Aid for Ed: An Analysis of Rwanda’s 12-Year Basic Education System and its Relationship with Government-channeled aid

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Aid for Ed: An Analysis of Rwanda’s 12-Year Basic Education System and its Relationship with Government-channeled aid

GABRIEL K. ANZEZE
ACKNOWLEDGEMENT

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ACRONYMS

BE – Basic Education
DBS – Direct Budget Support
GDP – Gross Domestic Product
GNI – Gross National Income
GoR – Government of Rwanda
MDG – Millennium Development Goal
MINECOFIN – Ministry of Finance & Economic Planning
MINEDUC – Ministry of Education
NGO – Non-Governmental Organization
ODA – Official Development Assistance
OECD - Organization for Economic Co-operation and Development
SDG – Sustainable Development Goal
USAID – United States Agency for International Development
WFP – World Food Program
ABSTRACT

The field of foreign aid has been widely explored, particularly as relates to economic development of developing states. This paper however delves into the specific utilization of foreign aid within the education sector in Rwanda and the effects it bears not just on the recipient state in general, but also on its financial practices with regard to aid. By exploring trends in financial expenditure by aid agencies and government, it appears that foreign aid does not necessarily influence government budget allocations and this absence of ‘crowding-out’ gives Rwanda an upper hand in managing foreign aid. Education also appears to be a major priority for both aid agencies and the Rwandan government in creating a knowledge-based economy. The results also display a shift in GoR priorities within the education sector away from capital expenditure and towards quality of education, measured through various parameters. Aid can therefore be concluded to be beneficial to basic education in Rwanda as a result of good governance and political will.
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1.0 INTRODUCTION

1.1 Background

Education has become a central component of socio-economic existence with its importance highlighted in both the Millennium Development Goals (universal primary education) and the Sustainable Development Goals (Quality Education). In 2009, the government of Rwanda strengthened its conviction to advance its Millennium Development Goals particularly with regard to education. The 9-year fee-free basic and compulsory education program was introduced and has been running since, later being extended to 12 years of basic education in 2012. The Basic Education (BE) sub-sector is composed of Pre-primary, Primary, and Secondary education levels.¹

For this to even be possible there are multiple components of the operation that have to work together. Government has to continue investing in education through the ministry of education but also partner with and receive support from Non-Governmental Organizations (NGOs) and other states. As it stands, Rwanda still faces various challenges to realizing its goals. Firstly, there is the challenge of infrastructure. After the 1994 genocide against the Tutsi, a lot of schools and academic institutions were destroyed both physically and logistically given that 75% of teachers were either killed, fled the country, or were imprisoned on genocide charges.² The government of Rwanda therefore had to embark on rebuilding the existing schools but also building more in order to accommodate population growth and further the feasibility of compulsory basic education. The process of rebuilding must also include training of instructors, both new and existing, on the new education curriculum.

Secondly, in 2008 the government of Rwanda enacted a shift in the medium of instruction from French, which had been used for over a century, to English as the sole medium of instruction. Both learners and instructors now have to learn an entirely new language before they could even begin using it as a medium for instruction. This was particularly a challenge for instructors who had spent far more time learning and teaching in French. Nevertheless, Niyibizi et al elaborate that it is in fact a welcome change among both instructors and learners with the recognition that proficiency in English will offer more opportunities internationally for learners.³

Lastly is the unique challenge of feeding school children particularly in day primary schools. The Homegrown school feeding program begun in Rwanda in 2016 and through the Government of Rwanda, with the support of other donor agencies, over 80,000 school children receive meals in over 100 schools from some of the most vulnerable and food insecure regions in Rwanda. The program brings various benefits from improving focus, nutrition, school attendance, and hygiene. In fact, the World Food Program (WFP), estimates that for every US $1 invested in the program, there is an economic return of $4.80 from improved health, education, and productivity.⁴ While the results are eminent, the program still has a very long way to go in reaching more of these school children in Rwanda.

While these are all very pertinent issues, they are just but a few of the diverse challenges and opportunities within the education sector in Rwanda. This research has been limited to the scope of the above challenges since their data is most widely available and to allow for in-depth analysis.

