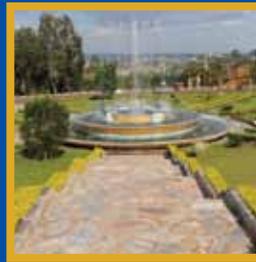


Official Development Assistance (ODA) Report

(Inaugural Edition)



FY 2009/2010

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OMNECOFIN

Foreword

Dear Reader,

We are pleased to present to you the Rwanda Official Development Assistance (ODA) Report for FY 2009/2010. Building on the previous Aid Effectiveness Report, this year's report documents recent key achievements and progress made by the Government of Rwanda and its Development Partners to enhance quality and effectiveness of aid in Rwanda. The report also outlines key features of aid Rwanda received in FY 2009/2010, highlighting some remarkable transformation of aid portfolio observed in FY 2009/2010.

2010 is an important year for Rwanda's development agenda, marking a mid-term point for achieving the targets set for 2012 through the Economic Development and Poverty reduction Strategy (EDPRS). Despite a number of setbacks, including those caused by a global recession, Rwanda has made remarkable achievements in economic development and poverty reduction. Development cooperation continues to play a crucial part in supporting the national efforts in poverty reduction.

Enhancing quality and effectiveness of aid continues to be of significant importance to Rwanda's development agenda. Guided by the Aid Policy, the Government of Rwanda and its Development Partners have made considerable efforts in this regard. The aid architecture in Rwanda is increasingly owned and managed by the Government of Rwanda, and mutual accountability between the Government and its Development Partners continues to be strengthened through Country Performance Assessment Framework (CPAF) and Donor Performance Assessment Framework (DPAF). In this context, 2010 is a key milestone year for Rwanda as well as globally. The targets on aid effectiveness set in Paris in 2005 will be assessed early next year through the Paris Declaration Survey 2011.

This year's Government of Rwanda and Development Partners Meeting (DPM) indeed provides an opportunity for reviewing the progress made thus far on national aid effectiveness agenda and discuss ways in which to further enhance quality of development cooperation in support of the EDPRS and realization of the Millennium Development Goals (MDGs). This report together with a Donor Performance Assessment Framework (DPAF) report for FY 2009/2010 aimed to contribute to the high quality policy dialogue on aid effectiveness.

Our Development Partnership has been strengthened over the years, and we have seen an evolution of partnership and development cooperation provided to Rwanda. With an ever more effective and

mutually accountable relationship in place between the Government of Rwanda and its partners, Rwanda can look ahead to achieving the ultimate goals laid out in its EDPRS and Vision 2020 with the full support of its development partners.



Kampeta Sayinzoga
*Permanent Secretary and Secretary to the Treasury
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DPCG Chair*



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DPCG Co-Chair*

Acronyms

AAA	Accra Agenda for Action
BSHG	Budget Support Harmonisation Group
CPAF	Country Performance Assessment Framework
DAD	Development Assistance Database
DOL	Division of Labour
DPAF	Donor Performance Assessment Framework
DPCG	Development Partners Coordination Group
EDPRS	Economic Development and Poverty Reduction Strategy
FY	Fiscal Year
GOR	Government of Rwanda
HLF	High-Level Forum
MINECOFIN	Ministry of Finance and Economic Planning
MTEF	Medium-Term Expenditure Framework
JBSR	Joint Budget Support Review
JSRs	Joint Sector Reviews
ODA	Official Development Assistance
OECD-DAC	Organisation of Economic and Cooperation Development – Development Assistance Committee
PEPFAR	U.S. President’s Emergency Plan for AIDS Relief
PRSP	Poverty Reduction Strategy Paper
SPIUs	Single Project Implementation Units
SWAp	Sector-Wide Approaches
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
SWGs	Sector Working Groups

Introduction

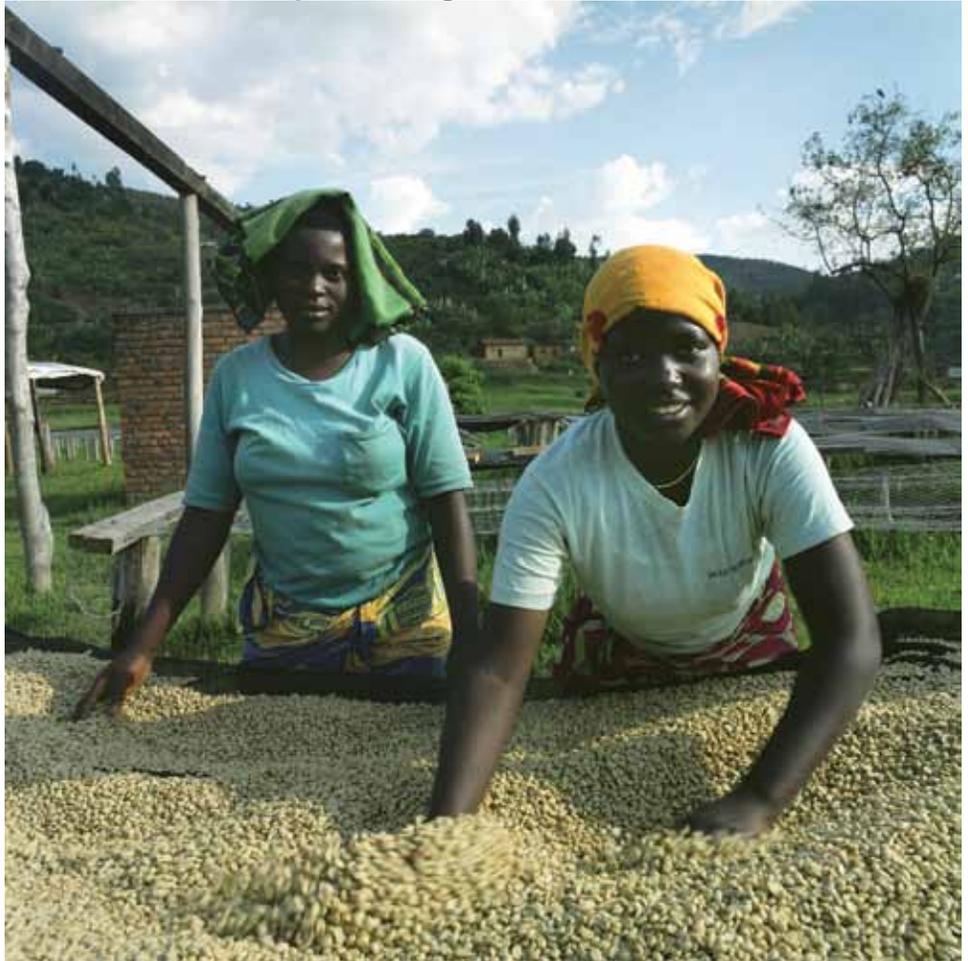
Since late 1990s, Rwanda's aid portfolio has evolved rapidly from one characterised by large volumes of humanitarian and relief aid channelled through multilateral and non-government organisations, to one characterised by a growing volume of ODA channelled to and through government in support of Rwanda's national poverty reduction strategy (PRSP and the Economic Development and Poverty Reduction Strategy). The volume of ODA to Rwanda has also seen a constant increase since early 2000.

