

# Scaling up of Competitive Allocation of Financial Resources (CLAR)- INTEKO y'IMIHIGO

for the implementation of business and natural resource management  
plans in  
PAPSTA-KWAMP project, Rwanda

A review as part of PROCASUR 's South – South learning concept



Rome, June 2013, Barbara Massler

## 1. Background

As part of its world-wide engagement, PROCASUR has supported the introduction and adaptation of a model for competitive allocation of financial resources known as CLAR for the Spanish acronym *Comite Local de Asignacion de Recursos* for the implementation of development initiatives by smallholder farmers and their organisations, communities and cooperatives. It includes the preparation of innovation plans and replication of validated concepts on a wider scale. Rwanda is one of the partner countries in which the replication of the CLAR concept and tools has been tried and tested.

In January 2010, a delegation including the SPIU coordinator of PAPSTA-KWAMP-PRICE, the PASNA Coordinator (now CICA Director), the Vice Mayor of Kirehe District, the CPM and other PAPSTA-KWAMP staff participated in a Learning Route on IFAD's innovations in the Southern Highlands of Peru. The participants identified and appreciated the approach and methodology of the local resource allocation committee-CLAR as an appropriate way to directly allocate public funds to project beneficiaries in an accountable, competitive, inclusive and transparent manner.

While still in Peru, the Rwanda team jointly elaborated an innovation plan on competitions in which the ***Inteko y'Imihigo***, the equivalent in Rwanda of the CLAR, is central to the delivery of the Government's transformation of agriculture agenda. Two capacity building grants through IFAD-financed projects facilitated the experimental funding of this innovation. The innovation plan included the utilization of traditional institutional structures, the ***Imihigo***, onto which the ***Inteko y'Imihigo*** was grafted.

### Box 1: Building on solid foundations: From Imihigo to Inteko Imihigo

In Rwandan tradition, the Imihigo (performance contract) refers to a known ancestral ritual in which a group of people must carry out certain concrete actions as a test of their courage. The people agree to comply with these promised actions. To fail in this contest would represent shame or dishonor, not only to the individual, but all of the community. If they win, the entire community becomes respected and admired by other communities. The Imihigo also spurs a competitive spirit among other aspiring competitors. This is a system based on pacts, courage and admiration. To participate people must accept the pact, as a promise between themselves and the communities.

The new focus was to include open and public presentations of proposals that competed for public funding. Results of these competitions were assessed by the newly founded ***Inteko y'Imihigo***. Community Innovation Centres (CCIs) acted as Secretariats of the respective ***Inteko y'Imihigo***.

### Box 2: Excerpt of the Innovation plan, January 2010

#### *General Objective:*

The innovation plan aims at allocating local capacity building resources under PAPSTA, KWAMP and PASNA projects using community innovation centres (CCIs) through capacity building activities, transparent and efficient mechanisms that create local ownership.

#### *Specific Objectives:*

- empower community groups and *umudugudu* (villages)
- empower the local administration
- direct (allocate and disburse) capacity building grants to performing groups
- ensure the physical and financial accountability at both community and CCI level.

Associations and cooperatives (and for natural resource management also *umudugudu* - villages) would compete for capacity building grants. Financed activities need to be eligible under the 2 projects. PASNA would participate in the Kirehe CCIs in order to gather experiences for scaling up in its other districts by financing some of the grants. ***INTEKO Y 'IMIHIGO*** would decide which project would fund which winner.

A PROCASUR mission<sup>1</sup> was fielded to Rwanda from 21 to 25 May, 2013. This report summarizes the results of two cycles of application of *Inteko y'Imihigo* in 2011/2012 in the context of PAPSTA and KWAMP. It also addresses its scaling up potential.<sup>2</sup> The performance of these two cycles was discussed in a workshop in Gatore, Kirehe, with selected beneficiaries of the competitions and SPIU staff.

## 2. Implementation of *Inteko Y'imihigo* in PAPSTA and KWAMP

Implementation of *Inteko y'Imihigo* followed sequential steps. First, funds were secured from PAPSTA and KWAMP. Second, training and familiarization of participating villages and cooperatives was initiated and members of *Inteko y'Imihigo* were selected. Thirdly, operational guidelines were elaborated. After this, fourth, a pilot exercise took place. Then, fifth, competitions were rolled out in 2011 and 2012. Sixth, by 2013, at the time of this review mission, Districts have expressed their interest in scaling up the initial successes of *Inteko y'Imihigo*.

