
RWANDA

INTRODUCTION

RWANDA is a low-income country with a gross national income (GNI) of USD 490 per capita in 2009 (WDI, 2011). It has a population of approximately 10 million with 77% of the population living under the national poverty line in 2005 (WDI, 2011). Net official development assistance (ODA) to Rwanda in 2009 totalled approximately USD 934 million (OECD, 2011a). Since 2005, net ODA has averaged 20% of GNI (WDI, 2011). The top five donors provided 58% of Rwanda's core ODA (OECD, forthcoming). ■

SUMMARY OF PROGRESS

PROGRESS ON THE PARIS DECLARATION INDICATORS depends on improvements by both donors and partner governments. Rwanda has participated in all previous rounds of the monitoring survey, and since 2005, has made strong progress towards the achievement of the Paris Declaration targets for 2010. Out of the 13 indicators with applicable targets, 8 have been met and 5 remain unmet, although a number of these are close to the target. Progress has been recorded in ownership, mutual accountability and a number of alignment indicators – in particular: alignment with national priorities; use of country public financial management systems; predictable aid and the use of common arrangements or procedures. All harmonisation indicators have met the targets for 2010. Although a mutual accountability mechanism is in place, challenges remain in improving the effectiveness of the country's results-oriented framework. More broadly, the recent global financial crises and lack of aid predictability tend to deepen the challenges towards the achievement of the Paris Declaration. ■

TABLE 1:
Baselines and targets
for 2010

INDICATORS		2005 REFERENCE	2007	2010 ACTUAL	2010 TARGET
1	Operational development strategies	B	B	A	'B' or 'A'
2a	Reliable public financial management (PFM) systems	3.5	4.0	4.0	4.0
2b	Reliable procurement systems	Not available	B	Not available	No Target
3	Aid flows are aligned on national priorities	49%	51%	71%	85%
4	Strengthen capacity by co-ordinated support	58%	84%	92%	50%
5a	Use of country PFM systems	39%	42%	50%	59%
5b	Use of country procurement systems	46%	43%	64%	No Target
6	Strengthen capacity by avoiding parallel PIUs	48	41	26	16
7	Aid is more predictable	66%	67%	74%	83%
8	Aid is untied	85%	94%	97%	More than 85%
9	Use of common arrangements or procedures	42%	38%	67%	66%
10a	Joint missions	9%	21%	44%	40%
10b	Joint country analytic work	36%	42%	82%	66%
11	Results-oriented frameworks	C	C	C	'B' or 'A'
12	Mutual accountability	N	N	Y	Y

ABOUT THE SURVEY

This chapter assesses progress against the quantitative indicators provided by the Survey on Monitoring the Paris Declaration, drawing on data provided by the government and donors, the OECD and the World Bank. In addition to this, it draws on qualitative evidence submitted to the OECD by the national government which incorporates feedback from donors and other stakeholders. Stakeholders note that it is possible that in places definitions and concepts were interpreted differently by survey respondents in 2011 compared with previous years. A degree of caution should be taken when analysing the trends shown by some of the indicators.

Rwanda has previously participated in all previous rounds of the Paris Declaration Monitoring Survey. The 2011 survey responses cover 18 donors and 92% of Rwanda's core ODA as well as several non ODA aid providers. The previous 2008 Survey covered 17 donors with a recorded amount equivalent to 93% of Rwanda's ODA. However, the amount of ODA has reduced in 2010 even though the number of donors increased slightly from 17 to 20. The 2011 survey process was managed by a national co-ordinator with support from donor focal points. Monitoring of the exercise was undertaken through the Development Assistance Database. Quality assurance of the process was undertaken by the national co-ordinator and the donor focal point. Rwanda also completed the optional module on gender equality as part of the survey process. ■

	ACHIEVEMENT OR CHALLENGE	LESSON OR PRIORITY ACTION
Ownership	Achievement: Rwanda's Economic Development and Poverty Reduction Strategy 2008-2012 (EDPRS) is integrated with a long term vision and sectoral strategies, and encompasses a comprehensive set of prioritised targets.	Lesson: Ensure national development strategies are well integrated and serve as a reference point for sub-national and sectoral strategies.
Alignment	Achievement: There has been a significant improvement in the proportion of disbursed aid accurately recorded in the national budget.	Lesson: This has been facilitated through the strengthening of the Development Assistance Database (DAD) to ensure timely and reliable data is collected. A shift towards budget support modalities has also contributed to the proportion of ODA reported on budget.
Harmonisation	Achievement: Strengthened the use of programme-based approaches through national policy documents.	Lesson: Extend sector-wide approaches (SWAps) to all sectors and strengthen their scope and coverage.
Managing for results	Challenge: Quality of monitoring and evaluation data is weak, and as there is no evidence that data collection provides comprehensive information to track the targets of the national development strategy (NDS).	Priority action: Improve the statistical generation and analytical capabilities of ministries in order to ensure adequate frequency and quality of data for monitoring and evaluation purposes. Ongoing efforts to strengthen NISR's capacity to support improvements in data collection and analysis would further contribute to this.
Mutual accountability	Achievement: Rwanda has developed frameworks for Donor Performance Assessment and Development Partner Co-ordination. Challenge: Parliament and civil society organisations remain excluded from the performance assessment of government and donors, although they did engage in the aid co-ordination architecture, which provides the national mutual accountability framework.	Priority action: Enhance parliamentary oversight of aid transparency and engage civil society groups and parliament in mutual accountability systems. The Government of Rwanda notes that while international NGOs and local civil society groups participate in co-ordination meetings, only the GoR and donors are subject to transparent assessments of performance in the context of Rwanda's mutual accountability framework.

TABLE 2:
Learning from success
and challenges

OWNERSHIP

AID IS MOST EFFECTIVE when it supports a country-owned approach to development. It is less effective when aid policies and approaches are driven by donors. In the context of the Paris Declaration, ownership concerns a country's ability to carry out two, inter-linked activities: exercise effective leadership over its development policies and strategies; and co-ordinate the efforts of various development actors working in the country.

