

SUMMARY

Annual Action Programme 2015 in favour of Rwanda to be financed from the 11th European Development Fund

1. Identification

EDF allocation	11 th EDF
Total cost	National Indicative Programme: EUR 460 000 000 Total allocation for the beneficiary: EUR 392 500 000 EUR 391 000 000 of EU contribution EUR 1 500 000 foreseen as co-funding (estimated percentage of co-funding of 20%; EU contribution of 80%) from the beneficiaries of the call for proposals (indirect management) in the Sector Reform Contract to enhance the agriculture sector's sustainable use of land and water resources, value creation and contribution to nutrition security.
Basic act	Council Regulation (EU) 2015/323

2. Country background

Over the last decade, Rwanda has been an economic success story, but it is still a low-income country with a relatively high level of inequality. 85% of its population lives in rural areas and, even if high economic growth in the recent past resulted in significant poverty reduction, almost half of the rural population lives below the national poverty line. While Rwanda was able to achieve food self-sufficiency in 2009, household food consumption remains an important challenge and 44% of children under five suffer from chronic malnutrition. Rwanda faces vulnerability due to, inter alia, high dependence on donor aid, low government revenue, narrow export base and weak infrastructure (including weak regional networks essential for a landlocked country), with resulting high costs of doing business that arise from relatively high energy and transport costs. Challenges remain regarding the fight against impunity, fundamental freedoms and democratic governance. Rwanda has registered strong economic growth during the last decade, averaging about 7% per year and the Government is targeting a double digit growth rate to achieve middle income status by 2020. Rwanda's economy has also managed uncertainties presented by aid cuts in response to the crisis in Eastern Democratic Republic of Congo (DRC) and the weak global economy. Over the medium-term, growth is projected to average about 7.5% per year. This stands against a very high population pressure, with a population density of more than 400 inhabitants per square kilometer and a population growth rate of 2.7%.

3. Summary of the Action Programme

1) Background:

The overall objective of the 11th EDF National Indicative Programme (NIP) for Rwanda is poverty reduction and the achievement of the Millennium Development Goals (MDGs), in line with the ambitious target of achieving middle income country status by 2020. This objective underpins the Government's national development strategy called the second Economic Development and Poverty Reduction Strategy (EDPRS 2). Three focal sectors were selected for the NIP, (1) Sustainable Energy, (2) Sustainable Agriculture and Food Security and (3) Accountable Governance. These sectors are central to achieving pro-poor economic growth and rural economic development.

This AAP 2015 includes three operations from the main sectors of concentration namely: (1) "Sector reform contract to increase performance of Rwanda's energy sector and develop the corresponding institutional capacities"; (2) "Sector Reform Contract to enhance the agriculture sector's sustainable use of land and water resources, value creation and contribution to nutrition security", and; (3) "Democratic governance programme".

2) Cooperation related policy of Rwanda

Rwanda's medium-term economic development and poverty reduction strategy (EDPRS 2), which is being implemented since 2013, aims at a reduction in poverty to less than 30% of the national population. The private sector has been given a leading role for economic growth and poverty reduction. EDPRS 2 is structured around the following four strategic thematic areas i.e. (i) Economic Transformation for Rapid Growth; (ii) Rural Development, (iii) Productivity and Youth Employment, and (iv) Accountable Governance and foundational issues.

3) Coherence with the programming documents

The proposed actions are fully in line with the response strategy outlined in the National Indicative Programme (NIP) 2014 – 2020. The planned sector reform programme for the energy sector addresses National Indicative Programme specific objectives of increased power generation, increased energy access, improved energy efficiency, improved rational use of energy sources, reduced dependency on diesel fuel and increased women participation in energy decision making.

The planned sector reform contract in agriculture addresses NIP specific objectives of improved food and nutrition security, sustainable climate-change resilient and decentralised agricultural intensification and inclusive value chain development.

The planned Democratic Governance programme aims at strengthening public accountability and democratic governance through increased public and civil oversight.

4) Identified actions

The overall project objectives are:

The overall objective of the programme is to contribute to the implementation of Government's development strategy "Economic Development and Poverty Reduction Strategy Paper 2", thereby contributing to poverty eradication and promotion of inclusive and sustainable growth.

Specific objectives are as follows:

For the *"Sector Reform Contract to increase performance of Rwanda's energy sector and develop the corresponding institutional capacities"*:

The specific objective is to contribute to the implementation of the Government's energy policy and strategy framework, thereby increasing the availability of sufficient, reliable and affordable energy supplies, promoting the rational and efficient use of energy and the establishment of environmentally sound and sustainable systems of energy production, procurement, transportation, distribution and end-use.

For the *"Sector Reform Contract to enhance the agriculture sector's sustainable use of land and water resources, value creation and contribution to nutrition security"*:

The specific objective is to support the government in implementing the agriculture sector strategy (PSTA-3), and its contribution to the national food and nutrition security, inclusive and sustainable growth targets.

For the *"Democratic governance programme"*

The specific objective is to enhance accountable governance by promoting citizen participation and mobilisation for delivery of development, strengthening public accountability and improving service delivery.

5) Expected results

For "Sector Reform Contract to increase performance of Rwanda's energy sector and develop the corresponding institutional capacities":

Results include: 1) Increased electricity access (on- and off-grid) and energy supply for rural communities, 2) Improved energy efficiency in use of modern and traditional sources of energy, 3) Increased share of renewable energy sources and 4) Increased institutional capacity of energy institutions and bodies in Rwanda.

For the "Sector Reform Contract to enhance the agriculture sector's sustainable use of land and water resources, value creation and contribution to nutrition security", the expected results are:

1) Increased health and nutrition of rural households; 2) Decreased vulnerability of rural households against the impact of climate change; 3) Increased sustainable income for farmers, cooperatives and small and medium enterprises (SMEs); 4) Increased public finance management (PFM) capacities in central and local government.

For "Democratic governance programme"

1) Enhanced oversight role of Parliament, including Improved legislation and drafting capacity, increased public outreach and improved skills of the administration staff of the Parliament;

2) Enhanced capacity in the Ministry of Justice to develop policies for an alternative dispute resolution mechanism ; to enhance reporting on the activities of the alternative dispute resolution mechanism; to raise public awareness on the services delivered by the Ministry of Justice, the mediation committees and the Maison d'accès justice (MAJ).

3) Enhance the institutional capacity of the Office of the Ombudsman to investigate corruption cases and injustice complaints; to monitor Access to Information laws and to raise public awareness about the fight against corruption and injustice.

4) Enhance the capacity of the national authorising officer (NAO) Support Unit to improve the efficiency and effectiveness of the implementation of programmes across all the institutions/ministries benefiting from EDF funding.

6) Past EU assistance and lessons learnt.

It should be noted that energy is a new sector for the EDF in Rwanda and lessons learned are therefore limited to observations on the overall sector developments and participation in the sector dialogue rather than resulting from monitoring or evaluation missions of EDF projects.

In general terms, however, past experience has demonstrated challenges faced by the sector institutions in terms of their capacity to sufficiently carry out their respective mandates. It is in this area that the EU support could provide for meaningful contributions and added value. Additionally, some areas in the energy sector, such as rural electrification and biomass are areas where comparatively little attention is being paid by the Government of Rwanda. These sub-sectors are addressed under the present programme.

Here the EU could play a relevant role on sub-sector level and provide for significant added value through a Sector Reform Contract, which takes a holistic view onto Rwanda's energy sector.

Related to *agriculture* water supply, sanitation and hygiene promotion are among the most productive investments to increase children's ability to retain nutrients. Whereas the government's policy under the first Economic Development and Poverty Reduction Strategy was focused on physical aspects (erosion and fertility), now it is emphasising the economic sustainability of its investments. With a number of new agricultural policies taking shape in the rural landscape (input privatisation, feeder roads, irrigation), it is critical to collect outcome- and impact data on Rwanda's agricultural development.

The first EU support to Parliament under the Voice and Accountability Programme⁸ focused on strengthening Parliamentary Committees as well as the outreach of members of Parliament. Efforts need to build on past assistance in order to ensure sustainability, while due attention needs to be paid to the capacity building of the Parliamentary administrative and support staff, particularly in relation to the management and planning of activities. The Access to Justice Coordination Unit of the Ministry of Justice needs to be strengthened in order to improve both the reliability and sustainability of the Alternative Dispute Resolution system. There is also a need to define a clear long-term strategy of the Mediations Committees, for increasing

information and communication in the Abunzi system and for better coordinating and monitoring their activities. The Office of the Ombudsman has until now only focused on minor rather than major corruption cases, primarily due to gaps in its corruption investigation and prosecution functions. From the experience of the last EDF support, it appears clear that there is a need to develop a basic training courses at the beginning of the programme and then to follow up with on-the job coaching of these persons in implementation and monitoring.

7) Complementary actions/donor coordination.

Major partners in the energy sector include the World Bank, the African Development Bank (AfDB), the Governments of Belgium, Germany and Japan. Major partners in the agricultural sector are the World Bank and the United Kingdom. In the Governance sector there is a variety of partners supporting various aspects of governance such as decentralisation (Germany, Netherlands, Belgium, World Bank), voice and accountability (Germany, EU, World Bank and the United Nations Development Programme (UNDP)) and capacity building (Germany, Belgium, Netherlands and World Bank).

The number of Development Partners active in the different sectors is coordinated and led by the Government of Rwanda under the auspices of the Ministry of Finance and Economic Planning (MINECOFIN), following the principles of aid effectiveness set out by the Paris Declaration.

The European Union and its Member States coordinate their development policies as well as their respective aid programmes. The EU proposed *joint planning/programming* to reduce transaction costs and aid fragmentation and promote harmonisation. The joint exercise included the EU Delegation, European Investment Bank (EIB), six EU Member States: Belgium, France, Germany, and the Netherlands, Sweden and the United Kingdom plus the four countries Korea, Japan, Switzerland and United States. The partners made an *analysis* of the EDPRS 2 and prepared a *response* on the basis of a sectoral approach which will allow the partners to follow the sector and district strategies which have been fully aligned to the priorities and the thematic areas of the EDPRS 2. Multilateral financing institutions (African Development Bank and World Bank) and the One UN have organised separate joint planning approaches.

4. Communication and visibility

All programmes will be summarised on the Rwanda Delegation website and further publicised through the annual visibility programmes for EU cooperation activities in Rwanda. Visibility will be further promoted through signing ceremonies for the financing agreements and, for the sector budget support programme, press communiqués for the annual sector budget support disbursements. Where appropriate, the Delegation will collaborate with the beneficiary organisations to build case studies relevant for dissemination

The budget allocation for these measures for specific actions are included in the indicative breakdown in section "Indicative budget" of the action fiches; these actions may also be the subject of a specific action fiche, if a global activity covering all projects is foreseen.

5. Cost and financing

Action 1 - Sector Reform Contract to increase performance of Rwanda's energy sector and develop the corresponding institutional capacities	EUR 177 000 000
Action 2 - Sector Reform Contract to enhance the agriculture sector's sustainable use of land and water resources, value creation and contribution to nutrition security.	EUR 200 000 000
	EUR 14 000 000
Action 3 - Democratic Governance Programme	
Total amount of the action programme	EUR 391 000 000

The Committee is invited to give its opinion on the attached Annual Action Programme for Rwanda.



This action is funded by the European Union

ANNEX 1

of the Commission Decision on the Annual Action Programme 2015 in favour of Rwanda to be financed from the 11th European Development Fund

Action Document for "Sector Reform Contract (SRC) to increase performance of Rwanda's energy sector and develop the corresponding institutional capacities"

1. Title/basic act/ CRIS number	Sector Reform Contract (SRC) to increase performance of Rwanda's energy sector and develop the corresponding institutional capacities CRIS number: FED/2015/38107 financed under the 11 th European Development Fund
2. Zone benefiting from the action/location	RWANDA The action shall be carried out at the following location: RWANDA
3. Programming document	EDF National Indicative Programme (NIP) for Rwanda
4. Sector of concentration/ thematic area	Sustainable Energy
5. Amounts concerned	Total estimated cost: EUR 177 000 000 Total amount of EDF contribution EUR 177 000 000 of which: EUR 156 000 000 -for budget support and EUR 21 000 000 for complementary support
6. Aid modality(ies) and implementation modality(ies)	Budget Support Direct management - Budget Support: Sector Reform Contract Indirect management with the Republic of Rwanda
7. DAC code(s)	<u>Main Sector</u> 230 - Energy Generation and supply <u>Sub-sectors</u> 23010 - Energy policy and administrative management 23040 - Electrical transmission/distribution 23070 - Biomass

8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagships	NA			

SUMMARY

Energy is one of the top priorities for the Government of Rwanda which understands that the access to modern energy for a major part of the Rwandan population and the development of its productive (industrial) activities is a prerequisite for the achievement of its main development goal of becoming a middle income country by 2020. The Government of Rwanda has set the objective of the energy sector in its national development policy "Economic Development and Poverty Reduction Strategy Paper 2" (EDPRS-2), covering the period 2013-2018 and has a credible and relevant energy policy (National Energy Policy, (NEP)) and energy strategy (Energy Sector Strategic Plan (ESSP)) in place; both documents have recently been revised and adopted by cabinet in April 2015.