The achievements of the Government of Rwanda are particularly impressive given the difficult backdrop of the 1994 genocide against the Tutsi that brought the entire nation to its knees forcing the new government to start from scratch. In reconstructing the education system, the government was careful in curating the academic content that was to be delivered to Rwandans given the sensitive state of affairs. The process of reconstruction continues to be supported by the international community in form of NGOs and state aid organizations. This research will investigate expenditure patterns in the education sector based on the funding sources, government & aid, and their impact on the quality of education in Rwanda represented through various indicators discussed later. It is important to note that for this research ‘aid’ will explicitly refer to foreign aid that is channeled through the government of Rwanda to administer, represented by the Office of Development Assistance (ODA). There will be no consideration for aid that is administered directly to beneficiaries by donors. This will be an important approach firstly because the focus of previous literature on aid mostly refers to the direct aid and projects conducted by NGOs themselves. Additionally, there is difficulty in monitoring individual aid funding throughout the country more so for the purpose of a macroeconomic analysis.

1.2 Statement of Problem

While aid has continuously been pursued academically as an avenue for economic improvement, the role of aid in the education sector is not as clear. More specifically, focusing on aid that is channeled through the government allows for an audit on the dependability of the government in administering aid funds. An increase in aid with time could presumably indicate good governance and accountability by the government in managing aid funds.
Given the earlier mentioned challenges facing the education sector in Rwanda as well as the government’s aspirations to build a knowledge-based economy and train people with skills relevant to the labour market, it is then prudent to embark on this research. As debates on the importance of aid in developing states continue to grow worldwide, the government of Rwanda categorically stipulates that among its long-term goals is to be an aid-free state. While the government continues to reiterate its conviction in growing the education system in Rwanda, there is simply no guarantee that it will achieve its goals for the education sector given these persistent challenges.

1.3 Research purpose/objectives
This research is relevant to both the education sector in general and to Rwanda for various reasons. Firstly, it is important as an indicator for the effectiveness (or lack thereof) of government-channeled aid with respect to basic education in Rwanda. While aid in itself is important, the manner in which it is administered affects its usefulness to the Rwandan people at a micro level. Such research will be useful to both the government and aid agencies in their considerations for future aid allocation and use. Secondly, given Rwanda’s former commitment to the MDGs and now to the Sustainable Development Goals (SDGs), this research will be able to put Rwanda’s progress with SGD 4 (Quality Education) in perspective and explore the role of aid in ensuring this. More specifically, the goal of having all children of school going age have access to free and compulsory basic education.

Finally, it also serves to put Rwanda into context within the global debate on aid and its effectiveness in developing states. The question of aid or debate about ‘trade v aid’ has long been explored by various experienced academics such as Jeffery Sachs. William Easterly explains how one of the biggest mistakes by aid agencies is to plan and determine the needs of their
anticipated beneficiaries without much inquiry into the actual needs of a people, a practice that this paper will henceforth refer to as blind aid.\(^5\)

**1.3.1 Research Question**

1) What role does foreign aid play in the basic education system in Rwanda?

   Specifically:
   a) What are the trends in resources that have been invested in education through government-channeled aid?
   b) How does the government of Rwanda decide what portion of aid to allocate to education?
   c) What changes/improvements in the basic education sector can be attributed to aid?

**1.3.2 Research Objectives**

To examine the role of foreign aid in the basic education sector. Specifically:

1. To identify resources that have been invested into basic education
2. To understand government rationale in its allocation of foreign aid towards education.
3. To assess the changes in the basic education system that are a result of the specific aid.

**2.0 RESEARCH METHODOLOGY**

**2.1 Scope of Study**

There are various limitations on this study. First, and perhaps most important, is the specific definition of aid that solely focuses on aid that is channeled through the government of Rwanda. Following Easterly’s earlier criticism of aid agencies, focusing on this aid reduces the impact of blind aid with the underlying assumption that the government of Rwanda knows the needs of its

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\(^5\) William Easterly, *The White Man’s Burden: Why the West’s Efforts to Aid the Rest Have Done so Much Ill and so Little Good* (Oxford: Oxford University Press, 2007).
citizens better than aid agencies and would therefore be in a better position to administer it. This
distinction is crucial given the wide variety of aspects that the term aid can be perceived within
the academic and professional world. Secondly, even though there are numerous data sets for
different variables, most of the available data is only available from the year 2010 allowing for
only about 10 years’ worth of data. While it is a lot of data, it would have been far better to have
a larger data set in order to draw conclusions from an econometric analysis that would yield a
greater confidence level. In line with this, the research will be constricted at the year 2019 to avoid
the technicalities that would be introduced following the onset of the COVID-19 pandemic that is
still ongoing. This therefore defines the time frame from 2010-2019. Lastly, given the short period
of one month that this research will be conducted, there is a limitation on the amount of primary
data that can be collected through interviews. Given this limitation, this research will focus its
interviews on officials from the government of Rwanda, as well as various aid agencies.