Indicator 1 assesses the operational value of a country's development strategy. In particular, it looks at the existence of an authoritative country-wide development policy (*i.e.* a unified strategic framework), the extent to which priorities are established, and whether these policies are costed and linked with the budget. All of these features are important to harness domestic resources for development, and to provide a basis for the alignment of aid to development priorities. Each country has provided evidence against these criteria, and this has been translated into a score by the World Bank using the same methodology as in the 2006 and 2008 surveys. A five-point scale runs from A (highest score) to E (lowest score). The Paris Declaration targets 75% of partner countries achieving a score of A or B by 2010.

INDICATOR 1
Do countries have
operational development
strategies?

Rwanda received an A rating on the operationality of its national development strategy (NDS) – the Economic Development and Poverty Reduction Strategy 2008-2012 (EDPRS). This is an improvement since 2007. The NDS is well integrated with a long-term vision (Vision 2020), and both policies serve as a reference point for sub-national and sectoral strategies, encompassing a prioritised set of customised targets with a clear approach for achieving them. They also link closely to the budget process to ensure that they are not only costed but that government expenditures are consistent with achieving the priorities within the strategy. The NDS was produced in consultation with stakeholders including government, private sector, civil society and donors. It is built around three core areas: sustainable growth for jobs and exports, integrated rural development and good governance.

The national development strategy (NDS) has prioritised targets which are translated into policy actions, which are in turn matched to the budget to ensure appropriate funding. The (NDS) incorporates the Millennium Development Goals, taking into consideration Rwanda's local situation. Cross-cutting issues such as governance and gender are mainstreamed into the NDS. The NDS is reviewed annually through an annual progress report, a joint budget support review, joint sector reviews, and district-level review processes. The annual reviews are participatory, involving civil society, local government and private sector, while parliament performs an oversight role through reviewing the budget and sector allocations in line with the NDS.

The process of formulating the NDS was supported by donors. Donors also serve as co-chairs in sector-working groups. The sector-working groups meet regularly but the exact period and number of meetings is unknown. An operational medium-term expenditure framework ensures that sectoral allocations are based on sectoral priorities. Performance orientation in the budget process is achieved through a review of the previous year's budget expenditures matched against performance targets. This review shapes the formulation of the new budget.

Country-level qualitative assessment indicates that gender equality and empowerment are not yet addressed in the NDS. However, efforts are underway to produce gender budget statements by all ministries, provinces and districts, while mainstreaming gender into sector programmes. ■

ALIGNMENT

AID THAT IS DONOR DRIVEN AND FRAGMENTED is less effective. For aid to be effective, it must make use of national development strategies and use and help strengthen capacity in national systems, such as those for procurement and public financial management. The Paris Declaration envisions donors basing their support fully on partner countries' aims and objectives. Indicators 2 through 8 of the Paris Declaration assess several different dimensions of alignment.

Rwanda has made progress in many of indicators on alignment, although only three out seven indicators with applicable targets have been met (the reliability of PFM systems, co-ordinated technical assistance for capacity building and untied aid). However, there has been notable progress on the alignment of aid to national priorities, the use of country PFM and procurement systems, and in the reduction of parallel project implementation units.

Indicator 2 covers two aspects of country systems: public financial management (PFM) and procurement. Do these systems either adhere to good practices or are there plans for reform? If countries have reliable systems, donors are encouraged to use them for the delivery and management of aid. This helps to align aid more closely with national development strategies and enhances aid effectiveness.

Indicator 2a of the Paris Declaration assesses whether PFM systems meet broadly accepted good practices or whether credible reform programmes are in place. 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).

INDICATOR 2 Building reliable country systems

INDICATOR 2a How reliable are country public financial management systems?

To score highly, a country needs to perform well against all three of the following criteria: a comprehensive and credible budget linked to policy priorities; an effective financial management system 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 with effective arrangements for follow up. Meeting the global 2010 target requires half of partner countries to move up at least one measure (*i.e.* 0.5 points) between 2005 and 2010.

In 2010, Rwanda scored 4.0 on the reliability of its PFM systems, maintaining performance from 2008. A number of PFM reforms have been implemented since the 2008 Survey under the Public Financial Management Reform Strategy in areas such as financial management and reporting, procurement, and internal and external audit. In recent years, reforms have led to improvements in PFM, and a recent Public Expenditure and Financial Accountability (PEFA) assessment notes a solid and progressive improvement in public financial management since the last assessment in 2007. However, challenges remain in the sub-national levels due to the limited decentralisation of public financial management systems.

Indicator 2b was first measured in 2008 by 17 countries. The process is one of self-assessment, using the Methodology for the Assessment of National Procurement Systems developed by the OECD-DAC Task Force on Procurement. The methodology includes baseline indicators to compare a country's systems to internationally-accepted good practice, as well as a new set of indicators. These indicators assess overall performance of the system, compliance with national legislation and standards and whether there is a reform programme in place to promote improved practices. The results are expressed as grades on a four-point scale running from A (the highest) to D (the lowest). The 2010 target is for a third of partner countries to move up at least one measure (*i.e.* from D to C, C to B or B to A) although not all countries will perform an assessment.

INDICATOR 2b

How reliable are country procurement systems?

Rwanda was not assessed on the reliability of its procurement systems in 2010, and no target was applicable. However, Rwanda is currently undertaking a study on its procurement system, which is to be validated in 2012. Various reforms to procurement laws and regulations have been undertaken. Some of these include: 'Restructuring of National Procurement Tender Board and National Standard Bidding Documents' in line with international standards; a standard manual for public procurement; and Code of conduct for all staff in charge of procurement. Other procurement reform components include capacity development of various stakeholders which is underway at the national and regional level, as well as with the private sector and donors. A training strategy on procurement is impending, based on a collaborative initiative between a local training institution and an international organisation with speciality in procurement.

Comprehensive and transparent reporting on aid, and its use, helps ensure that donors align aid flows with national development priorities. When aid directed to the government sector is fully and accurately reflected in the national budget it indicates that aid programmes are well connected with country policies and processes. This also allows partner country authorities to present accurate and comprehensive budget reports to their parliaments and citizens.

