REPUBLIC OF RWANDA

MINISTRY OF FINANCE AND
ECONOMIC PLANNING

OFFICIAL DEVELOPMENT ASSISTANCE REPORT

FY 2012- 2013

Aid for Development

This report has been produced by the External Finance Unit in the Ministry of Finance and Economic Planning of the Government of Rwanda, and with the financial resources provided through the United Nations Development Programme.

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REPUBLIC OF RWANDA

MINISTRY OF FINANCE AND ECONOMIC PLANNING

Foreword

We are pleased to present to you the Rwanda Official Development Assistance (ODA) Report for FY 2012/2013. This report outlines key features of ODA Rwanda received in FY 2012/2013 as well as key achievements made by the Government of Rwanda and its Development Partners to enhance quality and effectiveness of aid in Rwanda.

FY 2012/2013 total ODA was USD 911,641 million from Traditional DPs observing, a decrease of USD 278 million representing 23 % million compared to the USD 1.190 billion received in FY 2011/2012. The report records also USD 103,980,438.22 from Non-OECD DAC DPs observing an increase of USD 82,136,795.22 million representing 79% million compared to the USD 21 million received in FY 2011/2012.

The reduction was generally attributed to suspension of Budget Support funding and delayed disbursements of some bilateral and multilateral DPs while increment on side of Non-OECD DAC DPs was due to the newly approved financing to infrastructural projects like the multinational road (Kivu belt). This fiscal year saw extensive work on the side of Government in preparation of EDPRS II and on the side of Development Partners preparing joint programming documents aligned to EDPRS II.

Enhancing quality and effectiveness of aid continues to be of significant importance to Rwanda's development agenda. The progress made in the area of the Single Project Implementation Unit, Project Treasury Single Account, as well as other institutional capacity strengthening such as Public Financial Management reform has facilitated the increased use of country systems by Development Partners.

Our Development Cooperation has been strengthened over the years and FY12/13, reminded us that further efforts are required to caution the effects of unpredictability and volatility of aid. As we meet again in the High Level Forum in Mexico this year, our collective commitment should be to concretize the implementation of Busan undertakings particularly joint planning in support of the Second Economic Development and Poverty Reduction Strategy (EDPRS 2) in pursuit of achieving our Vision 2020. We are faced with new challenges of ensuring greater self-reliance and developing global competitiveness. Conscious of these challenges, we forge ahead knowing that working together, we always overcome.

Ms. Kampeta SAYINZOGA
Permanent Secretary and Secretary to the Treasury
DPCG Chair

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List of Abbreviations/ Acronyms

AfDB	African Development Bank
AIMS	Aid Information Management System
DAD	Development Assistance Database
DFID	Department of International Development
DoL	Division of Labor
DPAF	Donor Performance Assessment Framework
DPCG	Development Partners Coordination Group
DPR	Development Partners Retreat
DPs	Development Partners
EDPRS	Economic Development and Poverty Reduction Strategy
EICV	Integrated Household Living Conditions survey
EU	European Union
FY	Fiscal Year
GBS	General Budget Support
GDP	Gross Domestic Product
GPEDC	Global Partnership for Effective Development Co-operation
HLF4	Fourth High-Level Forum on Aid Effectiveness
IATI	International Aid Transparency Initiative
IFAD	Fund for Agricultural Development
IFC	International Finance Cooperation
INGO	International Non-Government Organization
MDGs	Millennium Development Goals
MINECOFIN	Ministry of Finance and Economic Planning
MINICOM	Ministry of commerce and Industry
MTEF	Medium-Term Expenditure Framework
ODA	Official Development Assistance
OECD-DAC	Organization for Economic Co-operation and Development
PTSA	Project Treasury Single Account
SBS	Sector Budget Support
SMARTIFMIS	Integrated Financial Management System
SPIUs	Single Project Implementation Units
SWAps	Sector-Wide Approaches
TB	Tuberculosis
TSA	Treasury Single Account
UK	United Kingdom
UN	United Nation
USA	Unites States of America
USD	Unites States Dollar

1. Introduction

1.1 An Introduction to ODA in Rwanda

The official Development Assistance (ODA), in Rwanda from the year 1994 greatly contributed a lot and has been catalytic in supporting national efforts on national development and poverty reduction. Currently ODA in Rwanda supplements the domestic resources in an effort to support national priorities as defined in Rwanda's Economic Development and Poverty Reduction Strategy (EDPRS)

The total ODA to Government sector under the FY 2012/2013 significantly reduced to USD 911,641,529 from Traditional DPs compared to USD 1.19 billion in FY 2011/2012 and USD 103,980,438.22 from Non-OECD DAC DPs compared to the USD 21 million received in FY 2011/2012.The reduction was generally attributed to suspension of Budget Support funding and delayed disbursements of some bilateral and multilateral Traditional DPs while increment on side of Non-OECD DAC DPs was due to the newly approved financing to infrastructural projects.

1.2 Purpose of the ODA Report in Rwanda

The purpose of the ODA report in Rwanda is to show clearly the overall picture of the ODA received by the government of Rwanda in FY 2012/2013, in an attempt to inform the government of Rwanda efforts in ensuring aid effectiveness for sustainable development. It also aims indicating the use of the ODA received effectively and the appropriate decisions concerning the allocation of aid should be made in the support of national priorities highlighted in the EDPRS. ODA report also identifies keys areas of progress and further considerations concerning the improvements of the national aid effectiveness agenda and implementation of Rwanda Aid policy.

1.3 Data Included and excluded in the report

The ODA report for FY is based on the ODA gathered in the Development Assistance Database, of which it is an aid management and information system, monitored by the Ministry of finance and economic planning (MINECOFIN).The ODA data gathered is reported by the development partners on quarterly basis which includes grants and concessional loans. Per now, many non-resident Development partners like Arab funds as well as merging partners eg (China, India and many others) are not able to report information on ODA by means of Development Assistance Data base(DAD).This report does not include ODA provided by these partners through DAD but a separate section of ODA provided by these partners is provided.

1.4 Quality of data Used in the report

The quality of data used in this report mostly depends on DPs accurate and relevant information reported through Development Assistance Data base (DAD).The Government undergoes verification processes mainly through the Donor Performance Assessment Framework (DPAF) process to ensure quality of data provided.

Data collection for the 2012/2013 DPAF was done jointly with global monitoring data collection and this has helped Rwanda to have several consultations with DPs to validate DAD reported data.

2. Rwanda's Development Objectives

Rwanda's Development Agenda is guided by Vision 2020 and the Economic Development and Poverty Reduction Strategy (EDPRS); these are also in line with the International Millennium Development Goals (MDGs). The first EDPRS promoted three flagships programmes; sustainable growth for jobs and exports, Vision 2020 Umurenge Programme and Good Governance. FY 2012/13 marked the end of the first EDPRS.

2.1 EDPRSII Elaboration

The Government of Rwanda launched on September 13, 2013 the second Economic Development and Poverty Reduction Strategy (EDPRS2). The launch of the EDPRS 2 followed a year-long elaboration process during which a focused strategy has been developed taking into account contributions from a broad range of stakeholders including those of the grassroots population, development partners and the private sector. The main objective of the strategy is to accelerate Rwanda's progress towards a middle income country by rapid and sustainable growth and poverty reduction. The strategy follows the successful implementation of EDPRS I (2008 – 2013) which registered a unique hat trick of high growth (8.2%), poverty reduction and reduction in inequality. This resulted in more than one million people being lifted out of poverty and made important strides towards the achievement of the Vision 2020 and the Millennium Development Goals (MDGs). The strategy further draws on the lessons learned from the first EDPRS which delivered unprecedented success. The EDPRS 2 is based on analysis of evidence from national and household level data on important indicators on poverty, health and the population in general.

