

# How local Non-Government Organizations in Rwanda (NGOs) are affected by COVID 19?

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## 1. Introduction

New analysis shows the economic crisis caused by coronavirus could push over half a billion people into poverty unless urgent and dramatic action is taken<sup>1</sup>. This could set back the fight against poverty by a decade, and in some cases by as much as 30 years<sup>2</sup>.

This paper explores challenges that local NGOs in Rwanda are facing or likely to face during and after the COVID 19. It also explores the actionable recommendations that can help local NGOs in Rwanda to deal with the crisis emanating from the COVID 19 pandemic.

The COVID-19, which was first, detected in China in late 2019 and has since been declared a pandemic by the World Health Organization on 11 March 2020, it is being considered to become amongst most difficult times faced by humankind. “WHO has been assessing this outbreak around the clock and we are deeply concerned both by the alarming levels of spread and severity, and by the alarming levels of inaction. We have therefore made the assessment that COVID-19 can be characterized as a pandemic<sup>3</sup>” WHO Director-General's opening remarks at the media briefing on COVID-19 - 11 March 2020.

The COVID 19 is spreading worldwide at a high rate<sup>4</sup>. For example, the WHO situation report released on 4<sup>th</sup> April 2020, revealed that the total confirmed cases climbed to 1 051 635 and 56 985 death across more than 206 countries. Furthermore, the risk assessment of WHO at global level, classified the pandemic as of very high risk<sup>5</sup>.

As the pandemic continues to evolve and pose serious challenges to the World's economy and Rwanda specifically, the organisations such as local NGOs will face several and significant challenges on their functionalities both during and after the pandemic.

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<sup>1</sup> . <https://doi.org/10.35188/UNU-WIDER/2020/800-9>

<sup>2</sup> OXFAM MEDIA BRIEFING, 9 April 2020

<https://oxfamilibrary.openrepository.com/bitstream/handle/10546/620976/mb-dignity%20not%20destitution-an-economic-rescue-plan-for-all-090420-en.pdf>

<sup>3</sup> <https://www.who.int/dg/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020>

<sup>4</sup> [https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200306-sitrep-46-covid-19.pdf?sfvrsn=96b04adf\\_4](https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200306-sitrep-46-covid-19.pdf?sfvrsn=96b04adf_4)

<sup>5</sup> [https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200404-sitrep-75-covid-19.pdf?sfvrsn=99251b2b\\_2](https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200404-sitrep-75-covid-19.pdf?sfvrsn=99251b2b_2)

## 2. Problem statement

Since the COVID19 first appeared in China, it was quickly affecting the entire life across the globe. Health systems, businesses, banking, infrastructures, tourisms, education, transportation, social life, etc. have been affected in countries experiencing the COVID19. In response to the crisis, Rwanda like other countries have established response mechanisms trying to stabilize the situation and deal with the consequences of COVID19, including fiscal impulse, defer certain payments, liquidity assistance, direct transfers, cut of taxes and social security contributions<sup>6</sup>.

In addition, the response strategies include the funding restructuring by the funding community to meet emergency needs across the world. Donors have now prioritized the direct injection of money into governments' budgets to cover budget deficits caused by the crisis. This will potentially reduce the funding share given to the countries through local NGOs and community based organizations, which in turn will undermine their capacities to implement development programs and projects.

For example, the Global Funders promise flexibility, unveil emergency funding and call on government to help tackle Covid-19 effects<sup>7</sup>. In addition, other new funders have pledged new finance, either to directly tackle the coronavirus or to help industries or organisations badly hit by its wider economic effects<sup>8</sup>. While the current priority of Government of Rwanda and development partners is to deal with crisis, local NGOs in Rwanda that are heavily depend on external funding are likely to face challenges in short and in long run.

Furthermore, NGOs have closed offices and are managing tight project based, fixed and restricted budgets, however they are still incurring the fixed costs such as salaries, rent, pension's contribution, insurance, loans payment etc. This poses a serious problem in programming and operations of local NGOs during and after the crisis.

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<sup>6</sup> Julia Anderson, Enrico Bergamini, Sybrand Brekelmans, Aliénor Cameron, Zsolt Darvas, Marta Domínguez Jiménez. *The fiscal response to the economic fallout from the coronavirus 1 April 2020* <https://www.bruegel.org/publications/datasets/covid-national-dataset/>

<sup>7</sup> <https://www.theglobalfund.org/en/covid-19/grants/>

<sup>8</sup> <https://www.pioneerspost.com/news-views/20200401/impact-finance-bulletin-funders-react-covid-19-new-social-impact-bonds-and-good>

### 3. Impact of COVID 19 on World's economy

The impact of COVID-19 is very significant—it has not only a direct impact such as killing people across the globe, but has also implications on economy and wellbeing of the populations. As confirmed cases of COVID-19 spread, it has the potential to take lives, undermine economies, overwhelm health systems, deplete the value of assets, and trigger lasting geopolitical change<sup>9</sup>.

All affected countries, have adopted the preventive and controlling measures including the lockdown, putting all sectors of economy at risk. For examples, all travels, markets, industries, businesses, schools, tourisms, banks, NGOs, etc., have closed doors to respect the governments' measures. Increasingly stringent containment measures, needed to slow the spread of the Covid-19, will necessarily lead to significant short-term declines in GDP for many major economies, according to new OECD projections<sup>10</sup>.