INDICATOR 3

Aligning aid flows on national priorities

As a proxy for alignment, indicator 3 measures the percentage of aid disbursed by donors for the government sector that is included in the annual budget for the same fiscal year. The indicator reflects two components: the degree to which aid is aligned with government priorities, and the extent to which aid is captured in government's budget preparation process. Budget estimates can be higher or lower than disbursements by donors and are treated similarly for the purpose of measuring indicator 3 despite the different causes. In the Rwandan context, aid can be on government's sector plan but is not in the national budget, if it is executed and/or delivered by institutions other than government agencies.

TABLE 3:
Are government budget estimates comprehensive and realistic?

	Government's budget estimates of aid flows in 2010 (USD m) a	Aid disbursed by donors for government sector in 2010 (USD m) b	2005		2007		2010*		Total aid disbursed through other donors (USD m)
			(for reference)	(for reference)	(%) c = a / b	(%) c = b / a			
African Dev. Bank	59	47	94%		86%			0	
Belgium	45	66	84%		77%		68%	9	
Canada	2	3	68%		0%		56%	3	
EU Institutions	84	88	72%		80%		95%	1	
France	0	--	45%		--		--	0	
GAVI Alliance	0	3	--		0%		0%	0	
Germany	19	31	22%		46%		62%	0	
Global Fund	42	65	44%		67%		64%	0	
IFAD	31	16	80%		58%		52%	0	
IMF	--	--	0%		0%		--	0	
Japan	4	14	36%		29%		29%	3	
Korea	0	--	--		--		--	0	
Luxembourg	1	2	--		--		55%	0	
Netherlands	40	44	24%		42%		91%	3	
OFID	8	11	--		--		70%	0	
Sweden	2	5	32%		52%		43%	8	
Switzerland	1	3	0%		0%		34%	0	
United Kingdom	78	78	70%		96%		99%	0	
United Nations	11	49	15%		10%		22%	0	
United States	0	173	2%		0%		0%	4	
World Bank	212	197	50%		50%		93%	0	
Average donor ratio			43%		41%		56%		
Total	639	898	49%		51%		71%	31	

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

The 2010 target is to halve the proportion of aid flows that are not currently reported on government budgets, with at least 85% of aid reflected in the budget. Since the previous monitoring survey, Rwanda has made considerable progress in the proportion of disbursed aid accurately estimated in budget, rising from 51% in 2007, to 71% in 2010. This is short of the 85% target. Among the major donors, the United Kingdom aligned most of their aid (99%), thereby scoring highest, followed by the EU Institutions (95%) and the World Bank (93%). On the other hand, the United States, the largest donor to Rwanda in this regard, did not have any of its disbursed aid accurately estimated on the budget due to the delivery/execution modality, whereby most aid from the United States is executed by NGOs.

The overall score reflects that many donors are progressively aligning their aid flows with national priorities by following the yearly and quarterly disbursement plans of the government. This has been facilitated by the strengthening of the Development Assistance Database (DAD) to ensure that timely, reliable, relevant aid information is collected. A shift towards budget support modalities has also contributed to the proportion of ODA reported on budget, and increased use of country PFM systems is expected to enable Rwanda to meet the 85% target. However, the Government of Rwanda notes that there is a need for one of its largest donors to adjust its policies in order to allow government agencies to increasingly deliver/execute their aid.

INDICATOR 7
Providing more predictable aid

For many countries, aid is a vital source of revenue and resources. Being able to predict aid disbursements – both in terms of how much aid will be delivered and when – is important to enable countries to manage public finances and undertake realistic planning for development. The Paris Declaration calls on donors to provide reliable, indicative commitments of aid over a multi-year framework, and to disburse aid in a timely and predictable manner according to agreed schedules.

Indicator 7 examines the in-year predictability of aid for the government sector by measuring the proportion of planned disbursements (as reported by donors) that are recorded by governments in their accounting system as having been disbursed. Indicator 7 therefore assesses two aspects of predictability. The first is the ability of donors to disburse aid according to schedule. The second is the ability of government to record disbursements for the government sector as received in its accounting system. Indicator 7 is designed to encourage progress in relation to both, with the aim of halving the proportion of aid not disbursed (and not captured in the government's accounting system) within the fiscal year for which it was scheduled by 2010. The ultimate goal is to improve not only the predictability of disbursements, but also the accuracy with which they are recorded in government systems – an important element to support ownership, accountability and transparency.

TABLE 4:
Are disbursements on schedule and recorded by government?

	Disbursements recorded by government in 2010 (USD m) a	Aid scheduled by donors for disbursement in 2010 (USD m) b	2005		2007		2010*		For reference: Aid disbursed by donors for government sector in 2010 (USD m) d	For reference: % of scheduled aid disbursements reported as disbursed by donors in 2010**	
			(for reference)	(for reference)	(for reference)	(for reference)	c = a / b	c = b / a		e = d / b	e = b / d
African Dev. Bank	35	33	--	83%				47		71%	
Belgium	48	64	79%	52%			75%	60	93%		
Canada	2	4	39%	7%			45%	3	65%		
EU Institutions	103	76	72%		58%		74%	94		82%	
France	0	0		--			--	0	--		
GAVI Alliance	0	4	--	0%			0%	3	85%		
Germany	20	31	5%	78%			65%	40		78%	
Global Fund	117	57	0%		81%		49%	143		40%	
IFAD	15	24	84%	0%			60%	15	62%		
IMF	--	--	0%	0%			--	--	--		
Japan	1	23	0%	13%			5%	16	68%		
Korea	0	4	--	--			0%	4	100%		
Luxembourg	3	3	--	--			94%	3	98%		
Netherlands	23	45	29%	81%			52%	40	89%		
OFID	1	0	--	--			0%	6		0%	
Sweden	2	10	87%	66%			24%	10	98%		
Switzerland	2	4	0%	0%			61%	2	57%		
United Kingdom	78	81	83%	94%			96%	96		85%	
United Nations	16	76	21%	16%			21%	49	65%		
United States	1	173	0%	0%			1%	223		77%	
World Bank	183	161	89%		84%		88%	209		77%	
Average donor ratio			39%	42%			48%			73%	
Total	651	875	66%	67%			74%	1 063		82%	

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

** Ratio is $e=d/b$ except where disbursements recorded by donors are greater than aid scheduled for disbursement ($e=b/d$).