EDPRS2 targets to transform Rwanda into a middle income economy. This will be achieved through accelerated growth averaging 11.5% from 2013 to 2018 and reduced poverty from 44.9% to 30% over the same period.

To achieve the targets of the EPDRS 2, the strategy focuses on themes of economic transformation for growth, rural development for poverty reduction, accountable governance for efficient service delivery and productivity and youth employment. The strategy also includes key issues of a foundational and cross cutting nature that will ensure Rwanda's development and competitiveness is maintained over the long term in a broad based and inclusive manner.

The Strategy will put a strong focus on growing the private sector, increasing exports, urbanization and rural development, increasing agriculture productivity, creating jobs especially for the youth and improving efficiency in service delivery in both public and private sectors.

3. Rwanda Implementation of the Busan Partnership for Effective Development Cooperation

The Fourth High-Level Forum on Aid Effectiveness (HLF4) which took place in Busan, Korea from 29 November to 1 December 2011 aimed both to evaluate progress already made towards achieving more effective aid, and to define an aid agenda for the future. After a lengthy and highly participatory negotiation process, the HLF4 concluded with the endorsement of the "Busan Partnership for Effective Development Co-operation" by over 160 countries including Rwanda and around 50 other organizations through which a new global aid partnership was forged.

Rwanda contributed significantly in shaping up the global monitoring framework and has decided to participate in the Global Partnership for Effective Development Co-operation (GPEDC) Monitoring of the Busan Indicators. The set of global indicators includes some indicators which are based on the previous indicators from the Paris Declaration that developing countries have identified as particularly important. Other indicators capture some of the broader dimensions of the Busan Partnership agreement.

For the purpose of monitoring the Busan Partnership agreement, indicators relying on country-level sources of data has contributed to assess the effectiveness of development co-operation, looking at transactions qualifying as Official Development Assistance (ODA), which include grants or loans of a concessional nature and whose main objective is the promotion of economic development and welfare. For the case of Rwanda, Data collection for the global monitoring was done jointly with Donor Performance Assessment Framework (DPAF) data collection as the national monitoring mechanism through the Rwanda Development Assistance Database (DAD).

As data in DAD are recorded by Development Partners in country, data collection for the global Monitoring framework has helped Rwanda to have several consultations with them to validate DAD reported data. Each provider of development cooperation has received at his headquarter consolidated tables and have been invited to check and analyse the tables for any clarification on the result! Several providers of development co-operation not having a country presence also have expressed a strong interest to participate in the data collection and dialogue taking place at country level.

Rwanda also participated in the Global Partnership e-discussion on "Progress since Busan". This e-discussion aimed to complement the monitoring exercise with the view to hear thoughts and experience on key questions on progress since Busan. While the Global Partnership monitoring framework focused on a limited set of indicators, the e-discussion provided an opportunity to gather complementary evidence of a more qualitative nature to enrich the analysis. It also provides an opportunity to identify additional evidence to document progress on Busan commitments not covered by indicators. Feedback received through the e-discussion will be used to shape up the agenda for the first ministerial-level meeting of the Global Partnership in Mexico on 15/16 April 2014 with particular reference to the Session on the Progress on aid effectives since Busan.

Rwanda has agreed to be among the signatories' countries of the International Aid Transparency Initiative (IATI) and is one among the 4 pilot Aid recipient countries to explore the feasibility of using IATI to enable automatic exchange of data between Development Partners (DPs) systems and the AIMS (Aid Information Management System) at country level. Aid transparency means that everyone can see how much aid is being provided. They can see what it's being spent on, and what it aims to achieve. This helps to ensure that aid is used in the most effective ways and Governments to better plan and manage the aid they receive. It's important that donors provide information about the aid they give. More important is that this information is publicly available in a way that people can easily understand what aid their country is receiving, so they can hold the government account.

The Government of Rwanda and its Development Partners have discussed the implementation of the post-Busan agenda at Development Partners Retreat (DPR) in Feb 2012. They have agreed to make to the following efforts for the Rwanda's implementation of the Busan agenda:

- ***Deepening ownership of development priorities***: EDPRS II was launched in September 2013 and is a 5 years (2013-2018) strategy with objective of improving the quality of life for all Rwandans moving towards the vision 2020 goal of becoming a middle income country. This process provides an opportunity to deepen ownership of development priorities.

- ***Inclusive joint planning***: Building on the commitment made in the Busan on the need to effectively manage the diversity of development cooperation at the country level and reduce aid fragmentation, the Government of Rwanda and its Development Partners have again discussed and agreed, in the DPR held in Feb 2014, to undertake inclusive joint planning exercise. This process aims to better synchronize programming/planning cycles of development cooperation framework with the national development programming/planning cycle and to further improve coherence and allocation of development cooperation to support national priorities as articulated in the EDPRS II. The process is led by European Union delegation for development cooperation planning of bilateral partners; by World Bank for multilateral financing institutions; and by the UN Resident Coordinator for UN agencies in the context of Delivering as One.

- ***Strengthening national mutual accountability framework***: Building on EDPRS II Matrix and Donor Performance Assessment Framework (DPAF), the Government of Rwanda is strengthening the national mutual accountability framework. The DPAF indicators and targets had been revised in accordance to the global monitoring framework for the Busan agreement.

- ***Inclusive development partnership***: In light of the inclusive partnership forged under the Global Partnership for Effective Development Cooperation, the Government of Rwanda has been making conscious efforts to bring more partners into the national aid coordination and policy dialogue fora, including the Development Partners Coordination Group (DPCG) and the Government of Rwanda and Development Partners Retreat (DPR).

4. The Rwanda Aid Manual of Procedures: Background, Progress & the Way Forward

In 2011, the Ministry of Finance and Economic Planning issued the Rwanda Aid Policy Manual of Procedures through a Ministerial Instruction, with view to guide and improve the implementation of Rwanda's Aid Policy. The Aid Policy endorsed by the Cabinet in 2006, sets out the Government of Rwanda's vision for improved aid management and enhanced effectiveness of aid to Rwanda. The Aid Policy Manual of Procedures, in this context, sets clear guidance on the roles and responsibilities of the Government actors in aid management process, and documents the process of aid mobilization and management, including identification, negotiation, and agreement. It also highlights the necessary documentations that facilitate aid provision and delivery through detailed procedures and checklists. The Aid Policy Manual of Procedure, thus, aims to (1) improve transparency and accountability through ensuring better communication and information flow between the Government institutions dealing with external finance through ensuring improvement in aid on budget process as well as effective and efficient allocation of aid; and (2) increase ownership by ensuring appropriate Government institutions are involved at the right stages of the aid management cycle.

Furthermore, the Ministry of Finance and Economic Planning also reviewed its resource mobilisation process and has embarked on a process to strengthen analysis, coordination, and monitoring of resource mobilisation efforts. In this context, a Manual of Procedure for Debt management also complements the Aid Manual of Procedures for effective management of external resources.

In addition to the efforts to improve the aid management framework and procedures, the Ministry of Finance and Economic Planning has also accelerated the efforts to streamline the way aid is managed by the Government agencies through a set of initiatives that it has successfully introduced.