OECD Secretary General Angel Gurría, in preparation for the G20 Virtual Summit that took place 26 March 2020, unveiled the latest OECD estimates showing that the lockdown will directly affect sectors amounting to up to one third of GDP in the major economies. For each month of containment, there will be a loss of 2 percentage points in annual GDP growth. The tourism sector alone faces an output decrease as high as 70%.

Many economies will fall into recession. This is unavoidable, as we need to continue fighting the pandemic, while at the same time increasing efforts to be able to restore economic normality as fast as possible.<sup>11</sup> In addition, World services trade growth continued to weaken toward the end of 2019 and into the first quarter of 2020 according to the WTO's Services Trade Barometer, released on 11 March 2020. The latest reading of 96.8 is down from the 98.4 recorded last September and well below the baseline value of 100 for the index, suggesting below-trend growth in world services trade<sup>12</sup>.

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<sup>9</sup> <https://intelligence.weforum.org/topics/a1G0X000006O6EHUA0?tab=publications>

<sup>10</sup> <https://www.oecd.org/coronavirus/en/>

<sup>11</sup> <https://www.oecd.org/coronavirus/en/>

<sup>12</sup> [https://www.wto.org/english/news\\_e/news20\\_e/wtoi\\_11mar20\\_e.htm](https://www.wto.org/english/news_e/news20_e/wtoi_11mar20_e.htm)

While it is very hard to estimate the impact of COVID 19 on world economy, the UN's trade and development agency says the slowdown in the global economy caused by the coronavirus outbreak is likely to cost at least \$1 trillion. *Apart from the tragic human consequences of the COVID-19 coronavirus epidemic, the economic uncertainty it has sparked will likely cost the global economy \$1 trillion in 2020*, the UN's trade and development agency, UNCTAD, said on Monday<sup>13</sup> March 2020<sup>13</sup>

“We envisage a slowdown in the global economy to under two per cent for this year, and that will probably cost in the order of \$1 trillion, compared with what people were forecasting back in September,” said Richard Kozul-Wright, Director, and Division on Globalization and Development Strategies at UNCTAD.<sup>14</sup>

Specifically, the governments that their budgets heavily depend on revenues and external funding are significantly affected by the pandemic. Since the close of businesses and industries, the revenues from taxes have largely declined. This caused imbalances in governments 'budgets of poor and developing countries. In addition, the governments have tried to re-allocate already budgeted amount to meet emergencies funds to combat COVID 19.

To finance the budget gaps, poor and developing countries have requested financial support and or loans from International development Agencies such IMF, World Bank, AfDB, etc. For example, on 2 April, 2020, the World Bank's Board of Executive Directors approved a first set of emergency support operations for developing countries around the world, using a dedicated, fast-track facility for COVID-19 (coronavirus) response<sup>15</sup>.

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<sup>13</sup> <https://www.weforum.org/agenda/2020/03/coronavirus-covid-19-cost-economy-2020-un-trade-economics-pandemic/>

<sup>14</sup> <https://www.weforum.org/agenda/2020/03/coronavirus-covid-19-cost-economy-2020-un-trade-economics-pandemic/>

<sup>15</sup> <https://www.worldbank.org/en/news/press-release/2020/04/02/world-bank-group-launches-first-operations-for-covid-19-coronavirus-emergency-health-support-strengthening-developing-country-responses>

Also, the World Bank Group is prepared to deploy up to \$160 billion over the next 15 months to support COVID-19 measures that will help countries respond to immediate health consequences of the pandemic and bolster economic recovery<sup>16</sup>. In addition, the IFM agreed to deploy US\$1 trillion lending capacity for countries. “We will massively step up emergency finance—nearly 80 countries are requesting our help—and we are working closely with the other international financial institutions to provide a strong coordinated response<sup>17</sup>” said IMF Managing Director Kristalina Georgieva’s Statement Following a G20 Ministerial Call on the Coronavirus Emergency on 23 March 2020.

“Several low- and middle-income countries have asked the IMF to make a Special Drawing Right (SDR) allocation, as we did during the Global Financial Crisis, and we are exploring this option with our membership”. She added.

#### **4. Impact of COVID 19 on Rwandan economy**

Rwanda now aspires to reach Middle Income Country (MIC) and High-Income Country (HIC) status by 2035 and 2050, respectively<sup>18</sup>. The Vision will be effected through a series of seven-year National Strategies for Transformation (NST1), underpinned by detailed sectoral strategies that are aimed toward achievement of the SDGs. The NST1 came after the implementation of two, five-year Economic Development and Poverty Reduction Strategies—EDPRS (2008-12) and EDPRS-2 (2013-18), under which Rwanda experienced robust economic and social performances.

The growth averaged 7.5% over the decade to 2018 while per capita growth domestic product (GDP) grew at 5% annually<sup>19</sup>. However, as other countries on the Globe, Rwanda’s economy is facing challenges. The lockdown to contain covid-19 has sent shockwaves in a country that largely depends on the service sector which contributed 49 per cent of GDP in the third quarter of 2019 according to the National Institute of Statistics of Rwanda (NISR).

