45 RWANDA

INTRODUCTION

WITH A POPULATION OF APPROXIMATELY 9.1 MILLION, Rwanda had an estimated gross domestic product (GDP) of USD 371 per capita in 2007. According to the latest survey, conducted by the government in 2005-06, 37% of the population lived below the extreme poverty line; 57% fall below the upper poverty line. Net official development assistance (ODA) to Rwanda in 2006 was USD 585 million; this accounted for 24% of gross national income (GNI), and approximately one-half of the government budget. Seventeen donors responded to the 2008 Survey. The amount recorded in the 2008 Survey is equivalent to approximately 93% of Rwanda's ODA provided by donors who are members of the OECD Development Assistance Committee (DAC) in 2006.

The nature, volume and management of aid to Rwanda have changed significantly since the genocide and civil war of 1994; aid is increasingly focused on long-term development. In 2006, the government presented a new Aid Policy that sets out objectives and targets relevant for Rwanda to meet the commitments of the Paris Declaration. Donors agreed to adopt the 2010 targets as individual targets. This demonstrates that the Rwandan government and its donors are committed to advancing the aid effectiveness agenda.

OVERVIEW
Box 45.1: Challenges and priority actions

DIMENSIONS	2007	CHALLENGES	PRIORITY ACTIONS
Ownership	Strong	Capacity constraints at local level	Strengthen links and plans at local level
Alignment	Moderate	Limited use of national systems, low reporting of aid in budget	Step up donor use of public financial management systems; improve data on aid commitments and disbursements
Harmonisation	Moderate	Reliance on stand-alone project aid in most sectors	Develop sector-wide approaches in all sectors
Managing for results	Moderate	Capacity constraints in some line ministries	Implement new national monitoring and evaluation framework
Mutual accountability	Low-Moderate	Lack of formal mutual accountability mechanism	Finalise mutual accountability mechanism focused on Rwandan priorities

OWNERSHIP

INDICATOR 1
Do countries have operational development strategies?

OWNERSHIP IS CRITICAL TO ACHIEVING DEVELOPMENT RESULTS and is central to the Paris Declaration. It has been defined as a country's ability to exercise effective leadership over its development policies and strategies. Achieving ownership is not easy, especially in countries that rely heavily on aid to finance their development programmes. Nor can it be measured by a single indicator. Indicator 1 provides an entry point to the issue of ownership, focusing in particular on whether or not a country has an operational development strategy to which donors can align development assistance. Based on the World Bank's Review (*Results-Based National Development Strategies: Assessment and Challenges Ahead*), Indicator 1 assesses whether the national development strategy is prioritised, outcome-oriented, drawn from a long-term vision and shapes a country's public expenditures.

Ownership has many dimensions. Indicator 1 – assessed as part of the World Bank's review on *Results-Based National Development Strategies: Assessments and Challenges Ahead* – provides an entry point to the issue. The World Bank assesses the operational value of a country's development strategy and policy against three criteria, all of which are essential features of any serious effort to harness domestic and external resources for development purposes: the existence of an authoritative, country-wide development policy which clearly identifies priorities and is well costed.

The World Bank rates the operational value of a country's development strategy against a five-point scale running from A (highest score) to E (lowest score). The Paris Declaration 2010 target is to raise, to at least 75%, the proportion of partner countries having operational development strategies - *i.e.* meriting a rating of A or B.

Rwanda received a B rating in the 2006 Baseline Survey. This implies that it meets the target of having "largely developed" operational development strategies, but should aim to achieve an A rating by 2010. For the 2008 Survey, Rwanda maintained a B rating according to World Bank's 2007 assessment of the Review. This indicates that significant action has been taken, but further action is needed. This score must however be taken in context: the Aid Effectiveness Profile on which it is based was finalised by the World Bank in December 2006, and draws on evidence gathered prior to then. Since this assessment, Rwanda's newest medium-term development strategy, the Economic Development and Poverty Reduction Strategy (EDPRS), was developed largely in the context of best practice, and was finalised late 2007. Thus, it is on course to meet the 2010 target.

In 2007, Rwanda launched the EDPRS for 2008-12, a second-generation development strategy for achieving long-term development aspirations as embodied in its Vision 2020 and the Millennium Development Goals (MDGs). Based on evaluations of the first Poverty Reduction Strategy Paper (PRSP), the EDPRS aims to refine priorities and estimate costs comprehensively in order to facilitate policy implementation. It emphasises three flagship programmes: Sustainable Growth for Jobs and Exports; Vision 2020 Umurenge (an integrated rural development programme to eradicate extreme poverty and harness the productive capacities of the poor); and Good Governance. These flagships help to prioritise actions by the government, mobilise resources for development and improve policy implementation through more co-ordinated interventions across sectors. The EDPRS also incorporates a number of cross-cutting issues including gender, HIV/AIDS, the environment, social inclusion and youth.

An important feature of the EDPRS has been the extensive consultative process, led by government officials and involving all key stakeholders. This has resulted in strong domestic ownership of the document. All sectors are now in the process of revising their five-year Sector Strategic Plans to elaborate EDPRS objectives and strategies in more detail, and to ensure coherence. Five-year development plans have also been refined at the district level, drawing on the EDPRS and the Sector Strategies in order to balance national priorities with local needs.

Rwanda's development strategy is linked to the budget process through a medium-term expenditure framework (MTEF), in place since 2002. The MTEF is a key instrument for ensuring that resources are directed to priority areas, and that ministry budget submissions are based on clearly articulated strategic planning choices and sectoral MTEFs. Significant progress has been made in developing sub-national budgeting processes linked to the MTEF.