In 2010, the proportion of disbursed aid recorded in government accounting systems was 74%, a significant improvement in comparison with the 2005 and 2007 figures, but slightly short of the 77% target for 2010. Large donors to Rwanda, such as the African Development Bank, World Bank, United Kingdom and the EU Institutions had 96%, 88%, 96% and 74% of their disbursements recorded respectively. However, other large donors such as the United States and United Nations scored significantly lower, with the United States at 1% and the United Nations at 21%. The Government of Rwanda compiles annual consolidated accounts, reporting on resource flows both on and off-budget. Most of the assistance disbursed as general and sector budget support is captured in the national accounts. However, data on disbursements made directly by donors to contractors remains weak. This poses a significant challenge to the government's accountability on its budget

execution to the Parliament. Provision of multi-year predictions also continues to be a challenge for many donors, and a lack of rolling plans decreases aid predictability in the latter years of multi-annual plans. In addressing these challenges, the government has provided budget planning templates to project teams, and a module is currently being developed for the Development Assistance Database (DAD) to capture full and timely information on annual commitments.

INDICATOR 4

Co-ordinating support to strengthen capacity

Capacity constraints present significant challenges to development and poverty reduction efforts and their sustainability. These relate both to aid management capacities (the ability of the government to capture, co-ordinate and utilise aid flows more effectively) and also to broader capacities for the design and implementation of policies and service delivery.

Under the Paris Declaration donors committed to providing technical co-operation that is co-ordinated with partner country strategies and programmes. This approach aims to strengthen capacities while also responding to the needs of partner countries. Successful capacity development is led by the partner country.

Indicator 4 focuses on the extent to which donor technical co-operation (an important input into capacity development) is country-led and well co-ordinated. It captures the extent to which technical co-operation is aligned with objectives articulated by country authorities, whether country authorities have control over this assistance, and whether arrangements are in place to co-ordinate support provided by different donors. The Paris Declaration target is for 50% of technical co-operation flows to be implemented through co-ordinated programmes that are consistent with national development strategies by 2010.

TABLE 5:
How much technical co-operation is co-ordinated with country programmes?

	Co-ordinated technical co-operation (USD m)	Total technical co-operation (USD m)	2005 (for reference)	2007 (for reference)	2010 (%)
	a	b			c = a / b
African Dev. Bank	0	0	0%	--	100%
Belgium	9	9	0%	0%	100%
Canada	1	3	--	57%	38%
EU Institutions	3	3	0%	100%	97%
France	0	0	0%	--	--
GAVI Alliance	0	0	--	--	--
Germany	2	13	0%	93%	18%
Global Fund	--	--	--	--	--
IFAD	0	0	--	--	--
IMF	--	--	100%	0%	--
Japan	8	8	52%	100%	100%
Korea	0	4	--	--	0%
Luxembourg	0	0	--	--	0%
Netherlands	2	2	--	100%	77%
OFID	0	0	--	--	--
Sweden	0	0	11%	6%	--
Switzerland	0	0	0%	0%	--
United Kingdom	3	3	20%	39%	100%
United Nations	13	17	80%	40%	76%
United States	192	192	100%	100%	100%
World Bank	9	10	6%	100%	85%
Total	242	265	58%	84%	92%

The co-ordination of technical co-operation has improved consistently over previous surveys, from 58% in 2005 to 92% in 2010. This is significantly above the 50% target for 2010. Most major donors co-ordinated over 80% of their technical co-operation in 2010. The largest donor (by a considerable margin) is the United States, notably co-ordinating all of its technical assistance. However, the Government of Rwanda notes that different donors had

different interpretations regarding exactly what constitutes co-ordinated technical co-operation, and that this has led to some of the large discrepancies in donors' scores. For instance, the United States' and Germany's different interpretations underlie the variation in their scores, from 100% to 18% respectively in 2010.

The government notes that, during the assessment, some donors perceived technical co-operation as general strategic agreement across government, while others viewed it in the context of sector-wide approaches and other specific frameworks. In general, good performance on this indicator can partly be attributed to the adoption of a demand driven approach to technical co-operation. In this regard, a National Capacity Building Fund and Public Sector Capacity Development Secretariat were established in 2009 to co-ordinate and enhance capacity development activities in five key sectors of the economy where gaps exist. On the donor side, donors have entered into pooled capacity development funds in the education and health sectors, and there have been active discussions among donors concerning the co-ordination of capacity development activities in a basket fund focused on decentralisation reforms. In addition, donors participate in sector-working groups to co-ordinate external plans for technical co-operation, and provide technical co-operation in support of the government-led sector programme.

Clearly defining 'control by relevant authorities' also posed difficulties. Challenges to capacity building more generally include: a high turnover of core civil servants and pay differentials between technical co-operation personnel and core staff; as well as fragmented donor support coupled with weak monitoring and evaluation mechanisms. To this end, the single project implementation units (SPIUs) which were approved by the Cabinet aim to address the pay differentials between technical co-operation personnel and core staff. In addition, the Strategic Capacity Building Initiative (SCBI) aims to ensure that technical co-operation, and particularly technical assistance, contributes to sustainable capacity while enhancing donor support to capacity development.

Donor use of a partner country's established institutions and systems increases aid effectiveness by strengthening the government's long-term capacity to develop, implement and account for its policies to both its citizens and its parliament. The Paris Declaration commits donors to increase their use of country systems that are of sufficient quality, and to work with partner countries to strengthen systems that are currently weak. Indicator 5 is directly linked to indicator 2 on the quality of public financial management (PFM) and procurement systems.