2.2 Methodology
This research will include both quantitative and qualitative data with an aim of having both
sets of data complement each other. Quantitative data will be secondary, obtained in various
categories with the aim of achieving a time series. With the scope limited to 2010-2019 due to
limitations in availability of data, the following variables will be recorded. The ODA reports, that
have already been obtained, will provide the amount of development assistance allocated towards
education for each year. The Ministry of Finance and Economic Planning (MINECOFIN) budget
reports will provide government expenditure on education for each year, allowing for comparison
with aid and even to approximate whether one affects the other, keeping in mind that causality is
difficult to prove given the data spans only 10 years. Other indicators that will be included as
additional explanatory variables are: education allocation as a percentage of the GDP, GDP, and
education allocation as a percentage of government expenditure. This data will be obtained from
World Bank data as well as MINECOFIN to allow this research to put into national and even global context the amount of funds invested in education by both GoR and aid agencies through ODA.

Some of the quantitative data collected will serve the purpose of socio-economic indicators that will allow for a brief analysis of the effects of aid not just on the education sector but also in measuring the expected outcomes of education. These variables include: the number of teachers trained as a percentage of all teachers, completion rate at primary level and then secondary, enrolment rate, labour force participation rate, and the unemployment rate. While all these are prudent and will indeed provide great insight and perspective to the study, it is important to once again note the difficulty in proving causality. For that reason, they will simply be treated as indicators and simple correlation coefficients will be utilized. After collection, most of the data will be converted into percentages, where possible, to allow for easy interpretation but also to allow for comparison in data presentation. This will also make it easier for trends to be visible over the 10-year period. Data presentation will mostly be in form of line and bar graphs to allow for easy visualization and quick interpretation. The raw data will be recorded as tables in the appendix with other materials such as the interview guide.

In addition to the quantitative data being explored, this research will also heavily rely on qualitative data in form of interviews and informal engagements. While the quantitative data allows for identification of trends in the relationship between aid and education, interviews will allow this research to understand the rationale and objectives of both aid agencies and the government in the way they apply their investments into the education sector. These interviews will, in particular, be the source of information to address research questions 1(b) and 1(c) that seek to analyze how both the government and aid agencies go about allocating funds towards
education and what the consequent impact of this aid is on basic education in Rwanda. The interviews will include officials from the Ministry of Finance and Economic Planning (MINECOFIN), the Office of Development Assistance (ODA), and USAID. These interviews are also meant to provide context for the entire study including the role of aid in Rwandan society, the role of the international community in developing states, and the goals of GoR to be self-reliant.

2.3 Ethical Considerations

In researching Rwandan society, there is plenty of background information necessary to understanding how to interact with Rwandan citizens. While my research does not include a large number of interviewees, there are still important ethical considerations to be taken in my interaction with them. To begin with, it is important to meet with interviewees at a place of their convenience be it in their office or in a public place in order to allow for their comfort since they are the custodians of information relevant to this research. Additionally, with a good understanding of Rwandan context and the nature of government, it is important to reiterate to interviewees the ability to skip or not answer certain questions in full if they feel uncomfortable. Given that the time frame of this research falls within the 100 days of remembrance for the genocide against the Tutsi, there will also be additional sensitivity for discussion of any matters pertaining genocide.

2.4 Limitations of the study

Just as with any other academic exploit, there are various limitations to this study. To begin with, while the topic at hand involves publicly available information, the data is still limited while some might even require further applications and authorizations that are not achievable within the time frame of this research. Particularly with qualitative data, interviews with government officials are difficult to set up given their busy schedules and dedication towards their respective performance contracts (imihigo). Additionally, while many NGOs partner with the government, they also have their respective bureaucratic processes that make it difficult to access certain
financial documents. Secondly, as earlier alluded, this research will be carried out within a time frame of one month which is certainly not enough to explore this field with the breadth and depth necessary. Consequently, this paper acknowledges that there may be gaps in knowledge within the research given the limited timeframe.

The third and perhaps most important limitation to this study is the difficulty in proving causality between aid and basic education, particularly with regard to research objective three: to assess the changes in the basic education system that are a result of the specific aid. While this limitation is not unique to this study, the limitations on availability of data within a 10-year period make it impossible to conduct a credible econometric analysis that would require at least 200 data points to produce credible conclusive results. The data will be processed to produce a simple correlation coefficient while acknowledging the difficulty in proving causality. To address this limitation, this research will rely on qualitative interviews with the respective officials from the aid agencies and the government.