To improve implementation of the plans, the EDPRS incorporates several mechanisms to increase accountability such as required public service agreements for all line ministries and public agencies, and performance contracts for local governments. These agreements state the time-bound outputs that will be delivered in return for their budgetary allocation. Progress towards these targets will be monitored annually. The new EDPRS should contribute towards achieving Rwanda's national development targets; thus, consistent efforts to strengthen planning and budgeting processes at the district level should be a priority. ■

ALIGNMENT

FOR AID TO BE EFFECTIVE, it must be aligned with national development strategies and plans. The Paris Declaration envisions donors basing their support fully on the development strategies, institutions and procedures of partner countries. Indicators 2 through 8 examine a number of dimensions to assess the degree of alignment attained.

In Rwanda, the External Finance Unit in the Ministry of Finance and Economic Planning (MINECOFIN) provides a focal point for government efforts to ensure that aid is aligned with its policies and systems. The External Finance Unit is supported by an Aid Co-ordination Unit within the Office of the United Nations Resident Co-ordinator and financed by a basket fund of six donors. The Aid Policy acts as the guiding document for government work on aid management and makes specific reference to the EDPRS, requiring that all aid be aligned with the established priorities. Rwanda's ratings reveal that continued effort is needed across all area in order to reach the 2010 targets for alignment.

BUILDING RELIABLE COUNTRY SYSTEMS

Indicator 2 covers two aspects of country systems: public financial management (PFM) and procurement. In each case, the focus is on the degree to which these systems adhere to broadly accepted good practices – or to which there is in place a reform programme to promote improved practices. If countries have reliable systems, donors will be encouraged to use such systems for the delivery and management of aid. This helps to align aid more closely with national development strategies and enhances aid effectiveness.

INDICATOR 2a

How reliable are country public financial management systems?

Indicator 2a of the Paris Declaration assesses the degree to which partner countries either have public financial management (PFM) systems that are in line with broadly accepted good practices or have credible reform programmes in place to establish reliable PFM systems. The assessment is based on the World Bank's Country Policy and Institutional Analysis (CPIA) score for the quality of PFM systems, which uses a scale running from 1 (very weak) to 6 (very strong) with half-point increments. To score highly, a country needs to meet all three of the following criteria: a comprehensive and credible budget linked to policy priorities; effective financial management systems to ensure that the budget is implemented as intended in a controlled and predictable way; and, timely and accurate accounting and fiscal reporting, including timely and audited public accounts. The 2010 target is that each country will move up at least one measure (*i.e.* 0.5 points) on the CPIA scale for measuring the quality of PFM systems.

If countries have reliable systems for public financial management (PFM) and procurement, donors will be encouraged to make use of them for the delivery and management of aid, aligning aid more closely with national development strategies and enhancing aid effectiveness. Indicator 2a measures the degree to which partner countries have PFM systems that are in line with broadly accepted good practices or have reform programmes in place to establish such systems.

In the 2006 Baseline Survey, Rwanda received a rating of 3.5 on a six-point scale, slightly above the average of 3.2 for all countries rated in the World Bank's Country Policy and Institutional Assessment (CPIA). Rwanda received a rating of 4.0 in 2007, meeting the 2010 target for this indicator.

Since 2005, the government has carried out several initiatives to improve PFM systems, including public administration reforms to promote accountability, the extension and consolidation of the decentralisation process, measures aimed at achieving a closer alignment between donors and EDPRS priorities, and improved monitoring systems at sectoral and district levels. Rwanda passed its Organic Law on State Finances and Property in 2006. The Law provides for decentralisation of certain powers to budget agencies (including districts), alongside more robust rules and procedures for budget reallocation and oversight of budget execution. In addition, the government published consolidated national accounts for the first time in 2006.

In 2007, Rwanda undertook (for the first time) a public expenditure and financial accountability (PEFA) assessment. This contributed to further dialogue between the government and its donors on PFM issues, and will inform the government's PFM action plan. The draft conclusions of the PEFA assessment provided a clear indication of key areas for government improvement, including external scrutiny and audit, as well as control of budget execution. Rwanda scored highly in other areas, receiving "A" scores in revenue collection and budget preparation. The priority for the government should be to ensure the continued implementation and success of these new reform mechanisms and institutions, along with continued capacity development initiatives. Progress in all these areas will be required to help Rwanda meet the 2010 target of 4.0 for indicator 2a.

INDICATOR 2b
How reliable are country procurement systems?

At the time of the 2006 Baseline Survey, no mechanism was in place to systematically assess and quantify the quality of procurement systems in partner countries. Thus, it was impossible to set country-level targets on progress towards Indicator 2b.

Based on a self-assessment using a methodology developed by the OECD Joint Venture on Procurement, Indicator 2b measures the degree to which existing procurement systems adhere to broadly accepted good practices or there is a reform programme in place to promote improved practices.

No 2005 score was available on the quality of Rwanda's procurement systems. In 2007, Rwanda received a B rating indicating that its systems are largely developed towards achieving good practice. Rwanda finalised its procurement code in 2006, thereby bringing national procurement systems in line with international standards. Implementation is ongoing: the new code will see procurement officers being designated in each government entity, the provision of training, the roll-out of e-procurement, and a new authority to oversee public procurement. The main problem now remains one of human capacity. However, recent efforts to build capacity at the local level should facilitate progress toward meeting its 2010 target of an A rating.