Indicator 5a measures the extent to which donors use partner country PFM systems when providing funding for the government sector. It measures the volume of aid that uses partner country PFM systems (budget execution, financial reporting and auditing) as a proportion of total aid disbursed for the government sector. The 2010 target is set relative to indicator 2a on the quality of PFM systems. For partner countries with a score of 5 or above on indicator 2a scale the target is for a two-thirds reduction in the proportion of aid to the public sector not using the partner country's PFM systems. For partner countries with a score between 3.5 and 4.5 on indicator 2a, the target is a one-third reduction in the proportion of aid to the public sector not using partner country's PFM systems. There is no target for countries scoring less than 3.5.

Fifty percent of aid to the government sector used country PFM systems in 2010, a steady increase from 2005 and 2007, although falling short of the 59% target. Of the major donors to Rwanda, the World Bank and the United Kingdom channeled over 90% of their aid through country systems, followed by the EU Institutions at 84%. The Global Fund scores considerably lower at 33%, while the United States – Rwanda's largest donor – does not make use of country PFM systems.

Currently, the use of national budget execution procedures is limited to general budget support, sector budget support, pooled funds, and project disbursements made directly to government. The use of public financial reporting has increased beyond general budget support and sector budget support. Several donors now use public financial reporting for all their ODA (*e.g.* World Bank, UK). However, some donors continue to require separate reporting requirements, particularly for smaller volume projects.

INDICATOR 5

Using country systems

INDICATOR 5a

Use of country public financial management systems

TABLE 6:
How much aid for the government sector uses country systems?

	Aid disbursed by donors for government sector (USD m)	Public financial management						Procurement			
		Budget execution	Financial reporting	Auditing	2005	2007	2010	Proc. systems	2005	2007	2010
		(USD m)	(USD m)	(USD m)	(for reference)	(for reference)	(%)	(USD m)	(for reference)	(for reference)	(%)
a	b	c	d			avg(b,c,d)/a	e			e / a	
African Dev. Bank	47	35	20	19	61%	54%	52%	19	61%	54%	39%
Belgium	60	10	10	10	52%	15%	17%	53	75%	66%	88%
Canada	3	0	0	0	0%	9%	0%	0	0%	13%	0%
EU Institutions	94	78	78	78	28%	32%	84%	80	28%	32%	85%
France	0	0	0	0	0%	--	--	0	0%	--	--
GAVI Alliance	3	0	0	0	--	33%	0%	0	--	0%	0%
Germany	40	28	30	30	37%	47%	72%	30	37%	47%	74%
Global Fund	143	0	143	0	0%	33%	33%	137	100%	66%	96%
IFAD	15	0	15	15	0%	100%	67%	15	0%	100%	100%
IMF	--	--	--	--	74%	92%	--	--	74%	92%	--
Japan	16	7	7	7	9%	19%	44%	7	26%	19%	44%
Korea	4	0	0	0	--	--	0%	0	--	--	0%
Luxembourg	3	0	0	0	--	--	0%	0	--	--	0%
Netherlands	40	29	29	24	0%	32%	69%	33	0%	48%	83%
OFID	6	0	0	0	--	--	0%	6	--	--	100%
Sweden	10	6	8	8	75%	59%	70%	8	75%	59%	76%
Switzerland	2	1	1	1	67%	0%	42%	1	67%	0%	50%
United Kingdom	96	93	95	95	86%	96%	98%	95	87%	100%	99%
United Nations	49	2	8	2	0%	0%	9%	30	10%	26%	60%
United States	223	0	0	0	0%	0%	0%	0	0%	0%	0%
World Bank	209	153	209	209	58%	85%	91%	165	58%	55%	79%
Total	1 063	443	653	499	39%	42%	50%	677	46%	43%	64%

The use of national audit procedures has similarly improved, although the number of audits that are required by donors continues to be high, implying that transaction costs have not necessarily been reduced. Despite this, a considerable volume of funds are disbursed outside of the established treasury system (the use of a single treasury account) and/or requiring opening of separate project accounts. This has continued to pose considerable challenges for the government in terms of effective cash management and accounting. Both government and donors agree that since PFM systems in Rwanda are relatively reliable, use of country systems is no longer principally dependent on technical PFM improvements, but rather is subject to the political decisions and legal constraints of donors. Risks have, however, been outlined in regard to the transition from the current budgeting and accounting systems to an integrated financial management information system.

INDICATOR 5b
Use of country procurement systems

Indicator 5b follows a similar graduated target to indicator 5a which is set relative to indicator 2b on the quality of procurement systems. For partner countries with a procurement score of 'A', a two-thirds reduction in the proportion of aid for the public sector not using the country's procurement systems and for partner countries with a procurement score of 'B' to reduce the gap by one-third.

Although no target was set for 2010 on the use of country procurement systems, there has been an increase in this area since previous surveys with a figure of 64% recorded in 2010. Of major donors to Rwanda, the United Kingdom and Global Fund channelled almost all of their aid through country procurement systems, followed by the World Bank and EU Institutions at approximately 80%. The United Nations and African Development Bank scored significantly lower, while the United States – Rwanda's largest donor – did not make use of country procurement systems. Procurement procedures are being used beyond general and sector budget support in many sectors. For example, innovative efforts have been made by some donors to use national procurement systems even for goods, equipment and services directly paid by themselves. However, donors note some remaining challenges regarding independent procurement oversight functions, including

internal controls and external procurement audits; a need for an improved data collection system; and low flexibility of current procurement procedures.

When providing development assistance, some donors establish dedicated project management units or implementation units (PIUs) – to support development projects or programmes. A PIU is said to be “parallel” when it is created by 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, parallel PIUs often tend to undermine national capacity development 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 counts the number of parallel PIUs being used in partner countries. The target is to reduce by two-thirds the number of parallel PIUs in each partner country between 2005 and 2010.

INDICATOR 6
Avoiding parallel
implementation
structures

TABLE 7:
How many PIUs are
parallel to country
structures?