The, in parts very ambitious, policy framework in the form of NEP and ESSP states as main objective for the energy sector to support the national development through: i) ensuring the availability of sufficient, reliable and affordable energy supplies for all Rwandans; ii) promoting rational and efficient use of energy; and iii) establishing environmentally sound and sustainable systems of energy production, procurement, transportation, distribution and end use. The ESSP functions as a detailed plan that serves translating the policy directives into concrete measures.

The Government of Rwanda has subscribed to the Sustainable Energy for All (SE4All) initiative and its objectives and has developed the SE4All Action Agenda. Sustainable energy is the focal sector under the 11th EDF NIP and is in line with the Agenda for Change. It should be noted that energy is a new sector of cooperation for the European Development Fund (EDF) and lessons learnt from previous programmes in Rwanda are therefore limited. The Government of Rwanda is following and applying principles of aid effectiveness set out by the Paris Declaration and the Accra Agenda for

Action and has performed satisfactorily under previous General and Sector Budget Support agreements over the last years. Already under the 10th EDF, 80% of all EDF funds have been committed in the form of budget support. The eligibility conditions for the energy sector to be a Budget Support recipient have been fulfilled despite capacity issues, which are to be addressed.

Main stakeholders of the energy sector are the ministry of infrastructure (MININFRA) and the Rwanda Energy Group (REG) with its two bodies, i.e. Electricity Utility Corporation Limited (EUCL) and Energy Development Corporation Limited (EDCL), the regulating authority (RURA) and the Rwanda National Resource Authority (RNRA). Even though the sector coordination functions reasonably well, there is room for improvement especially in view of information sharing and the sector policy dialogue.

The specific objective of the programme is to contribute to the implementation of the Government's energy policy and strategy framework, thereby increasing the availability of sufficient, reliable and affordable energy supplies, promoting the rational and efficient use of energy and the establishment environmentally sound and sustainable systems of energy production, procurement, transportation, distribution and end-use. Results include: 1) Increased electricity access (on- and off-grid) and energy supply for rural communities, 2) Improved energy efficiency in use of modern and traditional sources of energy, 3) Increased share of renewable energy sources and 4) Increased institutional capacity of energy institutions and bodies in Rwanda.

1 CONTEXT

1.1 Sector/Country/Regional context/Thematic area

The objectives of this programme are in line with the governments long term development strategy paper “Vision 2020“ and with the country's' ”Economic Development and Poverty Reduction Strategy Paper 2“ (EDPRS2, 2013-2018), the NEP and ESSP) the National Strategy on Climate Change and low Carbon Development as well as the Biomass Energy Strategy. The Government of Rwanda attaches a very high priority to the Energy Sector, which is evident in policies, budget allocation, commitment and motivation observed at all levels. The NEP and the ESSP are the main policy reference documents for this Sector Reform Contract (SRC).

1.1.1 Public Policy Assessment and EU Policy Framework

The NEP has been revised in 2014 and adopted by cabinet in March 2015. A wide range of consultations involving development partners, civil society and the private sector were consolidated during a series of meetings and a validation workshop. The level of ownership of the policy framework is high. The policy sets out a framework for the longer-term goals, priorities and approaches needed in the sector ultimately aiming at transforming the energy sector to become one of Rwanda’s most dynamic sectors and investment destinations so as to advance Rwanda’s broader development targets.

The NEP aims at private sector growth and socio-economic transformation as reflected in the EDPRS2, 2013-2018 and incorporates prioritisation of end-users for electric grid connections, mandating a higher co-payment for the service, and promoting more cost effective off-grid energy access business models using PPP procurement frameworks.

The ESSP is, even though in parts overambitious, a sound mid-term strategic plan. It has a more narrow focus measuring progress (over a period of 4 years) toward those long-term objectives of the policy and reflects anticipated resource constraints and risks in its implementation. The EESP was last reviewed in June 2014 with its main objectives being a) to increase the availability of sufficient, reliable and affordable energy supplies for all Rwandans and, in particular, for economic transformation; b) to promote the rational and efficient use of energy; c) to establish environmentally sound and sustainable systems of energy production, procurement, transportation, distribution and end-use. This is to be achieved by progressively diversifying the energy supply; shifting from biomass in the overall energy mix and using renewable energy sources to meet the future electricity generation and supply targets.

Rwanda's energy policy and strategy framework is well designed and coherent in itself with one another as well as with the Agenda for Change and global initiatives, such as the Sustainable Energy for All (SE4All). In the framework of the SE4All, the MININFRA has, with African Development Bank (AfDB) financing, established the SE4All Action Agenda, which is expected to be followed by an Investment Prospectus during the course of 2015/16.

Although the Government of Rwanda is determined to retain the highly political target of 563 MW of the energy policy and strategy framework, the subject is receiving increasing attention and is regularly taken up at the policy dialogue level. The majority of Development Partners (DPs) question the Government over the targets of the ESSP's as being potentially overambitious, in particular in view of projected number of off-takers and projected average consumption.

The progressive impact on tariffs of increased generation capacity is currently being studied, but it already appears evident that the high costs for the exploitation of national resources through Independent Power Producers (IPPs) would lead to higher tariffs compared, for example, to imports of energy from the region. These strategic choices are not as yet fully clear, but the Government of Rwanda is receiving technical support from various DPs in order to take fully informed decisions, which will unfold progressively during the course of the coming years.

Rwanda has a policy of minimising adverse environmental impacts of the energy sector. This is contained in the Green Growth and Climate Resilience Strategy 2011 (GGCRS). By moving towards a greater share of renewable energy in the mix, the total cost of the electricity system could therefore be reduced and this would result in significantly lower emissions of CO₂. MININFRA has carried out an EDF funded Strategic Environmental Assessment (SEA) for its energy policy during the course of 2014, which was finalised in early 2015. MININFRA is progressively integrating main recommendations of the SEA in its strategies and actions plans.

The Energy sector budget is reflected in the Medium Term Expenditure Framework (MTEF). The budget is focused on the REG's plans, and the EDCL in particular, but also include the energy division in MININFRA. Activities within the budget are focused around outputs, which for 2015/16 are determined by the policy and strategy framework.

The overwhelming majority of the development budget in previous years has been spent on the electricity sector (~97%), followed by biomass (~2%), and petroleum (~1%)¹. Whilst there is therefore significant scope for increasing the biomass budget, it is clear the Government's priority is increasing the share of electricity in the energy mix (last measured at 4%). Of the total budget, 19% was earmarked for recurrent expenditures. The overall budget execution rate was 102.4% for 2013/14.

Overall the budget process in Rwanda has improved in the last few years, although budget items and priorities need to be better informed by generation and load forecast planning, which the government is starting to address with a Least Cost Power Development Plan (LCPDP). In terms of robustness, over half the budget typically comes from external sources. Current trends suggest a reduction in contributions from the national budget and an increase in loan financing. Perceived gaps are predominantly in the areas of network expansion and reinforcement and electricity access (on-grid and off-grid) and biomass where the importance of wood fuel is not recognized.

In summary, the NEP and the ESSP, even though in parts overambitious and containing gaps especially in the area of biomass, are considered to be overall credible and relevant supporting directly the objectives of poverty reduction, sustainable and inclusive growth, and democratic governance. It is clear that the policy strategy framework is partially underfunded, but the Government of Rwanda is determined to raise funds externally, through private sector and DPs or commit own resources, mainly in the form of lending, to this priority sector. The challenge for the Government is to translate the policy into realistic strategies and the strategy framework into concrete actions and it is evident that

¹ In 2013/14 RWF 57.4 bn was spent on electricity generation, RWF 15 bn on transmission and distribution, RWF 1.3 bn on biomass, and RWF0.7 bn on petroleum.

implementation is lagging behind which is, to a large extent, linked to predictability of funds and capacity issues across the board as described under point 3.1.

1.1.2 Stakeholder analysis

Key actors of the sector are MININFRA, REG with its two subsidiaries i) Electricity Utility Corporation Limited (EUCL) and ii) Energy Development Corporation Limited (EDCL), the Rwanda Utilities Regulatory Authority (RURA), the Rwanda Environmental Agency (REMA), the ministry of natural resources (MINRENA) and the ministry of finance and economic planning (MINECOFIN), who is the contracting authority for the EDF.

MINECOFIN is the driver behind the aid architecture and overall donor coordination with a high level of ownership and with a wider pool of staff resources than most of the other ministries. MININFRA as the line ministry is suffering from capacity challenges, as described under point 3.1.

The recently started reform of the REG, as described under 3.1, is seen positively by the Development Partners. The reform should be completed within approximately 2-3 years and aims to transform the former agency for water and energy (EWSA) into a commercially run company under private law with a fast reacting and business orientated leadership in place. REG can be considered as a credible partner for implementation.

MINRENA together with the agency RNRA (Rwanda Natural Resource Authority) is the entity in the lead for forestry related matters, which requires a level of inter-ministerial coordination, which is not as yet sufficiently functioning.

A main beneficiary of this SRC is the entire Rwandan population.

1.1.3 Priority areas for support/problem analysis

The problems of the energy sector are diverse by nature of this complex sector. It is felt that this complexity can be best addressed through the aid modality of Sector Budget Support.

The Sustainable Energy for All (SE4All) process has led to the establishment of the Action Agenda and a number of position papers through the SE4All process on the main challenges. This present programme is aligned to the structured approach under the SE4All and therefore addresses the problems of Rwanda's energy sector in a holistic way including energy access (electricity), access to clean and sustainable cooking, renewable energy sources, sustainability of biomass and energy efficiency.

Energy access (on-grid electricity) - Expansion of the electricity grid in order to provide increased and sustained access to electricity for up to 48% of the population by 2018 (out of 70% access target in total, as per the Energy Strategy) is a top priority within the energy sector. The SE4All Action Agenda in line with the Rural Electrification Strategy, which is currently under preparation, foresees under an optimistic scenario 80% on-grid access rates by 2030 (out of a total of 100%).

The Electricity Access Roll out Programme (EARP) has been put in place in order to achieve these targets, is funded by various donors including the Government of Rwanda and is based on comprehensive studies carried out for all districts in Rwanda (SOFRECO 2013). The programme has an implementation unit attached to Energy Development Company Limited (EDCL) and consists of clearly defined strategies, budgets and well monitored targets. Due to this programme, on-grid access has increased over the past years from 6% (2000) to currently 23%.

Challenges for the Government of Rwanda are the high cost of generation, purchasing power and average consumption rates of rural households, which creates problems when designing appropriate tariffs. The Rwanda Utilities Regulatory Authority (RURA) has launched an extensive tariff review and restructuring process, for which results are expected by mid-2015. The Government of Rwanda is currently exploring strategies in order to ensure the financial sustainability of the energy sector including the increased access to electricity with strong support by the World Bank (WB).

The target of 80% access set in particular by the Rural Electrification Strategy is credible and can be achieved depending on the availability of funding made available by the Development Partners and the

Government of Rwanda. This programme aims at contributing to the increased on-grid electricity access.

Energy access (off-grid electricity) - Rural electrification through off-grid connections is highlighted as a priority focus under Rwanda's energy policy and strategy framework. In 2014 the ministry has requested EDF assistance for the development of a Rural Electrification Strategy, including off-grid solutions. The strategy is based on the assumption that in the long term (2030) 80% of the Rwandan population will be connected to the national electrical grid while 20% of the population will keep relying on off-grid solutions. This 20% would be isolated households, located far from the main grid infrastructures, who do not live in grouped settlements (Imudugudu) and possibly those households with low electricity consumption and low ability to pay.