4.1 Single Project Implementation Units (SPIUs)

A number of Sector Ministries/institutions have completed setting up the Single Project Implementation Units (SPIUs), with ten SPIUs functional and two in progress. These sectors include: health, agriculture, water and sanitation, energy, environment and natural resources management, justice, industry and commerce, disaster management, and the transport sector. In the sectors where the SPIUs have been established, these are the sectors that receive considerable volume of project aid and implement a number of externally financed development projects. Many of the SPIUs are fairly recent, but the SPIUs have indeed facilitated greatly the effective management of project aid. For example, the Ministry of Trade and Industry SPIU manages World Bank, African Development Bank, EU, UN Agencies (UNEP, UNOPS, UNIDO and IFAD), TMEA and IFC' projects and projects directly funded by Government of Rwanda, which facilitated the way in which these projects are delivered in a way that enhances the ownership, accountability, and transparency and reduced over-laps and ultimately reduces transaction costs in the implementation of these programmes. The Ministry of Trade and Industry's SPIU is indeed one of the best performing since its establishment in July 2011; the following are the best practices to share among others:

(i) Reduction of transaction costs and increased economies of scale; Practically, considering that MINICOM has 8 Externally funded projects, the cost of paying staff in shared services is reduced from the single project to SPIU as follows: Instead of 8 Specialists to each project position, they actually have one SPIU Coordinator, 3 accountants, 3 Procurements specialists, 1 Human Resource Officer, One Legal Adviser, 1 M&E Specialist, 1 Internal Auditor and 4 supporting staff. This means that the current MINICOM SPIU employs only15 people as opposed to 64 people if they were a stand-alone project which is the case on average for the stand-alone projects.

(ii) Improved coordination and creation of synergy; The setup of a single project management office for externally funded projects helped to foster team spirit in a new semi-autonomous arrangement. The concept of shared services and synergy among specialists working on various projects is a best practice for data and information sharing, and learning from each other. Ownership, teamwork, synergy and learning from each other has been enhanced.

(iii) Efficiency and effectiveness in project implementation oversight through improved M&E; Projects focal points in various stakeholder agencies meet every month. This helped to improve ownership by beneficiary institutions, which eventually increases the pace of projects implementation.

(iv) Reduction in staff turnover leading to improved staff retention and increase in institutional memory. This has increased knowledge and expertise as well as best practices in project management.

Some of the challenges in institutionalization of SPIU are; multiple reporting requirements from different Development Partners. While MINECOFIN institutionalized one reporting template for harmonization and reduction of the delays, some Donors still require their format that delays the reporting process.

4.2 Progress on the Project Treasury Single Account (PTSA)

Building on the agreement reached to implement the Project Treasury Single Account (PTSA), which enables real-time consolidation of external resources information to the main Government Treasury Single Account (TSA), the pilot phase has seen a number of project accounts now linked with the Project Treasury Single Account (PTSA). The implementation of pilot has proven that the Project Treasury Single Account improves the Government's cash management and project implementation processes. In FY 2012/2013, number of project accounts that were linked to the Project Treasury Single Account increased from 14 accounts to 43 bank accounts and new projects accounts are automatically linked to the project TSA. Due to BNR system upgrading, the number of project TSAs recorded in this FY was low but today, the system upgrading is complete and is accommodating the opening of project TSAs.

4.3 Sector-Wide Approaches / Programme-Based Approaches

The Government of Rwanda and its Development Partners have made efforts to improve the way they work together to implement a single sector strategy, reflected in a single expenditure programme for a given sector. The Sector-Wide Approaches (SWAps) / Programme-Based Approach has facilitated the Government of Rwanda's leadership and ownership over its sector strategies through ensuring that aid/ development cooperation provided to a sector is fully aligned to a single sector strategy and plan. It also facilitates the effective allocation of resources through bringing aid/ development cooperation in a sector under a one single expenditure framework/programme. The Government considers the SWAPs as an approach to enhance sector planning and budgeting processes, sector coordination for implementation of a sector strategy/programme, monitoring and evaluation framework, and partnership and dialogue structures for policy dialogue and coordination.

With view to further enhance the effectiveness of SWAps in a number of sectors, the Ministry of Finance and Economic Planning commissioned a study to measure the effectiveness and functionality of SWAp in Rwanda and to generate a more comprehensive understanding of the requirements of SWAp. The report concluded in April 2012 generated a useful analysis of the progress made so far, and is expected to contribute to enhancing the effectiveness of SWAp and Programme-Based Approach, particularly as sectors developed and are implementing their Sector Strategic Plans in the context of the EDPRS II. Some sectors have started to establish the SWAPs secretariat which aims to improve coordination in the sectors.

4.4 Donor Missions Calendar

The Rwandan Development Partners Coordination Group (DPCG) endorsed on July 14th 2011, the Development Partners Mission Guidelines whose main objective is to better manage missions and thus reduce transaction costs. In line with the Guidelines, all missions undertaken by Development Partners and/ or on their behalf (including initiatives funded by DPs) need to be requested through a single central point (https://extranet.minecofin.gov.rw/missioncalendar/) – the Missions Calendar - at least 2 weeks in advance of the planned mission to be processed in 7 days but respecting the Silent Period (March-April).

The Missions Calendar aims to help both the Government of Rwanda (GoR) and the Development Partners (DPs) to better coordinate missions in Rwanda. It is administered by the Ministry of Finance and Economic Planning, External Finance Unit, who act as the interface between GoR and DPs. The mission calendar tool was functional since July 2013, however until now its use was generally low. More awareness is needed both on side of Development Partners and the Government to make the Mission calendar functional and effective.

4.5 Strengthening of the Development Assistance Database (DAD)

Embarked on in 2010, the Ministry of Finance and Economic Planning has made further progress in strengthening the Development Assistance Database (DAD) in its usefulness and linkages to the national processes for planning, budgeting, execution and monitoring of public resources. In particular, the DAD was improved with new features/modules:

- ***Medium-Term Expenditure Framework (MTEF) module.*** This module will collect information on forward-spending plans, reported by Development Partners. The MTEF module enables to provide the firm commitments of both budget support and project support on a new Fiscal Year as well as indicative projections in the three-year rolling basis. This module is complete in the DAD and is waiting the finalization of the SMARTIFMIS and DAD integration to be functional which is expected at the beginning of the FY 2014/2015.

- ***Enhanced Project Recording module linked to the SmartIFMS:*** The enhanced project recording module which is in testing stage have data fields that are aligned to the Government's new Chart of Account (COA) with view to enhance the usefulness of information recorded in the DAD. To this end, the DAD and the SmartIFMS will use the same project number to enable the effective transmission/exchange of data between the two systems. The information provided in the DAD, such as disbursement, direct payment expenditure, direct execution expenditure are directly linked to the SmartIFMIS's revenue module as well as expenditure module (in the case of direct payment expenditure). The expenditure information of externally financed project will be directly linked from the SmartIFMS's expenditure module to the DAD's project module. This will allow effective management of externally financed projects, enhanced information on external finance inflow for better management of macroeconomic framework, etc.

- *NGO Module: Today* there is no systematic way to record the financial flows of international *NGOs*. The Ministry of Finance and Economic Planning is working with the Directorate General of Immigration and Emigration to develop a database that will facilitate the registration and recording of International NGO financial flows. The INGO module developed in the DAD will be linked in terms of planned contributions and actual contribution, sector of engagement as well as geographical areas with the developed INGO database which will be managed by the Office of Immigration and Emigration.