ALIGNING AID FLOWS ON NATIONAL PRIORITIES

INDICATOR 3

Comprehensive and transparent reporting on aid, and how it is used, is an important way of ensuring that donors align aid flows with national development priorities and of achieving accountability for the use of development resources and results. Indicator 3 seeks to assess the degree to which aid flows are aligned with national priorities, using the proportion of aid which is recorded in the budget as a proxy. The total figure in table 1 provides an overall indication of the discrepancy between the value of budget estimates and actual disbursements. This discrepancy can be in either direction; budget estimates can be higher or lower than disbursements. So in order to have a single measure of discrepancy that is always less than 100%, the ratio is inverted when budget estimates are higher than disbursement. The indicator is in effect a measure of budget realism.

In total, the value for Indicator 3 in Rwanda in the 2006 Baseline Survey was 49%. The 2008 Survey results indicate only marginal improvement, with 51% of aid disbursed for the government sector being recorded in the national budget. If the simple (unweighted) average of the donor-by-donor ratios is taken into account, the accuracy of budget reporting of disbursements across donors has declined slightly – from 43% in the 2006 Baseline Survey to 41% in the 2008 Survey. This signals an increase in the discrepancy between the value of budget estimates and actual disbursements even though the national budget estimated accurately a smaller proportion of the individual donor's aid. Thus, overall Rwanda has made almost no progress in achieving the 2010 target of 85% (halving the gap) for this Indicator.

Rwanda's Aid Policy requires that all aid be reported in the government budget, along with clear indications of alignment to strategic plans. Most donors in Rwanda have aligned their strategies with EDPRS priorities. The government has also encouraged donors to use the Development Assistance Database (DAD), a web-based tool to improve information sharing between the government and donors with respect to aid flows, commitments and disbursements.

TABLE 45.1:
Are government budget estimates comprehensive and realistic?

	Government budget estimates of aid flows for 2007 (USD m)	Aid disbursed by donors for government sector in 2007 (USD m)	2005 (for reference)	2007*
	a	b		c = a / b c = b / a
African Dev. Bank	74	63	94%	86%
Belgium	25	32	84%	77%
Canada	0	11	68%	0%
European Commission	61	77	72%	80%
France	0	--	45%	--
GAVI Alliance	0	7	--	0%
Germany	5	12	22%	46%
Global Fund	25	37	44%	67%
IFAD	6	10	80%	58%
IMF	0	4	0%	0%
Japan	5	17	36%	29%
Netherlands	6	15	24%	42%
Sweden	10	20	32%	52%
Switzerland	0	3	0%	0%
United Kingdom	74	77	70%	96%
United Nations	4	37	15%	10%
United States	0	156	2%	0%
World Bank	59	118	50%	50%
Average donor ratio	--	--	43%	41%
Total	**355**	**695**	**49%**	**51%**

* Ratio is c=a/b except where government budget estimates are greater than disbursements (c=b/a).

In most cases, this has not yet translated into actual alignment with sector strategies or use of country systems as a result of two key issues: diverse interpretations of the concept of "ODA to the government sector" and the flawed process of recording aid in the national budget. In regards to the first issue, the government takes the stance that all aid not "under significant control" of the government should not appear in the national budget – even though the government and donors have not agreed on a clear, common definition of the meaning of this phrase. Thus, it is likely that, within the 2008 Survey, a significant volume of ODA reported by donors as "disbursements for government" would not be considered as such by the government. A clear, common definition of which aid should be captured on budget would facilitate both the budget preparation process and donor alignment in the future. In 2008, donors committed to continue the dialogue on this issue, with a view to arriving at a common definition.

Until recently, Rwanda's finance law did not capture most donor assistance provided to autonomous and semi-autonomous agencies and districts. In addition, donors often do not provide timely and complete information on planned disbursements or project support. As a consequence, the government is unable to accurately record such information on its budgets. The new 2006 Law on State Finance and Property provides the legal framework for ensuring the budget process is clearer and more comprehensive. The full impact of these reforms is likely to be delayed and, as such, will not be reflected entirely in the 2008 Survey results. Significant improvements in the quality and communication of data on aid flows will be needed if Rwanda is to meet the 2010 target of 85% of aid recorded in the government budget.

CO-ORDINATING SUPPORT TO STRENGTHEN CAPACITY

INDICATOR 4

Under the Paris Declaration, donors are committed to providing technical assistance in a manner that is co-ordinated with country strategies, thereby ensuring that such assistance helps to strengthen the capacity of partner countries and responds to their actual needs. Indicator 4 measures the degree to which donor technical co-operation is aligned with declared partner country capacity development objectives and strategies.

Capacity building is embedded in each of the three flagship programmes identified in Rwanda's EDPRS. In addition, the Aid Policy requires that all technical assistance be overseen by the Human Resources and Institutional Capacity Development Agency, and encourages donors to pooling their resources in financing this initiative. This may have led to improved co-ordination of technical assistance with country programmes: in 2007, 84% of technical assistance provided was co-ordinated, compared to only 58% in 2005. Such a figure is well in excess of the 2010 target of 50%, though consideration and care must be taken when considering the reliability of data collected against this indicator.

TABLE 45.2: How much technical co-operation is co-ordinated with country programmes?