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<sup>16</sup> <https://www.worldbank.org/en/news/press-release/2020/04/02/world-bank-group-launches-first-operations-for-covid-19-coronavirus-emergency-health-support-strengthening-developing-country-responses>

<sup>17</sup> <https://www.imf.org/en/News/Articles/2020/03/23/pr2098-imf-managing-director-statement-following-a-g20-ministerial-call-on-the-coronavirus-emergency>

<sup>18</sup> <https://www.worldbank.org/en/country/rwanda/overview>

<sup>19</sup> <https://www.worldbank.org/en/country/rwanda/overview>

“The covid-19 pandemic has ground Rwanda's economy to a halt, creating an urgent balance of payments need. To contain and mitigate the spread of the virus, the government swiftly implemented measures that have affected all sectors of the economy. With uncertainties surrounding the duration and spread of the pandemic, the economic fallout could intensify further,” said Tao Zhang, deputy managing director and acting chair of International Monetary Fund (IMF) in a statement

According to the IMF's statement on April 2, 2020, the Executive Board of the International Monetary Fund (IMF) approved the disbursement of SDR80.1 million (about US\$109.4 million) to be drawn by Rwanda government under the Rapid Credit Facility (RCF). This will serve to meet Rwanda's urgent balance of payment needs stemming from the outbreak of the COVID-19 pandemic.<sup>20</sup> In the same statement, IMF reviewed downwards the country's economic outlook, with real GDP now expected to shrink to 5.1 per cent in 2020, down from 10.1 per cent registered in 2019.

## **5. Funding restructuring among donors in response to COVID 19**

While the current attention is given on how COVID 19 is affecting the economies, especially businesses, industries and services as key sectors of economy, NGOs are facing significant challenges as well. NGOs are facing unprecedented challenges in UK and across the world. For example, the recent Covid-19 survey conducted by bond (Bond is the UK network for organisations working in international development) highlights that NGOs are under immense strain from international travel restrictions, keeping staff in the UK and overseas safe, and losing income from reduced fundraising<sup>21</sup>.

In these unprecedented times when COVID-19 continues to spread and to impact almost every individual and organization across the world directly or indirectly, non-profit organizations or non-government organizations (NGOs) are also deeply affected now and in the times to come. As it is not yet clear what the current pandemic situation holds in future, it is important to balance the scale between panic and carelessness<sup>22</sup>.

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<sup>20</sup> <https://www.imf.org/en/News/Articles/2020/04/02/pr-20130-rwanda-imf-executive-board-approves-disbursement-to-address-covid19>

<sup>21</sup> <https://www.bond.org.uk/resources-support/coronavirus-covid-19>

<sup>22</sup> <https://www2.fundsforngos.org/featured/managing-your-ngo-in-the-times-of-covid-19/>

Many international donors' organizations such as UN, World Bank, USAID, DIFD, etc. are much concerned to support countries and have re-directed funding to support countries' health systems and emergencies funds across to deal with COVID 19 pandemic. Donors should provide immediate emergency support to limit the outbreak and save lives, both through multilateral bodies like the World Health Organization that are responsible for managing the global response and directly to developing countries. They should support the capacity of health systems to treat, test and trace contacts properly, providing free testing and healthcare for the poorest people<sup>23</sup>.

For example, the UN is calling for \$2 billion in new funds to tackle coronavirus in countries with critical humanitarian needs. Prior appeals from UN agencies have been swept away by the increased severity of the pandemic. For example<sup>24</sup>, UNICEF's initial appeal was for \$42 million. Its total ask to donors is today \$651 million – \$405 million for humanitarian situations, and another \$246 million for low- and middle-income countries not classified as facing a humanitarian crisis<sup>25</sup>. Parts of COVID-19 appeals from international NGOs (several have issued independent calls for \$30 million or more) to deal with the COVID 19.

This donation restructuring has affected and will continue to affect the capacities of local NGOs that heavily depend on funds from donors. While most of office and field based activities have stopped, majority of NGOs are still paying the fixed cost such as salaries. The financial constraint faced by NGOs, will at some extent, oblige them to shut down if adequate response measures are not timely taken and if there is no flexibilities in donor's community.

## **6. Rwandan NGOs in response to COVID 19**

The civil society remains a strategic partner for the Government of Rwanda to achieve its development goals through interventions carried out by a multi-diversity of both national and international organizations in order to support the citizens' socioeconomic advancement<sup>26</sup>.

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<sup>23</sup> Oxfam ( 9 April 2020). DIGNITY NOT DESTITUTION An 'Economic Rescue Plan For All' to tackle the Coronavirus crisis and rebuild a more equal world, Media Briefing  
<https://oxfamilibrary.openrepository.com/bitstream/handle/10546/620976/mb-dignity%20not%20destitution-an-economic-rescue-plan-for-all-090420-en.pdf>

<sup>24</sup> <https://www.thenewhumanitarian.org/news/2020/03/25/un-coronavirus-emergency-fund>

<sup>25</sup> <https://www.thenewhumanitarian.org/news/2020/03/25/un-coronavirus-emergency-fund>

<sup>26</sup> RGB website <https://rgb.rw/index.php?id=15>

As of 2018, the Rwanda Governance Board (RGB) counted 1,335 national NGOs and 173 International NGOs. In the National Strategy for Transformation, the Government of Rwanda has committed to strengthen partnerships between Government, private sector, citizen, Civil Society and Faith Based Organizations actors to fast track national development and people centered-prosperity<sup>27</sup>.