Effectiveness of development cooperation in support of national priorities is of critical importance to the Government of Rwanda and its Development Partners. Since early 2000, Government has taken a strong lead in promoting effective use of aid along the lines of the broad parameters enshrined in international agreements, including the Rome Declaration on Aid Coordination, Harmonisation and Alignment, the Paris Declaration on Aid Effectiveness, and the Accra Agenda for Actions. Within this context, aid information and analysis has been one of the priorities in enhancing the effective aid management process. The Development Assistance Database (DAD) launched in March 2006 has supported the Government's and Development Partners' efforts of harmonisation, alignment, and coordination.

This report aims to highlight the overall picture of ODA received by Rwanda in FY 2009/2010, with the views to inform the national efforts to enhance the effective use of ODA and appropriate decisions concerning aid allocation in support of the national priorities articulated in the EDPRS. The report also highlights key areas of progress and further consideration for improvements concerning the national aid effectiveness agenda.

Aid information outlined in this report is mainly based on the aid data recorded in the Development Assistance Database (DAD). In addition, other information recorded by MINECOFIN as well as OECD-DAC is also used to further inform the trend of ODA in Rwanda. The report also recognises the critical roles and support provided through international non-governmental assistance in Rwanda. However, it does not cover the non-governmental assistance due to the limited availability of the data. It is also imperative to note that while the DAD is operational since 2006, there are concerns associated with the comprehensiveness and reliability of aid information reported in the DAD until recently. To this end, the analysis of ODA trend in the medium-term on the basis of DAD will be considered for future ODA report.

Rwanda's Development Agenda



Rwanda's efforts to achieve the country's long-term development aspirations as embedded in Rwanda Vision 2020 and the Millennium Development Goals (MDGs) are guided by the Economic Development and Poverty Reduction Strategy (EDPRS) 2008-2012.

Rwanda's efforts to achieve the country's long-term development aspirations as embedded in Rwanda Vision 2020 and the Millennium Development Goals (MDGs) are guided by the Economic Development and Poverty Reduction Strategy (EDPRS) 2008-2012. The EDPRS builds on strong achievements in human capital development and promotes 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 serve as a means to prioritise actions by the Government, mobilise resources for development and improve policy implementation through more coordinated interventions across sectors. The EDPRS also incorporates a number of cross-cutting issues including gender, HIV/AIDS, the environment, social inclusion and youth.

In order to implement the EDPRS strategy, sectoral allocation of public expenditure has been distributed to maintain momentum in the social sectors – education, health and water and sanitation – while also targeting agriculture, transport and Information and Communication Technology ICT, energy, housing and urban development, good governance and rule of law, proper land use management and environmental protection. Since 2008, priority spending of public expenditure has considerably increased in line with the EDPRS priorities with substantive emphasis on capital spending. In striving to achieve higher social and economic development, a number of achievements and progresses have been made in the EDPRS implementation, including the robust economic growth despite the impacts of the global recession, increased agriculture production, significant increase of the ICT composite coverage network, improvement in infant mortality rate as well as maternal health, and the significant increase in enrolment and completion rates in the education sector.

External resources have played an important part in financing the EDPRS strategy and growing national budget to support the Government's efforts on development and poverty reduction, representing 40%-50% of national budget. However, development needs of the country particularly in infrastructure sector continue to require additional resources. To this end, the Government of Rwanda explores ways in which to mobilise domestic and external resources to meet the financing needs of the EDPRS and Vision 2020.

The MDG Summit held in September 2010 recognises that while progress is being made despite setbacks, including those caused by the financial and economic crisis, the poverty reduction/eradication continues to be of a significant challenge. While continuous efforts are being made by donor countries in fulfilling the ODA commitments in line with the Gleneagles, enhancing quality of development cooperation provided to Rwanda continues to be of significant important to achieving development agenda.

Enhancing the Quality of Development Cooperation Global Aid Effectiveness Agenda

Ministers of developing and donor countries responsible for promoting development and Heads of multilateral and bilateral development institutions came together at the High-Level Forum for Aid Effectiveness in Accra (2008) to discuss progress made towards achievement of the Paris Declaration on Aid Effectiveness adopted in 2005. The Paris Declaration, building on agreements reached at Monterrey (2002), Rome (2003) and Marrakech (2004) defines the principles and commitments by which donors and partner governments intend to ensure that aid is as effective as possible in contributing to the Millennium Development Goals and other international agreed objectives. At the Accra HLF, there was a recognition that while progress was made, there is need to accelerate and deepen implementation of the Paris Declaration.

The Accra Agenda for Action (AAA), which was endorsed at the Accra HLF set out strong commitments to aid effectiveness to move forward on the aid effectiveness agenda in a concrete way. The AAA

recognizes three critical issues in accelerating progress on aid effectiveness. Those include: (1) country ownership is key, (2) need for building more effective and inclusive partnership, recognizing important roles of emerging donors, and (3) re-emphasizing that achieving development results, and openly accounting for them – must be at the heart of all we do. In particular, the AAA include:



Ministers of developing and donor countries responsible for promoting development and Heads of multilateral and bilateral development institutions came together at the High-Level Forum for Aid Effectiveness in Accra (2008) to discuss progress made towards achievement of the Paris Declaration on Aid Effectiveness adopted in 2005.

- Setting target for the use of country system globally
- Commit to work out good practice of Division of Labour, and make public and transparent reporting on this issue, starting in 2009.
- Mutual accountability framework to be complemented by an independent evidence, and developing countries and donors to jointly review and strengthen existing international accountability mechanisms, including peer review with participation of developing countries.
- Nature of conditionality to be changed, to be harmonized and based on results.
- Recognizes the importance of South-South Cooperation.
- Committed to address aid orphans issue.

Key Progress in Aid Effectiveness in Rwanda

Rwanda is committed to increase the effectiveness of the assistance it receives. Enhanced aid effectiveness is particularly important in improving service delivery to the Rwandan citizen and accelerating the implementation of the Economic Development and Poverty Reduction Strategy (EDPRS). Rwanda's participation in the Paris High Level forum on Aid Effectiveness (2005) has provided a stimulus for more nationally owned efforts to formalise the country's aid effectiveness agenda.

The Rwanda Aid Policy endorsed in 2006 provides a strong foundation for aid effectiveness agenda in Rwanda, building on the principles set out in the Paris Declaration on Aid Effectiveness. Key objectives of the Aid Policy includes:

- Operational development strategies and alignment of aid flows on national strategies: Clear linkages between the Poverty Reduction Strategy (PRS), sector strategies, budget, Medium term Expenditure Frameworks (MTEFs) and district development plans facilitate donor alignment to government priorities;
- Reliable country systems and use of country systems;
- Strengthening of local capacities by co-ordinated support;
- Avoiding parallel PIUs; and
- Aid is more predictable

Guided by Rwanda's Aid Policy, Rwanda's efforts in aid effectiveness is best characterised as proactive and innovative under the strong Government leadership. Rwanda has implemented a number of progressive innovations since 2006, including the Division of Labour, Donor Performance Assessment Framework (DPAF), as well as enhancing and simplifying project implementation and execution procedures through a Single Project Implementation Unit (SPIU).