Therefore, alternative off-grid solutions are under identification, either as a transitory (accelerated access) or longer term solution (remaining 20%). Incentive measures (appropriate legal framework and regulations, taxes exemption on solar and other renewable energy equipment, promotion campaign, Renewable energy fund, etc.) will be set-up with the aim to boost the off-grid electrification rate.

In the provision of off-grid solutions, the private sector plays an important part in government's planning. In order to attract the private sector, the Government of Rwanda is aware that it will be necessary to develop a comprehensive regulatory framework, to create a clear timetable and detailed plan for grid roll-out and to establish the transparent use of subsidies by the Government.

RURA is currently developing a simplified licensing regulation for rural electrification applying for isolated grids (without exclusivity right within the allocated geographical area) that have total net generation capacity connected to the isolated grid between 1 MW and 100 kW or less and small power distribution (without generation capacity and with exclusivity right within the allocated geographical area).

This programme aims at assisting in the establishment of an enabling environment for effective energy production and service delivery by public and private sector (including institutional, regulatory, legal, technical and financial aspects) to rural populations.

Renewable energy sources - The total share of renewable energy in Rwanda's total primary energy mix is currently high, but future predictions are not entirely clear, as this depends on successful exploration of other resources such as methane and geothermal whose current status is not as yet sufficiently mature. The Government's policies and strategies of the energy sector put emphasis on moving towards a greater share of renewable energy in the mix. Despite exploitation of domestic and regional resources, the higher share of renewables in the energy mix would be predominantly achieved through imports from Kenya (geothermal), for which a 30 MW agreement has been signed and Ethiopia (hydro), which is currently under negotiation.

It is clear that a large potential of the country's renewable energy sources such as hydro (on mini, micro and pico level) remains untapped. Hydropower, with an installed capacity of 56 MW represented 51% of total power generation capacity in 2013. An assessment of the energy sector undertaken by the African Development Bank in 2013 estimated the total domestic hydropower potential at 313 MW. In addition, over 192 sites have been identified for pico-hydro power generation.

As for solar, it should be mentioned that the Government's objective of electrification of 100% of schools and hospitals will be achieved predominantly through (off-grid) solar stand-alone systems. Solar solutions appear to be the preferred quick-impact solution for households not connected to the grid. The Government of Rwanda has put in place a law for import tax exemption of solar equipment.

This programme aims contributing to the increased exploration and exploitation of the country's available renewable energy sources.

Access to clean and sustainable cooking - Access to clean cooking solutions and to electricity provide basic foundations for achieving Rwanda's development goals. Most of current cooking methods generate indoor air pollution which is one of Rwanda's foremost health problems. Although the official policy is to progressively abandoning the use of biomass for cooking, the dependence on

firewood and charcoal is predicted to last for some further decades. Should the use of biomass therefore not be made sustainable, it would pose a serious risk to Rwanda's forest reserves, especially in view of an increasing demand due to urbanisation and population growth.

Both urban and rural households almost wholly rely on biomass for cooking and, particularly, on firewood (53%) and wood for charcoal (26%), charcoal use for cooking being widespread only in urban areas. This is generating a growing gap between supply and demand, although some uncertainties exist over the size of the gap. A study with Belgium financing is currently under implementation and is supposed to provide a clearer picture by end of 2015. Although the current forest coverage in Rwanda is apparently not decreasing, it is widely recognized that the problem lies in a progressive decrease of forests' productivity and non-efficient use of biomass. From a continental point of view, the sustainability of biomass in Rwanda is potentially better than in other countries, which is a result of a strict regulation on charcoal production and reforestation efforts.

Rendering biomass production sustainable includes therefore increasing productivity of forests, improving the efficiency of charcoal production and the widespread use of improved cook-stoves which is the single most important appliance in the biomass sector.

It is estimated that 60% of the population (predominantly in urban areas) already use basic improved cooking stoves (ICS) even though with different energy saving capacities and the SE4All Action Agenda foresees a progressive replacement of existing ICS by further improved versions such as natural draft gasifier and fan or forced-draft gasifiers, which have a substantial performance.

As an alternative to firewood in rural areas, digester producing biogas are seen to be a clean and efficient source of energy for households with at least 2 cows and the Government of Rwanda is encouraging through a National Programme and subsidies the use of digesters based on a standard construction design using local materials. Roughly 3,700 digesters have already been disseminated to households, while the institutional biogas programme has so far resulted in 68 installations.

In Urban areas, efforts are made to promote the use of liquified petroleum gas (LPG) such as the temporary suspension of VAT on LPG imports. The Government of Rwanda is committed to exploring other measures such as eliminating the non-economic LPG cylinders (20kgs).

This programme aims contributing to the SE4All goal of rendering biomass sustainable and increase the access to clean cooking.

Energy efficiency (electricity) - The Government of Rwanda considers it essential that the planning process for electricity generation incorporates all possible measures to increase energy efficiency with impacting on the end-use sectors. These include in particular lighting and appliances in households and commercial users, efficient processes and equipment in the industrial sectors, energy efficient building codes and decreasing inefficient power distribution (grid loss).

The National Energy Policy (NEP) contains among its core objectives to "*optimize the power generation mix in order to reduce long-run costs, promote energy security, and reduce the carbon-intensity of the grid over time*" and to "*encourage and incentivize more rational, efficient use of energy in public institutions, and amongst industrial and household end-users*". Furthermore, the Energy Sector Strategic Plan (ESSP) identifies energy efficiency as a separate strategic objective emphasising the importance of reducing grid losses. The Rwanda Energy Group (REG) has also recently drafted a strategy on promoting energy efficiency.

Currently the transmission grid has a high level of system losses, which makes both expansion and upgrade necessary. At present, losses in Rwanda's electricity grid account for 23% of electricity distributed. On the basis of efficiency audits and an established national programme aiming to reduce the losses through targeted investments, the EU responded to this priority through the bridging facility, committing EUR 23 000 000 for the "Energy Efficiency through Reduction of Losses in Kigali's Grid Network programme".

This programme aims contributing to increase of energy efficiency in the national electricity grid.

1.2 Other areas of assessment

1.2.1 Fundamental values

Rwanda has ratified the International Covenant on Economic, Social and Cultural Rights (ICESCR), the International Convention on the Elimination of All Forms of Racial Discrimination (ICERD), the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW) and Convention on the Rights of Persons with Disabilities (CRPD) and is committed to guarantee the right of every citizen to an adequate standard of living. Rwanda has committed to improve the sustainability for the energy sector by providing an adequate regulatory frame that promotes environment protection and viable economic models involving the private sector. Rwanda has also committed to transparency of information related to funding and project preparation in the sector.

Through the process of decentralization, central government is gradually transferring authority, responsibility and service provision to local government and its administrative divisions. Due to its technical nature, the Energy Sector is heavily centralized. The extension of the grid, connections to households and generation/import of energy are managed at central level. The ambition of government is to provide 100% of households with access to electricity by 2030. In view of the geographical and demographic features of Rwanda, the connection of most Rwandan rural areas to the national grid in the medium term is realistic. In some cases, off-grid investment, particularly in individual systems, are still encouraged and a certain degree of decentralization exists, such as local authorities operating mini-grids for local electrification even where the national grid is due to be rolled-out in the medium term. The process of national electrification will at first favour urban populations (approximately 20% of the total) due to infrastructure proximity, but will progressively be extended to rural areas. 70% access to electricity by 2018 is a key national priority, regardless of location or social status.

The main feature in relation to Energy in the EDPRS II, the National Energy Policy (REP) and Energy Sector Strategic Plan (ESSP), is an increased and inclusive access to energy as key to poverty eradication and social development, with emphasis on ensuring better health services and education. The electrification of 100% of primary schools and health facilities is targeted for 2018 in the ESSP. This is a fundamental part of the general 70% electrification for all in 2018 (with 22% of the population, in rural areas, provided with off-grid solutions and 48% connected to the national grid) and represents an effort on inclusive service provision to the population.

In order to assure inclusivity in addition to increased access, both on-grid and off-grid strategies foresee forms of subsidies targeting poor and vulnerable households, facilitating access and consumption. Rwanda is phasing out indiscriminate subsidies in favour of “smart” subsidies aligned to social protection principles.

As for children, their access to electricity is ensured, at least at school level, through the target of electrification of 100% of primary schools. In addition, provision of electrification of 100% of hospitals by 2018 will improve the quality and the access of the population, especially children and women, to better health and maternal care services.

The Sector policy aim also at improving energy access to women in order to improve overall social welfare and quality of life while possibly increasing household economic status. Access to energy for women is already multiplying economic initiatives managed by women in rural areas, contributing to their economic independence. The policy states that women have to be more empowered and informed to make smart choices about energy carriers and purchases related to cooking and lighting. It incorporates meaningful roles to women in the planning, design and execution of energy programs, including those relating to energy efficiency and conservation. Improving energy efficiency for cooking is part of the strategy and considered a key factor in order not only to increase biomass sustainability but also to reduce the burden of collecting firewood for women, freeing time for their personal and social development.

The government is committed to increasing availability and public access to information related to the implementation of energy provision (such as audit reports of energy Agencies, sector budget execution

reports). ESSP and REP stress the need to increase accountability and transparency of energy service delivery.

Decentralized initiatives (hydro and solar off grid solutions) are encouraged while the regulatory framework is still under definition. Much is left at the moment to the local sense of initiative of communities and private sector.

Rwandan energy policy promotes integration of key energy issues into local communication forums such as community gatherings (Umuganda) and civic education sessions (Ingando) in order to communicate key concepts at all levels, including the grass roots. It promotes involvement of major stakeholders in the formulation and review of energy policy decisions, as currently done by the ministry of infrastructure through involvement of private sector forums.

1.2.2 Macroeconomic policy

Rwanda successfully completed the third review under the second generation of the non-financial program with the International Monetary Fund (IMF), the Policy Support Instrument (PSI). Through the PSI the Government of Rwanda is committing to maintaining macroeconomic stability and sustaining rapid and inclusive growth over the medium term. With Rwanda's risk of debt distress having improved from "moderate risk" to "low risk", the IMF's PSI provided for flexibility to issue US\$250m in non-concessional debt, to finance exports and growth enhancing strategic investments. The PSI confirms the prudent macroeconomic stance of the government and focuses on key policy priorities aiming at maintaining a sustainable fiscal position, modernizing the monetary policy to curb inflationary pressures, and preserving external stability.

In 2014 Rwanda's economy appeared to have recovered from the 2013 economic slowdown (linked to suspension of donor aid in 2012). In 2014 the country achieved an annual gross domestic product (GDP) growth rate of 7%. Economic expansion was largely driven by the service sector, which grew 9% year-on-year and by the agricultural sector (Rwanda's largest employer) which grew by 5% year on year. The medium-term outlook is favourable, with the IMF forecasting 7-7.5% annual real GDP growth in the period 2015-2018, driven by increased public and foreign investment. Growth prospects in Rwanda will also depend on an improved power supply.

Inflationary pressures remains relatively benign, largely the result of falling import costs for food and fuel and an increased supply of domestic food products, which is only partly offset by higher domestic demand pressures and a weakening currency. Price pressure in Rwanda is mostly external, with the landlocked country highly vulnerable to fluctuations in international commodity prices, particularly for food items and energy. The agreed monetary programme with the IMF is consistent with keeping inflation low, preserving the level of foreign reserves, and allowing for exchange rate flexibility. However, rather than the current public sector-driven economy, in the long term, economic growth must be led by private sector, exports and private capital flows. Inflation averaged 2.1% in 2014 and is expected to remain below 5% in the medium term, consistent with the convergence criteria within the East African Community (EAC).

The government's fiscal policy remains relatively expansive. The state budget for the 2014/2015 (July-June) fiscal year forecast a 5% rise in state spending on the previous fiscal year as the government aims to address infrastructure bottlenecks – especially energy and roads – and reduce poverty. The tax share of GDP target for Financial Year (FY) 2013/14 was 15.2% up from FY 2012/13 and 13.9% in FY2012/13. Tax revenues are projected to increase to 16% GDP during the current fiscal year (2014-2015), which nonetheless remains low by regional standards and significantly below the 25% GDP target set by the East African Community. Despite efforts to reduce aid-dependency, the government still raises approximately 35% of its revenues through external grants. Together with aid, the Government of Rwanda is able to fully finance the approved budget and maintain priority spending.