3.0 LITERATURE REVIEW

Key Terms

- **Official Development Assistance (ODA):** Foreign aid that is channeled through an established office, Office of Development Assistance, that allows the recipient Government to centralize its aid funds and further allow the donor agency or state to ensure accountability with respect to the Paris Declaration on aid effectiveness that solidified mutual accountability. In Rwanda, this office is under the Ministry of Finance and Economic Planning through which all government financial operations are conducted.

- **Basic Education:** The Basic Education sub-sector in Rwanda is comprised of pre-primary, primary, and secondary levels of schooling. In 2012, this was expanded from 9-year basic
education to 12-year basic education, as part of the changes to the education curriculum through MINEDUC. In this research, basic education now refers to the 12-year basic education, given that it falls within this time frame.

3.1 Aid and Education

The role of aid globally has continued to come under scrutiny with regard to both its efficiency in the recipient country as well as the influence that comes with economic assistance in favour of the donors. While most literature in this area has been able to assert that aid is indeed generally effective in promoting economic development, there is little focus on the specific utilization of aid and its effects. One of the biggest difficulties in researching education in general is how to measure quality improvement. Various scholars have used various indicators as proxies including enrollment numbers, instructor training, graduation rates, and even transition rates through the various stages of basic education. A common feature of this type of research involves trying to understand the effect of resources on education, yet it is still inconclusive as to whether more resources necessarily result in better education outcomes.6

Roberts also finds that aid is in fact more effective in driving up enrollment as opposed to government expenditure. There is always a potential for bias in comparing the respective outcomes of Aid to what the receiving government is spending in a particular sector. Often, aid agencies are well funded and are able to even provide publicized reports of the impact of their work, a luxury that not all governments have given resource limitations. While it is easier for aid agencies to engage in capital projects such as constructing a new school block, government is often bound by recurrent expenditures with estimates of as high as 75% of education expenditure being used on

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teacher salaries. With this in mind, it is easier to give greater credit to aid agencies given that capital projects are more visible and quantifiable as opposed to recurrent expenditure, never mind that these are what keep schools up and running. Even so, aid agencies intentionally steer away from operational costs and recurrent expenditure to avoid encroaching on responsibilities that are mandated to the government by the constitution. Additionally, such an encroachment could easily undermine the sovereignty of the recipient state and create tension or even conflict between the donor and recipient.

While assessing the impact of aggregate aid on economic development has become a redundant exploit, it has become even more important to assess the effectiveness of disaggregated aid in order to identify its specific effects at a micro level.

3.2 Accounting for aid
Accountability has often been emphasized as an important aspect of making aid campaigns effective to the communities that they intend to serve. Various aid agencies and NGOs each have their individual monitoring and evaluation systems that make it difficult for outsiders to engage. The Organization for Economic Co-operation and Development (OECD) established the Office of Development Assistance (ODA) in 1969 with the aim of targeting the economic development and welfare of developing states. This role has steadily grown to now include a central system through which member states are able to monitor all foreign aid they receive through a single system. While this system has allowed for greater accountability given that both donor and recipient have access to the same information, Holvoet and Rombouts explain how the monitoring and evaluation system

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largely chooses a ‘politically neutral’ stance that ignores the influence of aid and may in fact jeopardize its very functions.\textsuperscript{9}

On the other side of the same coin is accountability on the part of the donors. In this respect, it is not how funds are utilized or monitored, but scrutinization into the discrepancy between donor commitments and actual disbursement. While it is indeed certain that aid agencies and states are not legally obliged to give aid, it is important that these institutions fulfill their commitments to recipient countries, if the goals of the OECD are to be fully realized. Nevertheless, it is important that recipient states continue to treat foreign aid as a supplement to their budgets, to avoid full dependance and steer away from the practice of ‘crowding out’ which prompts recipient states to reduce allocation in certain sectors proportional to the increase in aid for these respective sectors.

3.3 Aid and Soft Power

While aid has indeed been welcomed by many recipient states as a necessity, at least for the foreseeable future, the political ramifications of receiving such aid are often overlooked. The saying goes, “there is no free lunch,” and true to word, donors often provide aid with underlying economic and political interests. In 2006, figures show that only 42% of all official aid is untied, giving recipients freedom to choose where to source the goods and services they wish to purchase with the aid provided.\textsuperscript{10} In 2019, Rwanda’s Official Development Assistance stood at $1.19 billion which was the equivalent of 59.5% of central government expenses.\textsuperscript{11} With such an amount of investment, aid agencies certainly enjoy some level of influence over recipient countries whether


\textsuperscript{11} World Bank Data \url{https://data.worldbank.org/indicator/DT.ODA.ODAT.XP.ZS?locations=RW}.
it is intentional or not. Joseph Nye defines soft power as the ability to obtain preferred outcomes through influence and attraction, rather than coercion.\textsuperscript{12} According to Nye, a country’s soft power rests on three resources; culture, political values, and foreign policy. Unsurprisingly, all these three are common features of aid projects particularly with regard to political values and the promotion of democratic values in recipient states. Aid can therefore be viewed as a strategic foreign policy tool by donor states to achieve soft power and satisfy their interests in recipient states. This however does not negate or take away from the extensive impact that aid continues to have on recipients including Rwanda, most of whom are, at least partially, aid reliant. Regardless of donor intentions, soft power can easily be viewed as an inevitable by-product of aid.