Since appearance of first cases of COVID 19 in Rwanda, local NGOs have abide to the preventives measures against the spread of COVID19 including the lockdown. Currently, NGOs offices are closed and their staff members are working at home. While NGOs have shown interest to support the government of Rwanda to deal with consequences of COVID 19, the scene is dominated by corporate companies. For example, the Bank of Kigali Group have availed Rwf282 million that will be handed to the Government to support in the distribution of cash and supplies to vulnerable families that are affected by the crisis<sup>28</sup>.

Also, C&D Pink Mango, a local textile industry, has donated different medical supplies to the government of Rwanda. The support includes 6,000 rapid test kits and 10,000 masks dedicated to health professionals. "Our main concern is not just about business and profit-making, we employ more than 1,000 Rwandans whose health has to be maintained through good working conditions.

Therefore, it is in our interest to participate in the government's plan to mitigate the pandemic," Denis Ndemezo, the company's Deputy Managing Director<sup>29</sup>.

The Rwanda NGOs joined the rally with the support ranging from sensitizing citizens to adopt the preventive measures and behaviour change against COVID 19 , to the material and financial support to meet different needs including people's whose income has largely affected by the lockdown such as these who earned a daily income ( i.e. motorcyclists, poor people who work for other to earn food, etc.). For example, some NGOs have organized different radio and TV sessions and or used social media to engage their constituencies to cope with the quarantine period and respect other related preventives measures.

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<sup>27</sup> RGB website <https://rgb.rw/index.php?id=15>

<sup>28</sup> <https://www.newtimes.co.rw/news/featured-bk-donates-rwf282m-coronavirus-relief-offers-grace-period-loans>

<sup>29</sup> <https://www.newtimes.co.rw/news/covid-19-local-manufacturer-donates-6000-rapid-test-kits>

Despite this positive trend among national NGOs, these efforts are still fragmented and are organizational based. There are no joint and coordinated efforts among local NGOs to efficiently support the government. In addition, there is no real time data about their support and very difficult to quantify the NGOs' contribution during this time. To better position themselves, NGOs should through the Rwandan civil society platforms, establish a national Civil Society Organisations (CSOs) covid-19 response fund to support the government of Rwanda.

## 7. Effects of COVID 19 on Rwandan NGOs

### 7.1 Rwandan NGOs and external funding trap

Governments worldwide must mobilize at least \$2.5 trillion to support developing countries to stop the pandemic and prevent global economic collapse<sup>30</sup>. While developed and developing countries around the world struggle to cope with the shocking rapidity and scale of COVID-19's spread<sup>31</sup>, many international donors' organizations such as UN, World Bank, USAID, DIFD, etc. are much concerned to support countries and have re-directed funding's to support their health systems and emergencies funds across countries to deal with COVID 19 pandemic. For example, the UN is calling for \$2 billion in new funds to tackle coronavirus in countries with critical humanitarian needs.

In addition, the Global Fund and other major global donors are rallying to support countries efforts, both medical and economic, to cope. The Global Fund is enabling up to \$500-million within the current portfolio for reprogramming, the World Health Organization is gaining traction with its Solidarity Fund, and the World Bank Group has announced a \$12-billion financing package for countries.<sup>32</sup>

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<sup>30</sup> <https://oxfamilibrary.openrepository.com/bitstream/handle/10546/620976/mb-dignity%20not%20destitution-an-economic-rescue-plan-for-all-090420-en.pdf>

<sup>31</sup> <file:///C:/Users/celestin/Downloads/GFO-Issue-376.pdf>

<sup>32</sup> Global Fund Observer NEWSLETTER Issue 376: 1 April 2020 <file:///C:/Users/celestin/Downloads/GFO-Issue-376.pdf>

So far, the World Health Organization is fulfilling its mandate by occupying center-stage, globally, and leading on clinical, technical and epidemiological information on COVID-19, and the Global Fund has instituted new flexibilities within its grants. Major countries such as the United States, the United Kingdom and some countries in Western Europe have announced their own economic stimulus packages<sup>33</sup>. The World Bank Group announced a \$12-billion financing package to support countries in their responses to SARS-CoV-2, the virus that causes COVID-19. (On 17 March announced a further \$2 billion, bringing the total to \$14 billion.)<sup>34</sup>

Furthermore, the \$2-trillion package was announced by President Trump on March 27 includes some funding for the United States' international development efforts – including the World Bank's IDA and IFC, and the African Development Bank – but most of it is focused on the country's domestic response to COVID-19<sup>35</sup>.

This donation restructuring has affected and will continue to affect the capacities of local NGOs that heavily depend on funds from donors. Majority of local NGOs' interventions in Rwanda are donor dependent and the demand from communities is high, most CSOs, in varying degrees, are limited in both financial and human resources. This is not specific to service delivery and cuts across all areas of intervention. Limited resources in turn lead to the incapacity of CSOs to optimally intervene according to the expectations of communities and other stakeholders, including the government ( Never Again Rwanda, 2019).