Low inflation rates have enabled the National Bank of Rwanda (NBR) to loosen monetary policy with a view to stimulating growth, while preserving macroeconomic stability. However, low central bank rates have yet to translate into lower commercial lending rates. The central bank agreed as part of the

new PSI to use better signalling instruments and to have an exchange rate more responsive to market forces via the development of the interbank foreign-exchange market. As the exchange rate system has gradually loosened, and wide fiscal and current-account deficits continue to place pressure on the currency, the Rwandan Franc continued to depreciate against the US Dollar (but the currency appreciated against the Euro and other regional currencies). The current-account deficit is expected to gradually narrow, as a share of GDP, from an estimated 11.8% in 2014 to 9.1% in 2016 as robust export oriented policies translate into increased exports growth helping to abate the trade deficit.

1.2.3 Public Financial Management (PFM)

Both the PFM reform strategies 2008-2012 and 2013/14-2017/18 (PFM Sector Strategic Plan (SSP)) are considered by all development partners to be relevant and sufficiently credible to strengthen the PFM system of Rwanda. This judgement is based both on the strategy document and the process that went into drafting it. It has been approved by all donors active in the sector and they have all aligned their support behind it. The current SSP also includes the necessary institutional arrangements and builds on the existing positive track record and political commitment to the reforms included in the strategy. The government is currently undertaking an update of the 2010 PEFA assessment at both central and decentralised levels. The reports, expected by September 2015, will provide a more up-to-date and comprehensive overview of the current weaknesses in the sector and serve as a baseline for measuring future progress.

The Government of Rwanda is highly committed to enhancing public finance management, which it sees as a means for reducing aid dependency. The relevant ministries and Agencies continue to implement the key actions included in current strategic documents and most targets are on track to be achieved, although some slippages have been noted recently, such as delays to planned actions and diagnostic work under the 2014/2015 PFM Action Plan.

The existing track record, measured via regular progress implementation reports, continues to show positive progress and further commitments to implement key reform actions. It has also adopted a medium-term tax reform plan which aims to increase domestic resource mobilisation and reduce reliance on aid. Furthermore, the IMF PSI also includes key structural benchmarks to enhance revenue collection at district level as part of the tax reform process and to improve the transparency and comprehensiveness of intergovernmental transfers. Rwanda continues to make satisfactory progress in improving its PFM systems and therefore remains eligible for budget support.

Policy dialogue on PFM issues takes place regularly through PFM coordination forum and technical working group which are responsible for the follow-up and implementation of the PFM Sector Strategic Plan.

1.2.4 Transparency and oversight of the budget

Transparency International's Global Corruption Barometer 2014 showed that Rwanda is the least corrupt country on the African continent and among the least corrupt nations in the world.

The 2003 Constitution, the (2013) Organic Budget Law and supporting regulations provide the legal basis for public finance management in Rwanda. The Budget Law articulates the process of preparation, execution and monitoring of the State Budget, stipulates the roles and responsibilities of both central and local state agencies, including spending and revenue collecting entities. The Law also identifies the minimum content of the budget documentation and highlights the need for timely publication of key budget documents. The enacted State Budget is published in the Official Gazette after its approval by the Parliament and is readily available on the website of MINECOFIN, meaning that Rwanda meets the entry point on the budget support eligibility criterion related to transparency and oversight of the budget.

Several detailed assessments of PFM reforms have been undertaken in Rwanda in recent years, which provide a good understanding about the weaknesses in terms of fiscal transparency and oversight. Each of these reviews noted important progress in Rwanda, while highlighting considerable scope for improvement. The 2010 Public Expenditure and Financial Accountability (PEFA) assessment gave Rwanda an A-rating in terms of comprehensiveness of information included in budget documentation

(PI-6) and public access to key fiscal information (PI-10), with the latter indicator highlighting that only one of 6 sets of required documents (i.e. in-year budget execution reports) was not published. PEFA 2010 scores Rwanda poorly in terms of the quality and timeliness of some key documents, but it is evident that the situation has improved since 2010 in light of the roll-out of the Integrated Financial Management Information System (IFMIS). Successive Open Budget Index (OBI) Surveys have taken a less positive stance towards fiscal transparency in Rwanda, noting that while plans and policies are well disseminated and readily available on Ministry websites, reports of actual performance and budget execution are much less in evidence. Both PEFA and OBI note that significant improvements have been made with respect to legislative oversight of budgets and external audit.

The Delegation's experience suggests that there is often an implementation gap between specific legislation and policy (*de jure*) governing fiscal transparency and actual practice (*de facto*), often linked to low capacity within relevant Ministries. In practice, budget documentation is not always easily available to the public, and those requesting information from the authorities are required to be extremely persistent, with access seemingly granted on a case-by-case basis. Rwanda could realise some quick wins by publishing a number of documents which are already being produced for internal use. Publication of the all key budget documents has already been the subject of discussions in the PFM coordination forum. The IMF PSI also requests the publication of key budget documents.

2 RISKS AND ASSUMPTIONS

Risks	Level (H/M/L)	Mitigating measures
Political Checks and balances institutions are not capable of fostering accountability. Civil society and media critically lack capacity to play a role in policy processes. Citizens' voices in policy formulation are not heard. Political parties do not sufficiently engage citizens or collaborate amongst themselves. Regional security environment, especially in Eastern DRC, affect Rwanda's security. <i>Assumptions: Regulatory and accountability institutions, civil society and media contribute to checks and balances of the political system. Public institutions perform their oversight mandate effectively. Armed groups such as FDLR cease their destabilizing activities in Eastern DRC. UN, EU, AU, DRC and other partners contribute to a peaceful development in the region, especially in Eastern DRC.</i>	M	Operational support and capacity strengthening of regulatory and accountability institutions. Support to civil society and media. Strengthening of mechanisms fostering vertical accountability and citizen participation. Continued political dialogue (Art.8). Continued encouragement and support of Disarmament, Demobilization, and Reintegration (DDR) processes. Continued support of regional initiatives (such as ICGLR) for lasting peace in the region. UN-led peace and security cooperation framework.
Macroeconomic Economy remains vulnerable due to high dependence on export of commodities and raw materials (coffee, tea, minerals); limited foreign exchange resources. <i>Assumptions: At the aggregate level, trade and private sector development is contingent on a stable national and regional security situation, and it is expected that the GoR will continue the regional integration process that has been started, diversifying the sources of revenues and developing new sectors of activity.</i>	M	Continue promoting regional integration; Support implementation of EAC EPA; Support export promotion policies, Support development of high value agricultural goods.
Public policy Due to high aid dependency a potential reduction of aid could influence the delivery of public policies; insufficient land and growing population may lead to social exclusion. <i>Assumptions: Government of Rwanda continues on a market oriented path and continues promoting the private sector;</i>	M	New Policy support instrument (PSI) programme with IMF focuses on improvement of tax collection and tax administration. Promote value chains as a means to higher

<i>Government continues to take measures in increasing output per land unit; Government improves linkages between agriculture and social protection sectors; Government takes into account adequate recurrent expenditures for growing investments; natural disaster strategies are developed against environmental risks</i>		revenues and labour demand per land unit
Public Finance management /Budget transparency Lack of timely and comprehensive reporting bears the risk of off-budget expenditures and unreported Government operations; Weaknesses in district expenditures with a high risk of lack of timely and regular reporting. <u>Assumptions:</u> <i>Government finances are transparent for all public (not only Development Partners, but also with Civil society, citizens...) and MTEF provides a predictable expenditure pattern.</i>	M	Continue discussions and develop a way forward strategy with Government on timely and comprehensive reporting of budget implementation; Continue on way forward with Government of Rwanda on improving district reporting.
Corruption and Fraud Perceived level of corruption moderate but there are cases of corruption in service delivery and procurement. <u>Assumptions:</u> <i>The control of corruption is effective and the GoR commitment to fight against graft is kept. Anti-Corruption bodies continue to be given capacity and funds.</i>	M	Government continues on determined action against corruption.

All risk categories show a moderate level. The proposed sector reform contract has an important bearing on the improvement of the business climate through access to energy (reduction of cost of doing business). A non-intervention would have further implications on the macroeconomic (dependence of the economy, tax collection) and public policies. Without the sector reform contract discussions on improvement of PFM systems would be very difficult. In summary, the potential benefits of the sector reform contract clearly outweigh the risks.

43 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

4.13.1 Lessons learnt

It should be noted that energy is a new sector for the EDF in Rwanda and lessons learned are therefore limited to observations on the overall sector developments and participation in the sector dialogue rather than resulting from results-oriented monitoring (ROM) missions or evaluation of EDF projects.

In general terms, however, past experience has demonstrated challenges faced by the sector institutions in terms of their capacity to sufficiently carry out their respective mandates. This issue is highlighted in all sector related reports produced and analysis made. The Government of Rwanda is well committed to improve the economic, financial, managerial and technical performances of the sector agencies, which mainly concerns the ministry of infrastructure (MININFRA) and the Rwanda Energy Group (REG) with its two subsidiaries, the Energy Utility (EUCL) and the Energy Development Company (EDCL).

This is especially important for EUCL and EDCL, which are highly relevant to any planned interventions under the 11th EDF. The challenges and increasing demands on the capacities of EUCL and EDCL have been acknowledged by the Government of Rwanda, who initiated in response the above mentioned large-scale institutional reform in 2013, which has been seen as a positive initiative. The reform is mainly supported by the WB with significant amounts of assistance and funds provided, but receive also active contributions from other donors including Belgium and Japan.

The institutional reform is expected to significantly improve the sector performance with positive impacts concerning the financial sustainability and capacity gaps issues, which are being addressed in the short term.

MININFRA and the Development Partners (DPs) present in the energy sector have equally recognised that the ministry's capacity is limited and that an improvement of its performance is necessary in order to carrying out its mandates. MININFRA is committed to finding sustainable long-term solutions to this problem and has therefore launched a comprehensive *institutional functional review*, which is funded by Belgium. All stakeholders including the key DPs (Belgium, EU, WB) and the National Capacity Building Secretariat have subscribed to this process starting with the above mentioned assessment, which is supposed to lead to a medium and long term reform programme.

4.23.2 Complementarity, synergy and donor coordination

The Energy Sector-Wide Approach (eSWAp), which was launched in 2008, is the basis of the process between the Government of Rwanda and the DPs, which ensures proper coordination, efficiency and effectiveness in the use of resources in the Rwandan energy sector. The SWAp for energy is anchored within the ministry of infrastructure (MININFRA) and led by the eSWAp secretariat with Technical Assistance (TA) support funded by Belgium and the WB. The Permanent Secretary of MININFRA and the lead-donor, i.a. Belgium, are chairing the Sector Working Group (SWG). The SWG meets at least twice annually for joint sector reviews (JSR), in which the forward and backward looking sector performance are reviewed and discussed. The SWG also meets at other times to discuss other issues as they emerge as part of the joint sector planning and consultative process.

The number of DPs active in the different sectors is coordinated and led by the Government of Rwanda, the ministry of finance (MINECOFIN), following the principles of aid effectiveness set out by the Paris Declaration. DPs in the sector include the EU, the WB, the African Development Bank (AfDB), the Governments of Belgium, Germany and Japan (through Belgian Technical Cooperation-BTC, German Technical Cooperation and Development Bank - GIZ/KfW and Japan International Cooperation Agency - JICA respectively). Through the co-chair (Belgium) the DPs have put in effort in mapping the different interventions and matching those against the intervention actions of the energy strategy.

With regard to the financial sustainability of the sector as a whole and the sustainability of electricity operations as the network continues to expand as a result of the access programme in particular, it should be noted that the Government of Rwanda has understood the importance of this problem and has to ultimately decide on which level the needed subsidies will have to be deployed. The issue is not the capital investments related to the access programme (the average of US\$1000/connection is within the average of the region for green field connections), but rather the high cost of overall service provision exacerbated by low consumption from households. The biggest driver of cost is the energy mix, not the cost of operations. The issue of low households' consumption is beyond the sector's control as this depends on the overall country economic development/household income levels.

To this end, the WB, under its ongoing sector policy dialogue with government, has requested that the preparation of an "energy financial recovery plan", which should be completed by mid/end-2015 and which should determine under which conditions the "break-even point" for the sector can be reached. This will be underpinned by the least cost sector power development plan, funded by JICA, and the medium term proposed tariff glide path.