Given the nature of soft power, aid could also easily infringe on state sovereignty. With sufficient background on the bias in perception of capital projects by aid agencies, it is possible that citizens of recipient states legitimize aid agencies more than their own governments since they seem to be doing more.

\textbf{3.4 The Challenge of ‘Blind Aid’}

One of the difficulties that come with aid, even when directly channeled, is a one size fits all approach where aid agencies apply their idea of what is best for a country as opposed to doing ‘market research’ on the needs of a nation. In particular, the Millennium Development Goals (MDGs) often serve as a blueprint for aid agencies, and while most recipient countries are in fact signatories, the strain between MDGs and country specific needs often goes unaddressed.\textsuperscript{13} In Rwanda, aid from external donors has continuously been increasing and this dependance on aid makes the state particularly susceptible to the dominant international discourse of achieving MDGs.


By focusing on government-channeled aid, this research controls for the issue of an imposed agenda by donors with the assumption that the recipient government, Rwanda in this case, understands the needs of its population far better, with regards to basic education, as opposed to the donor state or agency. Nevertheless, such channels also have their loopholes. Firstly, even with all monitoring systems in place, some aid funds are still subject to corruption particularly in states where politicians and government officials have significant personal interests in the private sector. Secondly, it is very easy for governments to simply use aid to fill their budget deficits as opposed to treating it as a supplement. Using aid in this way treats it as a recurrent expenditure as opposed to capital investments that would allow for greater economic growth.

Research in the field of aid, development aid in particular, faces various challenges especially with regard to trying to assess the impact of aid. First is the challenge of poor data. Many aid agencies and NGOs all bear their own individual systems that would make it difficult to harmonize the process especially given their different functions and interests. Secondly, even funds that go through the ODA are not indicative of the actual aid. Riddell explains that such records only reflect the expected aid flow that donor countries allocate to different recipient countries, regardless of whether the recipient country receives and is able to use these funds.\textsuperscript{14} The third and perhaps most pertinent challenge is data regarding the specific impact and ability to prove, even in part, causality with aid. Connecting tangible impact to aid becomes even more difficult with the earlier mentioned challenges.

While all the above research has explored aid in its various forms and effects, this paper will contribute to this extensive body of research by narrowing down to government-channeled aid and its effects on basic education in Rwanda, as well as the desired outcomes of such education.

\textsuperscript{14} Riddell, 2009.
4.0 PRESENTATION, ANALYSIS, AND INTERPRETATION OF DATA

4.1 Results & Data Presentation

In collecting data, this research utilized both quantitative and qualitative data. Quantitative data, which forms majority of data, was obtained from official documents from the Ministry of Finance and Economic Planning as well as the World Bank for other macroeconomic indicators. A complete list of specific data and sources is available in the appendix. Before exploring data specific to the research objectives, it proved prudent to understand the general relationship between aid, the economy of Rwanda, and the Government of Rwanda. For this purpose, a general comparison was made between the aid received and GDP which was the proximate measure for economic growth. A scatter plot of the two revealed a positive relationship in that aid has generally increased as the GDP of Rwanda grows. With GDP as the dependent variable, a correlation coefficient of 0.3382 was obtained but this however does not prove any causality between aid and economic growth. In other words, in the above data, economic growth cannot be proven to be reliant, even partially, on aid volume.

In an interview with an economic advisor from MINECOFIN, who shall henceforth be referred to as interviewee W, it became clear aid has in fact been reducing in Rwanda, in comparison to government capacity and changes in consumer price index.

The key discovery of this research was with regard to the primary research objective, that is; identifying the trends in resources that have been invested in education through ODA. To
explore this, data was collected on the education allocation from the ODA, the education allocation in the government budget, and the proportion of the budget that education occupied. Through a combined graph, these data sets were compared over the 10-year period (2010-2019) to identify any similarity in trends. What was immediately visible is that both ODA education allocation and Education allocation from the budget were generally on an upward trend in terms of volume.

