

## **Joint Donors' Statement of Intent towards the implementation of the Paris Declaration and Rwanda's Aid Policy**

*Kigali, Rwanda – 23 November 2006*

### **1. Introduction and General Principles**

First of all, we would like to congratulate the Government of Rwanda for the successful development and timely endorsement of its Aid Policy. We acknowledge the transparent and participatory approach that was adopted in the elaboration of the Policy, allowing Development Partners to provide their views and feedback on the provisions of the document. We believe that the Aid Policy is a useful translation of the Paris Declaration Principles into objectives and targets relevant to Rwanda, such as Ownership, Alignment, Harmonization, Managing for Results, and Mutual Accountability. In this Statement, we will be touching particularly on Alignment, Harmonisation, as well as scaling up of aid in the context of Managing for Results. We will also set out our commitment towards achieving relevant targets in these areas. Our overall aim, shared with the Government of Rwanda, is to increase the effectiveness of aid.

Successful development, in terms of broad-based economic growth and sustained poverty reduction, is best achieved within an enabling environment, characterised by peace and security, good governance, effective rule of law, respect for human rights and full participation of civil society and the private sector as stakeholders in the country's development. Aid effectiveness is also built on these sure foundations. We welcome the progress made in these areas and encourage the GoR to move further in improving and consolidating a transparent, open and accountable democratic system, responsive to the aspirations of all Rwanda's citizens.

We emphasise the need for enhanced capacity across Government, in order to apply the procedures established by the document. And by capacity we mean not only skills and high quality human resources, but also stronger systems and procedures. We assure the Government that we will continue to provide the necessary assistance to help build such capacities.

We would like to recall that the background for our statement is the commitment made by our governments when they signed the Paris Declaration in 2005. The Declaration was also signed by the major multilateral organisations and by a number of civil society organisations. Rwanda's Aid policy is closely aligned with the key principles of the Paris Declaration. The statement we are making today is therefore made on behalf of the relevant signatory countries and organisations. But we hope that Rwanda's other development partners, whether in civil society or in the private sector, will also take the opportunity today to confirm their commitment to the Government of Rwanda's Aid Policy.

Accordingly, bearing in mind that our own governments and governing boards are signatories to the Paris Declaration, we commit ourselves to:

- Maximising our efforts to implement the Paris Declaration within our own agencies, as well as supporting the Government to implement the commitments to which it is bound by the Declaration;
- Maintaining and enhancing the quality and depth of policy dialogue with the GoR in the interests of mutual accountability and transparency;

- Planning and implementing purposeful action to fulfil the undertakings set out in the Paris Declaration;
- Working with the GoR, in the spirit of mutual accountability, to develop a mechanism for measuring and reviewing progress towards achievement of the targets set by the Paris Declaration, We lend our full support to the GoR's proposal in this respect, as set out in its implementation plan.

## **2. Alignment**

We reaffirm our intention to provide our development assistance in a manner that is wholly consistent with Rwanda's national and sectoral development strategies, within the framework of national institutions and procedures. Within this framework, we encourage the Government to maximize the involvement of the private sector and civil society in striving towards Rwanda's national development goals.

We pledge continued support to the GoR in its effort to finalize a sound, evidence-based and results-oriented Economic Development and Poverty Reduction Strategy.

We recall that effective alignment requires clear, well defined sector plans and budgets. We will support the GoR in translating the EDPRS into solid sector plans and MTEFs. We underline the need to ensure that sector plans and MTEFs are prepared with optimal consideration given to linkages with District Development Plans and MTEFs.

Respecting the principle of national ownership, we will expect the GoR to provide a clear lead in preparing plans and budgets, and to communicate its priorities clearly to all concerned stakeholders, including Rwanda's Development Partners (i.e. donors and INGOs). Consultation and dialogue are important means of ensuring alignment, based on shared understanding of priorities and methods. To this end, we will offer our constructive engagement, which may at times appear critical but will always be in the spirit of collaboration and partnership. We will collaborate with the GoR in building further planning and budgeting capacity, both at sector ministries level and at decentralized level, through the provision of technical assistance where necessary.

We welcome the reforms included in the GoR's PFM Action Plan, and wish to see the GoR further strengthening its systems, with particular attention to be devoted to the speedy but thorough completion of the procurement reform and the enhancement of audit and accounting capacities and procedures.

We acknowledge that the Government's preferred aid modality is un-earmarked general budget support, followed by sector budget support and project support. We remind the GoR that not all Donors are yet able or ready to provide assistance in the form of budget support.

Nevertheless, we commit to help the GoR place all assistance, including that provided through project support and the 'vertical funds' described in the Aid Policy, increasingly on-plan and on-budget, as required by the Policy.