Generally, the sector wide approach and dialogue on the technical level functions reasonably well in the energy sector. However, there is clearly room for improvement especially in view of information sharing, transparency, coordination, communication and the sector policy dialogue, to which MININFRA is committed.

Support under the 11th EDF will be closely coordinated with other Development Partners, mainly the WB and Belgium, in order to align actions and assure complementarity.

4.33.3 Cross-cutting issues

A Strategic Environmental Assessment (SEA) has been carried out in 2014, which assessed the environmental impacts of the Energy Sector Strategic Plan (ESSP). This identifies impacts in areas such as greenhouse gas emissions, watersheds and wetland ecosystems, forests and protected areas, and biodiversity. Human activities are assessed in agriculture and farming systems, land management

practices, exploitation of energy resources, as well as taking account of trends in urbanisation, demography and water and sanitation usage. The report proposes a number of actions to minimise these impacts which have been incorporated into the Sustainable Energy for All (SE4All) Action Agenda and the ministry of infrastructure (MININFRA) is currently assessing to what extent they can be gradually integrated in the strategy and policy framework of the energy sector.

This Sector Reform Contract (SRC) contributes to the mitigation of climate change by limiting anthropogenic emissions of greenhouse gases through application of new and renewable forms of energy, measures to improve the energy efficiency and measures to decrease deforestation.

The Government of Rwanda has a strong gender focus integrated across the board of their different sector policies. As for the energy sector, main gender aspects are related to biomass, which in particular concerns the quality of cooking options and time spent on biomass collection. Mostly women (and children) suffer the worst health impacts from cooking-related air pollution and are engaged in collection of fire wood. These groups stand to benefit hugely from a determined and ambitious plan to move towards higher performing cook stoves in line with the sector's policy and strategy framework. The SE4All Action Agenda outlines clear gender related targets and actions to be taken in this respect.

Gender issues have been taken into consideration during the formulation stage and have been fully integrated in the Sector Reform Contract, with one indicator in particular devoted to gender.

64 DESCRIPTION OF THE ACTION

6.14.1 Objectives/results

The overall objective of the programme is to contribute to the implementation of the Government's development strategy "Economic Development and Poverty Reduction Strategy Paper 2", thereby contributing to poverty eradication and promotion of inclusive and sustainable growth.

The specific objective of the programme is to contribute to the implementation of government's energy policy and strategy framework, thereby increasing the availability of sufficient, reliable and affordable energy supplies, promoting the rational and efficient use of energy and the establishment environmentally sound and sustainable systems of energy production, procurement, transportation, distribution and end-use.

1. Result: Increased electricity access (on- and off-grid) and energy supply for rural communities
2. Result: Improved energy efficiency in use of modern and traditional sources of energy
3. Result: Increased share of renewable energy sources
4. Result: Increased institutional capacity of energy institutions and bodies in Rwanda

The indicators linked to the results are described in Appendix 1 to this Action Document.

6.24.2 Main activities

6.2.14.2.1 Budget support

Main activities will include the preparation of disbursement dossiers and the related transfer of EUR 32 ~~000 000 million~~ per year (as yearly average) along the Fiscal Years 2015/16, 2016/17, 2017/18, EUR 30 ~~000 000 million~~ along the FY 2018/19, and EUR 15 ~~000 000M-EUR~~ along the Fiscal Years 2019/20 and 2020/21 using both fixed and variable tranches linked to measurable indicators.

The Delegation will pursue the continued sector policy dialogue with the Government of Rwanda and the Ministry of Infrastructure in particular, emphasizing the specific objective, results and disbursement conditions of the SRC. The Policy dialogue is conducted in various forms including the formally organised Sector and Technical Working Groups, the participation in the preparation of forward and backward looking sector review reports, sector specific retreats and workshops, active participation in energy sector DPs Groups and other informal exchanges and official meetings. The

dialogue would in particular focus on key sector issues including the implementation of the Energy Sector Strategic Plan (ESSP).

Activities will include the continued effort to reinforce Government of Rwanda's capacities in the wide ranging energy sector and to assure coordination with the other DPs active in the energy sector, mainly but not limited to Belgium and the WB.

Activities will include furthermore the Monitoring of eligibility criteria (General Conditions) and Performance Indicators for the Budget Support, progress against the sector targets, Macroeconomic developments based on Internal Monetary Fund- and other assessments, Progress in the implementation of the PFM reform strategy, the publication of the budget proposal or the enacted budget and disclosure of budget execution reports of MININFRA and its agencies

4.2.2 Complementary support

Complementary support will focus mainly on capacity development for a number of key-institutions of the energy sector (MININFRA, REG etc.) in order to enable the institutions to deliver their contributions to the successful implementation of the EESP and the NEP. The activities would, to a large extent, build on already ongoing or planned programmes from other donors, mainly Belgium but also the World Bank, the African Development Bank and Japan, thereby aiming at the maximum level of coherence. An EDF financed study has already analysed main gaps, potential beneficiaries and corresponding key-activities.

Implementation of the capacity building activities would be entrusted to a TA company following a service contract award in line with EDF procedures.

Following a mid-term review, the Government of Rwanda may decide to utilise budget support funds to support capacity building activities through the National Capacity Building Secretariat (NCBS) thereby using national procedures.

In addition, a budget is set-aside for larger important sector strategic studies (costly assessment of feasibility in the field of hydro or geothermal for instance), which cannot be covered by the TA facility or other instruments. Technical Assistance services are to be procured under the same budget line for undertaking of analytical work, including data collection and verification of indicators in the framework of this SRC.

Main activities for the Delegation would be the preparation and signing/endorsing of contractual documents and participation in a steering committee and other fora concerning the coordination of capacity development activities and sector strategic studies.

6.34.3 Intervention logic

Increased access to energy, promoting an efficient and environmentally sound use of it, is essential for achieving Rwanda's main development goal of becoming middle income country by 2020. As already stated, this process requires a consistent increase of generation capacity and a consistent increase in electricity access. Public spending on energy (in the form of loans, grants and internal resources) already accounts for a substantial share of the country budget and Rwanda is committed to progressively increase government's capacity in service delivery, programming and budgeting.

Predictability of funds is essential for the successful implementation of government's policies and strategy framework and a Sector Budget Support programme is therefore of strategic importance. Through this programme, support to the policy implementation process will be provided focussing on the improving the efficiency of public spending, which is to translate into increased service delivery including in rural areas and accelerating economic development.

The programme will contribute to a structural change in Rwanda's energy sector, in particular, supporting the translation of policies into realistic strategies and action plans, with the Government of Rwanda and its agencies fulfilling its role in delivery of services with progressively reinforced financial, technical and human capacities.

7.5 IMPLEMENTATION

7.15.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

7.25.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of the Annex to Regulation (EU) 2015/322.

7.35.3 Implementation of the budget support component

7.3.15.3.1 Rationale for the amounts allocated to budget support

The amount allocated for budget support component is EUR 156 000 000, and for complementary support is EUR 20 000 000. This amount is based on a yearly average of annual tranches of EUR 26 000 000 EUR for the energy sector, which corresponds to approx. 12% of the sector's average annual budget over the last three years². These annual tranches will be disbursed initially (first three disbursements) as frontloading funding using [fixedbase](#) and variable tranches and progressively decreased by the fourth fifth and sixth disbursements). All disbursements will use [fixedbase](#) and variable tranches linked to performance indicators:

Country fiscal year	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
FixedBase tranche (in EUR million)	26	26	22	20	5	5
Variable tranche (in EUR million)	6	6	10	10	10	10
Total	32	32	32	30	15	15

7.3.25.3.2 Criteria for disbursement of budget support

a) The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the Energy Sector Policy and continued credibility and relevance thereof;
- Implementation of a credible stability-oriented macroeconomic policy;
- Satisfactory progress in the implementation of the programme to improve public financial management;

² The average annual budget managed by the ministry of infrastructure for the energy sector was 155bn FRW considering Financial Years 2013/14, 2014/15, 2015/16

- Satisfactory progress with regard to the public availability of timely, comprehensive and sound budgetary information.

b) The specific conditions for disbursement that may be used for variable tranches are the ~~following~~ [following](#):

% increase of on-grid and off-grid electricity access for Households; improved efficiency in the use of energy for cooking; improved policy framework related to energy efficiency, improved share of generated electricity from renewable sources in the energy mix; improved sustainability of the biomass sector; improved sustainability of Forestry resources balancing demand/supply gap in biomass use for cooking; participation of the private Sector in the supply of energy solutions; development of institutional capacities of the energy sector and transparency with regard to fiscal information and sector budget execution .

The chosen performance targets and indicators to be used for disbursements will apply for the duration of the programme. However, in duly justified circumstances, the National Authorising Officer (NAO) for the EDF (the Minister of Finance) may submit a request to the Commission for the targets and indicators to be changed. The changes agreed to the targets and indicators may be authorised by exchange of letters between the two parties.

In case of a significant deterioration of fundamental values, budget support disbursements may be formally suspended, temporarily suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

7.3.35.3.3 Budget support details

Budget support is provided as direct untargeted budget support to the national Treasury. The crediting of the euro transfers disbursed into Rwandan Franc (Rwf) will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

~~The disbursement criteria for the sector budget support tranches are detailed and described in the annexes.~~

7.55.4 Implementation modalities for complementary support of budget support

5.4.1 Indirect management with the Republic of Rwanda

A part of this action with the objective of the capacity building activities may be implemented in indirect management with the NAO for the EDF in Rwanda in accordance with Article 58(1)(c) of the Regulation (EU, Euratom) No 966/2012 applicable by virtue of Article 17 of Regulation (EU) 2015/323 according to the following modalities:

The partner country Rwanda will act as the contracting authority for the procurement and grant procedures. The Commission will control ex ante all the procurement and grant procedures. Payments are executed by the Commission.

In accordance with Article 190(2)(b) of Regulation (EU, Euratom) No 966/2012 and Article 262(3) of Delegated Regulation (EU) No 1268/2012 applicable by virtue of Article 36 of Regulation (EU) 2015/323 and Article 19c(1) of Annex IV to the ACP-EU Partnership Agreement, the partner country Rwanda shall apply procurement rules of Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012. These rules, as well as rules on grant procedures in accordance with Article 193 of Regulation (EU, Euratom) No 966/2012 applicable by virtue of Article 17 of Regulation (EU) 2015/323, will be laid down in the financing agreement concluded with the partner country Rwanda.

7.65.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

7.75.6 Indicative budget - "Sector Reform Contract"

Item	EU contribution (EUR)
<i>5.3.1. Sector Budget Support (FixedBase Tranches and variable tranches)</i>	<i>156 000 000</i>
<i>5.4.1 Indirect Management</i>	<i>20 000 000</i>
<i>Capacity development component (service and procurement)</i>	<i>10 000 000</i>
<i>Studies/Short term TA (service contracts)</i>	<i>10 000 000</i>
<i>5.8 - 5.9 Audit, evaluation</i>	<i>500 000</i>
<i>5.10 Communication and Visibility</i>	<i>500 000</i>
Total	177 000 000

7.85.7 Organisational set-up and responsibilities

The NAO for the EDF in Rwanda is the Minister of Finance, who's ministry (MINECOFIN) holds the overall responsibility for the implementation of this programme. In particular, this concerns the establishment and transmission of disbursement files and the compliance with the general eligibility criteria of the Sector Budget Support programme, including budget transparency, the PFM reform and macroeconomic stability.

The Ministry of Infrastructure (MININFRA) is the line ministry for the energy sector with the overall responsibility for the policy and strategy coordination of the National Energy Policy (NEP) and the Energy Sector Strategic Plan (ESSP). The Rwanda Energy Group (REG) is a government owned private entity under the direct supervision of MININFRA responsible for all sub-sectors related to electricity generation, distribution and transmission in urban and rural zones. REG is the ministry's implementing arm through which a large parts of the SBS funds will be channelled.

Biomass involves several actors including the Ministry of Local Governance (MINALOC), which is responsible for the decentralisation process, the Ministry of Agriculture (MINAGRI), MININFRA, the Ministry of Natural Resources (MINIRENA) and the Rwanda Environment Management Authority (REMA). Charcoal and forestry matters in particular are under the responsibility of MINIRENA and the Rwanda Natural Resources Authority (RNRA), which is the implementing arm of the ministry.

