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Country brief

Rwanda

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The present country brief was prepared by the External Finance Unit of the Ministry of Finance and Economic Planning and UNDP Rwanda, as a part of efforts to further build up the repository of evidence and good practices on the implementation of the effective development cooperation principles at the country level and facilitate mutual learning under the umbrella of the Global Partnership for Effective Development Cooperation (GPEDC).

Highlights for Rwanda

1. **Strong aid policy with national mutual accountability framework: Donor Performance Assessment Framework (DPAF)**
2. **Reduction of fragmentation and Division of Labor agreement (DoL)**
3. **Transparency:**
 - **Piloting the use of the aid standard developed by IATI**
 - **Linking Rwanda Development Assistance Database (DAD) with IFMIS.**
 - **Annual ODA and Donor Performance Assessment Reports**
4. **Broadening the development partnerships beyond aid:**
 - **Remittances strategy**
 - **Philanthropy partnership strategy**
 - **Private sector financing mapping and strategy**
 - **New DPAF to assess partnerships in trade, taxation, FDI, PPPs, etc.**

Main changes since Busan Forum: impact / effects / products

Organization: Following the Busan HLF, the Government reviewed the Donor Performance Assessment Framework (DPAF) in order to update it with a select number of the new indicators articulated in the Post-Busan Global Monitoring Framework, namely indicator 1 (country results frameworks), indicator 3 (private sector contribution), indicator 7 (mutual accountability) and 8 (gender equality and women's empowerment). The changes to the DPAF were agreed with development partners in October 2014.

Moreover, the Government is undertaking two pilot initiatives: 1) the Global Initiative for Enhancing the Use of Country Results Frameworks pilot and 2) the use of the aid transparency standard developed by the International Aid Transparency Initiative (IATI) in the national aid information management system called Rwanda Development Assistance Database (DAD).

Ownership: The Government of Rwanda has a well-established National Aid Policy (2006) and development cooperation architecture, including a sound mechanism for assessing the performance of development partners (DPAF), which takes place annually. The Government's performance is



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assessed through the annual review of the Economic Development and Poverty Reduction Strategy 2. The results of both reviews are published. The Government also agreed on a Division of Labor (DoL) arrangement with development partners in 2008, which is being fully implemented.

Both the DPAF and the DoL have been instrumental in behavioral change among development partners. The regular monitoring and reporting against the 22 indicators of the DPAF creates incentives for better development effectiveness. However, in the past years there is a trend of lowering performance of donors against key indicators such as the use of the national financial systems and mid-term predictability. This is largely due to the increased use of project modalities as opposed to budget support.

The above mentioned DoL agreement requires that DPs work in no more than 3 sectors and encourages delegated cooperation among partners. The average number of sectors for all DPs stand at 3.5 for the past three fiscal years, while the aggregated percentage of total aid going to the 3 sectors is consistently above the target of 70% leading to its increase to 75% in the last fiscal year.

The Ministry of Finance and Economic Planning of Rwanda has hosted a number of peer exchange and learning events with countries like Tanzania, Zanzibar, Malawi, Kenya, Bangladesh and the Gambia, among others.

Results: The DPAF points to the success of DPs towards meeting indicators such as the use of national procurement and auditing systems, short-term predictability, and in the implementation of the DoL agreement. Mutual accountability in Rwanda also scores high as noted in the consecutive UN DESA mutual accountability surveys at country level.

The Government of Rwanda would like to see more progress being made in the channeling of funds through the public sector, the use of the PFM systems and in mid-term predictability, as well as in the targets for indicators measuring the timeliness of disbursements and the quality of sector budget support.

Inclusiveness: The main policy dialogue forum is called the Development Partners Coordination Group (DPCG). It is chaired by the Permanent Secretary and Secretary of Treasury of MINECOFIN and is inclusive of all Permanent Secretaries of line ministries, as well as traditional donors, SSC providers and representatives of the private sector, the Network of International NGOs and the Rwanda Civil Society Platform. This ensures a high level of policy and technical dialogue. For example, the DPCG served as the Steering Committee for the development of the Economic Development and Poverty Reduction Strategy 2 of Rwanda. Furthermore, there are 15 Sector Working Groups, which are also inclusive of the main stakeholders in the sectors. The SWGs play an important role in ensuring alignment of ODA and other resources to the government sector priorities. These hold two annual Joint Sector Reviews (backward and forward-looking ones), which provide important inputs to the planning and budgeting process.