Majority of Rwandan NGOs are largely financed by external funding communities such as USAD, DFID, Sida, World Bank, EU, Africa development Bank, JICA, etc. As the world is dealing with the crisis and economic recessions resulting from the COVID 19, the leading pandemic today, the funding from these donor communities to local NGOs in Rwanda is likely to decline. The priority of this International donor community has shifted to meet needs expressed by government of Rwanda to deal with health emergencies, financing budget deficit and support people mostly affected by the lockdown to meet their basic needs such as food.

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<sup>33</sup> Global Fund Observer NEWSLETTER Issue 376: 1 April 2020 <file:///C:/Users/celestin/Downloads/GFO-Issue-376.pdf>

<sup>34</sup> idem

<sup>35</sup> Idem

This concentration of funding in Health sector is likely to pose serious problem to local NGOs operating in other fields. For example, the U.S. government, through the United States Agency for International Development (USAID), has recently granted more than (US \$1,000,000 to government of Rwanda to increase its ability to respond to the on-going COVID-19 pandemic. The focus will be on infection control, disease prevention, detection, diagnosis, treatment, and public information, according to tweet of the US Ambassador in Rwanda

In addition, while senior managers of local NGOs still keep their eyes open on new funding opportunities, the current trend is not promising.

As the world further shuts down in the wake of the coronavirus pandemic, countries around the world are stepping up efforts to tackle the new coronavirus that has killed thousands. Seeing this emergency, the international organizations and Foundations have released funding calls for health NGOs, Researchers and Individuals to help control this pandemic disease<sup>36</sup>. While the funding from UN to deal with COVID 19 will be channelled to national and local NGOs to implement humanitarian operations, these not operating in health sector will be jeopardized by lack of funding opportunities.

Even National and local NGOs that have submitted proposals before the COVID 19 outbreak, some donors are hesitant to provide them with positive feedback as they are watching the evolution of the context. Some donor agencies are also financed by their governments, since the focus shifted to deal with emergence of COVID 19, the share allocated by these governments into funding agencies is likely to diminish, which in turn affects national and local NGOs who receive funds from these external donors. This lack of new funding opportunities will affect National and local NGOs to meet their mission and achievement of impact in communities they are serving.

## **7.2 Rwandan NGOs and internal funding trap**

According to the study conducted by Never Again Rwanda (2019), CSOs including local NGOs, is largely donor dependent and have no other relevant sources of funding for their interventions. Despite the existence of a donor community, the number of CSOs in need of funding and the quality of proposals that is required do not guarantee adequate and sustainable funding to all CSOs.

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<sup>36</sup> <https://www2.fundsforngos.org/listing/grant-opportunities-to-tackle-the-coronavirus-outbreak/>

While the local NGOs' annual budgets are heavily depend on external funding either from governments and international donor communities, there is a small portion that may come from the internal fundraising either through its members, from sustainability funds or private businesses owned by the NGOs.

On one hand, the contribution from NGOs' members is likely to decline since their source of income has been affected by the COVID 19. For example, some members who are employees of corporate companies may be subject to salary decrease or their jobs should be redundant, consequently they will not able to pay their contributions to fund their NGOs.

On the other hand, these members who own businesses have been significantly affected by the lockdown and could not have means to pay their monthly or annual contributions to fund their NGOs.

Finally, NGOs that own private business as means of self-financing are facing similar challenges, since the lockdown has affected the revenues from these businesses. The decline or lack of internal funds is likely to affect the capacity of NGOs to meet their fixed and variables costs such as salaries, rent, maintenance fees, etc.

### 7.3 Rwandan NGOs and Human capital trap

Human capital refers to knowledge, education, work competence, and psychometric evaluations<sup>37</sup>. Human capital is not considered as a simple input, since it plays a more complicated role in the process of producing goods or providing services<sup>38</sup>. The COVID-19 has caused significant business disruption to businesses and offices alike throughout the country.

As the situation continues to remain fluid, personnel are facing significant challenges<sup>39</sup>. The challenges in regard to human capital may include loss of NGOs' employees, development of trauma, depressions and anxiety.

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<sup>37</sup> Namasivayam & Denizci, 2006) Human capital in service organizations: Identifying value drivers. *Journal of Intellectual Capital*, 7(3), 381–393.

<sup>38</sup>[https://www.researchgate.net/publication/308740770\\_A\\_Review\\_of\\_the\\_yam,%20K.,%20&%20Denizci,%20B.%20\(2006\).%20Human%20capital%20in%20service%20organizations:%20Identifying%20value%20drivers.%20Journal%20of%20Intellectual%20Capital,%207\(3\),%20381%E2%80%93393.Role\\_of\\_Human\\_Capital\\_in\\_the\\_Organization](https://www.researchgate.net/publication/308740770_A_Review_of_the_yam,%20K.,%20&%20Denizci,%20B.%20(2006).%20Human%20capital%20in%20service%20organizations:%20Identifying%20value%20drivers.%20Journal%20of%20Intellectual%20Capital,%207(3),%20381%E2%80%93393.Role_of_Human_Capital_in_the_Organization)

<sup>39</sup> <https://www.vietnam-briefing.com/news/covid-19-managing-human-resources-vietnam.html/>

To show the significance of the issue, on 18<sup>th</sup> March, 2020, the WHO Department of Mental Health published guidelines for mental health and psychosocial considerations during the COVID-19 outbreak that can be used in communications to support mental and psychosocial well-being in different target groups during the outbreak<sup>40</sup>.