	Co-ordinated technical co-operation (USD m) a	Total technical co-operation (USD m) b	2005 (for reference) c = a / b	2007
African Development Bank	0	0	0%	--
Belgium	0	5	0%	0%
Canada	1	1	--	57%
European Commission	0	0	0%	100%
France	--	--	0%	--
GAVI Alliance	0	0	--	--
Germany	10	10	0%	93%
Global Fund	0	0	--	--
IFAD	0	0	--	--
IMF	0	0	100%	0%
Japan	4	4	52%	100%
Netherlands	0	0	--	100%
Sweden	0	4	11%	6%
Switzerland	0	2	0%	0%
United Kingdom	7	19	20%	39%
United Nations	9	24	80%	40%
United States	135	135	100%	100%
World Bank	29	29	6%	100%
Total	**196**	**235**	**58%**	**84%**

However, concerns exist that the result overstates the amount of "co-ordianted technical cooperation" that are integrated into country-led, multi-donor programmes. Despite of the 2008 Survey's enhanced criteria and guidance for the indicator, some donors counted all technical assistance in agreements with the government as "co-ordinated" for the purposes of the survey. Consequently, there were difficulties in verifying the accuracy of data provided by donors, with a number of significant changes in donor positions from 2005 to 2007. The ambiguity of the issue is due, in part, that technical assistance is integrated into country programmes. In other words, there is a notion that the 2008 Survey's criterion of country authorities' "control" over technical co-operation is fulfilled when technical assistance is provided in the context of a signed agreement with a national authority. In practice, as highlighted in Rwanda's Aid Policy, the government needs to strengthen its ability to effectively own and monitor technical co-operation at the project and programme level, if such assistance is to be considered genuinely co-ordinated, rather than donor-driven.

USING COUNTRY SYSTEMS

INDICATOR 5

The Paris Declaration encourages donors to make increasing use of country systems where these are of sufficient quality. Indicator 5 looks in particular at donors' use of countries' PFM and procurement systems. Given that Rwanda scored 3.5 on Indicator 2a, the 2010 target on Indicator 5a is that 59% of aid makes use of national PFM systems. Similarly, because Rwanda received a B rating for Indicator 2b, the 2010 target for Indicator 5b is that 64% (one-third reduction) of aid and 90% of donors makes use of procurement systems.

Despite recent and ongoing PFM reforms in Rwanda, the quantitative evidence shows a negligible increase in the proportion of ODA making use of government systems since 2005. The 2006 Baseline Survey for Rwanda reported that 39% of aid made use of PFM systems, averaged across the three components. For procurement, 46% of aid made use of country systems.

TABLE 45.3:
How much aid for the government sector uses country systems?

	Aid disbursed by donors for government sector (USD m)	Public financial management (PFM)					Procurement		
		Budget execution (USD m)	Financial reporting (USD m)	Auditing (USD m)	2005 (for reference)	2007	Procurement systems (USD m)	2005 (for reference)	2007
	a	b	c	d		avg (b,c,d) / a	e		e / a
African Development Bank	63	35	35	35	61%	54%	35	61%	54%
Belgium	32	5	5	5	52%	15%	21	75%	66%
Canada	11	0	1	1	0%	9%	1	0%	13%
European Commission	77	24	24	24	28%	32%	24	28%	32%
France	--	--	--	--	0%	--	--	0%	--
GAVI Alliance	7	0	0	7	--	33%	0	--	0%
Germany	12	5	5	5	37%	47%	5	37%	47%
Global Fund	37	0	37	0	0%	33%	25	100%	66%
IFAD	10	10	10	10	0%	100%	10	0%	100%
IMF	4	4	4	4	74%	92%	4	74%	92%
Japan	17	3	3	3	9%	19%	3	26%	19%
Netherlands	15	0	9	5	0%	32%	7	0%	48%
Sweden	20	12	12	12	75%	59%	12	75%	59%
Switzerland	3	0	0	0	67%	0%	0	67%	0%
United Kingdom	77	71	75	75	86%	96%	77	87%	100%
United Nations	37	0	0	0	0%	0%	9	10%	26%
United States	156	0	0	0	0%	0%	0	0%	0%
World Bank	118	118	65	118	58%	85%	65	58%	55%
Total	**695**	**287**	**286**	**304**	**39%**	**42%**	**298**	**46%**	**43%**

The 2008 Survey shows that only 42% of aid to the government sector uses the country's PFM system and only 43% uses the procurement system. This is broadly consistent with the global finding in the 2006 Baseline Survey that there was no correlation between the strength of a partner country's systems and the use of such systems by donors.

In Rwanda, significant use of country PFM and procurement systems remains largely restricted to those donors delivering assistance in the form of general and sector budget support. Several donors continue to cite headquarters regulations or domestic legislative constraints as the main reason that they do not or cannot use national systems. Strengthening of PFM and procurement systems should provide development partners with the reassurance needed to increase their use of national systems.

However, some donors have yet to assess and internalise the rapid developments Rwanda has made in this area and to increase their use of these systems. Comments from participants in the 2008 Survey reveal a lag in the recognition by donor headquarters of country-level progress in terms of systems and capacities for the effective delivery of aid. It may be that the results of recent PFM reforms in Rwanda need to be fully demonstrated before donors are able to move more comprehensively towards the use of national PFM systems. The government must continue to improve its PFM and procurement systems. However, the onus is on donors to increase use of national systems if the 2010 targets of 59% for Indicator 5a and 64% for Indicator 5b are to be met.

AVOIDING PARALLEL IMPLEMENTATION STRUCTURES

INDICATOR 6

When providing development assistance, some donors establish specific project implementation units (PIUs), *i.e.* dedicated management units designed to support development projects or programmes. A PIU is said to be "parallel" when it is created at the behest of the donor and operates outside existing country institutional and administrative structures.

In the short term, parallel PIUs can play a useful role in establishing good practice and promoting effective project management. However, in the long run, PIUs often tend to undermine national capacity building efforts, distort salaries and weaken accountability for development.

To make aid more effective, the Paris Declaration encourages donors to "avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programmes." Indicator 6 is a count of the number of parallel PIUs being used in partner countries. The 2010 target is to reduce by two-thirds the stock of parallel PIUs in each partner country.

The Paris Declaration calls for a substantial reduction in the number of project implementation units (PIUs) that are parallel in the sense that appointment decisions and accounting relationships involve mainly the donor.