Complementary measures will be under the form of Technical assistances aiming at developing capacities in MININFRA and sector related Agencies or under the form of necessary studies and assessments as identified by the Government of Rwanda.

The technical assistance will be identified, following the needs identified by the Government of Rwanda in particular through existing coordination platform like Technical working groups and the Sector Working group, where a number of stakeholders (including EU) participate and contribute.. The contractual management of the TA will follow the standard procedure of indirect management

while the monitoring of the activities under these envelopes will be ensured by the same coordination platforms mentioned above and through regular reporting and restitution workshops aiming at sharing findings and generate consensus on the ways forward.

7.95.8 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the list of result indicators. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

7.105.9 Evaluation

Having regard to the nature of the action, a mid-term and final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

A mid-term evaluation is foreseen for problem solving and learning purposes, in particular with respect to the relation of this programme to the successor of the current national development policy (EDPRS2), which will come to an end in 2018. Both, the National Energy Policy (NEP) and the Energy Strategy (ESSP), will likewise come to an end in 2018 and it is important that the strategic orientations of this Sector Reform Contract remain aligned to Government of Rwanda's policy/strategy framework. The mid-term evaluation will therefore be a milestone, on the basis of which corrective measures and adjustment (such as budget reallocation) might be necessary.

The Commission shall inform the implementing partner at least 2 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project. Indicatively, two contracts for evaluation services shall be concluded under a framework contract in 2018 and 2020.

7.115.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, two contracts for audit services shall be concluded under a framework contract in 2018/19, in line with the mid-term review, and in 2020/21, at the end of the implementation period respectively

7.125.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

A strategy for communication and visibility adapted to a variety of public communication media will be developed as a project activity. The visibility standards adopted will follow the “*Communication and visibility manual for European Union International Cooperation*”.

All studies, reports, conferences and seminars supported under this initiative will highlight the financial support from the EU. Press releases with information on the EU’s funding support to the Energy sector in Rwanda will be issued to coincide with significant events in the programme cycle such as the signing of Financing Agreements, launching of programmes, reviews and evaluations. Banners and advertising will also be used as appropriate at conferences, seminars and training events.

The communication and visibility will be funded from the programme and will be carried out by consultants contracted by the European Union.

It is foreseen to conclude one (1) contract with a communications/media service provider

Indicative Subject of Contract	Type	N° of contracts	Indicative trimester of launch of the procedure
EU visibility products; Radio production and digital communication tools to reach rural and marginalised communities.	Services	1	03 / 2016

PPENDIX - INDICATIVE LIST OF RESULT INDICATORS FOR BUDGET SUPPORT

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification
Overall objective: Impact	The overall objective of the programme is to contribute to the implementation of government's development strategy EDPRS-2, thereby contributing to poverty eradication and promotion of inclusive and sustainable growth.	Progress with regard to the implementation of the EDPRS-2 development strategy and the achievement of key objectives of the strategy/targets including "becoming a middle income country", measured by the value of the following indicators "GDP per capita", "Population below the poverty line" and "Population below the poverty line living in extreme poverty"	<ul style="list-style-type: none"> • GDP per capita, baseline 658 US\$ (2012) • Population below the poverty line, baseline 44.9% (2012) • Population below the poverty line living in extreme poverty, baseline 24% (2012) 	<ul style="list-style-type: none"> • Positive/successful implementation of the EDPRS-2 • GDP per capita, target, 1,000 US\$ (2018) • Population below the poverty line, target, <30% (2018) • Population below the poverty line living in extreme poverty, target, 9% (2018) 	EDPRS-2 Performance Assessment Framework (PAF)
Specific objective(s): Outcome(s)	The specific objective of the programme is to contribute to the implementation of government's energy policy and strategy framework, thereby increasing the availability of sufficient, reliable and affordable energy supplies, promoting the rational and efficient use of energy and the establishment of environmentally sound and sustainable systems of energy production, procurement, transportation, distribution and end-use.	Progress with regard to the implementation of the energy policy and strategy framework and with regard to achievement of key objectives/targets, measured through key-indicators, i.e. generation capacity and access rates.	<ul style="list-style-type: none"> • Generation capacity, baseline, 160 MW (2015) • Household access rate, baseline, 24% (2015) 	<ul style="list-style-type: none"> • Successful implementation of the energy policy • Generation capacity, target, 563 MW (2018) • Household access rate, target 70% (2018) 	End-term evaluation of Rwanda's energy policy and strategy framework in 2018

Induced outputs	<ul style="list-style-type: none"> Increased electricity access (on-grid and off-grid) and energy supply for rural communities Improved energy efficiency in the use of modern as well as traditional sources of energy Increased share of renewable energy sources Increased sustainability of Biomass use for Energy purposes (cooking) 	<ul style="list-style-type: none"> On-grid electricity access rate Off-grid electricity rate Utilisation of improved cooking stove rate Renewable energy in energy mix rate Annual wood demand sustainably met 	<ul style="list-style-type: none"> 22% on-grid access (2015) 6% off-grid access (2015) 50% improved cooking stove rate (2015) 292 GWh from renewables in energy mix (2015) 80 % wood demand met (2015) 	<ul style="list-style-type: none"> 48% on-grid access (2020) 22% off-grid access (2020) 100% improved cooking stove rate (2020) 98 GWh increase from renewables in energy mix (2020) 100 % wood demand met (2020) 	Joint Sector Reviews under the Energy Sector Working Groups and Technical Working Groups
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Direct outputs	<ul style="list-style-type: none"> Increased institutional capacity of energy institutions and bodies in Rwanda 	<p>Measures and process indicators :</p> <ul style="list-style-type: none"> Annual Joint Sector Performance Reviews (backward and forward looking) developed by MININFRA, presented at the SWG for validation; Bi-annual high level sector dialogue MININFRA and EU+BE; Annual consultation and full disclosure on tariff reviews/processes by RURA; Consultations and full disclosure of approved budget and audit reports incl. EARP, EDCL, EUCL; Annual survey and reporting on biomass data presented at the SWG for validation and published by MININFRA; Annual full disclosure of the budget preparation and approval for the energy sector in the form of SIP Multiannual planning and budgeting of Operational and Maintenance for government owned hydro plants by MININFRA Capacity Development multi-annual Action Plan endorsed and implemented 	Process related actions not in place/not undertaken (2015)	Process related actions in place/undertaken (as of 2015) –see measures and process indicators as described in column 2	<ul style="list-style-type: none"> Joint Sector Reviews under the Energy Sector Working Group Sector Working Group meeting minutes Protocols and meeting minutes EU Transmission letters and documents
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This action is funded by the European Union

ANNEX 2

of the Commission Decision on the Annual Action Programme 2015 in favour of Rwanda to be financed from the 11th European Development Fund

Action Document for the "Sector Reform Contract to enhance the agriculture sector's sustainable use of land and water resources, value creation and contribution to nutrition security"

INFORMATION FOR POTENTIAL GRANT APPLICANTS

WORK PROGRAMME FOR GRANTS

This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012), applicable to the EDF by virtue of Article 37 of Regulation (EU) 323/2015 in the following sections concerning grants awarded directly without a call for proposals: 5.4.1. and 5.4.2.

1. Title/basic act/ CRIS number	Sector Reform Contract to enhance the agriculture sector's sustainable use of land and water resources, value creation and contribution to nutrition security CRIS number: FED/2014/037-486	
2. Zone benefiting from the action/location	Rwanda; The action shall be carried out at the following location: Rwanda	
3. Programming document	11 th EDF National Indicative Programme (NIP) for Rwanda	
4. Sector of concentration/ thematic area	Sustainable Agriculture and Food Security	
5. Amounts concerned	Total estimated cost: EUR 201 500 000 Total amount of EDF contribution: EUR 200 000 000 of which EUR 182 000 000 for budget support; and EUR 16 000 000 for complementary support. This action is co-financed by potential grant beneficiaries for an indicative amount of EUR 1 500 000	

6. Aid modalities and implementation modalities	<u>Budget Support</u> Direct management - Budget support: Sector Reform Contract Direct management - grant (direct award, FAO) Indirect management with the World Bank Indirect management with the Republic of Rwanda			
7. a) DAC codes	Main Code: 311 (Agriculture); Sub-code 1: 12240 (Basic nutrition); Sub-code 2: 32130 (Small- and medium enterprise development)			
7. b) Main delivery channel	World Bank - 31110 Food and Agriculture Organization of the United Nations - 31110			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagships	'Food Security and Sustainable Agriculture and Fisheries' Flagship Programme; in particular it's Action for 'Inclusive and Sustainable Value Chains'.			

SUMMARY: The high demographic pressure on Rwanda's scarce land resources, compounded by a still modest growth of non-agricultural labour opportunities, requires an increasing cost-efficient and sustainable use of land resources in the agriculture sector if the country's growth- and poverty reduction targets are to be met.

Due to Rwanda's successful performance in sector budget support programmes under the 10th European Development Fund (EDF) and the Commission's Food Facility in the domains of agriculture and food security, it was decided for the 11th EDF NIP, that the main instrument for supporting the focal sector "Sustainable agriculture and food security" (SA-FS) will be budget support (Sector Reform Contract).

The proposed Action aims to allocate all SA-FS funds of the NIP to one single programme along 6 fiscal years (2015/16 – 2020/21). This will allow the reduction of transaction costs (only one disbursement request per fiscal year) but also to streamline policy dialogue across the concerned inter-linked sub-sectors (land, water, food security and nutrition,...) and various associated governmental agencies. With the exception of the added focus on Public Financial Management (PFM), all results areas of the present Action have been adapted from the specific objectives outlined in the 11th NIP for the SA-FS focal sector.

The Action will contribute to a structural change in Rwanda's agriculture sector from intensification to sustainable value creation and towards broad-based inclusive growth. Important contributions of the Sector Reform Contract will be further (a) the strengthening of public finance management (PFM) capacities in the agriculture sector, (b) an acceleration of fiscal decentralisation in the agricultural sector and (c) support to the government's efforts to establish multi-sectoral accountability for the achievement of goals in cross-cutting domains (e.g. nutrition, Water-Sanitation-Hygiene (WaSH), sustainable use of land and water resources, value chain development).

A significant number of the performance indicators of the Action focus on outcomes and impacts for the final beneficiaries. This will: (i) encourage evidence-based policy making; (ii) protect political space for the Rwandan government to choose its own strategies, (iii) promote domestic accountability and (iv) stimulate demand for high quality statistical data and information.

The proposed Action contributes to the "Food Security and Sustainable Agriculture and Fisheries" Flagship Programme of the Global Public Goods and Challenges Programme and in particular to its action for 'Inclusive and Sustainable Value Chains'. Increased access of Rwandan farmers to functional small-scale irrigation systems will decrease their vulnerability to climate change and is expected to attract, engage and retain youth in rural areas. Labour and income opportunities for youth and women will be created through the development of horticultural- and other agricultural high-value chains and small- and medium enterprise (SME) clusters.

Complementary measures will target public services delivery capacities in those areas that cannot build on an existing broad skills- and knowledge base or where substantial re-orientation is required and which at the same time are conducive to the achievement of the objectives of the Action.

1 CONTEXT

1.1 Country and Sector

Real agriculture gross domestic product (GDP) growth has declined from 6% in Fiscal Year (FY) 2012/13 to 3% in FY 2013/14. Overall GDP growth dropped during the same period from 6.9% to 5.1%. The decline has been particularly sharp for export crops (from 19% to -9%). Food crops account for 67% of agriculture GDP, export crops for 6% and the livestock sector for 10%. The ratio of food manufacturing GDP versus total agriculture GDP stands at 4% only. The 2014 outbreak of Cassava Brown Streak Disease has reduced significantly staple food availability and accessibility in the Southern Province. Labour migration during the lean season has doubled between 2013 and 2014 and suggests increased strain on poor households to meet essential food and non-food needs. Increased labour supply has reduced farm wages in 2014 by 15%.