Figure 2: A combined graph of Education allocations in Rwanda between 2010-2019

Even while the volume of allocation increased, education seemed to take less proportion of government expenditure with time. This creates an even more complex dynamic for defining ‘crowding out’ in the education sector, since the budget increases as aid increases, but with seemingly less importance in the national budget. The respective allocation trendlines also expose an increasing gap between government expenditure and aid, with government expenditure increasing at a faster pace to widen the gap. This could be a possible indicator that the government of Rwanda is indeed taking greater charge of its education sector, reducing reliance on aid as
explained by interviewee w from MINECOFIN who further elaborates that the goal of the government is to use aid to get off aid.

In analyzing the quality of basic education, proxies such as enrollment, teacher training, and pupil-teacher ratio were explored through a time series to check for improvements (or lack thereof) over time.

Evidently, enrolment in primary school has indeed increased while the pupil-teacher ratio has generally been on a downward trend, indicative of a better quality of education since more children are going to school with presumably smaller class sizes. However, this assumption does not ascertain that enrolment and the pupil-teacher ratio have been adjusting proportionally.

![Figure 3: Pupil-Teacher Ratio in Primary Schools in Rwanda 2010-2018](image)

![Figure 4: Primary Enrolment in Rwanda 2010-2019](image)

Additionally, while the ratio has reduced, having 58-60 students in a classroom still does not provide the desired conducive environment for teaching and learning. In fact, a quantity-quality nexus would suggest stronger growth of enrolment could simultaneously result in a quality reduction. The number of trained teachers in primary schools has however been fluctuating and producing no particular relationship with aid, even though there might be. The biggest spike in
trained teachers appears between 2010 and 2011, the period following the introduction of the 9-year basic and compulsory education that was introduced by the government in 2009.

4.3 Analysis and Interpretation

While it was indeed difficult to process the data econometrically to obtain causality claims, it has certainly been a worthwhile venture processing data to explore the trends presented in the results. Of particular interest was the trends on allocation of funds by both the ODA and the government of Rwanda. While both allocations seem to be increasing in volume, aid is certainly increasing at a decreasing rate. 2012 however presents a unique spike in government allocation for education given that this is the same year that the 9-year basic education was extended to 12 year basic education, necessitating the increase in expenditure to account for the additional resources necessary to realize this change. There is also a spike in the 2013 ODA allocations that could be interpreted as a lagging effect where aid budgets were adjusted accordingly following the change in education, to remain in line with the priorities of the Government of Rwanda. Birchler & Michaelowa establish a positive relationship between Education Aid Disbursement and net enrolment in primary schools in sub-Saharan Africa. Their findings reveal not just a positive trend in volume, but more importantly a statistically significant relationship between aid and primary enrolment. This is an expected outcome, particularly for Rwanda since making basic

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Bircher & Michaelowa
education free and compulsory then encompasses all children of school going age regardless of socio-economic background.

After conducting interviews, a few themes emerged that were in line with this research but also warranted an extension of literature that will be explored below. These interviews were the central source of information for addressing the second research objective that seeks to analyze the rationale of government in its allocations of finances for the education sector. From both the qualitative and quantitative data explored, the following themes emerged:

4.3.1 Aid allocation, Government Expenditure, and Education

The quantitative data made clear the trends in allocation of resources towards education have generally been increasing but as earlier observed, the proportion of allocation for education in the national budget is reducing. One explanation offered by interviewee from MINECOFIN, is that the government is now shifting away from capital projects in education of reconstructing or constructing more classrooms, towards ensuring greater quality of education. The assumption is that capital projects cost more and so having less of them led to the reduction of percentage allocation towards education from the national budget. This is further supported by interviewee from USAID who explains that their priority has squarely shifted from access projects to ensuring the quality of education is improved. The rationale for this being that quality is a long-term investment that will be visible in students’ progress and better human capital in Rwanda, but also that the government is now at a stage where it is certainly able to take care of its capital projects in education.

In directing its resources towards quality of education, the government is seeking to lay the foundation for educational outcomes, and this has also led to increased funding towards tertiary education, not just in Rwanda, but for all recipient states within the OECD framework. Rwanda is
no different, where Technical and Vocational Education and Training (TVET) schools as well as institutions of higher learning are continuously receiving the lion’s share within the budget as a means to ensure the desired educational outcomes. Judson however elaborates that if too much money is invested in higher education without sufficient investment in lower levels of education, not many students will be capable of fully benefitting from higher education. In retrospect, it can then be claimed that the effectiveness of investment in higher education depends on how much investment is made in basic education.

