to take advantage of training and sensitisation but who have not made any effort to do so may be removed from the list</p> <p>Any new household meeting the programme criteria will be added to the list.</p>								
Cash or in-kind?	<p>Cash</p> <p>In exceptional circumstances the direct support can be 'grossed up' in effect an advance of benefit payments to support asset acquisition to be used as a platform for graduation. The value of the aid must be equal to the value the household would have received over a 6 monthly period. Payments in kind cannot be used as an attempt to control the expenditure of a particular household. "Grossing up" will be at the discretion of the Ubudehe committee, and will, without exception, be communicated in advance to the VUP Programme Management Team.</p>								
How much will direct support cost?	<p>All extremely poor households identified as eligible will receive direct support (with resources prioritised for this programme component). There will be no rotation of eligible direct support households.</p> <p>Direct support is currently pegged at 20% of VUP programme expenditure at a national level.</p> <p>At the Umurenge level, the % of funding for Direct Support will vary, depending on eligible household numbers and Umurenge budget allocations.</p>								