1.1.1 Public Policy Assessment and EU Policy Framework

The Strategic Plan for the Transformation of Agriculture (PSTA-3) covers the period of Rwanda's 2nd Economic Development and Poverty Reduction Strategy (EDPRS-2; 2013-18). The 2nd Agriculture Sector Investment Plan (ASIP-2, 2013-18) operationalises PSTA-3 and is the main reference policy document for this Action. ASIP-2 supports all 24 PSTA-3 Sub-Programmes, contains the economic and social justification for the chosen strategic priorities and a comprehensive Monitoring and Evaluation Framework for PSTA-3. Its preparation was informed by extensive consultations with the Investment Centre of the Food and Agriculture Organization of the United Nations (FAO), African Union, Agriculture Sector Working Group, the private sector and analytical reviews of Rwanda's performance under the 1st Comprehensive Africa Agriculture Development Programme (CAADP-1). The M&E framework of PSTA-3 includes high-level indicators to establish the growth-, export-, poverty-reduction-, nutrition security- and sustainability contributions of the agriculture sector to EDPRS-2 and outcome- and output indicators for the 4 programmes and 24 sub-programmes (SPs) of PSTA-3¹. These include SPs that link the agriculture sector with the National Food and Nutrition Strategic Plan (SP 4.7), the Environmental Sector Strategy (SP 4.6), the Decentralisation Policy (SP 4.2) and Private Sector & SME development (SP 3.1-3.8).

The Ministry of Agriculture and Animal Resources' (MINAGRI) total approved budget stands at 104.8 Rwanda Francs billion in Fiscal Year (FY) 2015/16 (a 16.1% increase to FY 2014/15 and a 88.5% increase to FY 2009/10). The target to allocate 10% of public spending on agriculture (that Rwanda as a signatory country of the Comprehensive Africa Agriculture Development Programme/CAADP has committed to) is reached only when all natural resource management, cooperative, small and medium enterprises, trade promotion- and quality enhancement budgets are considered, for many of which the agriculture-specific allocations cannot be precisely determined. The share of the recurrent budget for agriculture has reached its lowest share ever in FY 2015/16 (6.9% compare to 13.6% in FY 2011/12). The externally financed share of the MINAGRI budget stands at 48.7%. Since FY 2011/12, consistently >50% of the annual development budget has been allocated to "Soil Conservation and Land Husbandry" and "Irrigation and Water Management". The upward trend of the agriculture earmarked transfers has reached a share of 15.3% in 2015/16. The share of the Ministry of Agriculture and Animal Resources' (MINAGRI) budget - including its agencies - in the total national budget stands at 5.9% and has hardly changed since 2011/12.

¹ At present, the EU Delegation is providing support (with funds from the 4th Technical Cooperation Facility) to the completion of baseline values, targets and other metadata missing in the M&E framework of PSTA-3.

The 2nd Agriculture Sector Investment Plan's (ASIP-2) total cost for the 2013-18 period is 1,213 USD Million. A share of 52.8% is allocated to "Sustainable intensification" and 31.5% to "Value chain development and enabling private sector investment". Out of 24 Sub-Programmes, "Irrigation and water management" and "Soil Conservation and Land Husbandry"² account for 34% of total public sector costs, whereas "Food crop-" and "Export crop value chain development" and "Market oriented infrastructure (mainly feeder roads)" account for 30%. The ASIP-2 quantifies the amount of private investment expected to support agriculture development over the medium term (40% of total public sector cost). The projected governmental share in the total ASIP-2 public sector costs amounts to 25% but this value increases to 56% if on-budget funds (sector budget support and the World Bank- and UK Department for International Development (DFID)-funded (USD 100 million and 34 million British Pounds) Programme-for-Results) are included. The organisational development and institutional arrangements of MINAGRI and its 2 boards were revised in 2014 by the "Public Institution Restructuring" process, which in turn was informed by the "Performance Audit of Institutional Mergers and Advisory on Strategies to Drive National Development Goals and Achieve High Performance". Key concerns refer to (a) understaffing, (b) lack of decentralised structures, (c) duplication of roles (e.g. Rwanda Agriculture Board vs. MINAGRI; the National Agricultural Export Development Board (NAEB) vs. customs), (d) career development/staff turnover, (e) chains of command and reporting, (f) policy analysis capacity, and (g) centralised invoice approvals. As a result of the public restructuration exercise in FY 2014/15, staff numbers have been reduced in MINAGRI (from 62 to 42), the Rwanda Agriculture Board (from 642 to 468) and the NAEB (from 181 to 88). One key feature of the reform is the replacement of senior civil servants with largely administrative functions by "specialists". The aim is (i) to allow for a higher capacity of conceptualisation, (ii) strengthen policy formulation, (iii) improve coordination of inter-ministerial dialogue and (iv) capacity building at central government with the intent to reduce dependence on (foreign) technical assistance. Other key aspects are the progressive transfers of implementation functions (Single Project Implementation Units) from MINAGRI to its boards and an upscaling of agriculture-related staffing at local government.

1.1.2 Stakeholder analysis

The Water and Sanitation Corporation is a new company created in 2014. Districts are in charge of water and sanitation service delivery in rural areas. The Ministry of Local Government coordinates nutrition activities of Social Cluster Ministries and takes the lead in household sanitation and hygiene promotion. The Rwanda Biomedical Centre chairs the Food and Nutrition Technical Working Group. The Ministry of Agriculture and Animal Resources is responsible for the implementation of Strategic Direction N° 3 of the National Food and Nutrition Policy: "To promote services and practices that result in improved household food security. The largest share of the agricultural development budget (in particular irrigation and soil conservation) is still implemented through central Single Project Implementation Units (SPIUs). The Rwanda Natural Resources Authority (RNRA) is a key custodian of the land planning and utilisation in Rwanda and in charge of drafting and overseeing the implementation of the National Land Use Master Plan. Local District Authorities are in charge of planning and executing the District Land Use Master Plans but lack capacity to do it. Land planning and management are important to many government agencies (e.g. the Rwanda Development Board needs to know which land plots are suitable and available to investors). The current structure of the NAEB consists of business-oriented- (production, processing, and marketing) and regulatory functions (e.g. certificate of origin). The area of trade logistics is currently not emphasized enough. The strategic objectives of the Ministry of Trade and Industry include the creation of a business environment that is conducive to private sector growth and job creation, with a focus on small and medium-sized

enterprises (SMEs). Its mission is constrained by insufficient market information systems, organisational frameworks for traders at SME cluster level, low levels of (tradable) produce, high costs of international standard certifications, lack of packaging and processing facilities, limited access of SMEs to business loans (an estimated 4% are related to agriculture/agribusiness) and overall by a tiny budget allocation to SME development given its importance for the country's economic transformation. The recently created Rwanda Inspection and Certification Agency (RICA) is responsible for sanitary- and phyto-sanitary (SPS) regulations. The National Institute of Statistics (NISR) is implementing in partnership with MINAGRI the Seasonal Agricultural Survey (SAS), largely based on an area frame. The Local Administrative Entities Development Agency (LODA) serves as an intermediary between local administrative entities and donors and monitors the use of funds allocated to development activities by entities with legal personality (Districts).

1.1.3 Priority areas for support/problem analysis

Rwanda's population size is expected to increase from 11.8 million in 2013 to 16.9 million in 2032. The population density (434 persons/ km² in 2014) is the highest on the continent, the median size of land holdings being 0.33 ha (2010). Demographic growth requires creating annually 200 000 jobs. This compares to a total of 396 000 wage jobs in the formal economy in 2012. Fewer than 7% of jobs were created by manufacturing sectors in the last 10 years. The agriculture sector in past years has improved the country's overall food security situation - but without an impact on the high prevalence (44%) of chronic malnutrition of children under 5 years. Stunting has hardly decreased during the last decade and was in 2010 as high as 55% in children aged 18-23 months. The FAO has assessed in 2014 that the situation of hunger monitoring is not satisfactory. The Rwandan government has achieved remarkable progress towards providing safe access to drinking water and sanitation to its population. The WaSH Poverty Index shows that certain Districts remain significantly behind. In 2012, only 31.7% of rural households declared having received agricultural advisory services. This value is significantly lower for non-traditional high-value crops. In 2012, an estimated 73% of cultivable land was reported as covered with soil erosion protection structure but only at an average effectiveness of structures of 53%). Large proportions of Rwanda's acidic soils require liming. The country has significant potential for irrigation, as outlined in the Irrigation Master Plan (2010), but only 0.6% of agricultural land is irrigated. The agriculture and the environmental sectors have not yet found appropriate tools to ensure the implementation of the actions recommended by the Strategic Environmental Assessment of Rwanda's Agriculture Sector (2011). Limited access to markets for Rwandan farmers is rooted in the (a) lack of rural infrastructure (post-harvest, feeder roads, rural markets), (b) compliance with growing protocols and food safety standards, (c) lack of value chain finance, and (d) insufficient information on prices and production volumes. Rwanda does not yet have a comprehensive food safety policy and food safety system, which would assist export growth and, thus, market diversification. Rwanda is a top performer in the annual "Doing Business" assessments, but high costs of energy and cross-border trade, the scarcity of arable land and low supply volumes of certified quality create a less favourable environment for doing agribusiness. Rwanda's Integrated Financial Management Information System (IFMIS) does not yet allow budget execution reporting at central- and District level against the agriculture sector's strategic sub-programmes. Regarding its capacity on agricultural statistics, Rwanda has been ranked at 6th place of African countries but the amount allocated has been found as insufficient. Rwanda conducted its last census of agriculture in 1984 and never reported to FAO on its public expenditure on agriculture. Based on the above assessment, the Delegation concludes that the policy is considered sufficiently relevant and credible for the support programme objectives to be largely achieved, and that it can be

supported with the proposed budget support programme. To ensure the policy's continued eligibility, substantial improvements will be required with respect to (1) agriculture public expenditure reviews, (2) the disclosure of annual-quarterly budget execution- and annual auditor general reports at the level of central agencies and districts, and (3) data collection and analysis on agricultural outcomes and impacts.

1.2 Other areas of assessment

1.2.1 Fundamental values

1-Human Rights: Rwanda is bound to guarantee the right of everyone to an adequate standard of living, including adequate food rights to physical and mental health (International Covenant on Economic, Social and Cultural Rights, 1966) and children rights (Convention on the Rights of the Child, 1989). Rwanda has ratified the core International Human Rights Treaties, and has waived most of the reservations to the same. Together with the Rwandan Constitution, these International treaties provide every citizen of Rwanda with a comprehensive, legally binding and available protection of their rights. In 2011, Rwanda made a major step forward towards human rights compliance by submitting itself to the Universal Periodic Review (UPR). Created by the UN General Assembly, the UPR is a unique process involving the review of the human rights situations of all UN Members States by the Human Rights Council in an open manner. The Government of Rwanda accepted to implement 67 out of the 73 recommendations made during this review. The human rights perspective has influenced the emerging monitoring of a WASH (Water-Sanitation-Hygiene) Poverty Index which will be supported under the 11th EDF.

2-Women and children's rights and welfare are a priority for the Government, but still 38% of children under 5 years old are chronically malnourished (2015). Due to the high number of affected children (>600,000), targeted support to improve the diets of young children would require at least around 10-15 Euro Million/year. This would have a significant impact on the development prospects of Rwanda.

8-Access to information: In the area of extension, government seeks to reach all farmers. Agricultural support services that target explicitly vulnerable households and people with disabilities (PWDs) are mainly funded through NGOs. Nutrition and household vulnerability makes up 2% of the 2015/16 sector budget. Explicit provisions to support women, minority groups, disadvantaged and disabled persons are less easily quantified.

6-Access to land: The law governing the General Statutes for Rwanda Public Service contains provisions against discrimination. Women and men participate equally in every stage of the land registering process. The National Land Centre has undertaken widespread training of local land committees across Rwanda on how women's rights should be recorded. Women have the right to deal in and inherit land, and their rights are protected through the deed. Women are registered in the same way as men and enjoy equal rights. By law, every ten villages (cell) have a mediation committee with at least 30% of women. These "abunzis" are more accessible to the community than a traditional court. By 2012, private land owned by individuals was held as follows: 11% by women, 5% men, 83% couples.