Aid Policy Manual of Procedure

The Government of Rwanda is finalising the Aid Policy Manual of Procedures with the view to further enhance the effectiveness and efficiency of aid management processes for ensuring quality of development cooperation provided to Rwanda. The Aid Policy Manual clarifies the roles and responsibilities of different government actors at each stage in the aid negotiation and management process, in order to enhance further integration of external resources into the national key planning, budgeting, execution and monitoring processes.



Division of Labour

Emerging from a common understanding that too often, aid is delivered in a fragmented manner, with tremendous pressures and transaction costs put on place on the Government of Rwanda as well as donors for managing dialogue and operational engagement, the Division of Labour (DoL) in Rwanda aims to enhance the quality of development cooperation through rationalisation and redistribution of aid. Initiated with DoL mapping in 2008, Government has taken a leading role in defining the parameters and principles of DoL as well as managing the negotiation process. With the views to enhancing the quality of DP support and engagement, the DoL in Rwanda observes the principles of the maximum 3 sectors per donor. The DoL exercise essentially entails redistribution of aid across sectors in line with the national priorities articulated in the EDPRS, observing the neutral impact on total aid volume. The optimal utilization of the delegated cooperation/silent partnership agreements is encouraged in order to allow for a phased approach in which a given donor could continue to support a large number of sectors in the medium term, while taking steps to streamline policy dialogue and reporting.

Donor Performance Assessment Framework (DPAF)

At the 2008 Government of Rwanda and Development Partners Retreat, all stakeholders endorsed a mutual review process designed to strengthen mutual accountability at the country level. This comprises both the CPAF (Common Performance Assessment Framework – anchored in the implementation of the EDPRS), and the DPAF (Donor Performance Assessment Framework), the latter being drawn from international and national agreements on the quality of development assistance to Rwanda.



The DPAF reviews the performance of bilateral and multilateral donors against a set of established indicators on the quality and volume of development assistance to Rwanda, and the primary forum for dialogue around this is the Development Partners Coordination Group (DPCG), recognizing that the DPAF aims to be inclusive, bringing together all donors and all aid modalities. The DPAF informs not only the overall and individual donor progresses towards meeting the aid effectiveness commitments but also provides an opportunity for engaging in dialogue on key priority areas for accelerated efforts. It is in this context that the 9th Development Partners Meeting (DPM) in Rwanda builds on the analysis and dialogue on the DPAF assessment for FY 2009/2010.

Single Project Implementation Units (SPIUs)

In order to address a number of challenges associated with numerous and parallel Project/Programme Implementation Units (PIUs), the Government of Rwanda has initiated the establishment of a Single Project Implementation Unit (SPIU) in public institutions. With the SPIUs in place, all domestic and external projects will be managed under the SPIU. This will further enhance harmonisation and simplification of project implementation procedures as well as reporting, and further strengthen project management function for both externally and internally funded projects, while facilitating better coordination and oversight, and reducing transaction costs through sharing functions of finance, procurement, monitoring and evaluation.



Strengthening Public Financial Management systems and procedures

The Government of Rwanda commits itself to strengthen the country's public financial management systems through the implementation of the Public Financial Management (PFM) Reform Strategy and Programme. Through the PFM programme, a number of initiatives and progresses have been achieved, including:

- (1) rolling out of SmartIFMS;
- (2) credibility of budget improved,
- (3) improvement in external scrutiny and audit, and
- (4) improvement in budget preparation.

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At the global level, Rwanda received a rating of 4.0 in 2007 (one of the top 9 partner countries receiving this rating), improved from previous rating of 3.5 in 2005 and meeting the 2010 target for the Indicator 2a on reliable public financial management systems. As indicated in the preliminary findings of the PEFA , the recent improvements seen in the public financial management systems could further strengthen the position of Rwanda in the global rating of the reliability of public financial management systems.

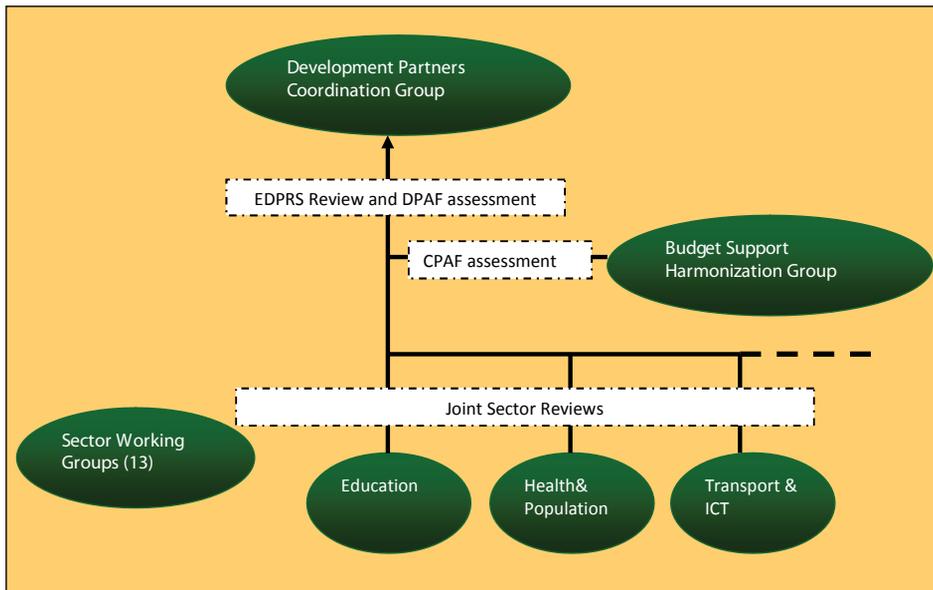
Donor Coordination Architecture

In support of effective implementation of the EDPRS and Vision 2020 and strengthening effectiveness of development cooperation, Government assumes a strong leadership role in donor coordination in Rwanda.

The Development Partners Coordination Group (DPCG) is the highest-level coordination body in-country, responsible for overseeing the entire aid coordination system. As such, it provides a forum for policy dialogue on effectiveness of development cooperation in light of its overall support to the EDPRS implementation. In this context, heads of bilateral and multilateral agencies, as well as representatives of civil society and the private sector, meet with the Government of Rwanda to monitor and assist Rwanda in implementing its Aid Policy and meeting its targets as set out in the EDPRS and the Paris Declaration on Aid Effectiveness and the Accra Agenda for Actions. The EDPRS review and the Donor Performance Assessment Framework (DPAF) inform the coordination and policy dialogue at the DPCG level.