	Parallel PIUs		
	2005 (for reference)	2007 (for reference)	2010 (units)
African Dev. Bank	0	0	0
Belgium	0	18	16
Canada	0	1	1
EU Institutions	1	0	1
France	0	--	0
GAVI Alliance	--	0	0
Germany	0	0	5
Global Fund	0	0	0
IFAD	3	4	0
IMF	0	0	--
Japan	0	0	0
Korea	--	--	0
Luxembourg	--	--	0
Netherlands	0	0	0
OFID	--	--	0
Sweden	0	0	1
Switzerland	2	2	2
United Kingdom	1	1	0
United Nations	30	12	0
United States	0	0	0
World Bank	11	3	0
Total	48	41	26

Parallel PIUs have been reduced from 48 in the 2005 to 26 in 2010, leaving the 2010 target of 16 unmet. The total number of PIUs is mostly accounted for by Belgium (16) and Germany (5). The United Nations no longer uses parallel PIUs, and has therefore made a significant reduction since 2005. Parallel PIUs still exist in Rwanda due to pervasive capacity restraints. As a result some donors channel their funds through NGOs. This is because donors perceive district’s implementing capacity as too weak to handle rural infrastructure investment. The Government of Rwanda has notably started implementing a single project implementation unit aimed at harmonising and aligning tasks subsidiary to project implementation. It is planned that all ministries will have single project implementation units to manage all aid financed projects. An agreement has been reached between the government and donors that no new PIUs will be established, with remaining units phased out by the end of the 2011-12 financial year.

INDICATOR 8
Untying aid

Aid is “tied” when restrictions are placed on the countries that goods and services may be purchased from, typically including the donor country and/or another narrowly specified group of countries. Untied aid not only improves value for money and decreases administrative burdens, but also supports the use of local resources, country systems and the harmonisation of donor support provided through pooled or joint aid instruments and approaches.

Data on the extent to which aid is tied are based on voluntary self-reporting by donors that are members of the OECD’s Development Assistance Committee (DAC). The Paris Declaration target is to continue progress towards untying all aid between 2005 and 2010.

TABLE 8:
How much bilateral aid is untied?

	Total bilateral aid as reported to the DAC in 2009	Untied aid	2005 (for reference)	2007 (for reference)	Share of untied aid
Australia	0.0	0.0	--	--	--
Austria	0.0	0.0	99%	100%	100%
Belgium	27.4	27.4	100%	100%	100%
Canada	2.8	2.8	74%	20%	100%
Denmark	0.4	0.4	--	100%	100%
Finland	0.5	0.5	100%	100%	100%
France	0.4	0.4	94%	51%	100%
Germany	67.0	67.0	76%	97%	100%
Greece	0.0	0.0	--	--	--
Ireland	2.0	2.0	100%	100%	100%
Italy	1.7	0.1	0%	0%	7%
Japan	19.1	19.1	100%	100%	100%
Korea	0.0	0.0	--	--	100%
Luxembourg	4.8	4.8	100%	100%	100%
Netherlands	94.0	94.0	54%	100%	100%
New Zealand	0.0	0.0	25%	100%	--
Norway	1.0	1.0	100%	100%	100%
Portugal	0.9	0.9	100%	100%	100%
Spain	16.7	16.2	60%	12%	97%
Sweden	19.5	19.5	100%	100%	100%
Switzerland	3.5	3.5	100%	96%	97%
United Kingdom	230.3	230.3	100%	100%	100%
United States	166.0	148.8	42%	88%	90%
Total	658	639	85%	94%	97%

Source: OECD Creditor Reporting System.

The share of untied aid in 2010 was 97%, meeting the 2010 target, and an improvement over previous surveys. Apart from Italy (7%), all donors untied the significant majority of their aid in 2010. Spain and the United States have made the largest progress since 2005, in which approximately half of their aid was tied

The Country Performance Assessment Framework (CPAF) provides the main conditionality framework for general and sector budget support. It is drawn from goals, outcomes, and policy actions of the national development strategy, and all donor support to Rwanda’s budget is based on the CPAF. The CPAF was developed in 2008, under the leadership of the government and in close collaboration with donors and other donors. The policy measures and indicators have been prioritised based on consultations and discussions held through the sector reviews and sector working groups. Beyond general and sector budget support, conditions of disbursements (mainly regarding projects) are linked with the speed of implementation and/or the meeting of operational requirements. ■

HARMONISATION

POOR CO-ORDINATION OF AID increases the cost to both donors and partner countries and significantly reduces the real value of aid. Harmonisation of aid delivery procedures and the adoption of common arrangements help reduce duplication of effort and lower the transaction costs associated with aid management. The Paris Declaration focuses on two dimensions of aid as a proxy for assessing overall harmonisation: the use of common arrangements within programme-based approaches (PBAs) and the extent to which donors and partner countries conduct joint missions and co-ordinate analytic work.

Aid effectiveness is enhanced when donors use common arrangements to manage and deliver aid in support of partner country priorities. A good mechanism for aid co-ordination can be described as one that has shared objectives and integrates the various interests of stakeholders. Indicator 9 assesses the degree to which donors work together – and with partner governments and organisations – by measuring the proportion of total ODA disbursed within programme-based approaches (PBAs). In practice, there are many different approaches and modalities which can use PBAs and harmonisation takes place at various levels.

At one level, the partner country is responsible for defining clear, country-owned programmes (*e.g.* a sector programme or strategy) and establishing a single budgetary framework that captures all resources (both domestic and external). At another 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 two-thirds of aid flows are provided in the context of PBAs.

INDICATOR 9 Using common arrangements

TABLE 9:
How much aid is
programme based?