After the Learning Route in January 2010, several meetings with stakeholders of MinAgri, CCI, CGLS and village and cooperative representatives were held to agree on the operational modalities of *Inteko Y'imihigo* as a adapted copy of the Peruvian CLAR model. Appropriate budget lines needed to be secured for the first round of implementation. Village groups were trained how to present natural resource management plans. Cooperatives were familiarized in the elaboration of business plans. At the end of 2010 the members of *Inteko Y'imihigo* area were selected in their respective PAPSTA and KWAMP project areas. In early 2011, all CCI staff as well as committee members for the *Inteko y'Imihigo* were trained in supporting the cooperatives to prepare the business plan proposals, the preparation and the competition processes. The 1<sup>st</sup> competition was held as a pilot event in Gatore, Kirehe District on 25<sup>th</sup> of February 2011.

Operational guidelines were elaborated by PAPSTA/KWAMP staff where the major rules and procedures were defined.

### Box 3: The guiding principles of "*Inteko y'Imihigo*"

**Equity:** The Project target population (rural communities, small farmers and microenterprises), which meets the requirements, has equal opportunities to access the funds and services provided.

**Efficiency:** The "*Inteko y'Imihigo*" attributes public funds to support the best rural business initiatives and natural resource management plans (NRMP) as a basis for their sustainability.

**Transparency:** The selection of the best initiatives for rural businesses to access services of the Project is under open competition with the participation of representatives of civil society. The implementation of the competitions will be located in attended zone by the CCIs where historically well developed complex systems of social, economic and cultural organization are present.

Source: Working Paper-PAPSTA-KWAMP Staff- *Inteko y'Imihigo*, October 2010

Six districts were defined in which the competitions take place, starting in Kirehe, Eastern Province. Criteria and an evaluation scoring system were established for selecting winning business plans (BP) and natural resource management plans (NRMP). Furthermore, the operational guidelines describe the composition of the *Inteko Y-imihigo* membership including their roles and responsibilities (see annex 1). General dispositions of the contract between the project and the winning group(s) were outlined.

The business plans and NRMPs must be received by the CCI staff 10 days before the competition takes place, and the *Inteko y'Imihigo* must be informed not less than 5 days before its evaluation scoring session.

<sup>1</sup> The composition of the mission: Diana Puyo (PROCASUR coordinator), Barbara Massler (project management and scaling up consultant), Kareem Derrah (consultant)

<sup>2</sup> See also: PROCASUR, 2011, Case Study for the PAPSTA-KWAMP projects in Rwanda, the country of thousands hills and PROCASUR, 2012, Le systeme des competitions el les Inteko y'Imihigo

The **table 1** below summarizes the basic rules of the ‘game’ as presented in the operational guidelines:

| Action to be completed  | Timeframe/ indicator  | Responsible                                     |
|---|---|---|
| Pre-cooperative groups to be registered as cooperative  | 1 Month before being involved in community competition  | Cooperative members/ CCI staff                  |
| Well represented <i>umudugudu</i> = smallest administrative unit= village ( NRMP)                         | Assessed by CCI staff in 1 month before competitions  | Village leaders/CCI staff                       |
| Opening accounts for competitors  | Accounts operational 2 weeks before the first deposit to be done  | Cooperatives/umudugudu leaders                  |
| Ceiling of the Business Plan (BP) or NRMP to be supported = <b>5 millions RWF</b>                         | To be communicated to competitors before the BP or NRMP submission of proposal ( during trainings/sensitization meetings) | CCI staff                                       |
| Contribution of beneficiaries: <b>10 % valued in cash</b><br><b>Ceiling : 500,000 RWF in the accounts</b> | To be highlighted in the submitted BP or NRMP   | Competitors/ CCI staff/ <b>Inteko y’Imihigo</b> |

### 3. Rolling out of *Inteko y’Imihigo* in PAPSTA and KWAMP

After piloting the *Inteko y’Imihigo*, CCIs in PAPSTA held six competitions in 2011 with of a volume of RWF 31m (approx. USD 50,000). Cash awards went to 21 cooperatives to implement their business initiatives. CCIs in KWAMP held 3 rounds of competitions for 10 cooperatives investing RWF 14,5m (USD 24,000), for business plans. It invested RWF 17m (USD28000) for 15 villages for their NRM initiatives. The average amount per cooperative was about USD 2,500 utilized for e.g. purchase of farm inputs, seedlings and buying land. For village groups the cash awards varied between RWF 500,000 (approx USD 800) and RWF 3,4m (USD 5,500) and were utilized for nurseries, small infrastructure (bridges), improvement of multiple use water sources and soil conservation and erosion control. In 2011, all participating proposals were awarded.