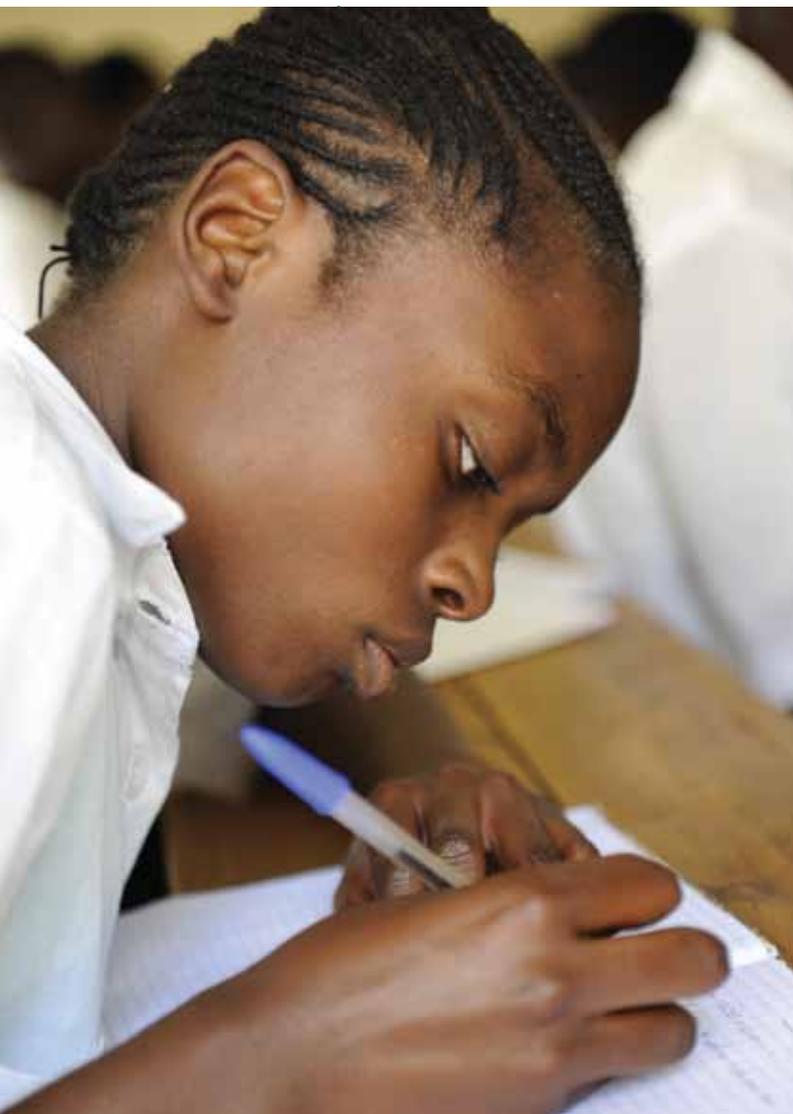
In FY 2009/2010, the DPCG met 3 times, and has focused its dialogue on the Division of Labour (DoL) and continues to discuss concrete actions in enhancing aid effectiveness, harmonisation and alignment, including ways in which to support sustainable capacity development through effective capacity building support. The DPCG also re-established its strategic leading role in development cooperation dialogue, with the need to enhance national level development cooperation dialogue with sector coordination and policy dialogue.

Figure 1: Aid Coordination Architecture in Rwanda



The **Budget Support Harmonization Group (BSHG)** is a technical working group which was formed in 2003 with the aim of bringing together Development Partners providing Budget Support and Balance of Payments support to harmonise, coordinate and align their approaches to the budget support. It discusses broad issues relevant to the efficient and effective functioning of Budget Support programmes. The BSHG was mandated by the Partnership Framework for Harmonization and Alignment of Budget Support ("The Partnership Framework") which the Government of Rwanda (GoR) and the budget support Development Partners (DPs) agreed upon in November 2003, now replaced by the Memorandum of Understanding ("The MoU") governing the Provision of Direct Budget Support in the Implementation of Rwanda's Economic Development and Poverty Reduction Strategy (EDPRS) agreed and signed in September 2008.

The BSHG meets quarterly, with two of these meetings being Joint Budget Support Reviews, based on frameworks such as the Common Performance Assessment Framework (CPAF) and Donor Performance Assessment Framework (DPAF). The latter is a multi-day forum for an open discussion where participants (representatives of GoR and Development Partners providing Budget Support) create a common understanding of achievements and performance challenges for all sectors. The un-earmarked nature of budget support means that the BSHG meetings serve as an accountability mechanism to ensure that support from development partners is being used in an effective and transparent way.



Sector Coordination

There are a number of **Sector Working Groups (SWGs)** comprised of GoR, Development Partner representatives and non-state actors, co-chaired by the lead Ministry of the sector and a lead DP. These groups are technical working forums through which the GoR and stakeholders meet to discuss sector and cross-sector planning and prioritisation in the context of strategic plans and development programmes. SWGs are responsible for supporting the development and implementation of sector strategic plans, and many of them are implementing Sector Wide Approaches (SWAPs) or actively working towards the development of SWAPs. In the context of SWAP implementation, SWGs organize annual Joint Sector Reviews, which feed into both the CPAF review as well as the EDPRS review.

Sector-wide approaches (SWAPs) are considered as a way in which both the Government of Rwanda and its development partners see their efforts for enhancing quality of support in support of sector objectives being consolidated at the sector level. Since 2008, Rwanda has made progress in the development of Sector-Wide Approaches (SWAPs) in a number of sectors, including agriculture, energy, justice, transport, water and sanitation, local decentralisation, and environment and natural resources. Some of these sectors have put in place a clear sector strategy and programme with a comprehensive sector

plan and budget framework as a basis for enhancing coordination, harmonisation and alignment of development cooperation. The increased use of harmonised approach is also seen in sectors such as justice, decentralisation and agriculture, while projects continue to support sector interventions in many of the sectors with the SWAP framework in place.

Development of sector-level programme-based approaches has improved the sector coordination and dialogue in many of the sectors, with the annual Joint Sector Reviews providing a forum for sector performance assessment and dialogue. Sector performance assessment focuses on the sector budget execution and assessment of sector outcomes as defined in the CPAF and also provides a forum for dialogue on implementation and execution of externally financed projects.

Since 2008, Rwanda has made progress in the development of Sector-Wide Approaches (SWAPs) in a number of sectors, including agriculture, energy, justice, transport, water and sanitation, local decentralisation, and environment and natural resources.

Status of Official Development Assistance



The Development Assistance Database (DAD) is an aid management and coordination system, established in 2006 to strengthen the effectiveness and transparency of international development assistance. DAD is a powerful, web-based information collection, tracking, analysis and planning tool for use by national governments and the broader assistance community, including bilateral donors, international organizations, NGOs, and private sector.

Rwanda is still heavily dependent on aid and it is on this basis that the Government of Rwanda (GoR) seeks to utilise all resources available to optimise the multitude of aid it receives. This entails putting in place appropriate policies, procedures, and also the use of ICTs to achieve this goal. DAD Rwanda was set up with a view to eventually integrate with SmartFMS – a legacy ICT application managed at MINECOFIN for the purpose of facilitating the various public financial management tasks that the Ministry is responsible for.

With this tool, the Government of Rwanda (GoR) aims to achieve a more effective, efficient use of Official Development Assistance (ODA) that it receives. Namely, maximize effective management of ODA; improve planning for PRS, MDG, macroeconomic (including development budget predictability) processes; institutionalize transparency and mutual accountability; improve analytic reporting; strengthen government budgeting systems and donor databases; lower burden on government structures and improve service delivery; build government capacity to manage its public financial responsibilities.