TABLE 45.4:
How many PIUs are parallel to country structures?

	2005 (for reference)	2007 (units)
African Dev. Bank	0	0
Belgium	0	18
Canada	0	1
European Commission	1	0
France	0	--
GAVI Alliance	--	0
Germany	0	0
Global Fund	0	0
IFAD	3	4
IMF	0	0
Japan	0	0
Netherlands	0	0
Sweden	0	0
Switzerland	2	2
United Kingdom	1	1
United Nations	30	12
United States	0	0
World Bank	11	3
Total	**48**	**41**

The 2008 Survey shows a slight reduction in the number of parallel PIUs in existence since 2005 – from 48 to 41. However, it is clear that a number of challenges remain in meeting the 2010 target of reducing the number of PIUs to 16.

Many donors continue to cite capacity restraints (particularly in project implementation) within the Rwandan government as the justification for maintaining PIUs. It is also possible that the complexity of rules and procedures – imposed by certain donors in the execution of projects – necessitates the existence of PIUs. These rules and procedures might be phased out if country PFM and procurement systems were more reliable. Refinement of the definition of PIUs may also have contributed to marginal reduction of parallel PIUs from 2005 to 2007.

Importantly, both the World Bank and United Nations, which accounted for the vast majority of the parallel PIUs in Rwanda's 2006 Baseline Survey, significantly reduced their PIUs in the intervening years. However, this was offset by a significant increase in Belgian PIUs: under the refined 2008 definition of PIUs, projects that are co-managed by Belgium are now considered parallel PIUs. To advance toward the 2010 target, in 2007 Rwanda initiated dialogue with its donors on the use of PIUs. However, it has yet to follow up with a more detailed proposal for phasing out multiple PIUs and for enhancing integration of PIUs within government structures.

PROVIDING MORE PREDICTABLE AID

INDICATOR 7

If aid is provided in a predictable manner, then recipient countries are better able to plan and make effective use of aid. Indicator 7 seeks to assess the in-year predictability of aid, measuring the proportion of planned disbursements (as reported by donors) recorded by government in the national accounting system as having been disbured.

The table looks at predictability from two different angles. The first angle is donors' and government's combined ability to disburse aid on schedule. The second angle is donors' and government's ability to record comprehensively disbursements scheduled by donors for the government sector.

TABLE 45.5: Are disbursements on schedule and recorded by government?

	Disbursements recorded by government in 2007 (USD m) a	Aid scheduled by donors for disbursement in 2007 (USD m) b	Aid disbursed by donors for government sector in 2007 (USD m) for reference only	2005 (for reference)	2007* c = a / b	c = b /a
African Development Bank	75	91	63	--	83%	
Belgium	25	47	32	79%	52%	
Canada	1	14	11	39%	7%	
European Commission	122	71	77	72%		58%
France	0	--	--		--	
GAVI Alliance	0	7	7	--	0%	
Germany	10	12	12	5%	78%	
Global Fund	38	30	37	0%		81%
IFAD	0	16	10	84%	0%	
IMF	0	4	4	0%	0%	
Japan	2	17	17	0%	13%	
Netherlands	15	18	15	29%	81%	
Sweden	15	23	20	87%	66%	
Switzerland	0	3	3	0%	0%	
United Kingdom	72	77	77	83%	94%	
United Nations	10	60	37	21%	16%	
United States	0	154	156	0%	0%	
World Bank	107	90	118	89%		84%
Average donor ratio	--	--	--	39%	42%	
Total	**491**	**734**	**695**	**66%**	**67%**	

* Ratio is c=a/b except where disbursements recorded by government are greater than aid scheduled for disbursement (c=b/a).

Indicator 7 on predictability has been designed to encourage progress from both of these angles so as to gradually close the predictability gap by half by 2010. In other words, it seeks to improve not only the predictability of actual disbursements but also the accuracy of how they are recorded in government systems – an important feature of ownership, accountability and transparency.

In Rwanda, donors scheduled USD 734 million for disbursement in 2007 and actually disbursed – according to their own records – slightly less than expected (USD 695 million). The discrepancy varies considerably among donors and is mainly due to late disbursements carried over to 2008 and to delays in implementing programmes. Only 67% of aid scheduled for disbursement was recorded by the government as disbursed within 2007 – a negligible improvement from 66% in 2005 and far from the 2010 target of 83%. However, the average donor ratio shows that aid predictability for each donor improved on average from 39% to 42% in 2007. This indicates that individual relationships between donors and government are improving in regards to this measure of predictability. However, on the whole, the situation needs substantial improvement.

In Rwanda, the combined predictability gap associated with Indicator 7 amounts to USD 244 million (34% of aid scheduled for disbursement). Closing this gap will require donors and government to collaborate more closely on various fronts, at the same time. As mentioned in the 2006 Baseline Survey, priority areas include improving: a) the realism of predictions on volume and timing of expected disbursements; b) the way donors notify their disbursements to the government; and c) the comprehensiveness of government's records of donor disbursements.

Against this backdrop, it is important to note that the 2005 and 2007 data for Rwanda derives from slightly different sources, which may affect comparison between the scores. Aid disbursement data for 2005 was sourced from the annual budget execution report and annual project monitoring reports, which were limited in coverage. By contrast, the 2007 data was compiled from annual consolidated accounts, which are intended to report more comprehensively on resource flows both through- and off-budget. Still, challenges for progress on Indicator 7 centre on two key issues: coverage of national records of donor disbursements and the timeliness of actual disbursement.