In May 2012, four CCI in the PAPSTA and KWAMP projects organized competitions for a total of 23 cooperatives and 33 villages. 50% of the score points were on the intended level of impact, 30% on the way the proposals were presented, and 20% for awareness of the village or cooperative members of the proposed project, especially the inclusion of women and youth. Other than the 2011 arrangements where everyone was a winner, in 2012 the *Inteko y’Imihigo* jury awarded a cash award to 70% of the participating cooperatives amounting to RWF 37,8m (approx. USD 63.000). In this year, 80% of the villages were awarded cash prizes for a total of RWF 32,7m (approx USD 55.000).

The average award money corresponds to 18% of the total proposed investments of the competing bids by the cooperatives. This means that the cooperatives cover 82% of the costs of their project proposals by their own capital, far more than the 10% required. The presented business plans were for the purchase of seeds, inputs, transformation and commercialization of agricultural products, poultry keeping and for the purchase of land and machinery. In the case of the cash prizes for the village NRMPs, the average award corresponds to 34%, or the villagers are contributing USD 2 for each USD 1 awarded, a leverage of 2:1. Most villages wanted to implement soil and water conservation measures, four villages liked to utilize the money for small road infrastructure improvements.

The funds for implementing the projects are to be granted in 3 installments of 50-25-25% but delays occurred in their disbursement. For the 1<sup>st</sup> competitions held in 2011, the last installment has been delayed due to the lack of presenting supporting documents for the 2<sup>nd</sup> installment. Due to budget constraints, some winners from the 2<sup>nd</sup> competitions organized in May 2012 are still waiting for the 1<sup>st</sup> installment. The disbursement was delayed as the funds for the competitions were not allocated in the AWBP 2012/2013. The implementation of business and NRM plans will start after July 2013. In order to streamline the transfer of funds, there will be only 2 installments in the future. As PAPSTA closed in March 2013, its commitments will be fully covered under KWAMP.

The number of people benefitting, effects and impact by allocation of funds via *Inteko y'Imihigo* and the competitions are not monitored nor documented.

**The success story of the COIDGA cooperative, Kigarama, Kirehe District:**

In February 2011, the COIDGA cooperative with 10 members, well known for the banana wine production in its village, participated in the 1<sup>st</sup> competition organized by PAPSTA. The business plan was awarded with 1m RWF. The cooperative utilized the money to buy 2 new metal pots for energy saving and production increase (800.000 RWF/each) and a new bottling machine to increase production(100 000 RWF). Training and technical assistance enabled the cooperative to grow and to increase their revenue by 60% in two and half years. In 2010, COIDGA produced 8000 bottles, in 2012, production increased to 170.000 bottles. In late 2011, encouraged by the rapid grow of production and revenue, the cooperative presented a business plan for 8 m RWF to a commercial bank in order to construct a new production premises. In May 2013, the loan was already repaid and the cooperative presented a modernized COIDGA to the mission. COIDGA does not want to slow down the speed as a successful entrepreneur, the members plan to expand the product lines (different taste of fruit wine) and to diversify the marketing channels.

**The old and new production premises of COIDGA**



**4. Assessment of the scaling up potential of *Inteko y'Imihigo***

First and foremost, *Inteko y'Imihigo* is a successful scaling up from the CLAR model tried and tested in Southern Peru. This success can be fully attributed to the Learning Route for Rwandese decision-makers in Peru. These '*ruteros*' turned into local champions of change and catalysts of the *Inteko y'Imihigo*.

Once teething problems around disbursements, securing public funds and solid monitoring data are resolved, **Inteko y'Imihigo**, as modified from the Peru CLAR in PAPSTA and KWAMP, would show a high potential to mainstream the approach into the public agricultural sector of Rwanda, hence also in IFAD co-funded projects.

According to the SPIU-PAPST-KWAMP-PRICE coordinator, **Inteko y'Imihigo** helped to: i) improve the coherence and organisation of villages and cooperatives, ii) strengthen the capacities of the cooperatives and villages to develop business plans or natural resource management plans, and iii) to be more business and competitive oriented.