Furthermore, in order to ensure alignment to GoR priorities, we commit to:

- Work jointly with GoR in the further development of sector policies and strategies which are clear, consistent and based on sound evidence; developed with broad participation of civil society and the private sector; are compatible and consistent

with policies and strategies in other sectors; and can be implemented in a practical and cost effective manner;

- Work with the GoR to strengthen the use of Programme Based Approaches across government sectors, with a particular focus on the development of Sector Wide Approaches in the health, justice/reconciliation, agriculture, decentralisation strategy, water and infrastructure sectors by the end of 2007, with further agreement on the development of SWAPs in remaining sectors by 2008;
- Provide the GoR with timely and comprehensive data on all flows of Official Development Assistance (ODA) to Rwanda, and work with the GoR to improve the tools (including the Development Assistance Database - DAD) used to collect this data. We recommend that in the interests of better intra-government coordination, and to reduce the number of requests for such information, the GoR ensures that this tool is accessible to and used by all government agencies;
- Provide (non-binding) indications of future aid flows on a rolling basis to cover at least three years ahead in order to improve predictability and allow better planning and budgeting;
- Provide Technical Assistance in a manner that is consistent with the GoR's capacity building priorities and assess the performance of TA over time with a view to continuously improving its effectiveness; (in doing so, we will ensure coordination with HIDA);
- To reduce the number of parallel project implementation units and use when possible GoR systems, with the aim of maintaining or increasing the efficiency of expenditure for development;
- Agree with the GoR on a Common Performance Assessment Framework, linked to the EDPRS matrix and on procedures for channelling of requests for aid from GoR institutions as indicated in the APD;
- Respect the division of responsibilities in the mobilization and management of resources set out in Rwanda's Aid Policy, including for support to decentralised entities.

### **3. Harmonisation**

Recalling the commitments made in the Paris Declaration, we affirm that each of us is committed to harmonisation and transparency in our actions as donors, with a view to enhancing efficiency and effectiveness.

We will increasingly strive to use joint missions and coordinated analytical work, further supporting the GoR in extending the practice of joint sector reviews to all clusters.

Those of us who are able to do so will seek to make further use of delegated cooperation (for example, in the form of silent partnerships).

In working towards greater efficiency and effectiveness, we will strive for increased specialisation by each development partner in a limited number of sectors or sub-sectors. We acknowledge that this will require active dialogue with the GoR and each other on questions of comparative advantages, with a view to adjusting sectors of intervention to ensure that maximum use is made of such comparative advantages. In

this way we hope the result of the whole collective effort will become very much more than the sum of our respective contributions.

Furthermore, we commit to:

- Adopt, where possible, common procedures for programming, execution and monitoring and evaluation of projects and programmes to increase pooling of funds;
- Develop, together with GoR, methods for harmonized diagnostic reviews and performance assessment frameworks in public financial management. (To this end, it is in principle agreed that all Donors will use the Public Expenditure and Financial Accountability mechanism, to the extent practicable and permitted by our separate rules and policies);
- Take concrete and effective actions to address insufficient delegation of authority to field staff where appropriate.

#### **4. Scaling-up of aid and managing for results**

We acknowledge that to achieve the MDGs and for Rwanda to meet its VISION 2020, increases in the volume and quality of development assistance is required.

We reaffirm the principles, commitments and targets we agreed to in the Millennium Declaration, the Monterrey Consensus, the 2005 UN Summit, the Programme of Action for the LDCs for the Decade 2001-2010, and the Gleneagles G8 Summit, including our respective commitments to the provision of financial resources available for development assistance.

But we must underline the preconditions needed in order for the GoR to be able to absorb effectively an increased volume of ODA. These comprise further improvement of PFM systems, including procurement, further progress on governance and strengthened capacities for service delivery. We should also emphasise the importance of effective monitoring and evaluation, and of a high quality national statistics system.. Rwanda will be better able to attract further resources by demonstrating tangible development results with current assistance. Managing for results is a key commitment under the Paris Declaration; we should work together to ensure that our human and financial resources yield the best results for Rwanda's people, especially the poorest and most vulnerable.

Furthermore, any substantial increase in the volume of aid needs to be accompanied by sound monetary and fiscal policies, in order to reduce the risk of negative effects on macroeconomic stability.

We urge the Government to give clear notice of its intentions and aspirations, by formulating ambitious but credible long term plans. The 10 year plan recently agreed for the education sector is a good example: building on the successes achieved to date, it sets out tough but achievable targets; identifies clearly the actions and resources required, and provides a clear picture of the financing gap; and it is explicit about the trade-offs required between competing sub-sectoral priorities, where Government has had to make difficult choices. We are optimistic that Donors will rise to the challenge of financing this ambitious but achievable plan. Can we now, working together under the overarching framework of the EDPRS, prepare similarly ambitious but realistic plans in other sectors?