In relation to the issue of coverage of national records, although national accounts capture most of the assistance disbursed in 2007 as general and sector budget support, data remains variable on project disbursements. This may be due, in part, to the differences in how the government and donors define "ODA to the government sector", which resulted in zero or minimal reporting of disbursements by some donors in the national accounts. Transactions made by donors to contractors abroad to provide aid-financed goods and services also makes resource flows difficult to track. These challenges remain despite significant efforts have been made to include data on such resource flows into the national accounts.

Second, in terms of disbursement delays, several donors continue to cite technical delays and procedural issues in implementation as hindering timely disbursement. Several donors have moved toward providing multi-year predictions of disbursements. Others struggled to identify the amount of ODA had been communicated to the government at the start of the fiscal year implying that for some donors, further progress is needed to strengthen internal resource planning processes.

UNTYING AID

INDICATOR 8
How much aid is untied?

According to OECD data covering 93% of aid, 95% of aid to Rwanda is untied. The country has made significant progress on Indicator 8, exceeding the 2006 Baseline Survey amount of 82% and meeting its 2010 target of continued progress over time. Donors that do continue to tie aid to some extent indicated that the untying of aid remains a headquarters-level issue, and that no country-level initiatives or dialogue have taken place around the issues of tied aid. One bi-lateral partner (Switzerland) pointed to the importance of visibility and political and economic interests when considering issues of tying. ■

HARMONISATION

DONOR FRAGMENTATION imposes transaction costs on recipient countries. Indicators 9 and 10 seek to assess various elements of harmonisation.

Since 2005, Rwanda and its donors have formally committed to harmonisation principles. They are now working together on this issue through a number of key fora including the Development Partners Co-ordination Group (DPCG), the Budget Support Harmonisation Group, and various sector-based working groups. Rwanda is also experiencing a gradual evolution of non-budget support mechanisms that should make it easier for donors to harmonise and align their assistance.

USING COMMON ARRANGEMENTS

INDICATOR 9

Aid effectiveness is enhanced when donors use common arrangements to manage and deliver aid in support of partner country priorities. A sound mechanism for aid co-ordination can be described as one that builds on shared objectives which reconciles, in a constructive manner, the various interests of stakeholders.

Indicator 9 assesses the degree to which donors work together by measuring the proportion of total ODA disbursed within PBAs. In practice, there are many different modalities for implementing PBAs, which operate at various levels. At one level, the partner country is responsible for defining clear, country-owned programmes (*e.g.* sector policy) and establishing a single budget framework that captures all resources (both domestic and external). At the second level, donors are responsible for taking steps to use local systems for programme design and implementation, financial management, monitoring and evaluation. Finally, partner countries and donors are jointly responsible for donor co-ordination and harmonisation of donor procedures. The 2010 target is that 66% of aid flows are provided in the context of PBAs.

If donors use common arrangements for the management and delivery of their aid, this can enhance aid effectiveness. Indicator 9 of the Paris Declaration takes the proportion of aid delivered through programme-based approaches (PBAs) as a proxy for use of common arrangements.

Since 2005, Rwanda has encouraged donors to increase the use of PBAs through several national policy documents. The Aid Policy identifies general budget support as Rwanda's preferred aid modality; the EDPRS encourages the broad adoption of sector-wide approaches in the planning and management of donor and government funds. In line with these strategies, more donors are participating in sector budget support. The education sector continues to lead, with an operational SWAp guiding donor interventions and channelling funds (through the budget) to key activities. In 2007, Rwanda launched a SWAp in the health sector. However, ensuring actual alignment to common procedures and arrangements will remain a challenge given the large and diverse number of development partners active in the sector.

TABLE 45.6: How much aid is programme based?

	Programme based approaches (PBAs)			Total aid disbursed	2005	2007
	Budget support (USD m) a	Other PBAs (USD m) b	Total (USD m) c = a + b	(USD m) d	(for reference)	e = c / d
African Development Bank	35	0	35	63	61%	54%
Belgium	5	0	5	49	0%	10%
Canada	0	0	0	13	0%	0%
European Commission	24	--	24	85	28%	29%
France	--	--	--	--	43%	--
GAVI Alliance	0	2	2	7	--	35%
Germany	2	2	4	16	28%	26%
Global Fund	0	37	37	37	100%	100%
IFAD	0	10	10	10	0%	100%
IMF	0	0	0	4	74%	0%
Japan	0	3	3	17	0%	19%
Netherlands	0	8	8	26	0%	29%
Sweden	12	0	12	21	69%	56%
Switzerland	0	0	0	4	0%	0%
United Kingdom	71	6	77	90	82%	86%
United Nations	0	12	12	58	0%	21%
United States	0	0	0	156	0%	0%
World Bank	65	3	68	118	58%	57%
Total	**213**	**84**	**297**	**774**	**42%**	**38%**

Despite this progress, the proportion of aid using PBAs, and thus common procedures, declined slightly in Rwanda – from 42% in 2005 to 38% in 2007. This is significantly below the 2010 target level of 66%. This is partly due to refinement of the definition of PBAs from the 2006 to 2008 surveys. As a result, some donors did not meet the stricter requirements to classify their aid disbursements as PBAs. The government and donors are actively exploring opportunities to develop SWAps in other key sectors, drawing on international experiences and best practice. Such efforts are likely to help Rwanda meet the 2010 target for Indicator 9.

CONDUCTING JOINT MISSIONS AND SHARING ANALYSIS

One of the most frequent complaints of partner countries is that donors make too many demands in relation to their limited resources: country authorities spend too much time meeting with donor officials and responding to their many requests. The Paris Declaration recognises that donors have a responsibility to ensure that, to the greatest extent possible, the missions and analytical work they commission are undertaken jointly – *i.e.* that the burden of such work is shared.