5. Volume, Nature and Distribution of Development Assistance

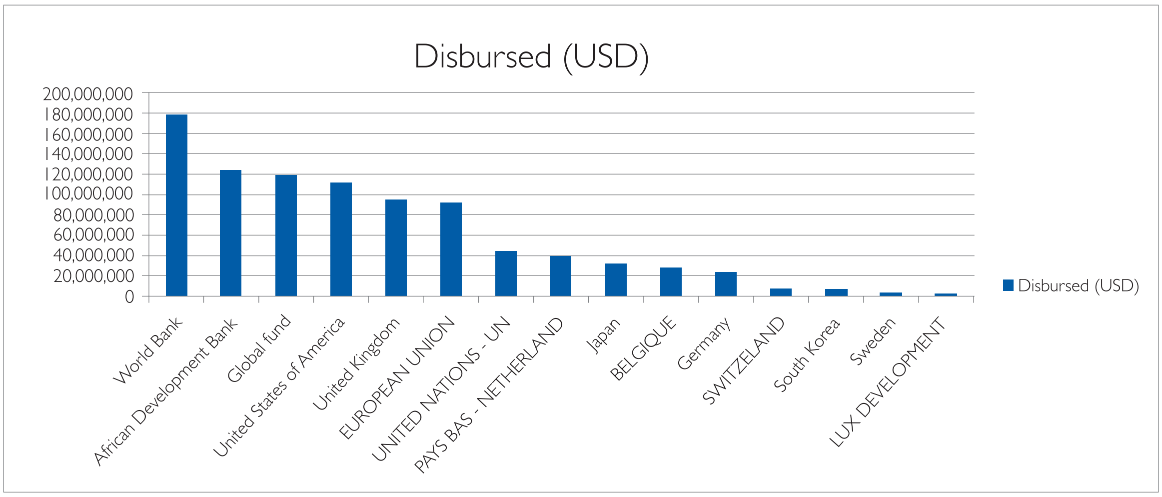
5.1 The Volume of ODA in FY2012/2013

The total level of ODA provided to Rwanda in FY 2012/2013 was USD 911,641 million, a decrease of USD 278 million representing 23 % million compared to the USD 1.190 billion received in FY 2011/2012. Global Fund, World Bank, African Development Bank & UK (DFID) were the significant contributors of ODA to Rwanda, with a decreased assistance of USD 72 million, USD 69 million, USD 40 million, and USD 32 million respectively from the previous year. Although FY2012/2013 has seen a substantial decline in ODA, it's worth noting that countries such as South Korea and Japan increased by 119% and 60% respectively in their assistance. Global Fund, World Bank, AfDB & DFID in a majority of performance assessment framework have met or exceeded the set targets for FY2012/13. However the substantive reduction of ODA provided to Rwanda in FY 2012/2013 is primarily due to the cut of General Budget Support, the collective delay of disbursements and identification and formulation of projects/programmes. Most of the Budget Support donors did not comply with the Budget Support Memorandum of Understanding; this further led to unpredictability of Budget Support financing. . The US sustained it's assistance to Rwanda with USD 111 million on the US financing. The reduction of US Aid volume is due to some unrecorded disbursements during this FY. Although a small percentage of USG funds mostly of Center for Diseases Control (CDC) funds are on budget annex under MoH, a majority of USG funds to Rwanda do not use GoR agencies, procedures and processes. The top-five Development Partners providing around 74% of FY 2012/2013 ODA include Global Fund, World Bank, US, African Development Bank and UK (DFID).

Table 1: ODA to Rwanda in FY 2012/2013

Funding Source	Disbursed (USD)2011-2012	Disbursed (USD)2012-2013
World Bank	248,024,554	178,349,440
United States of America	223,710,926	111,728,333
Global Fund	193,708,992	120,726,355
United Kingdom	127,479,142	94,960,875
African Development Bank Group	83,886,966	124,138,010
European Commission	78,955,799	92,007,784
United Nations	58,273,050	44,602,824
Belgium	43,518,187	28,805,504
Netherlands	39,926,606	39,425,462
Germany	35,895,227	24,245,220
Japan	20,199,427	32,269,299
Sweden	18,592,493	2,934,509
Canada	4,645,065	
Norway	4,000,000	
Luxemburg	3,905,155	1,995,940
South Korea	3,516,228	7,687,755
Switzerland	1,702,843	7,764,219
Italy	194,569	
Total	**1,190,135,230**	**911,641,529**

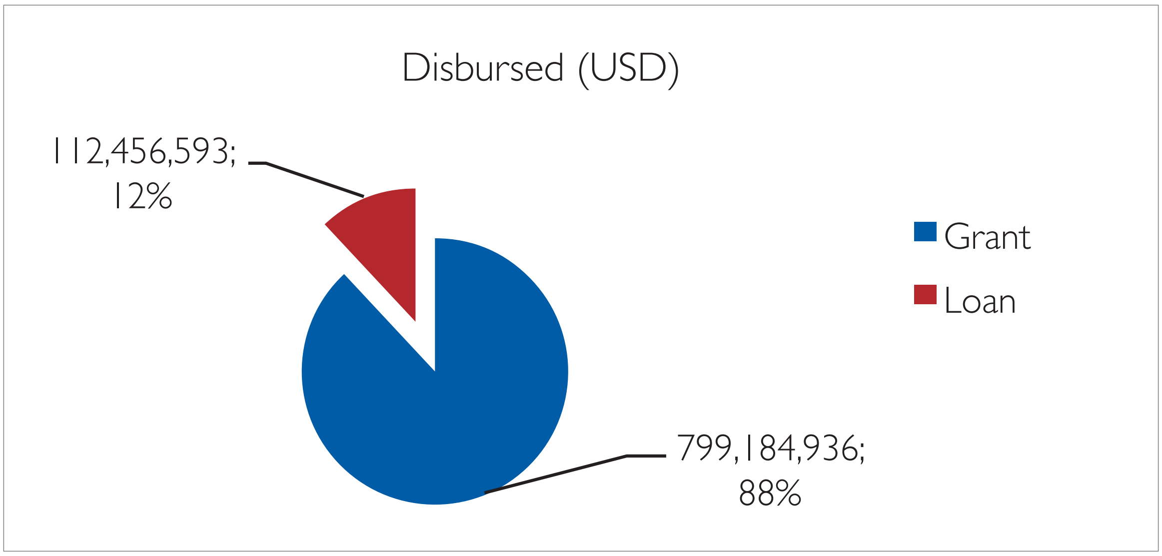
Figure 1: ODA to Rwanda in FY 2012/2013



5.2 The Nature of ODA in FY2012/2013

There has been no increase or decline in FY 2012/2013, similar percentage of ODA for both concessional loans and grants maintained the same figures with 12% of ODA provided in the form of concessional loans and 88% in the form of grants. Concessional loans recorded in this report mainly include the concessional loans provided by the African Development Bank, International Fund for Agricultural Development (IFAD), and the World Bank. Thus, the actual share of ODA provided in the form of concessional loans will be greater than what is reported in the DAD. Other partners that provide concessional loans to Rwanda include the China EXIM, India EXIM and other Arab Funds, whose information are not reported through the DAD but their ODA is captured in table 5 of page 19 in this report.