	Programme-based approaches			Total aid disbursed (USD m) d	2005 (for reference)	2007 (for reference)	2010 (%) e = c / d
	Budget support (USD m) a	Other PBAs (USD m) b	Total (USD m) c = a + b				
African Dev. Bank	17	23	40	48	61%	54%	83%
Belgium	10	36	47	66	0%	10%	71%
Canada	0	0	0	7	0%	0%	2%
EU Institutions	68	30	97	103	28%	29%	95%
France	0	0	0	0	43%	--	0%
GAVI Alliance	0	3	3	3	--	35%	100%
Germany	22	11	33	43	28%	26%	77%
Global Fund	0	143	143	143	100%	100%	100%
IFAD	0	11	11	15	0%	100%	73%
IMF	--	--	--	--	74%	0%	--
Japan	0	16	16	16	0%	19%	98%
Korea	0	0	0	4	--	--	0%
Luxembourg	0	0	0	4	--	--	0%
Netherlands	19	11	29	42	0%	29%	70%
OFID	0	0	0	6	--	--	0%
Sweden	0	7	7	14	69%	56%	52%
Switzerland	0	1	1	2	0%	0%	59%
United Kingdom	80	15	95	96	82%	86%	99%
United Nations	0	23	23	52	0%	21%	45%
United States	0	30	30	223	0%	0%	13%
World Bank	153	3	156	209	58%	57%	75%
Total	369	363	732	1 096	42%	38%	67%

Sixty-seven percent of aid was programme based in 2010, meeting the 66% target, and a sizable increase from 2005 and 2007. Apart from the United Nations (45%) and the United States (13%), more than 70% of aid from other major donors used programme-based approaches. Use of PBAs has mainly been limited to general and sector budget support in the previous surveys. However, since 2008, Rwanda has seen an evolution of non-budget support mechanisms regarding the harmonisation and alignment of project support. The use of sector-wide approaches has grown in a number of sectors, including education, health, agriculture, water and sanitation, transport, justice, and environment and natural resources. The SWAPs in these sectors mostly meet the criteria for the PBAs. However, although the verification process aims to ensure strict application of PBAs criteria, there may be cases where projects/programme support recorded as provided within SWAPs may not be meeting the criteria. As a result, there may be cases of over-reporting.

INDICATOR 10a
Joint missions

A common complaint of partner countries is that donors make too many demands on 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. The 2010 target is that 40% of donor missions to the field are conducted jointly.

TABLE 10:
How many donor missions are co-ordinated?

	Co-ordinated donor missions* (missions) a	Total donor missions (missions) b	2005* (for reference)	2007 (for reference)	2010 (%) c = a / b
African Dev. Bank	2	9	0%	11%	22%
Belgium	1	2	0%	50%	50%
Canada	1	2	33%	--	50%
EU Institutions	0	4	25%	0%	0%
France	1	27	50%	--	4%
GAVI Alliance	1	1	--	--	100%
Germany	2	5	21%	71%	40%
Global Fund	1	3	50%	33%	33%
IFAD	0	5	0%	100%	0%
IMF	--	--	4%	0%	--
Japan	0	5	0%	0%	0%
Korea	0	0	--	--	--
Luxembourg	0	3	--	--	0%
Netherlands	0	3	16%	0%	0%
OFID	0	0	--	--	--
Sweden	0	0	0%	40%	--
Switzerland	0	0	0%	0%	--
United Kingdom	2	3	25%	20%	67%
United Nations	19	36	15%	51%	53%
United States	1	1	--	--	100%
World Bank	7	38	14%	24%	18%
Total	36	82	9%	21%	44%

* The total of coordinated missions has been adjusted to avoid double counting. A discount factor of 35% is applied.

There has been a significant increase in the number of joint missions undertaken by donors, from 9% in 2005 to 44% in 2010. As such the 40% target has been met. While the United States and GAVI Alliance co-ordinated all of their missions, other major donors generally co-ordinate 50% or fewer of their missions. France scores particularly lowly at 4%. Progress was partly made possible by the Inter-agency's work on joint missions in Rwanda. The Government of Rwanda requested that all donors announce their mission two weeks earlier and encouraged co-ordinated missions. The months of April and May are notably designated as "silent

periods”, whereby no missions are approved. The implementation of sector-wide approaches also led to greater use of joint missions. Several joint missions are organised by like-minded donors on sector specific issues. The UN agencies through “Delivering as One” have notably participated in a greater number of joint missions. However, the lack of mechanisms for monitoring donor missions poses a major challenge for the Government of Rwanda, though some reporting is performed ex-post. To this end, the Government of Rwanda and its donors recently endorsed the Development Partners Mission Guidelines, which put in place a single central point of entry for mission requests in order to ensure co-ordination and monitoring of donor missions.

Country analytic work is the analysis and advice necessary to strengthen policy dialogue, and to develop and implement country strategies. It includes country or sector studies and strategies, country evaluations and discussion papers. The Paris Declaration foresees that donors should conduct analytic work jointly where possible as it helps curb transaction costs for partner authorities, avoids unnecessary duplicative work and helps to foster common understanding. Indicator 10b measures the proportion of country analytic work that is undertaken jointly. The 2010 target is that 66% of country analytic work is carried out jointly.

Since the 2005 baseline survey, the proportion of joint analytic work has increased 36% in 2005 to 82% in 2010, exceeding the target 66% target. The African Development Bank, Canada, EU Institutions and Germany co-ordinated all of their analytical work, with the United States scoring considerably lower. The United Nations, the largest donor in this regard, conducted 90% of its missions jointly. Rwanda’s has pursued aid co-ordination vigorously to ensure progress in this area. Efforts at building repositories of existing joint analytical work have to some extent facilitated detection of duplication. The Government of Rwanda and donors have reached a resolution indicating all analytical work should be determined in sector working groups, and that implementation of sector-wide approaches can facilitate joint analytic work.

INDICATOR 10b Joint country analytic work

TABLE 11:
How much country
analytic work is
co-ordinated?