4.3.2 Capital Expenditure v Quality of Education

For any development projects, aid agencies and host governments have to decide whether to focus on capital projects, recurrent expenditures or a hybrid of both. Through an interview with interviewee u, this research received great insight particularly with regard to how this nexus works in Rwanda. The case of Rwanda is very unique and has seen a strict transition in priorities of aid agencies away from capital projects towards the quality of education. Given the destruction that came with the genocide against the Tutsi, capital expenditure was very necessary in the process of rebuilding infrastructure. For MINEDUC and aid agencies, this meant rebuilding schools that were destroyed and building new ones to account for population growth and also returning refugees. This increase in capacity was crucial and allowed for basic education to later be embedded in MINEDUC’s core goals. Aid agencies, particularly USAID, have now transitioned to focusing on improving the quality of education in Rwanda. With infrastructure at a level where the government can continue to expand as necessary, aid is now directed towards ensuring that learners receive quality education and translate their education into applicable skills for the labour force. Given the


fairly recent change in the medium of instruction from French to English, such support comes through form of teacher training and even importation of specialized labour when necessary to facilitate this change. This transition is not a presumptive one given that Rwandans are continuously valuing the quality of education received as per the World Values Survey that shows over 50% of Rwandans worrying about not being able to give their children a good education.18

Shedding more light on this debate, this research engaged in a qualitative interview with a renowned Rwandan consultant and economic analyst henceforth referred to as interviewee v. Having worked with both aid agencies and the Government of Rwanda, they recommended that the government now direct its focus on improving the quality of education, particularly in ensuring that the education curriculum is directly informed by the employment market needs on a global scale. For the benefits of education to be visible in economic growth, there should be full transition of graduates into the relevant job markets, given the government’s priorities of a knowledge-based economy. V explains that if the government sets its priorities in this way, then aid agencies would naturally follow the direction of government priorities allowing for a complementary relationship between the Government of Rwanda and aid agencies. Additionally, this transition rate of graduates could be viewed as a long-term indicator for the effectiveness of basic education as the

foundation. Nevertheless, education outcomes are still not as simple to measure since a skilled labour force does not always necessarily translate to greater employment opportunities available. It could in fact, create higher competition for fewer employment opportunities. However, Birchler and Michaelowa explain that even though parallel trends do not directly imply any positive causal effect of aid on education outcomes, most of the existing economic literature cited has confirmed the generally positive link between education aid and education outcomes. While all these might hold true, it is still important to remember that education outcomes are just but some of the indicators that can be used to fully measure the quality of education.

4.3.3 The Political Economy of Aid

As discussed in the literature review, aid could easily come with political influence, particularly when bilateral donors such as the USA give such large amounts of money. This could also present the challenge of blind aid and it is for this very reason that not only was the ODA formed, but more importantly, in 2005, over 100 states participated in a meeting that produced the Paris Declaration on Aid Effectiveness. The declaration contains 56 partnership commitments around five principles that make aid more effective. These include: ownership, alignment, harmonization, managing for results, and mutual accountability. Ownership and alignment were particularly aimed at ensuring the recipient states set their own goals and strategic plans, that donor partners would then have to align themselves to. This was in a bid to counter challenges of blind aid, but also to mitigate the political influence that aid presents.

Another important aspect of aid that presented itself was the issue of crowding out being largely absent in Rwanda’s financial operations, that is, the government does not necessarily reallocate resources for foundational sectors based on aid received. This allows the government

19 Birchler & Michaelowa p 38.
to treat aid almost like supplementary income, even while realizing its foundational role in keeping the economy productive. While it is easy to conclude that this is a good thing for Rwanda, interviewee W from MINECOFIN cautioned that it is in fact not always a good thing. W made the case that one of the most important aspects of aid is predictability, that will in turn allow the government to plan accounting for the aid, but also in a manner that will not bring their operations to a halt in the absence or severance of such aid. Before accepting any form of aid, MINECOFIN investigates whether it is sustainable and then incorporates it accordingly. The COVID-19 pandemic supported w’s claims, particularly within the education sector, where some aid projects such as school feeding were halted but still remained a necessity for the children in need of good nutrition, how could such aid programs be designed to be sustainable in terms of reliability in difficult times, but also in terms of GoR’s capability to take up programs fully in the absence of donors?