Transparency and accountability: Rwanda is pursuing a proactive agenda on both the transparency and accountability fronts. The Ministry of Finance and Economic Planning has been producing an annual ODA report, which is publicly available on the Rwanda development partners' website: <http://www.devpartners.gov.rw/>, as well as the outcomes of the Donor Performance



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Assessment Framework. It is currently working on the following enhancements of its Development Assistance Database (also open to the public: <http://dad.minecofin.gov.rw/>), which has information on donor projects in Rwanda:

- Linking the DAD with the IFMIS for better integration of ODA in the budget;
- Capturing ODA flows to INGOs through the establishment of an INGO database, which serves as a registration platform and will be linked to the DAD by the end of 2015;
- Piloting the information provided by development partners' HQs and the aid standard of IATI in the DAD.

The piloting of the use of aid data from the IATI Registry was done in 2015. A dedicated web-platform was created, which allows for import and analysis of the IATI data and its comparison with the data entered by DPs in the national system. The results of the pilot point to the need for increased transparency and better quality of data published globally through IATI so it can be used by governments at the country level. At present, the country level data is more granular and accurate.

With regard to accountability, a new DPAF will be elaborated, which will look into assessing the partnership between Rwanda and development partners in the areas of trade, taxation, FDI, and PPPs, among others. This has been agreed at the 2015 Development Partners Retreat and the draft proposal will be tabled for discussion/agreement at the 2016 Retreat.

Next steps: Development Effectiveness Agenda

- Pursue the pilot initiative on strengthening the use of country results frameworks.
- Further improve the capture of information on aid and other types of flows in the DAD and link the DAD to the IFMIS.
- Improve the policy dialogue, development effectiveness, sector budget preparation and monitoring, as well as the working methods of the Sector Working Groups. In this regard, the Ministry of Finance and Economic Planning commissioned a review of the performance of the SWGs in April 2015, which came up with a number of recommendations. The Ministry is leading a consultation process with DPs to revise the JSRs calendar in order to allow for effective engagement of all stakeholders in the budgeting process and to come up with a joint list of recommendations for improving the performance of the SWGs.
- Continue to produce and improve the content and the dissemination of the annual ODA and DPAF reports.
- Develop the new DPAF to measure “beyond aid” partnerships between Rwanda and DPs in the areas of trade, taxation, FDI, PPPs, etc.
- Develop a philanthropy partnership strategy
- Define recommendations and implement a remittances mobilization strategy
- Pursue implementation of a private sector financing strategy and collaboration with the Rwandan Private Sector Federation and other private sector actors



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- Continue to host and exchange experiences with other partner countries.

Recommendations: For other countries and support to your country

The recommendations of Rwanda are the following:

At national level:

- National leadership and senior level engagement in setting the government priorities in development policy and cooperation are fundamental to successful and nationally-led development processes.
- Defining targets and indicators of performance and mutual accountability are meaningless if there is no political will to monitor and hold all stakeholders to account.
- Taking risk in implementing bold initiatives such as DoL arrangements is necessary and pays off in the end.
- Being proactive in defining the cooperation framework puts you in a better negotiation position. Rwanda has always taken the lead in developing policies, strategies and tools for better development effectiveness and management of external resources. Each of the policies and tools elaborated in this paper are an initiative of GoR and have been developed in consultations with local and international partners.

At international level:

- Maintain the momentum in implementing the Busan agreement and the commitments of development partners (use of country systems, transparency and predictability, untying aid, reducing fragmentation are critical for partner countries).
- Follow through on the commitment made to provide 0.7% of GNI as ODA.
- Mobilize other financial flows (international and domestic, public and private) to accelerate poverty reduction, economic growth and reduce inequalities within and among countries.
- Ensure that the 2030 Agenda has a robust monitoring and mutual accountability framework that is able to push progress on global challenges and policy issues that cannot be resolved at the country level.
- Strengthen regional leadership on development policy and cooperation in Africa.

Key experiences to share:

- Transparency: piloting the use of the aid standard developed by IATI
- Country results frameworks and mutual accountability: national mutual accountability framework (DPAF) & GPEDC pilot for strengthening the use of country results frameworks
- Reduction of fragmentation and DoL: implementation of the 2008 Division of Labor agreement with development partners



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- Development of a new DPAF to track partnerships beyond aid, i.e. in the areas of trade, taxation, FDIs, PPPs
- Review of the performance of Sector Working Groups
- Expanding partnerships with SSC providers, the private sector and foundations