Based on the continued commitment by the Government to improvements in good governance and respect for Human Rights, we hereby commit to:

- In the context of our respective existing commitments, and within the financial and performance measurement frameworks set by our respective government institutions, increase the volume and predictability of aid to Rwanda over at least the next 5 years, giving consideration to the resource requirements that will emerge as the EDPRS is costed;
- Increase the proportion of aid provided as grants;
- For creditors, make available loans on highly concessional terms, consistent with the GoR's need to ensure debt sustainability in accordance with the Aid Policy, and forthcoming statement of policy regarding external debt.

## **5. Targets<sup>1</sup>**

We fully endorse the findings of the OECD-DAC Baseline Survey for Monitoring the Paris Declaration in Rwanda. And, within the context of Rwanda, we recognise the importance of making measurable progress towards the targets set out in the Paris Declaration.

We agree on the baseline indicators derived from the Survey, and commit to achieving, in partnership with the Government of Rwanda, the targets that are derived from these. A table summarizing these aggregate targets, as validated by the DPCG and submitted to OECD-DAC, is annexed to this statement.

We recognize that collective achievements rely on individual actions. As such, each donor agrees to adopt the average targets as individual targets. Those donors that have already met certain targets will seek to achieve continued improvement over time against the indicators.

Each donor will incorporate a plan to achieve these goals into agency planning at the country level in order to ensure that the objectives of the Paris Declaration and Rwanda's Aid Policy are fulfilled by 2010.

We will, jointly with the GoR, review progress towards the targets and report to this distinguished Group in 2008.

To conclude, we would like to reaffirm our wholehearted support for the implementation of the partnership commitments agreed upon in the Paris Declaration on Aid Effectiveness

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<sup>1</sup> Japan can not commit at this stage; however, it will make an effort to meet these targets.

<b>Indicator:</b>	<b>2006 Survey Results (Baseline)</b>	<b>Donors commit to...by 2010</b>	<b>Target for 2010</b>
3. Aid flows are aligned on national priorities	<b>49% of aid reported on budget</b>	Halve the gap — halve the proportion of aid flows to government sector not reported on government's budget(s) (with at least 85% reported on budget).	85% of aid reported on budget
4. Strengthen capacity by co-ordinated support	<b>58% of technical cooperation is coordinated</b>	50% of technical co-operation flows are implemented through co-ordinated programmes consistent with national development strategies.	At least 50% of technical cooperation is coordinated
5a. Use of country PFM systems	<b>50% of donor agencies use Rwanda's GoR systems</b>	90% of donors use partner countries' PFM systems <sup>2</sup>	90% of donors use GoR PFM systems
	<b>41% of aid makes use of GoR PFM systems</b>	Reduce the gap by one third – A one-third reduction in the % of aid to the public sector not using partner countries' PFM systems <sup>2</sup>	61% of aid makes use of GoR PFM systems
5b. Use of country procurement systems	<b>55% of donor agencies use GoR procurement system</b>	90% of donors use partner countries' procurement systems <sup>2</sup>	90% of donors use GoR procurement system
	<b>43% of aid uses GoR procurement</b>	Reduce the gap by one third – A one-third reduction in the % of aid to the public sector not using partner countries'	62% of aid uses GoR procurement system

<sup>2</sup> Note that this target remains provisional, and may be revised upwards in light of the findings of the desk surveys being coordinated by OECD-DAC.

	<b>system</b>	procurement systems2	
6. Avoiding parallel PIUs	<b>48 parallel PIUs</b>	Reduce by two-thirds the stock of parallel project implementation units (PIUs).	16 parallel PIUs
7. Aid is more predictable	<b>69% of aid disbursed in the fiscal year for which it was scheduled.</b>	Halve the gap — halve the proportion of aid not disbursed within the fiscal year for which it was scheduled.	85% of aid disbursed in the fiscal year for which it was scheduled.
9. Use of common arrangements or procedures	<b>38% of aid provided in the context of PBAs</b>	66% of aid flows are provided in the context of programme-based approaches.	66% of aid provided in the context of PBAs
10a. Missions to the field	<b>An average of 13% of individual donors' missions were undertaken jointly</b>	40% of donor missions to the field are joint.	40% of donor missions to the field are joint.
10b. Country analytic work	<b>An average of 49% of individual donors' country analytic works were undertaken jointly</b>	66% of country analytic work is joint.	66% of country analytic work is joint.
12. Mutual accountability	<b>No mutual assessment review</b>	All partner countries have mutual assessment reviews in place.	Mutual assessment review in place.