Figure 2. Share of ODA provided in grant vis loans in FY 2012/2013



5.3 The Distribution of ODA in FY2012/2013

Figure 3 below shows the distribution of ODA received in FY 2012/2013 by sector according to the Rwandan Government's Economic Development and Poverty Reduction Strategy II (EDPRS II) sectors although EDPRS II began in July 2013. Incorporating sectors according to EDPRS II is because of the integration of SmartIFMIS system and DAD. The sector bar titled "All sectors" corresponds to support that is channeled through General Budget Support, un-earmarked budget support. As it was the case in previous years, the Health Sector received the most ODA from Development Partners in FY 2012/2013. Approximately USD 200 million of ODA was disbursed to health sector a 10% decline compared to FY 2011/2012 which was at USD 400 million. Most of the funds to the health sector were disbursed by the Global Fund that specifically earmark their support to Health interventions towards HIV/AIDS,TB and Malaria; followed by USA. Reduction of ODA share to health sector compared to FY2011/2012 was due to incorrect reporting by USG support, phasing out of Germany support in health sector, delayed SBS by Belgium and relatively re-prioritized small share of UK health support. Agriculture comes second largest "sector" which received the ODA for USD 145 million, followed by Infrastructure sector, receiving USD 142 million. Sectors in Social protection and Governance & Decentralization received approximately similar levels of ODA in FY 2012/2013 with USD 83million and a slight increase of USD 82 million compared to 60 million USD in FY 2011/2012. In "All Sectors" ODA received significantly reduced from 252 million USD in FY 2011/2012 to 77million USD in FY 2012/2013, this is due to GBS donors; World Bank, African Development Bank, EU Delegation & UK, did not disburse as committed and those that did, disbursed less than committed while the rest reprogrammed their funds to Sector Budget support and/or Program support. Education and unspecified received almost similar figures of 49 million and 48 million USD, Unspecified represents funds which were incorrectly recorded in the DAD by Development Partners not specifying the sector of their projects, this is corrected in the strengthened DAD where the sector field was made mandatory.

The private sector development and youth employment in FY 2012/2013 received 44 million USD. Urbanization and Rural settlement received 9 million USD and ICT 8 million USD while Justice, reconciliation and Law and Order received 6 million USD, Financial Sector, Environment and Natural Resource and Public Finance Management (PFM) received the lowest ODA with 4 million, 3 million and 1 million USD respectively.

Figure 3: ODA to Rwanda in FY 2012/2013 by Sectors

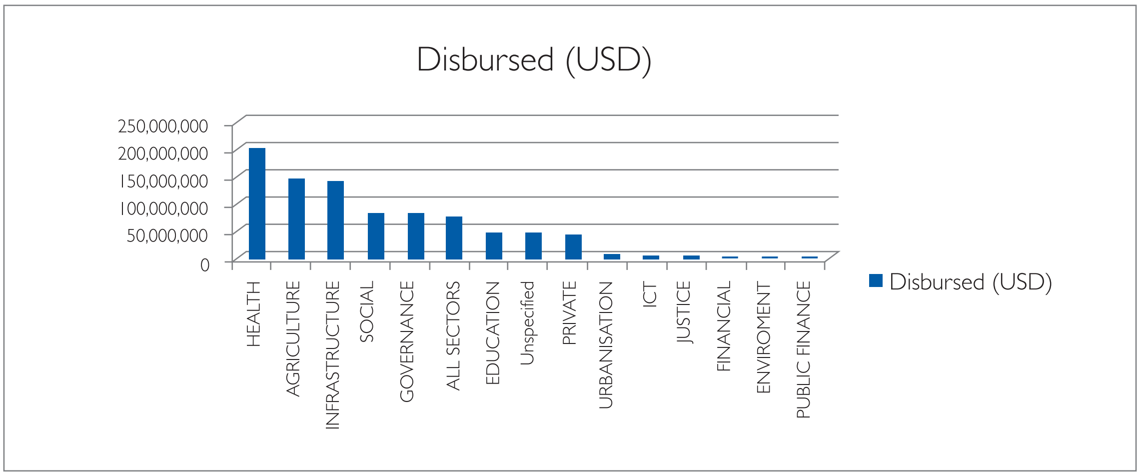


Figure 4: FY 2011/2012 ODA to MDGs relatively same as EDPRS Themes

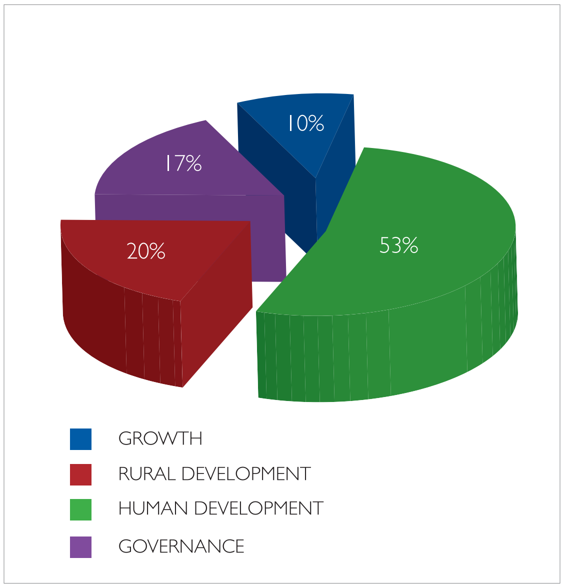


Figure 5: FY 2012/2013 ODA to MDGs relatively same as EDPRS Themes

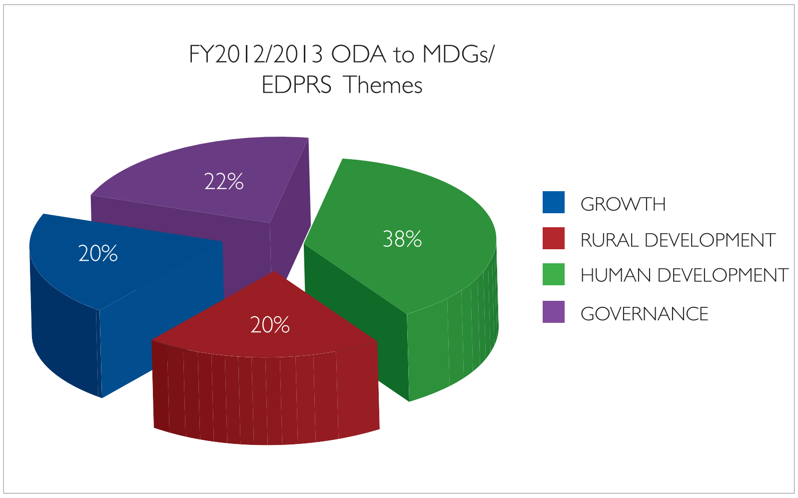


Figure 5 above demonstrates the FY 2012/2013 ODA received according to the four MDG/EDPRS themes, Growth, Rural Development, and Human Development & Governance. The share of ODA that was provided to growth theme has seen significant increase of 20% compared to 10% in FY 2011/2012 this is due to increased funding to Infrastructure (energy, transport, water and sanitation). A slight increase in the remaining allocation to other EDPRS themes was seen in Governance (22%) and Rural Development (20%) respectively. Human Development composed of Health, Education and Private sector reduced from 58% in FY2011/2012 to 38% in FY2012/2013 but remains with the highest DP support in the four MDG/EDPRS themes of 38%. The reduction between FY2011/2012 and FY2012/2013 was mostly due to the reduced funding to the Health sector.