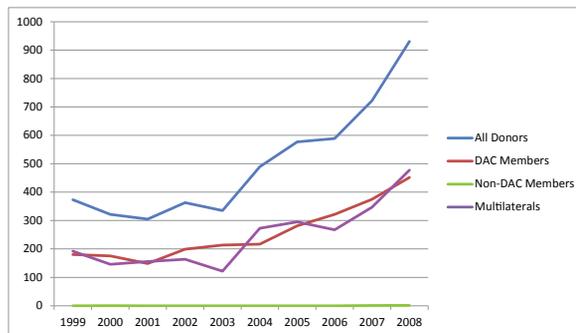
The main responsibility of managing the DAD lies with the Ministry of Finance and Economic Planning (MINECOFIN), while responsibilities of reporting aid information lies with Development Partners. The DAD currently records commitments and actual disbursements for each project/programme externally funded by DPs.

Compliance of aid information reporting has been a challenge in ensuring the quality and credibility of the DAD. MINECOFIN monitors annually the data quality through DAD Quality Index. However, it has been observed recently that the aid reporting by several DPs had unfortunately deteriorated. Recently, new features were added to the DAD so as to record data related to Donor Performance Assessment Framework (DPAF) indicators. The DPAF exercise for FY 2009/2010 thus was undertaken on the basis of data provided by DPs in the DAD. This exercise had facilitated in capturing of more comprehensive aid information data than previous years.

Overview of ODA Inflow

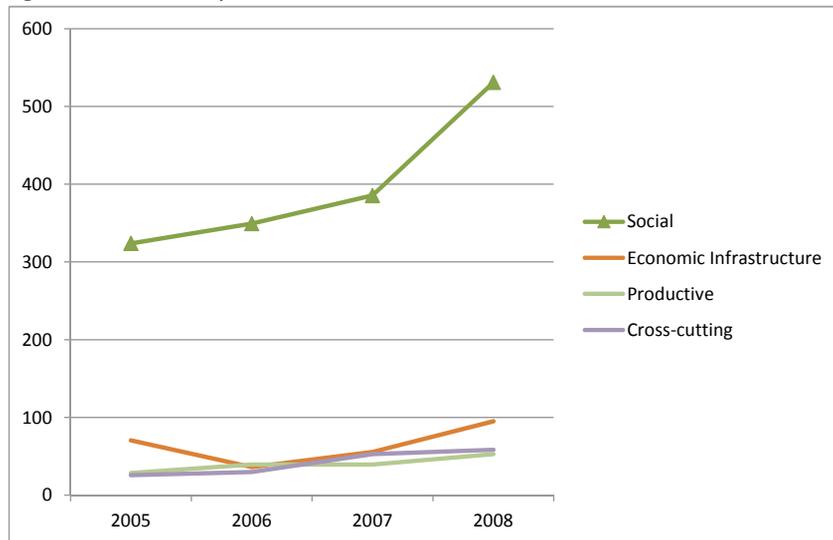
There has been a considerable increase of the total volume of ODA provided to Rwanda since 2003, with significant scaling up of ODA experienced between 2006 and 2008. There has been a steady increase of ODA provided by bilateral partners since early 2000, while ODA provided by multilaterals has seen a sharper increase than that of bilateral since 2006. The scaling up of ODA is partly contributed by increased spending in the social sectors, particularly the health sector. The OECD-DAC data indicates that more than half of Development Cooperation to Rwanda has been provided in the social sectors (60% in 2008), perhaps reflecting that global trend of increased emphasis made on improving social indicators.

Figure 2: ODA Trend since 1999 (Rwanda)



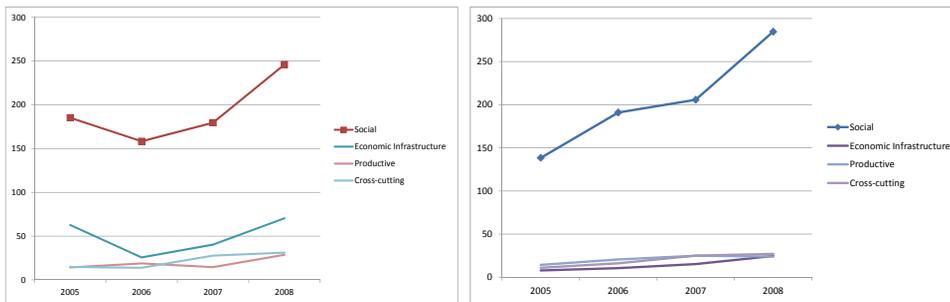
Source: OECD-DAC

Figure 3: ODA Trend by Sector



Source: OECD-DAC

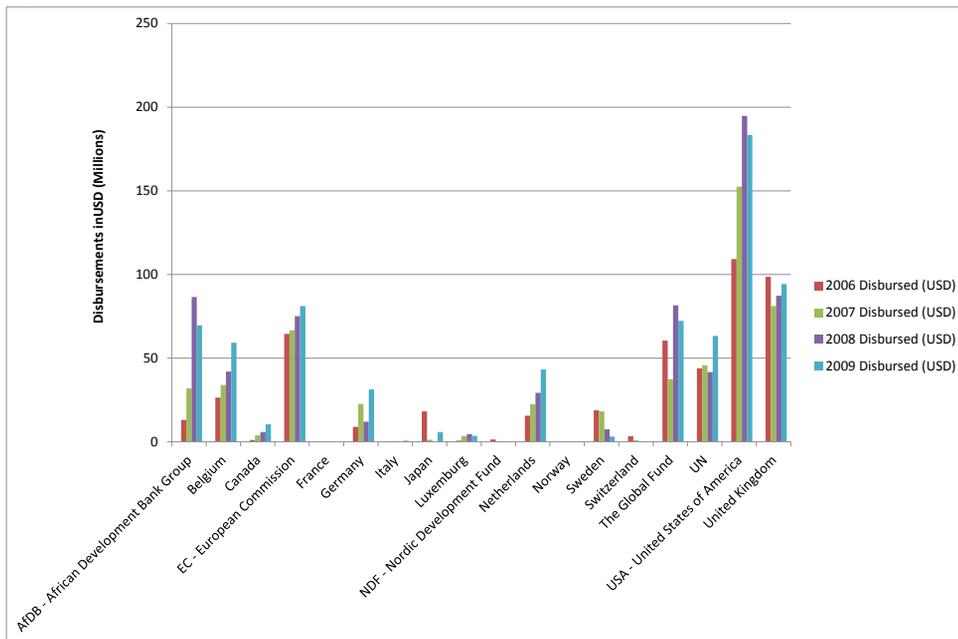
Figure 4: ODA Trend – DAC and Multilateral partners



Sources: OECD-DAC CRS

The scaling up of ODA indicated in the OECD-DAC data also corresponds with the aid information recorded in the Development Assistance Database (DAD). The figure 5 outlines the trend of ODA provided to Rwanda since 2006 by Development Partners. In general, there has been an increase in ODA to Rwanda by various partners both multilateral and bilateral partners.