In addition, the International Labour Organization (ILO) warned Wednesday that the economic fallout from coronavirus could cause the loss of up to 25 million jobs<sup>41</sup>. While in Rwanda, it is not yet clear about the measures taken by NGOs in regards to employment contracts amid of impacts of COVID19, it is likely, if the situation continues to deteriorating, and some contacts will be suspended or terminated to avoid the salary burden.

It is very hard to continue paying salaries from the fixed budgets while activities have stopped. Again, the employment contract suspensions by the economic technology is valid according to 2018 Rwandan Labor law, in its article 21<sup>42</sup>, where an employer can suspend employment contracts for the period of 90 days in year.

Also, according to the Article 31 of the same law, the employer can terminate the employment contracts for economic or technological reasons but must pay employee's terminal benefits<sup>43</sup>. While there is no information on NGOs that have applied what said above, some businesses companies and organizations have suspended employment contracts of few or all employees. For example, on 1 April 2020, Kigali Buses Services (KBS) Company suspended all its employees for period of 3 months beginning for economic reasons as consequences of COVID19<sup>44</sup>.

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<sup>40</sup> <https://www.who.int/docs/default-source/coronaviruse/mental-health-considerations.pdf>

<sup>41</sup> <https://www.aa.com.tr/en/economy/un-body-warns-of-up-to-25m-job-losses-due-to-covid-19/1771040>

<sup>42</sup> [http://www.gmo.gov.rw/fileadmin/user\\_upload/laws%20and%20policies/New\\_Labour\\_Law\\_2018.pdf](http://www.gmo.gov.rw/fileadmin/user_upload/laws%20and%20policies/New_Labour_Law_2018.pdf)

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[http://www.gmo.gov.rw/fileadmin/user\\_upload/laws%20and%20policies/New\\_Labour\\_Law\\_2018.pdf](http://www.gmo.gov.rw/fileadmin/user_upload/laws%20and%20policies/New_Labour_Law_2018.pdf)

<sup>44</sup> <https://twitter.com/ChroniclesRW/status/1245298942092468224>

Similarly, some NGOs are likely to act in the same ways in case their financials continue to exacerbate. Actually, NGOs have received fixed and non-flexible grants from donors to implement the submitted programs and achieve pre-agreed milestones and impacts. However, most of activities have been closed and employees are working at home due to COVID19, something that obliged NGOs to continue paying salaries and other costs. If there is no flexibility on donor' side to amend grants and other supportive mechanisms, NGOs will likely to shut down and terminates contracts.

Furthermore, NGOs will be required to request non-cost extensions when the situation become improved, and in this case, the employees will be required to implement remaining activities but there will be no money to pay their salaries ( because they have been paid during lockdown).

With the above situations, local NGOs are facing the following challenges: Firstly, local NGOs may lose their skilled and competent staff. For example employees whose contracts were suspended or terminated may get new employment and could not come back to the same organizations if things improved. Secondly, the termination and suspensions of contracts will fuel the conflicts between organizations and employees, and in some cases, local NGOs may be taken to courts by some of employees whose contractual rights have been violated. Thirdly, the COVID 19 should have psychologically affected employees, and when work resume, NGOs will be required to organize psychotherapeutic sessions for their employees, something that will cost extra money to local NGOs.

Lastly, when work resume, staff and management at all levels will be stressed by the speed of activities to meet delayed deadlines, submit the deliverables to donors, managing of non-cost extensions, seeking new findings opportunities. With this speed, there will no time for capacity building, meetings and coaching sessions, and this may cause psychological distress and compromise the quality.

## 7.4 Rwandan NGOs and beneficiaries

The COVID 19 has affecting the operations of local NGOs at national level and at community level. While the current pandemic affected the local NGOs' funding and human capital, it has equally affected the lives of the local NGOs' beneficiaries. The unprepared disrupt of field activities, has significantly affected the beneficiaries who were not prepared ahead of the time about the possible suspension of programmes activities.

While, in some cases, local NGOs staff continued to engage the beneficiaries through phone, TV, radio and social media, the physical interaction is of high advantage when serving the vulnerable rural communities who do not necessarily have IT tools. In this period, local NGOs are facing the following challenges: Firstly, the already achieved progress in terms changing the behaviour of the beneficiaries was compromised. The focus of beneficiaries has shifted to the respect of measures to prevent COVID19, and may forget other behaviour change they have been taught by local NGOs such as dealing with malnutrition among children, literacy skills among adults, savings, etc.

Other significant example is that of community members under healing programmes who have already achieved a certain level of healing and resilience, may be affected by this period due to lack of psychological support. These beneficiaries are facing multifaceted challenges: including unhealed trauma, poverty shocks and other challenges related to lockdown.

To be clear, the self-isolation or social lockdown could aggravate the traumatic stress, confusion and anger, all of which are exacerbated by fear of infection, having limited access to supplies of necessities, inadequate information or the experience of economic loss or stigma. This stress and anxiety could lead to an increase in domestic and family violence<sup>45</sup>. In addition, the lockdown could worsen the achieved efforts in conflict resolution process among families living in conflicts as well as increase the gender based violence.