	Co-ordinated donor analytic work* (units) a	Total donor analytic work (units) b	2005* (for reference)	2007 (for reference)	2010 (%) c = a / b
African Dev. Bank	6	6	--	0%	100%
Belgium	0	2	100%	100%	0%
Canada	2	2	--	100%	100%
EU Institutions	1	1	--	--	100%
France	0	1	--	--	0%
GAVI Alliance	0	0	--	--	--
Germany	1	1	13%	67%	100%
Global Fund	0	5	--	17%	0%
IFAD	0	0	67%	100%	--
IMF	--	--	50%	0%	--
Japan	0	0	--	--	--
Korea	0	0	--	--	--
Luxembourg	--	--	--	--	--
Netherlands	0	0	--	0%	--
OFID	0	0	--	--	--
Sweden	0	0	33%	50%	--
Switzerland	0	0	50%	50%	--
United Kingdom	0	0	100%	50%	--
United Nations	47	51	49%	46%	92%
United States	3	9	100%	--	33%
World Bank	0	1	57%	100%	0%
Total	49	60	36%	42%	82%

* The total of coordinated missions has been adjusted to avoid double counting.
A discount factor of 25% is applied.

AID FRAGMENTATION

Fragmented aid – aid that comes in many small slices from a large number of donors – creates high transaction costs and makes it difficult for partner countries effectively to manage their own development. Aid fragmentation also increases the risk of duplication and inefficient aid allocation among donors. A pilot analysis on fragmentation of country programmable aid carried out at the country level by the OECD in collaboration with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) reveals that aid fragmentation increased from 2005-09 alongside an increase in country programmable aid (OECD 2011b).

The Government of Rwanda and donors have agreed on a division of labour, observing a maximum of three active sectors per donors, with more sizable interventions per sector. Several donors have already started implementing this approach. The Government of Rwanda is also encouraging donors to align their programme cycle with the government's planning cycle, as well to allocate resources taking into account the next generation of the Economic Development and Poverty Reduction Strategy. ■

MANAGING FOR RESULTS

BOTH DONORS AND PARTNER COUNTRIES should manage resources according to well-defined, desired results, measuring progress toward them and using information on results to improve decision making and performance. Achieving this implies strengthening capacity to undertake such management and emphasising a focus on results. Countries are expected to develop cost-effective and results-oriented reporting and performance assessment frameworks, while donors commit to use them and refrain from requiring separate reporting.

Indicator 11 assesses the quality of a country's results-oriented frameworks. In particular, it considers the quality of the information generated, stakeholder access to information, and the extent to which the information is utilised within a country level monitoring and evaluation system. The government provides evidence against these criteria through the survey, and this is translated by the World Bank into a score running from A (highest score) to E (lowest score).

The Paris Declaration 2010 global target is to reduce the proportion of countries without transparent and monitorable performance assessment frameworks by one-third.

Rwanda scored a C in 2010 regarding the status of its results-based monitoring framework, the same in as 2005 and 2007. As such, Rwanda did not meet the Paris Declaration 2010 target of a B or A. This score indicates a monitoring and evaluation (M&E) system for the NDS has been developed, but its implementation is still nascent. Results are assessed through joint district reviews, joint sector reviews, a joint budget support review, and culminate in an annual progress report on the national development strategy.

The M&E data collection system has multi-sector and broad geographic coverage. However the quality of this development information remains a challenge in terms of the comprehensiveness of the information provided by data collection in order to track the targets of the national development strategy (NDS). Additionally, the main data sources do not have adequate frequency and the quality assurance and reliability of the information collected continues to be challenged due to various challenges including the statistical generation and analysis capabilities of ministries. To this end, Rwanda is undertaking various initiatives to improve data collection, analysis and reporting across ministries. For example, the National Institute of Statistics of Rwanda (NISR) is currently elaborating the National Statistical Framework as well as designing systematic linkages between the various government agencies responsible for statistical data production. According to the optional gender equality module, in which Rwanda participated as part of the 2011 Survey, sex-disaggregated data are mainly analysed descriptively by the National Institute of Statistics of Rwanda and play a big role in addressing government attempts to improve living standards

INDICATOR 11 Do countries have results-oriented frameworks?

Rwanda performs comparatively well on stakeholder access to information, and has embraced a number of dissemination tools to reach hard to reach stakeholders with information on the national development strategies and on implementation progress (e.g. budget execution). However, very little information is available regarding the institutional responsibilities of the M&E system, including the co-ordination and the collection and analysis of data. The M&E system is designed to track outcomes and outputs against the national, sub-national, and sectoral targets, although it is not clear whether inputs are sufficiently tracked. The M&E reports are consulted when drafting plans and budgets for the coming fiscal year and therefore have a significant role to play in providing feedback on improved effectiveness towards achieving the NDS's priorities. ■

MUTUAL ACCOUNTABILITY

STRONG AND BALANCED MECHANISMS that support accountability are required at all levels for aid to be most effective. Donors and partner country governments should be accountable to their respective publics and to each other for implementing their commitments on aid, its effectiveness, and the results to which it contributes.

Indicator 12 examines whether there is a country-level mechanism for mutual assessment of progress on partnership commitments, including on aid effectiveness. There are three criteria that must all be met: the existence of an aid policy or strategy agreed between the partner country government and donors; specific country-level aid effectiveness targets for both the partner country government and donors; an assessment towards these targets undertaken by both partner and donors in the last two years, and discussed in a forum for broad-based dialogue.

The 2010 target is for all partner countries to have mutual assessment reviews meeting these criteria in place. Rwanda has met the target of having a mutual accountability mechanism in place for 2010. A Common Performance Assessment Framework incorporates tools for the assessment of government and donor performance. Assessment is based on the principles set out in the Paris Declaration and Rwanda's Aid Policy, and is accomplished through an annual donor performance assessment framework (PAF). A development partners co-ordination group provides a high-level co-ordination mechanism for mutual accountability at the central level. At the sector level, sector-working groups provide a co-ordination mechanism by assessing the performance and progress of government as well as of donors. Despite these efforts, other state actors such as the parliament and civil society organisations are not fully integrated. This affects aid transparency as parliament's oversight responsibility is compromised. In this regard, Parliament has raised particular concern on aid delivered directly by donors or through NGOs (off-budget aid), but not reported to Parliament. This undermines the oversight role of the Parliament over development activities in Rwanda. ■

NOTES

The quantitative information presented in this chapter is taken from data provided by national co-ordinators up to 31 July 2011, following the data validation process with stakeholders at the country level. It was not possible to modify or correct any data received after this date.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

INDICATOR 12 Mutual accountability

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