Indicator 10 measures the extent to which donors are merging their missions (Indicator 10a) and analytical work (Indicator 10b) at the country level – either with country partner authorities or amongst the donor community (or both). It calculates the proportion of missions to the country undertaken jointly (*i.e.* by more than one donor) and the share of country-analysis exercises undertaken on a joint or co-ordinated basis. The 2010 target is that 40% of donor missions to the field are conducted jointly and that 66% of country analytical work is carried out jointly.

Indicator 10 counts the proportion of missions to the country that were undertaken jointly by more than one donor, and the share of country-analysis exercises that were undertaken on a joint or co-ordinated basis. The data has been adjusted to compensate for double-counting of joint missions and analytic work.

INDICATOR 10a

Table 7 shows that Rwanda has made good progress on Indicator 10a, with 21% donor missions conducted jointly in 2007 (compared to only 9% in 2005). Several "like-minded" donors have made particular efforts to undertake joint missions. For example, the World Bank has partnered with the United Kingdom on various sector-specific issues. UN agencies appear to have participated in the greatest number of joint missions in 2007, with many of these missions relating to the design of the UN "Delivering as One" pilot project. Many of these missions are "one-off" in the sense that they relate to feasibility and other aspects of intra-UN working. However, it is anticipated that they will pave the way for enhanced inter-agency work on future missions relating to the UN programme in Rwanda.

TABLE 45.7:
How many donor missions are co-ordinated?

	Co-ordinated donor missions* (missions)	Total donor missions (missions)	2005 (for reference)	2007
	a	b		c = a / b
African Development Bank	2	19	0%	11%
Belgium	2	4	0%	50%
Canada	0	0	33%	--
European Commission	0	3	25%	0%
France	--	--	50%	--
GAVI Alliance	0	0	--	--
Germany	5	7	21%	71%
Global Fund	2	6	50%	33%
IFAD	7	7	0%	100%
IMF	0	20	4%	0%
Japan	0	8	0%	0%
Netherlands	0	20	16%	0%
Sweden	4	10	0%	40%
Switzerland	0	10	0%	0%
United Kingdom	4	20	25%	20%
United Nations	26	51	15%	51%
United States	0	0	--	--
World Bank	12	50	14%	24%
Total	**45**	**216**	**9%**	**21%**

* The total of co-ordinated missions was adjusted to avoid double counting in 2005, where a discount factor of 35% was applied. For 2007, the in-country survey team collected more detailed information on missions, allowing for the elimination of double-counting at source.

The government does not have a systematic approach for monitoring donor missions. However, donors will be encouraged to begin reporting on their mission activity through the DAD in the near future. This will assist Rwanda in meeting the 2010 target of 40% joint missions. Donors and government should also increase their emphasis on joint sector review missions held on an annual basis instead of separate missions.

INDICATOR 10b

Country analytical work encompasses the analysis and advice necessary to strengthen policy dialogue, and to develop and implement country strategies in support of sound development assistance. It typically includes country or sector studies and strategies, country evaluations, discussion papers, etc. The Paris Declaration recognises that donors have a responsibility in ensuring that the analytical work they commission is undertaken jointly, as much as possible. Doing country analytical work jointly has a number of benefits. It helps curb transaction costs for partner authorities, avoid unnecessary duplicative work and foster common understanding between donors. Donors need also to draw on partner countries' own analytical work and, where appropriate, work with government and other donors. Indicator 10b measures the proportion of country analytical work that is undertaken jointly.

TABLE 45.8:
How much country analysis is co-ordinated?

	Co-ordinated donor analytical work* (analyses) a	Total donor analytical work (analyses) b	2005 (for reference)	2007 c = a / b
African Development Bank	0	2	--	0%
Belgium	1	1	100%	100%
Canada	1	1	--	100%
European Commission	0	0	--	--
France	--	--	--	--
GAVI Alliance	0	0	--	--
Germany	2	3	13%	67%
Global Fund	1	6	--	17%
IFAD	2	2	67%	100%
IMF	0	6	50%	0%
Japan	0	0	--	--
Netherlands	0	1	--	0%
Sweden	1	2	33%	50%
Switzerland	1	2	50%	50%
United Kingdom	2	4	100%	50%
United Nations	24	52	49%	46%
United States	0	0	100%	--
World Bank	2	2	57%	100%
Total	**34**	**81**	**36%**	**42%**

* The total of co-ordinated joint analytic work was adjusted to avoid double counting in 2005, through the application of a discount factor of 25%. For 2007, the in-country survey team collected more detailed information on missions, allowing for the elimination of double-counting at source.

Rwanda improved slightly in the extent to which aspects of analytic work are co-ordinated, increasing from 36% in 2005 to 42% in 2007. This is still far below the 2010 target of 66%. Joint sector and programme reviews led or organised by the government continue to offer opportunities for joint analytic work. However, the effective functioning of these remains contingent on donor support and co-leadership in some sectors. Some attempts have been made to share country analytic work on the DevPartners web site (www.devpartners.gov.rw). As yet, donors have not volunteered analytic reports for the web site in a systematic manner, and MINECOFIN does not have the capacity to conduct extensive research and monitor donor analytic works. Building a repository of existing analytic work might facilitate detection of duplication and provide a basis for future joint analysis. ■

MANAGING FOR RESULTS

INDICATOR 11
Do countries have results-based monitoring frameworks?

THE PARIS DECLARATION CALLS ON donors and partner countries to make a joint commitment to managing for development results – *i.e.* to manage resources according to desired results. This implies defining desired results and measuring progress toward them, as well as using information on results to improve decision making and performance. It also implies strengthening capacity to undertake such management and helping to increase the demand for a focus on results (*i.e.* adopt a results-based monitoring framework).