In his view, “farmers and cooperative members are proud to compete for the allocation of public funds. Before the cooperatives participated in the competitions, they had great ideas but they could not transform them in successful businesses”. Their organisational and entrepreneurial performance was weak. **Inteko y'Imihigo** was an incentive to be legally registered, to present farmer and cooperative member ideas in public, and to receive funds directly from the projects for their self-developed business plans.

The workshop participants informed that the requirement to open saving accounts to deposit competitive funds helped the cooperatives and the village representatives to establish a financial relationship with the local credit institutions and even access to credit lines for further investments (‘financial literacy’).

It is the opinion of the consultant, further corroborated by workshop participants’ opinions, that the CCI, the CGLS and *Personnes Ressources et Relais Villageois* (PR-RV) were crucial for the successful responsiveness of the cooperative and the villages in embracing **Inteko y'Imihigo**. The combined efforts of these institutions, especially by the CCI manager and the PR-RV, allowed to build trust with the cooperatives as these latter received their technical assistance in preparation of the business plan proposals fostering readiness for submission.

However, according to the 2012 MTR of KWAMP, there are concerns that the current pre-selection procedures do not guarantee that only financially sound business plans are retained to enter the competition. The award rate, respectively 70% and 80% of BP and NRMP, and the rewarded amounts (approx USD 2,500 per winner on average) is disturbingly high questioning the sharpness of the competitions if held with non-IFAD co-funded public resources only. The acceptance of the District Authorities of Kirehe (as decentralized driver of transformation) to allocate 30% of its budget to the implementation of competitions by **Inteko y'Imihigo** provides promising political space yet limited fiscal space for replication outside the intervention area of the IFAD co-funded projects. Sustainability may hence be compromised.

The policy space is defined in “Vision 2020” and the 2013 Strategic Plan for Transformation of Agriculture, Phase III which put together the three pushing actors for poverty reduction within the agricultural sector: the communities, the local authorities and the private sector. PAPSTA and KWAMP created the institutional space (CCI, CGLS and “local talents”)<sup>3</sup> for learning and scaling up of the CLAR model.

A monitoring and evaluation system to measure effectiveness and impacts of implementation of business and NRM plans is still missing. This M&E system should provide data on the contribution of **Inteko y'Imihigoto** to improve the livelihoods of the cooperative members and the households in the benefitting villages. Policy dialogue in the context of the new IFAD RB COSOP and monitoring of its Result Management Framework could well address further scaling up of **Inteko y'Imihigoto**.

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<sup>3</sup> See PROCASUR, June 2013, Review of Outputs and Outcomes of the Methodological Transfer of PROCASUR

**Annex 1: SPECIFIC RESPONSABILITIES OF PROJECT LEADER AND STAFF IN  
“INTEKO Y’IMIHIGO”**

| Level   | Responsibilities  |
|---|---|
| Project coordinator   | <ul style="list-style-type: none"> <li>- Will collaborate with the president of the “<i>Inteko y’Imihigo</i>”, in overseeing its functioning.</li> </ul>  |
| Pilot Actions Coordinator/ Field Coordinator                                  | <ul style="list-style-type: none"> <li>- Will verify and provide final approval of the winners</li> </ul>   |
| Finance and Administration Manager  | <ul style="list-style-type: none"> <li>- Based on the report from the “<i>Inteko y’Imihigo</i>”, will authorize the transfer of financial resources to the winners cooperatives and villages according to the decision of “<i>Inteko y’Imihigo</i>”,</li> </ul>   |
| Monitoring and evaluation.  | <ul style="list-style-type: none"> <li>- Will monitor the implementation of the business plans retained.</li> <li>- Provide technical advisory framework to cooperatives/ villages for efficient use of resources</li> <li>- Provide any other essential information</li> </ul>   |
| Zonal Pilot actions Officer ( RAP) or : Natural resources management Officer; | <ul style="list-style-type: none"> <li>- In collaboration with CCI manager, establish regulatory principles of “ <i>Inteko y’Imihigo</i>” for implementation of competitions; contest criteria for qualification; format for BPs and NRMPs; review implementation manual with terms of references and scoring scale .</li> </ul>  |
| CCI   | <ul style="list-style-type: none"> <li>- Mobilize the local community and producer cooperatives for contest</li> <li>- Invite participants in “<i>Inteko y’Imihigo</i>”,</li> <li>- Facilitate the contracting procedures with winners</li> <li>- Make time- bound recommendations for enhance competitions implementation</li> <li>- Facilitate the field visit for supervision of co-financed business plans and NRMPs</li> </ul> |