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<sup>45</sup> <https://www.weforum.org/agenda/2020/03/this-is-the-human-impact-of-covid-19-and-how-business-can-help/>

According to World Health Organizations, stress, the disruption of social and protective networks, and decreased access to services all can exacerbate the risk of violence for women<sup>46</sup>. During this COVID-19 pandemic, where movement is restricted, people are confined, and protection systems weaken, women and girls are at greater risk of experiencing gender-based violence, and the threat of harmful practices including female genital mutilation and child, early, and forced marriages, especially for girls in disadvantaged and hard-to-reach areas<sup>47</sup>.

Since the achieved momentum was not necessarily kept by beneficiaries, this will require local NGOs extra efforts and resources to normalize the situation after COVID19, before embarking to implementation of new activities, something that could cause delay to meet the targeted milestones.

Secondly, some NGOs will be viewed as irrelevant in this period. Majority of beneficiaries are expecting more physical and economic support than moral and psychological support from their local NGOs, however, few local NGOs, especially faith based organizations and local NGOs that working in humanitarian sector, have been able to provide beneficiaries with tangible support such as food stuff, materials, money, etc.

Other NGOs working in other sectors and whose budgets are not flexible to meet unexpected needs, have been only involved in sensitization of their beneficiaries to cope with preventives measures adopted by the government of Rwanda. In such cases, if the expectations of beneficiaries are not meet, they could consider these NGOs as irrelevant even if they have viewed them as important before the COVID19. This will affect the relationship between local NGOs and beneficiaries and this may deteriorate local NGOs' image and visibility in communities.

## 7.5 Rwandan NGOs and government

The main role of local NGOs is to support governments to initiate and or implement new solutions to deal within different problems, across all sectors such as Health, economic sector, humanitarian, Peacebuilding, governance, human rights, education, services, etc.

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<sup>46</sup> <https://www.who.int/reproductivehealth/publications/emergencies/COVID-19-VAW-full-text.pdf>

<sup>47</sup> Coronavirus Disease (COVID-19) Preparedness and Response UNFPA Interim Technical Brief [https://www.unfpa.org/sites/default/files/resource-pdf/COVID-19\\_Preparedness\\_and\\_Response\\_-\\_UNFPA\\_Interim\\_Technical\\_Briefs\\_Gender\\_Equality\\_and\\_GBV\\_23\\_March\\_2020\\_.pdf](https://www.unfpa.org/sites/default/files/resource-pdf/COVID-19_Preparedness_and_Response_-_UNFPA_Interim_Technical_Briefs_Gender_Equality_and_GBV_23_March_2020_.pdf)

The research conducted by Never Again Rwanda (2019) found that some CSOs, local NGOs included, effectively raise their constituents' awareness on their civic rights and duties, and relevant laws and policies, as well as building their capacity in areas of vocational skills, income generation, critical thinking, peace education, analysis of community issues, conflict resolution, advocacy, life skills such as literacy and numeracy, among others<sup>48</sup>.

While majority of local NGOs have demonstrated the willingness to support the government of Rwanda to deal with the hard times caused by the COVID19, their support is still limited. Some of local NGOs have joined hands with national and local leaders to sensitize citizens to cope with the preventive measures set by the government of Rwanda. Others have materially supported the government of Rwanda to mobilize some funds to meet people's needs such as food, etc., the material support has mainly be given by NGOs working in areas of humanitarian and emergency.

While the material and financial support is curial to the government of Rwanda at this time, the budget of many local NGOs are not flexible and are conditioned by some donors to accommodate these emerging needs. The request to remove these restrictions is seen to be hard and long-time taking which limit the local NGOs support to government to meet the challenges faced during the period of COVID 19.

The incapacities of local NGOs to support government , could be a lesson for local NGOs and could start thinking on how to establish a joint local NGOs emergency fund that can be used in similar cases, if happened in future.

## **7.6 Rwandan NGOs and Sustainability**

The sustainability of local NGOs and its intervention is very important. However, majority of Rwandan local NGOs do not have clear organizational sustainability plan and are mainly driven by implementation of projects that are time bound with limited resources. In addition, where the sustainability plan exists, it is said to be project based rather than being an integral part of organizational strategic plan and philosophy.

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<sup>48</sup> <http://neveragainrwanda.org/wp-content/uploads/2017/08/CSO-Research-Design-Booklet-May-22.pdf>

This issue has affected operations and impact of such NGOs. In addition, where sustainability plan exist, the lack of money to finance sustainability initiatives nullified its realization. Some local NGOs have tried to set up sustainability fund, however these are largely dependent on donor support, where a little per cent of mobilized grant, is allocated to the sustainability plan.

As the world is dealing with the consequences of COVID 19, donor funding are being re-directed to health and emergency sector. This limited funding of local NGOs will affect equally their sustainability fund. Furthermore, some local NGOs that have private businesses to support their sustainability, the COVID 19 have partly or fully destroyed such initiatives due to lockdown.

As the COVID 19 continues to escalate, local NGOs will be obliged to take some existing money in sustainability funds to finance current short time financial needs, and consequently operations of such NGOs will be significantly affected in the long run.