Figure 5: ODA Trend for 2006-2009 by DP



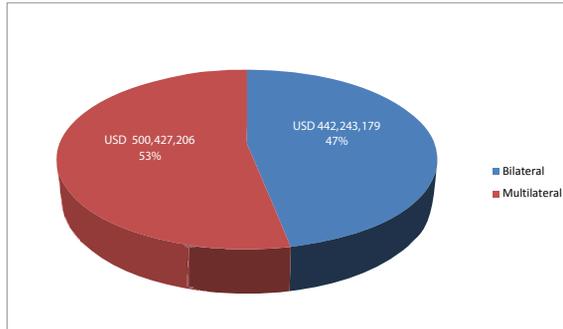
Source: Development Assistance Database (DAD)

In FY 2009/2010, the Development Assistance Database (DAD) recorded USD 945,342,794 as the total volume of ODA provided to Rwanda.

Sources of External Assistance

In FY 2009/2010, 53% of external assistance came from Multilateral. In the past several years, the share of multilateral has been at around 48-53%.

Figure 6: Disbursements (USD) by Donor Type

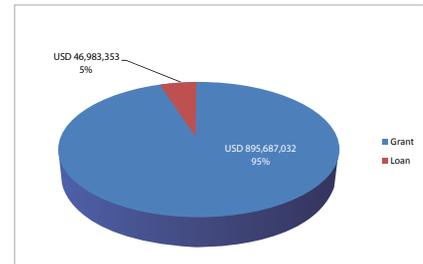


Source: Development Assistance Database (DAD)

Type of External Assistance

ODA to Rwanda is provided mostly in the form of grants (95% of ODA in the form of grants). This is in line with the Rwanda's Aid Policy, which articulates the Government's strong preference given to assistance offered in the form of grants. Since 2005, when Rwanda reached the completion point of the Enhanced HIPC Initiative and benefited from debt cancellation amounting to about USD 1.2 Billion, the Government has been implementing a prudent debt management policy and continue to maintain the level of debt at sustainable levels. However, the Government recognizes that given the development needs of the country, particularly the urgent demand to invest in infrastructure, continuous reliance on grant and concessional financing modalities may not be feasible.

Figure 7: Disbursement (USD) by Modality



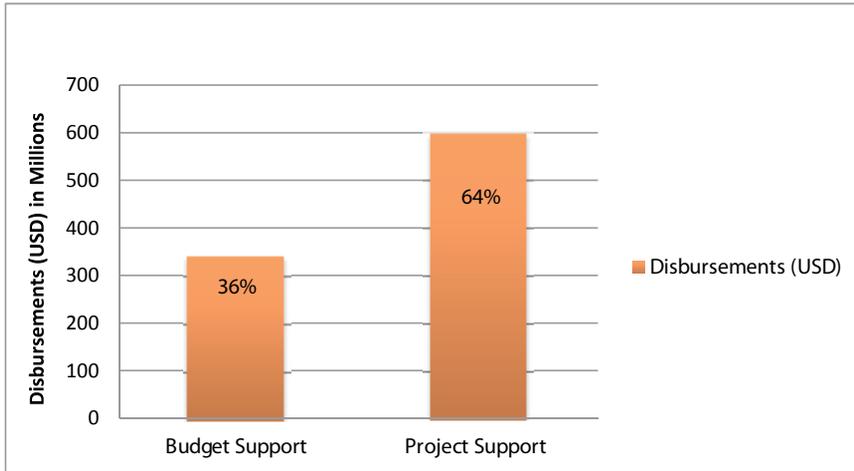
Source: Development Assistance Database (DAD)

The Fitch ratings analysis, upgraded Rwanda's long-Term foreign and local currency issuer Default Ratings (IDRs) to B, with a stable outlook for its foreign and local currency long-term issuer default rating. This rating reflects Rwanda's improvement in the business environment, following an impressive structural reform drive, large planned investments in physical infrastructure and continued efforts to increase competitiveness to keep growth robust and support creditworthy. Further consideration will also be given to non-concessional finance in support of development needs, which will continue to be managed within the context of the Policy Support Instrument (PSI), as approved by the IMF Board in June 2010.

ODA by Modalities

Rwanda's Aid Policy clearly articulates budget support as the Government's preferred modality for external assistance. In FY 2009/2010, 41% of ODA was disbursed in the form of Budget Support.

Disbursements (USD) by Modality (FY 2009/2010)



Source: Development Assistance Database (DAD)

The volume of Budget Support has significantly increased -more than double since 2007. Considerable transformation of ODA portfolio is also observed by several individual Development Partners, with some of the DPs increasing their portfolio of Budget Support significantly (EC from 23% in 2008 to 70% in FY 2009/2010, World Bank from 37% to 83%, Germany resuming their budget support from 0% to 57%). While the level of General Budget Support continues to rise, the level of Sector Budget Support has been quadruple since 2007.

Table 1: ODA by Modality per DP

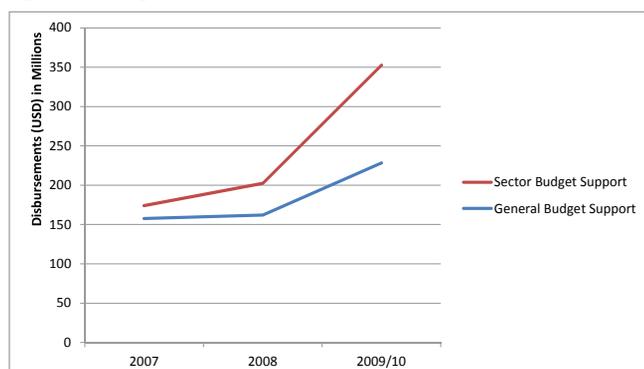
Funding Source	Disbursements (USD)				
	Budget Support (USD)	Budget Support (%)	Project Support (USD)	Project Support (%)	TOTAL
AfDB - African Development Bank Group	18,137,360	35%	34,072,438	65%	52,209,798
Belgium	12,464,305	19%	53,363,241	81%	65,827,546
Canada	500,000	9%	5,339,226	91%	5,839,226
EC - European Commission	63,956,933	70%	26,941,335	30%	90,898,268
Germany	17,977,381	57%	13,550,930	43%	31,528,311
Italy	-	0%	755,158	100%	755,158
Japan	-	0%	25,251,888	100%	25,251,888
Luxemburg	-	0%	2,471,170	100%	2,471,170
Netherlands	11,325,725	27%	30,642,401	73%	41,968,126
Norway	4,000,000	100%	-	0%	4,000,000
Sweden	-	0%	7,607,572	100%	7,607,572
Switzerland	-	0%	2,680,726	100%	2,680,726
The Global Fund	-	0%	80,174,776	100%	80,174,776
UN - United Nations	-	0%	97,356,831	100%	97,356,831
USA - United States of America	-	0%	172,857,313	100%	172,857,313
UK - United Kingdom	66,689,654	79%	17,438,901	21%	84,128,555
World Bank	149,255,801	83%	30,531,729	17%	179,787,530
TOTAL	344,307,159	36%	601,035,635	64%	945,342,794

Source: Development Assistance Database (DAD)

Table 2: Trend in Budget Support

Modality	2007	2008	2009/10
General Budget Support	157,603,688	162,061,045	228,397,364
Sector Budget Support	16,519,554	40,370,596	124,390,747
Total Budget Support	174,123,242	202,431,641	352,788,111

Source: Development Assistance Database (DAD)

Figure 9: Budget Support Trends (FY07 to 09/10)

Source: Development Assistance Database (DAD)

ODA on Budget

The Government of Rwanda and its Development Partners have made considerable efforts to put aid on budget, in line with the commitments made in Rwanda's Aid Policy (2006). With the views to enhance mutual accountability over development cooperation provided to the Government of Rwanda, "aid on budget" is defined as aid reported on the national budget (the Annual Finance Law) approved by the Parliament. The table below indicates increases in volume of aid reflected in the Annual Finance Law since 2008.