Figure 6: FY 2011/2012 ODA to Productive versus Non-Productive Sectors

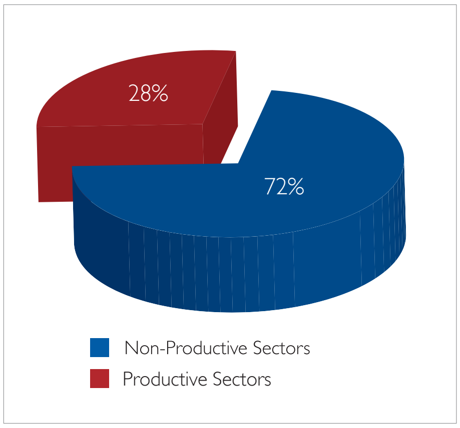
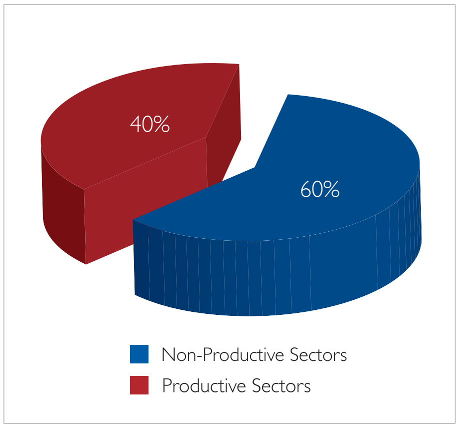


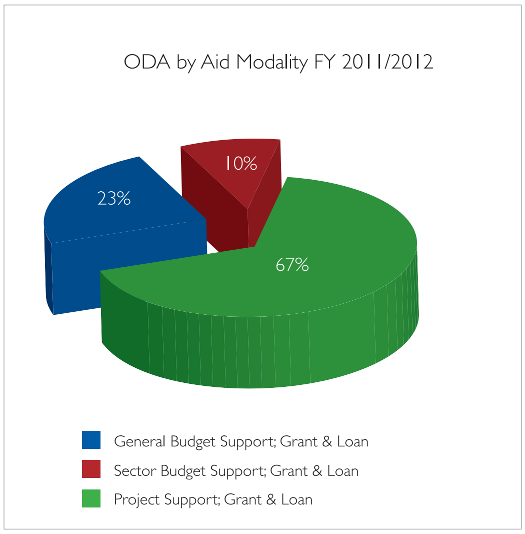
Figure 7: FY 2012/2013 ODA to Productive versus Non-Productive Sectors

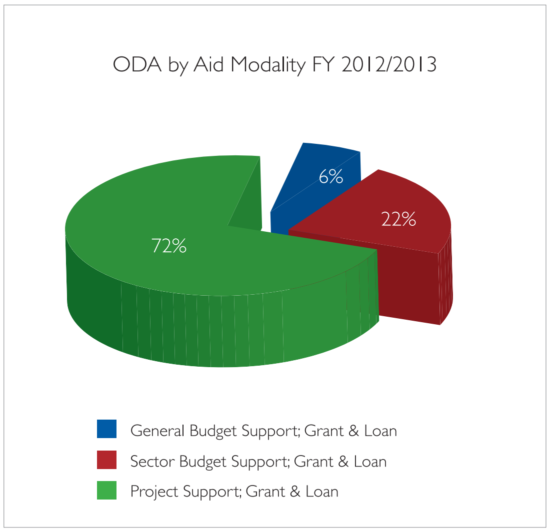


The figure 7 below compares non-productive sector and productive sectors. 60% of all ODA in FY2012/13 was provided to non-productive sectors, such as governance & decentralization, justice, and law and order, environment and natural resources, private sector development and youth employment, health, education and social protection. Compared to FY2011/2012, the share of ODA provided to the productive sector significantly increased from 28% to 40%. This is mostly due to the substantive increase to the Agriculture & Infrastructure (which is considered as energy, transport, water & sanitation) sectors.

More than half of the ODA to the productive sector is provided in the Agriculture sector and Infrastructure (energy, transport, water & sanitation). The biggest contributors to productive sectors include; World Bank, African Development Bank, European Union Delegation, Netherlands and United States of America (majority of their support goes to the health & agriculture). Non- traditional partners not captured in this report through the DAD reporting, such as China, India and the Arab Funds contribute their funds mostly to the productive sectors making actual financing to these sectors higher than what is reported here. A section of ODA from non-traditional partners is captured in Tables 5 of page 19 in this report.

Figure 8: ODA by Aid Modality (% share of total ODA)





In 2011/2012 FY, we had a General budget support of 23% for the total ODA. In 2012/2013 FY the General budget support was cut down to 6% due to the GB suspension of some General Support donors. Some of those donors have channeled their ODA through Sector Budget Support and project support modalities. This GBS cut led to the increase in SBS and projects Support compared to the previous FY 2011/2012.

Table 2: 2012/2013 ODA by Aid Modality

Grant / Loan - General Budget Support		
Funding Source	**Disbursed (USD)**	**Support(%)**
African Development Bank - ADB	5,191,499	
European Union	39,434,524	
United Kingdom	13,793,103	
Sub Total- General Budget Support	**58,419,126**	**6%**
Grant - Sector Budget Support		
Funding Source	**Disbursed (USD)**	**Support(%)**
African Development Bank - ADB	51,992,400	
European Union	14,864,471	
United Kingdom	31,300,259	
World Bank	99,707,878	

Sub Total – Sector Budget Support	197,865,007	22%
Grant /Loan - Project Support / Financial & In-Kind		
Funding Source	**Disbursed (USD)**	**Support(%)**
African Development Bank Group	66,954,111	
Belgium	28,805,504	
European Commission	37,708,789	
Germany	24,245,220	
Global Fund	120,726,355	
Japan	32,269,299	
Luxemburg	1,995,940	
Netherlands	39,425,462	
South Korea	7,687,755	
Sweden	2,934,509	
Switzerland	7,764,219	
United Kingdom	49,867,514	
United Nations	44,602,824	
United States of America	111,728,333	
World Bank	78,641,562	
Sub Total – Project Budget Support	**655,357,396**	**72%**
TOTAL	**911,641,529**	**100%**

Table 3: Aid Modality by Development Partners FY 2012/2013

Funding Source	GBS		SBS		Project		GBS and SBS combined	Total
African Development Bank - ADB	5,191,499	4%	51,992,400	42%	66,954,111	54%	46%	124,138,010
Belgique		0%		0%	28,805,504	100%	0%	28,805,504
European Union	39,434,524	43%	14,864,471	16%	37,708,789	41%	59%	92,007,784
Germany		0%		0%	24,245,220	100%	0%	24,245,220
Global Fund		0%		0%	120,726,355	100%	0%	120,726,355
Japan		0%		0%	32,269,299	100%	0%	32,269,299
Lux Development		0%		0%	1,995,940	100%	0%	1,995,940
Pays Bas - Netherland		0%		0%	39,425,462	100%	0%	39,425,462
South Korea		0%		0%	7,687,755	100%	0%	7,687,755
Sweden		0%		0%	2,934,509	100%	0%	2,934,509
Switzeland		0%		0%	7,764,219	100%	0%	7,764,219
United Kingdom	13,793,103	15%	31,300,259	33%	49,867,514	53%	47%	94,960,875
United Nations - UN		0%		0%	44,602,824	100%	0%	44,602,824
United States Of America		0%		0%	111,728,333	100%	0%	111,728,333
World Bank		0%	99,707,878	56%	78,641,562	44%	56%	178,349,440
Total	**58,419,126**	**6%**	**197,865,007**	**22%**	**655,357,396**	**72%**	**0.2811238**	**911,641,529**

The Kigali Statement of Actions adopted in November 2010 calls for the increased proportion of ODA for the Government sector to be executed / implemented by the Government Agencies. This enhances the ownership and accountability of Government towards project implementation, thus, delivery of expected outcomes and results. Table 4 below shows the number of programmes / projects implemented in Rwanda and the total resources provided by each DP that are implemented by a GoR agency.