## **8. Recommendations**

### **Rwandan NGOs to diversify funding**

Rwandan local NGOs have to diversify funding from multiple donors to avoid one donor dependency. Local NGOs must be prepared enough to minimize or manage the disruption and the financial implications at this time and the times to come. Local NGOs must continue seeking additional funding opportunities not only from traditional donor communities but explore new and emerging donor community such as Private Corporation companies.

### **Rwandan NGOs to stay focused to their mission**

As there is a trend of funding restructuring towards dealing with the COVID 19 and this exercise is likely to continue even after the pandemic to deal with health and socio-economic consequences, some Rwandan NGOs, especially these intervening in non-humanitarian and emergency field, are equally likely to forge new missions to be beneficial of these funding opportunities.

It is advised for local NGOs to stay focused to their initial mandate and missions for them to continue being relevant to the society their serving rather than running after the new funding opportunities including these that are not matching to their missions. So, they must be selective when applying for funding not just sending proposals where funding opportunity arises.

### **Increase the share of self-financing**

Article 4 of Law No. 04/2012 of 17/02/2012 allows NGOs to “conduct commercial activities only when it is authorized to do so and the profit from such activities is meant to be used in activities related to its objectives”. However, the majority of CSOs have not taken advantage of this opportunity to contribute to the sustainability (Never Again Rwanda, 2019).

Rwandan NGOs should forecast ahead of time the financial implications by creating a plan for managing the unavoidable fixed costs and managing cash flow. Local NGOs should move from donor based financing to self-financing approach. They should have some income generating activities to raise funds for the projects and programs. This will serve NGOs to be resilient to the external donor funding chock.

### **Local NGOs to keep communications with donors**

During this time, the leadership of local NGOs need to continue communicating with their donors to keep them informed about the evolution of context and share with them the challenges you are facing and mitigation plan, seek advice from them and where possible share with the special measures you are taking.

You must be clear about how the programs and projects, beneficiaries, staff and stakeholders are being affected and do not shy away to request flexibility in budget re-allocation to meet emerging needs. Where possible, share the risk assessment plan demonstrating quantifiable implications of COVID 19 on your programming and organization's health.

### **Cooperation and communication with its staff**

The local NGOs managers need to establish alternatives ways of communicating with staff working at home to check in with the work progress, challenges and staff's safety during this period. For example, webinars, video conferencing, what's up groups, Skype, emails are likely to be efficient.

In addition, local NGOs need to communicate and cooperate with their staff during this period to avoid unnecessary break of the relationship between employers and employees. Favourable measures for both should be taken such as continuing paying staff their salaries if financials allow, rather than terminating or suspending the employment contracts.

Before taking decisions to terminate or suspend any employment contracts, there is a need of mutual, trusted and open discussions between employers and employees. Where possible engage in your legal expert to analyse the legal implications and avoid future issues.

### **Local NGOs to keep bonds with beneficiaries**

Since it is quite difficult to physically meet with their boundary partners, local NGOs are urged to find out alternatives venues to keep connections with their beneficiaries. For example using the locally present staff, Facebook pages, YouTube, phone calls, emails, radio and TV shows, among other possible platforms would be efficient. This will help local NGOs to keep ties with beneficiaries and will help to save NGOs' image and visibility. Finally, local NGOs that are not involved in emergency and humanitarian, should continue explaining its mandate and mission to their constituencies to avoid expectations about material and financial support.

### **Local NGOs to closely work with government**

The support of local NGOs in this period is very crucial. It is the good time to showcase their relevance and visibility in the eyes of the government. Consequently, local NGOs must, where possible, continue working with government hand in hand either in sensitizing communities to embrace the existing and new preventives measures, but also provide financial and material support to deal with COVID 19 consequences.

### **Local NGOs to think about joint emergency fund**

In difficult times such of today, local NGOs must strategically think about how they can jointly establish an emergency fund that can serve for three purposes. One, for supporting them deal with emergencies as their normal budgets are not flexible to accommodate the emergency needs. Second, to support its members continue operating in case of limited or zero external funding. Lastly, to finance the sustainability plan of member organizations if need be.

## 9. Conclusion

The COVID 19 has affected the world's life; it is spreading at high rate and has reached all the continents. Health systems and economies of developed and developing countries are facing significant challenges to cope with the consequences of the pandemic. Equally, private, government owned and non-organizations have been affected by the crisis. However, governments have put in place some measures to deal with consequences including providing, through central banks the favourable lending scheme to the commercial banks and making taxation policy and practices more flexible.

While these measures and more others have been taken, there are no specific protective measures for local NGOs. Rwandan NGOs who mainly depend on external funds are facing and will likely continue facing challenges related to funding—due to re-direction of funding by international donor community to deal with COVID19. In addition, the financial conditions of local NGOs will be worsen by the lack of sustainability and emergency funds to deal with the current and foreseen consequences in short time and long run. It is therefore , advised to local NGOs to do risk analysis, establish response plan and strategies, jointly collaborate with their peers in Rwanda, in region and outside the region to share experiences and learning.

Furthermore, Rwandan NGOs should continue exploring the new funding opportunities as well as put in place clear measures to deal with unforeseen future. Finally, local NGOs have to continue collaboration with the government, boundaries partners, staff and donors to jointly prevent spread of COVID19 but also implement solutions to deal with existing and future effects from the crisis.

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