Table 2: ODA on Budget by Modality

	FY 2008 Revised (USD)	FY 2009/2010 Revised (USD)	FY 2010/2011 Original (USD)
General Budget Support	196,205,382	229,201,820	221,050,439
Sector Budget Support	136,199,182	144,108,181	118,268,632
Basket Funds	-	6,972,672	31,294,103
Projects	282,373,064	376,059,609	304,320,447
TOTAL	614,777,629	756,342,282	674,933,622

Source: Finance Laws

Continued efforts are undertaken by the Government of Rwanda and Development Partners in order to enhance the budget preparation process and strengthen accountability over development cooperation provided to the Government sector. From the fiscal year 2010/2011 with the rolling out of the IFMS, control measures are put in place to ensure that all resources (domestic and externally financed) executed by the Government's Budget Agencies be included in the national budget and the IFMS. In this regard, it is expected that the increasing volume of externally financed projects would be reflected in the revised budget for FY 2010/2011. The share of external finance in the national budget has been at around 40-50%.

Table 3: ODA on Budget by Modality

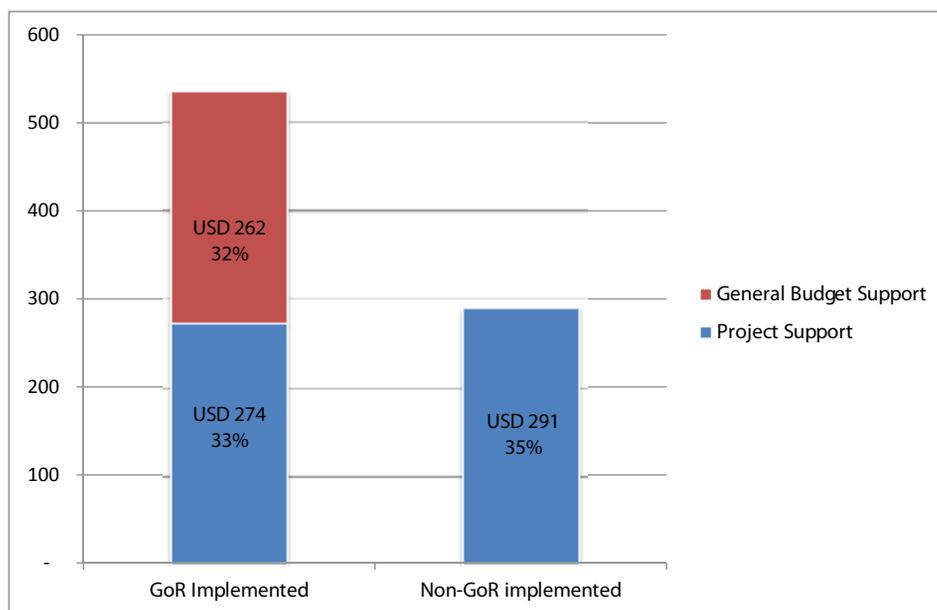
	FY 2008 (Revised)	FY 2009/2010 (Revised)	FY 2010/2011 (Original)
General Budget Support	32%	30%	33%
Sector Budget Support	22%	19%	18%
Basket Funds	0%	1%	5%
Projects	46%	50%	45%
% External Finance in the national budget	52%	49%	39%

Source: MINECOFIN

ODA to Government Sector (Government Execution v.s. Non-Government Execution)

Rwanda's Aid Policy in line with the Paris Declarations on Aid Effectiveness indicates the need to increase the use of the country systems. This requires progressive shift towards Government execution. In FY 2009/2010, 65% of ODA to Government Sector was executed by Government agencies.

Figure 10: ODA to Government Sector (Government Execution v.s. Non-Government Execution)



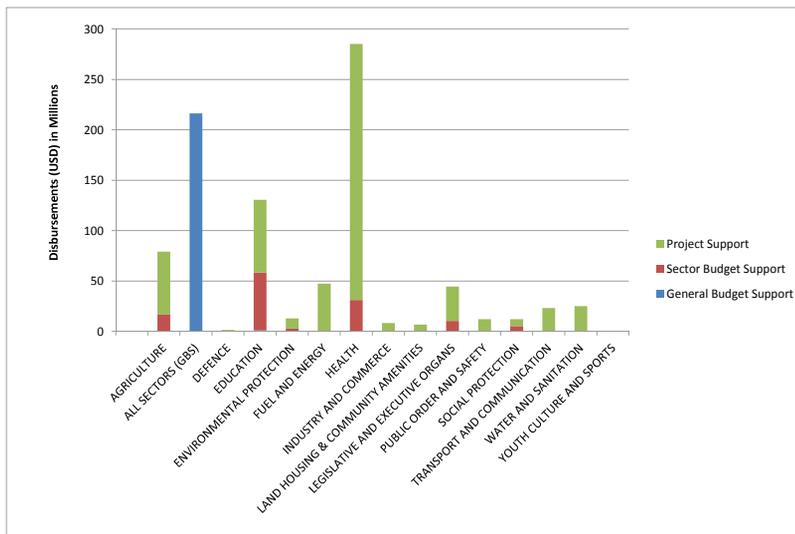
Source: Development Assistance Database (DAD)

ODA Sector Allocation

The table below outlines the ODA portfolio for FY 2009/2010 in terms of sector allocation. Social sectors (health and education) continue to receive a large volume of ODA, followed by productive sectors such as agriculture. While the figure indicates that the level of ODA provided in transport and communication relatively lower than the agriculture sector, it is worth noting that the sector receives considerable amount of grants and loans from non-DPCG members, such as the Arab Funds.

The figure also highlights the sector ODA portfolio in terms of modality. The education sector where SWAPs had been operational for several years has seen the considerable shift of aid modalities used in the sector. However, the health sector while their SWAPs have also been operational for equally adequate years continues to receive a significant level of project support. Since 2008, additional Sector Budget Support is provided in the justice, agriculture, social protection (VUP), and environment sectors.