The UN has the highest number of projects, with 56 active projects in the FY 2012/2013, which is an aggregated figure of the entire UN Agencies who reported on their projects in the DAD. Thirty eight (38) of all the UN projects and 92% of all UN ODA are implemented by the Government Agencies. Implementation of UN ODA by Government Agencies increased significantly from 67% in FY 2011/2012 to 92% in FY 2012/2013. The second largest contributor through projects is Belgium who had 27 active projects during FY 2012/2013. The largest contributor to project modality in terms of amounts disbursed is the Global Fund. This is provided through 3 sizable projects in the health sector. The second largest contributor to project modality in terms of amounts disbursed is the USA which is indicated to have the small number of projects. However, this is due to the way the US reports in the DAD, which is at Strategic Objective level, while the number of interventions (projects) is much higher. With regard to the projects that are implemented by the Government Agencies, it is also worth noting that we continue to see differences in understanding of "GoR Implemented". For example, the way projects supported by Japan and South Korea is managed/implemented is different from the way projects supported by the World Bank are managed/implemented, even though all these partners are recorded to have all their projects implemented by the GoR Agencies.

The World Bank's projects are implemented fully by the Government Agencies, while the projects supported by Japan and South Korea do not use the national execution procedures, such as the use of national procurement procedures. Nonetheless, the proportion of the disbursement made through the project modality that is implemented by the GoR Agencies has been increased from 60% in FY 2011/2012 to 68% in FY 2012/2013.

Table 4: FY 2012/2013 ODA to Projects Implemented by Government Agencies

Funding Source	# of Projects	Disbursed (USD) to Pojects	# of Projects Gor Implemented	ODA GoR Implemented (USD)	(%) ODA GoR Implemented
African Development Bank - Adb	16	66,954,111	12	51,477,977	77%
Belgique	27	28,805,504	6	1,738,558	6%
European Union	14	37,708,789	12	24,824,664	66%
Germany	18	24,245,220	6	14,641,725	60%
Global Fund	3	120,726,355	3	120,726,355	100%
Japan	20	32,269,299	19	32,269,299	100%
Lux Development	2	1,995,940	1	72,470	4%
Pays Bas - Netherland	17	39,425,462	11	27,456,933	70%
South Korea	8	7,687,755	2	956,720	12%
Sweden	7	2,934,509	0	0	0%
Switzeland	12	7,764,219	2	678,631	9%
United Kingdom	11	49,867,514	11	49,867,514	100%
United Nations - UN	56	44,602,824	38	41,023,137	92%
United States Of America	4	111,728,333	0	0	0%
World Bank	19	78,641,562	17	78,087,295	99%
Total	**230**	**655,357,396**	**133**	**443,821,277**	**68%**

5.4 Development Assistance from Non-OECD-DAC Development Partners.

It has been difficult to report on the development assistance provided by non-OECD-DAC Development Partners, mostly due to the fact that their assistance is not reported in the DAD. However, their development assistance has been increasingly playing an important role in Rwanda's development efforts. Most of non-OECD-DAC Development Partners are non-resident, thus difficult to secure from them exact ODA information especially in terms of disbursement. This is mostly due to the fact that direct payment is their commonly used modality of ODA disbursement.

It is often the case that these partners pay directly to a contractor/vendor without channeling it through the Government accounts as well as procedures, thus resulting in lack of information in public accounts relating to actual amount of payment.

While non-OECD-DAC Development Partners provide a small share of total ODA to Rwanda, it should be noted that their ODA constitutes a high portion of financing in infrastructure mainly in energy, transport, water and sanitation, health, agriculture and education (TVET). Concessional loans is the main type of financing facility that is provided by Non-Traditional Partners, however a small share of their support is provided in form of grants facility through technical assistance mainly provided by BADEA and relatively small infrastructural projects by China.

Generally, the Non-OECD DAC total ODA during this fiscal year was representing 103,980,438.22. This represents a 79% increase compared to the previous FY's share. The increment is mainly due to newly signed projects co-funded also by these Development Partners especially the multinational road (Kivu belt). The increased share of Non-OECD DAC DPs to overall ODA is also attributed to the reduction of overall ODA associated to aid suspensions and delayed disbursements from traditional DPs. Project is the main modality used by Non-OECD DAC DPs and mainly Arab Funds (BADEA, Kuwait Fund, Saudi Fund, and OFID) co-finance their interventions.

Table 5: FY2012/2013 ODA from none OECD-DAC Development Partners

Development Partners	DISBURSED ODA 2012-2013 (USD)
Arab Bank for Economic Development in Africa (BADEA)	17,974,618.90
EXIM Bank China	26,420,118.96
EXIM Bank India	20,000,000.00
Kuwait Fund for Arab Economic Development (KFAED)	11,087,743.39
Saudi Fund for Development (SFD)	9,243,957.12
OPEC Fund for International Development (OFID)	19,253,999.85
TOTAL	**103,980,438.22**

6. Predictability of ODA Flows

6.1 The Predictability of All Support

The aggregate level predictability of ODA reduced from 99.7% in 2011/2012 to 87% in FY 2012/2013. Several partners missed the predicatability indicators as most were unable to disburse in the earlier indicated timelines, however, some DPs were able to disburse all of their ODA in the FY they had planned to a tune of recorded 100% and these include notably AfDB, EC, Global Fund, and South Korea. Japan, Belgium, Switzerland, and Luxemburg over disbursed mainly due to the uncommitted disbursements. Some Development Partners recorded a decrease in predictability where UK (cut part of its predicted GBS) but UK reprogrammed the big portion of its GBS to SBS, Germany suspended its GBS but it was later reprogrammed in the next fiscal year. Netherlands also suspended its SBS Financing modality Sweden's predictability in FY 2012/2013 reduced significantly mainly due to suspension of its projected financing to projects. The United Nations system was a bit improved but the main challenge for its predictability is that parts of the UN commitments have to be mobilized and as such are not firm.

It is however worth noting that some Development Partners consider predictability slightly different from what the Government of Rwanda considers. The Government of Rwanda considers whether what was scheduled for disbursement to Rwanda was actually disbursed and received by/in Rwanda (both financial as well as in-kind).

6.2 ODA Predictability According to Aid Modality and Sectors

Table 6. 2012/2013 ODA Predictability by Aid Modality

Modality	Committed (USD)	Disbursed (USD)	Predictability
Grant - General Budget Support	113,436,300	55,193,279	49%
Grant - Project Support	578,452,432	559,165,449	97%
Grant - Sector Budget Support	192,791,039	184,826,207	96%
Loan - General Budget Support	4,987,643	4,987,643	100%
Loan - Project Support / Financial	149,661,968	94,430,150	63%
Loan - Sector Budget Support	13,038,800	13,038,800	100%
Total	1,052,368,181	911,641,529	87%

A closer look at predictability of ODA by various aid modalities as well as types of ODA (grants v.s. loans) the results show that predictability of SBS was relatively higher while GBS modality was the most unpredictable modality. The results however indicate that loans support was the most predictable than the grants support. In particular, the low predictability of project loan support is of great concern which requires further analysis as to the reasons for this low predictability.