5.0 CONCLUSION
In conclusion, my research explored the relationship between aid and basic education in Rwanda, revealing four specific findings: 1) General aid towards Rwanda has decreased, but the aid allocation for education has increased, meaning it is still a priority for donors, 2) The government of Rwanda has prioritized basic education in its goal of achieving a knowledge-based economy, but its budget allocation to MINEDUC seems to be receiving less proportion of the budget with time, 3) The Government of Rwanda sets its own development agenda, especially in education, for which donors have to align as per the Paris Declaration on Aid Effectiveness, 4) Aid is effective in Rwanda as a result of good governance and financial stewardship. Aid alone, however, cannot be credited for the growth in the education sector visible in Rwanda. Government
capacity has increased over the years, allowing for the government to contribute more towards its own development through local revenue.

Given that the indicators used for measuring the quality of education were just proxies, future research would invite additional and more specific data such as examination results to allow further cross-examination of whether students are indeed receiving better quality basic education. Additionally, future research would ideally present a comparative case study of a school that receives aid to one that does not, to allow for an interpretation as to the grassroot effectiveness of aid in education. While these would both have been important complements to this research, the limitation of time prevented such exploration. It is therefore the hope that this research will be an open invitation for further research into the intricacies of aid interaction with specific sectors in recipient countries.

Rwanda’s economy continues to be unique as a post-genocide society that presents various opportunities since the country had to begin nation-building nearly from a blank page and simultaneously grow the economy while ensuring reconciliation efforts did not backtrack. This intricate balance is what makes the case study of Rwanda more difficult yet exciting, in comparison to its neighbor states. The relationship between aid and education cannot be exhaustively explored but it generally seems to be a positive one for the people of Rwanda. While aid indeed has its flaws, even disadvantages, it certainly remains an important ingredient for the success of not just basic education in Rwanda, but for the nation’s economy for the foreseeable future.
BIBLIOGRAPHY


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APPENDIX

Interview Guide

GENERAL:
1. Get to know interviewee:
   a. Name (for record – not included in paper)
   b. Official title (optional to include in paper)
   c. What do your roles and responsibilities at institution x include?

CONSULTANT AND ECONOMIC ANALYST – interviewee v
- What is the state of foreign aid in Rwanda?
- General macroeconomic perception on the usefulness (or lack thereof) of aid in Rwanda
- How can the state balance between donor priorities and national interests?
- What explains the absence of ‘crowding out’ in the Rwandan economy?
- What are some indicators that you would use to conclude that aid has been beneficial to the Rwandan economy?
- Education has continuously received one of the largest allocations from foreign aid, economically speaking is it sound to have this as a priority for Rwanda?
- Foreign Aid could easily come with political influence; how does GoR (or any state for that matter) separate/address this from its economic goals?

MINECONFIN – interviewee w
- What position does aid take in Rwanda’s economy?
- What are some of the factors you consider when allocating funds for education?
- Does the amount of aid you receive for a certain year affect/influence the budget allocations for the following year?
- Does your office have discretion in allocation of aid to various departments/sectors?
- How do you balance between donor priorities and national interests?
- What explains the absence of ‘crowding out’ in the Rwandan economy?
- Where does the ODA fall within the structure of governance and oversight?
- Does your office have discretion in allocation of aid to various departments/sectors?
- What are some of the factors you consider in this allocation?
   o For education in particular?
- Does the MINEDUC get a say on how much is allocated to education from the national budget? What about from foreign aid?
- Is ODA used for DBS?
- What could be possible indicators that aid has had a positive impact on Rwanda, particularly the education sector?

USAID – interviewee u
- As an agency, how do you decide what sector/department receives most priority?
In disbursing aid funds, how do you decide what channel to use? Direct Budget Support (DBS) v Direct aid/CSOs
  o Previously mentioned that you use DBS less and less, reason(s)?
What are your priorities as the educ dept. of USAID: Capital expenditure v Recurrent expenditure?
What personally drew your interest to the education sector?
As an aid agency, how do you balance between US Govt. interests and GoR priorities?
  o How much do the Millennium Development Goals (universal primary education) and the Sustainable Development Goals (Quality Education) influence your operations?
What is the current relationship between USAID and GoR like?
  o Your dept. & MINEDUC?
Does USAID issue any conditional aid to Rwanda? Example & rationale?
What could be possible indicators that will allow you to conclude that USAID has been successful in its mandate? For education in particular
Does USAID’s work have any political influence on GoR? If so, how do you address this?

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<th>Year</th>
<th>Net ODA and Official Aid (USD Billions)</th>
<th>ODA Education Allocation (million USD)</th>
<th>Govt. Education Allocation (USD millions)</th>
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Table 1: Aid, the Rwandan Economy, and Education
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*Table 2: Quality of Education and Education Outcomes*

**Data Sources:**
- MINECOFIN: [https://www.minecofin.gov.rw/](https://www.minecofin.gov.rw/)
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