Figure 11: Disbursement (USD) by Sector by Modality (FY 2009/10)

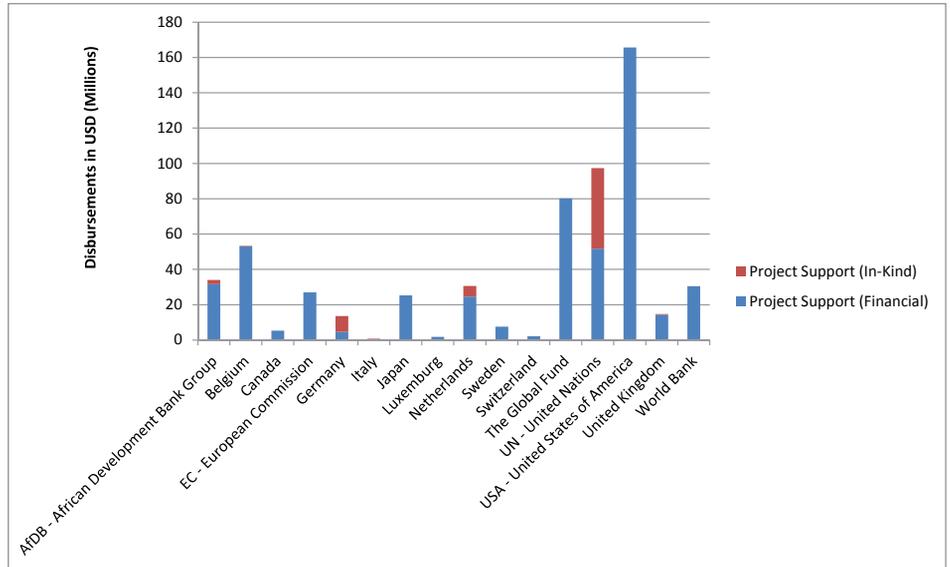


Source: Development Assistance Database (DAD)

Project Support ODA (Financial v.s. In-Kind)

While the volume of ODA provided in the form of Budget Support increased, project ODA remains to be the major modality of ODA. As indicated below, the top provider of the project support is USA, followed by the UN System. While USA's project support is in the form of financial support, about half of the UN's project support is provided in the form of in-kind. In-kind support in this table includes non-cash inputs provided to Rwanda, and may include Technical Assistance recruited by Development Partners.

DP Project Support - Financial vs. In-Kind (FY 2009/10)



Source: Development Assistance Database (DAD)

Disbursement v.s. Commitments

The below table summarizes disbursement rates by DPs as recorded in the Development Assistance Database (DAD).

Table 4: Disbursement and Commitment by DPs

Funding Source	Committed (USD)	Disbursed (USD)	Disbursed (USD) / Committed (USD)
AfDB - African Development Bank Group	33,463,244	52,209,798	156%
Belgium	67,058,962	65,827,545	98%
Canada	6,350,116	5,839,226	92%
EC - European Commission	79,216,871	90,898,269	115%
Germany	31,055,945	31,528,311	102%
Italy	1,143,277	755,158	66%
Japan	21,284,237	25,251,888	119%
Luxemburg	3,311,819	2,471,170	75%
Netherlands	45,472,304	41,968,126	92%
Norway	4,000,000	4,000,000	100%
OFID – OPEC Fund for Development	10,000,000		0%
Sweden	7,476,623	7,607,572	102%
Switzerland	3,887,733	2,680,726	69%
The Global Fund	64,029,395	80,174,776	125%
UN - United Nations	118,381,641	97,356,831	82%
USA - United States of America	167,118,273	172,857,313	103%
UK - United Kingdom	96,072,981	84,128,554	88%
WB - World Bank	207,390,000	179,787,530	87%
TOTAL	966,713,421	945,342,793	98%

Source: Development Assistance Database (DAD)

Providing full and timely information on annual commitments and actual disbursements contributes to greater predictability of aid over the short term. However, further efforts are needed to ensure timely information is provided to accurately record all aid flows in the public accounts. In addition, further consideration is also needed to ensure all aid flows are channelled through the treasury system in enhancing the Government management of aid flows. Furthermore, the Government continues to face challenges in recording execution of activities that are directly implemented by DPs or subcontracted to institutions other than the Government Agencies.

Conclusion

Rwanda has received an increased level of ODA since 2008, and there has also been a considerable shift in terms of the use of progressive aid modality. ODA provided to Rwanda is more programme-based and aligned to national priorities articulated in the Economic Development and Poverty Reduction Strategy (EDPRS). ODA portfolio in Rwanda also reflects the global trend of increasing attention on social indicators, accompanied with the increased earmarked funding in health and education sectors.

While considerable scaling up of ODA to Rwanda has seen since 2006 and Rwanda continues to require additional resources to meet the growing needs of priority investment in support of Vision 2020 and the EDPRS, the Government of Rwanda continues to emphasise the need to enhance quality of ODA provided to Rwanda in order to ensure effective use of ODA in realising national economic development and poverty reduction goals. In line with Rwanda's Aid Policy, continued joint efforts will be needed to reform the way ODA is provided to Rwanda in a way that enhances the capacity of Rwanda in leading and managing development efforts for the people of Rwanda.



THE GANG'S ALL HERE!

Annex: Calendar of Key Events and Synchronized Process of GoR Planning, Bu

	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
MINECOFIN	Preparation of the Macro-Framework	Preparation of the budget outlook paper	Issuance of the first budget call circular to communicate Sector MTEFs	National Budget Consultative Workshop to officially launch the	Update of marco-framework	Issuance of the second Budget Call Circular with
	Preparation of the budget execution report		Joint Sector Reviews (JSRs)	IMF PSI Mission		Local Government Consultative Workshop
DPs	Provision of Disbursement figures in the DPCG	Participate in the District Expenditure	Participation in the JSRs	Quarterly Disbursement in the DAD	Communication of Firm Commitments	Participate in SWG Retreat to consolidate Sector BFPs
			DPCG	Participate in the JBSR (Backward looking)		
Line Ministries	Preparation of Financial Statements	Preparation of annual reports	Review of Ministerial expenditures	Preparation of Sector BFPs	DPM	SWG Retreat to consolidate Sector BFPs
	Participation in the DPCG		Participation in the JSRs and DPCG	Participation in the JSBR		
Local Government	Preparation of Financial Statements	Preparation of annual reports	Review of District's expenditures	Preparation of Districts BFPs		Consultations with Ministries on District BFPs
DAD				Q1 report		
EDPRS				Annual Progress Report		
Cabinet/Parliament		Akagera Retreat & Approval of				Approval of Revised budget by Cabinet

Budgeting Resource Mobilisation

Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11
	Inter-Ministerial Consultative Meeting on Budget Priorities and Resource Allocations	IMF PSI Mission Preparation and submission of the National BFP and draft Budget to Cabinet	BFP presented to Parliament not later than April 5 Draft Budget submitted	Joint Budget Support Review (Forward)	BSHG
Submission of the revised budget to DPCG & BSHG	DPR	DPCG	Issue the 3rd BCC on the final ceilings	Preparation of the Budget Speech and finalization of the draft Budget	Presentation of the draft Budget to the Parliament
Provision of Quarterly disbursement in					
DPCG & BSHG	DPR	DPCG		Participate in the JBSR (Forward Looking)	BSHG
DPCG & BSHG online submission by Budget Agencies	DPR	Revise budget data input in the smartgov	DPCG	Participation in the JBSR	BSHG
Submission of District's draft Budgets	Revise budget data input in the smartgov			District Council Scrutiny and Approval of Annual Budget	
Q2 report			Q3 report		
Approval of Revised Budget by the			Cabinet approval of the BFP	Discussion of the BFP and the draft Budget by the	Approval of the Budget





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