The table N°7 below shows predictability across EDPRS II sectors in terms of commitments versus disbursements. The results indicated that generally in all sectors predictability was low due to the suspended General Budget Support. Sectors like infrastructure (energy, transport, and Water and Sanitation), Governance and Decentralization, Education, and Justice, reconciliation, law and Order realized over disbursements mainly due to reprogrammed General Budget Support to Sector Budget Support while Financial Sector, and Urbanization and Rural Settlement sectors received disbursements exactly that were committed. PFM sector and Private Sector Development and Youth Employment sectors received disbursements close to the commitments made. In some cases under and over disbursements of some sectors was associated to poor reporting of commitments and in some cases the disbursements.

It is worth noting that where over disbursements were realized, it was associated to mainly reprogrammed GBS into SBS, improved PFM functions especially the strengthened SPIUs increased projects implementation rate in some cases spending much in the planned schedule, and it was also due to the fact that in sectors where most bi-lateral DPs are active there are no multi-procedures like no-objections in projects implementation.

In sectors where under disbursements were realized, it was related to delays in procurement requirements, suspended SBS and projects financing commitments, and in some cases where multi-lateral DPs are active no-objection requirements and delayed responses associated to them delay implementation of the projects.

Table 7. Predictability of ODA by Sectors

Sector	Committed (USD)	Disbursed (USD)	Predictability by Sector	% Predictability
7 - Health	248,600,383	203,731,540	-44,868,844	82%
5 - Agriculture	124,662,946	145,596,818	20,933,872	117%
3 - Infrastructure (Energy, Transport, Watsan)	213,368,278	142,580,231	-70,788,047	67%
9 - Social Protection	88,014,107	83,474,630	-4,539,477	95%
12 - Governance and Decentralisation	77,653,144	82,860,272	5,207,128	107%
14 - All Sectors	121,526,432	77,448,346	-44,078,086	64%
8 - Education	42,333,159	49,341,275	7,008,116	117%
999 - Unspecified	54,148,317	48,431,901	-5,716,416	89%
2 - Private Sector Development And Youth Employment	45,061,662	44,805,709	-255,953	99%
13 - Urbanisation and Rural Settlements	9,201,271	9,215,705	14,434	100%
4 - ICT	13,158,452	8,105,771	-5,052,681	62%
11 - Justice, Reconciliation, and Law and Order (JRLO)	3,253,881	6,509,071	3,255,191	200%
1 - Financial Sector	4,024,360	4,024,360	0	100%
6 - Environment and Natural Resources	5,532,970	3,871,606	-1,661,364	70%
10 - Public Finance Management (PFM)	1,828,820	1,644,294	-184,526	90%
Total	**1,052,368,181**	**911,641,529**	**-140,726,652**	**87%**

Predictability of aid both in terms of in-year predictability as well as medium-term predictability is of significant importance to the Government's ability to execute and implement development projects and programmes effectively to have impacts on quality of lives of Rwandans. Over the years, the Government of Rwanda and Development Partners have worked together to improve predictability of aid. Non-predictable aid (particularly in-year predictability) results in the Government covering the gaps through T-Bill and other means of fianncing, which have financing costs imposed on the Government. In this regard, significant level of aid that was suspended/delayed experienced in FY 2012/2013 has had impacts on the Government's ability to implement national development programmes including delayed implementation of a number of development projects due to the unavailability of funds, which had negative impacts on the development and poverty reduction gains achieved through collaborative efforts of Government and its partners.

7. Aid on Budget

Aid on Budget in the Rwandan context is defined as ODA (external grants and loans) included in the Finance Law, which is approved by the Parliaments in accordance with the Organic Law No. 37/2006 of 12/09/2006 on State Finance and Property (the "Organic Budget Law") and disbursed using GoR budget procedures. Aid on budget is therefore an important indicator to assess the extent to which aid is subject to the Parliamentary scrutiny, which enhances domestic accountability and ownership for the ODA Rwanda receives.

It has been noticed that for the FY 2012/2013, total ODA to Rwanda decreased from USD 1.190 billion in FY 2011/12 to USD 911 million in FY 2012/13 due to the suspension of general budget support programme. Accordingly, aid recorded on budget decreased from 437 billion Rwf to 418 billion Rwf.

Table 8: Aid on Budget (FY 2011/2012 and FY 2012/2013)

Funding Source	ODA on Budget (FY 2011/2012)	ODA on Budget (FY 2012/2013)
AFDB	67%	62%
Belgium	72%	53%
European Commission	95%	84%
Germany	74%	60%
Global Fund	39%	98%
Japan	0%	16%
Luxembourg	0%	0%
Netherlands	92%	34%
Sweden	49%	18%
Switzerland	49%	0%
South Korea	0%	0%
United Kingdom	77%	96%
United States	4%	24%
World Bank	96%	95%
United Nations	15%	42%

8. Monitoring the Implementation of the Division of Labour (DoL)

The concept of the Division of Labour in Rwanda was first discussed in the Development Partners Retreat (DPR) in February 2010, which was followed up by bilateral consultation and negotiation between the MINECOFIN and individual donors. The sector allocation of DPs (DoL) – the outcomes of bilateral negotiation of DP sector engagement was presented and endorsed at the DPCG meeting in July 2010. Since then most of new development cooperation frameworks/country assistance strategies were aligned to the agreed DoL sectors. The DoL principles called for more appropriate distribution of Development Partners' support across sectors in line with the national priorities, more sizable support in any given sector, and support provided in a way that reduces transaction costs posed on the Government side. The principle of maximum 3 sectors per DP and neutral impact on the DPs' ODA volume further guided the Government and Development Partner's negotiation and agreement of their development cooperation framework. Existing contract/ projects that have been run prior to the DoL agreement would run their course to complete the implementation/contract, even if these projects may be operational in sectors outside of the agreed DoL sector.

In the FY 2012/2013 the sector classification used in the DAD differs from the sector classification of the first phase of DoL. Thus, the ODA allocation across DoL sector may not accurately reflect the actual DP engagement in the DoL sector.

In the 54th DPCG meeting the second phase of the DoL that is aligned to EDPRS II was approved by Development Partners. As many Development Partners are formulating their new development cooperation framework/ country assistance strategies in the context of the EDPRS II, more improved alignment to the DoL is expected. Many development partners also strive to move toward sizable support and reduction of transaction costs.

DPCG will provide overall monitoring of the effectiveness of the DoL, particularly in light of the EDPRS II implementation, considering adequacy, quality of aid, progressive shift in modality of aid delivery, and increased use of delegated cooperation. While the rules for the DoL are clearly defined, flexibility and pragmatic approach to the DoL is needed in order to ensure effective DoL implementation in support of national development and poverty reduction priorities. Self-discipline and transparency are essential elements of the implementation of DoL.

9. CONCLUSION

In FY 2012/2013 total ODA decreased compared to the FY 2011/2012. The nature and type of ODA saw a slight change, generally General Budget Support was reprogrammed into Sector Budget Support,. Rwanda has made good progress over the last two decades since the enormous challenges faced in the aftermath of a genocide that destroyed the entire social and economic fabric of this country. Rwandans have benefited from rapid economic growth, reduced poverty, more equality and increased access to services including health and education. This has been possible only through the hard work and dedication of millions of Rwandans supported by friends of Rwanda. Our progress strengthens the belief that our development ambitions towards the Vision 2020 can be achieved with our concerted efforts. The EDPRS 2 period is the time when our private sector is expected to take the driving seat in economic growth and poverty reduction.

We envision an increased role of development cooperation in implementing the recently launched EDPRS II through alignment, harmonization and focused development partners' interventions and leveraging ODA to attract private sector investment with a view to ensure greater self-reliance and developing global competitiveness.

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