Indicator 11 utilises data collected as part of the World Bank's review on *Results-Based National Development Strategies: Assessments and Challenges Ahead*. The review focuses on three particular aspects of a robust results-based monitoring framework: the quality of the information generated; stakeholder access to the information; and the extent to which such information is utilised within a country-level monitoring and evaluation system.

The assessments are expressed in scores running from A (high) to E (low), with B representing a "largely developed results-based monitoring framework." The 2010 target is to reduce by one-third the proportion of countries lacking transparent and monitorable results-based monitoring frameworks (*i.e.* reduce by one-third the number of countries not attaining at least a B rating).

The Paris Declaration recommends that donors work alongside partner countries to manage resources on the basis of desired results, and to use information effectively to improve decision making. Indicator 11 focuses on one component of managing for results: the establishment by the partner country of a results-based monitoring and evaluation system that is high quality, accessible by stakeholders and co-ordinated at country-level.

Rwanda received a C rating in the World Bank's 2007 Aid Effectiveness Review - the same as in the previous Comprehensive Development Framework assessment. This indicates that action is being taken towards achieving good practice.

This is an area of significant and ongoing progress for Rwanda as it begins to implement the EDPRS. The EDPRS mainstreams a system of monitoring and evaluation at national, sub-national and sectoral levels to improve public sector performance. The document proposes an indicator system of four linked matrices. These matrices can be used by domestic stakeholders to monitor national development and by external stakeholders to exercise accountability for grants and loans. They can also be used, to a more limited extent, by sector specialists to track performance over a rolling, three-year budget period. A common performance assessment framework (PAF) is currently being finalised, and will incorporate tools for assessing both government and donor performance. Unlike existing tools in other countries, it is anticipated that this PAF will form the basis for a mutual accountability framework that will include all development stakeholders. (Many similar tools are limited only to assessing the government's interface with budget support donors).

Strengthening of national statistical capacities is ongoing, with a number of partners providing co-ordinated support to the National Institute of Statistics of Rwanda. Recent outputs have included a comprehensive household living conditions survey, support to the DHS survey, and the national MDGs status report. The MDG status report was presented and discussed by government and donors at their high-level conference in 2007. As the EDPRS monitoring framework is fully realised, Rwanda is largely within reach of the 2010 target of achieving a B or an A for Indicator 11. ■

MUTUAL ACCOUNTABILITY

INDICATOR 12
Do countries have reviews of mutual accountability?

THE PARIS DECLARATION CALLS for donors and partner countries to be accountable to each other for the use of development resources, and in a way that tends to strengthen public support for national policies and development assistance. This in turn requires governments to take steps to improve country accountability systems and donors to help by being transparent about their own contributions. Indicator 12 measures one important aspect of mutual accountability: whether country-level mutual assessments of progress in implementing agreed commitments take place.

Rwanda has not yet undertaken a mutual accountability review as defined by the Paris Declaration even though enhancing mutual accountability between the government and development partners was a central theme for DPCG members in 2007. To gain an outside perspective on the government–donor relationship, the government and donors agreed in principle to carry out an independent review of their relations. A technical working group has been formed to develop terms of reference for the independent review. At present, it is anticipated that the proposed review should achieve three objectives: build on the joint review cycle of the PAF; introduce an element of external objectivity into the process; and facilitate recommendations on broader issues in the aid environment. ■

PROGRESS SINCE 2005 AND PRIORITIES FOR 2010

SINCE THE ENDORSEMENT OF THE PARIS DECLARATION by the government and by all of its official donors, intensive dialogue on aid effectiveness is continuing to taking place in Rwanda. However, the 2008 Survey participants expressed concern at the slow progress made against the Paris indicators since 2005. Rwanda has met targets for only three indicators: Indicator 4 on co-ordinated technical co-operation and Indicator 8 on untying aid. The 2008 Survey results show no significant progress against most other indicators, leaving significant gaps to be filled vis-à-vis the 2010 targets. Significant efforts are required by the government and donors to take action in the context of Rwanda's Aid Policy and to ensure that implementation of the EDPRS is fully realised. Only then will Rwanda have an opportunity to reach the 2010 targets. ■

SUMMARY
TABLE 45.9

	INDICATORS	2005 REFERENCE	2007	2010 TARGET
1	Operational development strategies	B	B	A
2a	Reliable public financial management (PFM) systems	3,5	4,0	4,0
2b	Reliable procurement systems	Not available	B	A
3	Aid flows are aligned on national priorities	49%	51%	85%
4	Strengthen capacity by co-ordinated support	58%	84%	50%
5a	Use of country PFM systems	39%	42%	59%
5b	Use of country procurement systems	46%	43%	Not applicable
6	Strengthen capacity by avoiding parallel PIUs	48	41	16
7	Aid is more predictable	66%	67%	83%
8	Aid is untied	82%	95%	More than 82%
9	Use of common arrangements or procedures	42%	38%	66%
10a	Joint missions	9%	21%	40%
10b	Joint country analytical work	36%	42%	66%
11	Results-based monitoring frameworks	C	C	B or A
12	Mutual accountability	No	No	Yes

CONTRIBUTORS

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ACRONYMS

DAD	Development Assistance Database
DPCG	Development Partners Co-ordination Group
EDPRS	Economic Development and Poverty Reduction Strategy
MINECOFIN	Ministry of Finance and Economic Planning
PEFA	Public Expenditure and Financial Accountability
PRSP	Poverty Reduction Strategy Paper
PAF	Performance Assessment Frameworks