4-Disadvantaged groups: Rwanda's Economic Development and Poverty Reduction Strategy (EDPRS-2) emphasises that PWDs and other disadvantaged groups should be empowered to contribute actively to the country's development and to benefit from it. It further states that the legal and regulatory framework will be reviewed to ensure that it does not discriminate against PWDs. It also stresses the importance to secure basic rights and entitlements for all.

| 3-Child labour: An estimated 88% of children aged 5-14 worked in 2010 either for their own household or for somebody else. Rwandan law prohibits forced or compulsory labour by children but the law applies only to contractual employment. Some districts enforce local regulations against hazardous child labour. The Ministry of Public Service and Labour conducts inspections of firms known to employ children.

| 7-Revenues in rural areas: Due to the scarcity of arable land in Rwanda, and an expanding population, there is an ever rising share of the rural population facing greater difficulty in making a living from their holding. There is a need for increasing off-farm employment and/or social transfer schemes. Responsibilities to address vulnerability are shared between the agriculture and social protection (local government) sectors.

| 5-Civil society: The space for development-oriented NGOs to function and implement development programmes and projects is generally uncontested. NGOs are active in the agricultural sector. Fewer NGOs are present in the monitoring and evaluation of government policy, or in the area of advocacy, governance and human rights. International and Rwandan civil society groups do monitor legislation and policy, the system of implementing the international conventions to which Rwanda is signatory, as well as the recommendations from the international monitoring system, with varying degrees

1.2.2 Macroeconomic policy

Rwanda successfully completed the third review under the second generation of the non-financial programme with the International Monetary Fund (IMF), the Policy Support Instrument (PSI). Through the PSI, the Government of Rwanda is committing to maintaining macroeconomic stability and sustaining rapid and inclusive growth over the medium term. With Rwanda's risk of debt distress having improved from "moderate risk" to "low risk", the IMF's PSI provided for flexibility to issue USD 250 million in non-concessional debt, to finance exports and growth enhancing strategic investments. The PSI confirms the prudent macroeconomic stance of the government and focuses on key policy priorities aiming at maintaining a sustainable fiscal position, modernising the monetary policy to curb inflationary pressures, and preserving external stability. In 2014, Rwanda's economy appeared to have recovered from the 2013 economic slowdown (linked to suspension of donor aid in 2012) and the country achieved an annual GDP growth rate of 7%, higher than the 6% growth target set by government at the start of the year. Economic expansion was largely driven by the service sector, which grew 9% year-on-year, and by the agricultural sector (Rwanda's largest employer) which grew by 5% year-on-year. The medium-term outlook is favourable, with the IMF forecasting 7-7.5% annual real GDP growth in the period 2015-2018., driven by increased public and foreign investment. Growth prospects in Rwanda will also depend on an improved power supply. Inflationary pressures remain relatively benign, largely the result of falling import costs for food and fuel and an increased supply of domestic food products, which is only partly offset by higher domestic demand pressures and a weakening currency. Price pressure in Rwanda is mostly external, with the landlocked country highly vulnerable to fluctuations in international commodity prices, particularly for food items and energy. The agreed monetary programme with the IMF is consistent with keeping inflation low, preserving the level of foreign reserves and allowing for exchange rate flexibility. In the long term, economic growth must be led by private sector, exports and private capital flows. Inflation averaged 2.1% in 2014 and is expected to remain below 5% in the medium term, consistent with the convergence criteria within the East African Community (EAC). A relatively loose monetary policy, designed to support economic growth, is unlikely to lead to a significant

increase in price pressures in Rwanda, where the impact of monetary policy is muted and generally less important than external factors. A slight pick-up in 2016, may, nevertheless, occur as world food prices are expected to begin rising, the currency depreciates, and as growing domestic demand amid quickening growth will add to price pressures. The government's fiscal policy remains relatively expansive. The state budget for the 2014/15 fiscal year forecasts a 5% rise in state spending on the previous fiscal year as the government aims to address infrastructure bottlenecks – especially energy and roads – and reduce poverty. The tax share of GDP target for FY 2013/14 was 15.2% up from FY 2012/13 and 13.9% in FY 2011/12. Tax revenues are projected to increase to 16% of GDP during the current FY (2014-15), which nonetheless remains low by regional standards and significantly below the 25% GDP target set by EAC. Despite efforts to reduce aid-dependency, the government still raises approximately 35% of its revenues through external grants. Together with aid, the Government of Rwanda is able to fully finance the approved budget and maintain priority spending.

1.2.3 Public Financial Management (PFM)

The 2013/14-2017/18 PFM Sector Strategic Plan (PFM SSP) is relevant and considered sufficiently credible to strengthen the PFM system of Rwanda. It provides a credible platform to guide future reform efforts. This judgement is based on the strategy document and the process that went into drafting it. It has been approved by all donors active in the sector. It includes the necessary institutional arrangements and builds on the existing positive track record and political commitment to the reforms included in the strategy. The existing track record, measured via regular progress implementation reports, continues to show positive progress and further commitments to implement key reform actions. Most targets are on track. As part of the new PFM SSP, the Government has circulated draft Terms of Reference for a new Public Expenditure and Financial Accountability (PEFA) diagnostic study. It is likely that the new PEFA methodology will be used as a pilot in 2015. The Government has adopted a medium-term tax reform plan which aims to increase domestic resource mobilisation and reduce reliance on aid. The IMF's Policy Support Instrument (PSI) includes key structural benchmarks to enhance revenue collection at district level as part of the tax reform process and to improve the transparency and comprehensiveness of intergovernmental transfers. Rwanda continues to make satisfactory progress in improving its PFM systems and therefore remains eligible for budget support. Policy dialogue on PFM issues takes place regularly through the PFM coordination forum and technical working group which follow up the implementation of the PFM Sector Strategic Plan.

1.2.4 Transparency and oversight of the budget

Transparency International's Global Corruption Barometer 2014 showed that Rwanda is the least corrupt country on the African continent and among the least corrupt nations in the world. The 2003 Constitution, the (2013) Organic Budget Law and supporting regulations provide the legal basis for public finance management in Rwanda. The Budget Law articulates the process of preparation, execution and monitoring of the State Budget, stipulates the roles and responsibilities of both central and local state agencies, including spending and revenue collecting entities. The Law identifies the minimum content of the budget documentation and highlights the need for a timely publication of key budget documents. The enacted State Budget is published in the Official Gazette after its approval by the Parliament and is available on the website of the Ministry of Finance and Economic Planning (MINECOFIN). Rwanda meets the entry point on the budget support eligibility criterion related to transparency and oversight of the budget. Assessments of PFM reforms undertaken in Rwanda in recent years provide a good understanding about the weaknesses of fiscal transparency and oversight. These reviews noted important progress in Rwanda. The 2010 PEFA assessment gave Rwanda an A-rating in terms of

comprehensiveness of information included in budget documentation (PI-6) and public access to key fiscal information (PI-10), with the latter indicator highlighting that only one of 6 sets of required documents (i.e. in-year budget execution reports) was not published. PEFA 2010 scores Rwanda poorly in terms of the quality and timeliness of some key documents. The situation has improved since 2010 through the roll-out of the IFMIS. Successive Open Budget Index (OBI) Surveys have taken a less positive stance towards fiscal transparency in Rwanda, noting that while plans and policies are well disseminated and readily available on Ministry websites, reports of actual performance and budget execution are much less in evidence. Both PEFA and OBI note that significant improvements have been made with respect to legislative oversight of budgets and external audit. The Delegation's experience suggests that there is often an implementation gap between specific legislation and policy (*de jure*) governing fiscal transparency and actual practice (*de facto*), often linked to low capacity within relevant ministries. In practice, budget documentation is not always easily available to the public, and those requesting information from the authorities are required to be extremely persistent, with access seemingly granted on a case-by-case basis. Rwanda could realise some quick wins by publishing a number of documents which are already being produced for internal use. Publication of the all key budget documents has already been the subject of discussions in the PFM coordination forum. The IMF policy support instrument (PSI) also requests the publication of key budget documents.

2 RISKS AND ASSUMPTIONS

Risks	Level (H/M /L)	Mitigating measures
1. Political Checks and balances institutions are not capable of fostering accountability. Civil society and media critically lack capacity to play a role in policy processes. Citizens' voices in policy formulation are not heard. Political parties do not sufficiently engage citizens or collaborate amongst themselves. Regional security environment, especially in Eastern DRC, affect Rwanda's security.	M	Operational support and capacity strengthening of regulatory and accountability institutions. Support to civil society and media. Strengthening of mechanisms fostering vertical accountability and citizen participation. Continued political dialogue (Art.8). Continued encouragement and support of Disarmament, Demobilization, and Reintegration (DDR) processes. Continued support of regional initiatives (such as ICGLR) for lasting peace in the region. UN-led peace and security cooperation framework.
2. Macroeconomic Economy remains vulnerable due to high dependence on export of commodities and raw materials (coffee, tea, minerals); limited foreign exchange resources.	M	Continue promoting regional integration; Support implementation of EAC Economic Partnership Agreement; Support export promotion policies, Support development of high value agricultural goods.

3. Public policy Due to high aid dependency a potential reduction of aid could influence the delivery of public policies; insufficient land and growing population may lead to social exclusion.	M	New Policy support instrument (PSI) programme with IMF focuses on improvement of tax collection and tax administration. Promote value chains as a means to higher revenues and labour demand per land unit
4. Public Finance management /Budget transparency Lack of timely and comprehensive reporting bears the risk of off-budget expenditures and unreported Government operations; Weaknesses in district expenditures with a high risk of lack of timely and regular reporting.	M	Continue discussions and develop a way forward strategy with Government on timely and comprehensive reporting of budget implementation; Continue on way forward with Government of Rwanda on improving district reporting.
5. Corruption and Fraud Perceived level of corruption moderate but there are cases of corruption in service delivery and procurement.	M	Government continues on determined action against corruption.

Assumptions:

1. Regulatory and accountability institutions, civil society and media contribute to checks and balances of the political system. Public institutions perform their oversight mandate effectively. Armed groups such as FDLR cease their destabilizing activities in Eastern DRC. UN, EU, AU, DRC and other partners contribute to a peaceful development in the region, especially in Eastern DRC.
2. At the aggregate level, trade and private sector development is contingent on a stable national and regional security situation, and it is expected that the Government of Rwanda will continue the regional integration process that has been started, diversifying the sources of revenues and developing new sectors of activity.
3. Government of Rwanda continues on a market oriented path and promoting the private sector; Government continues to take measures in increasing output per land unit; Government of Rwanda improves linkages between agriculture and social protection sectors; Government takes into account adequate recurrent expenditures for growing investments; natural disaster strategies are developed against environmental risks.
4. Government finances are transparent for all public (not only Development Partners, but also with civil society, citizens...) and the medium-term expenditure framework (MTEF) provides a predictable expenditure pattern.
5. The control of corruption is effective and the Government of Rwanda commitment to fight against graft is kept. Anti-Corruption bodies continue to be given capacity and funds.

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

According to a World Bank study (2014), water supply, sanitation and hygiene promotion are among the most productive investments the Government can make to reduce child malnutrition. A low intake of milk and eggs is also correlated with a high prevalence of stunting among children. The government's policy under the Economic Development and Poverty Reduction Strategy (EDPRS-I) was focused on the physical aspects of erosion and fertility. It is now

emphasizing the economic sustainability of its investments. A significant share of terraced land has been abandoned due to low fertility. To reverse this, farmer must see an increase in profitability of terrace cultivation. In response to weak linkages between irrigation- and value chain development under previous large-scale and complex irrigation investments, government is now promoting small-scale irrigation as a vehicle for broad-based engagement of youth in market-oriented agriculture. The value added per unit of land in the production of fruits, vegetables and flowers tends to be much higher than for staple food crops. Any shift from the growing of staple crops to the growing of horticultural commodities will raise domestic value added and GDP. A lesson learnt from the 2014 Information and Communication Technologies (ICT) 4 Agriculture Conference is the wide range of opportunities to use ICT for strengthening the efficiency of value chains, policy analysis, water resource management and adaption to climate change, attract youth to agriculture and leveraging support services. With a number of new agricultural policies taking shape in the rural landscape, it is critical to collect outcome- and impact data on Rwanda's agricultural development.

3.2 Complementarity, synergy and donor coordination

The Agriculture Sector Working Group (ASWG) is supported by several (Extension, Agri-finance, Seeds, Fertilizers, Environment, Irrigation, Private Sector Development, Rural Feeder Roads) sub-working-groups (each of them supporting an annual policy action). Its monthly meetings share information among stakeholders and review policy- and strategic documents and guidelines. The ASWG undertakes joint sector performance reviews with a backward- and forward-looking analysis. The Sector Wide Approach group follows up on issues of systemic nature (institutional capacities, policy financing, strategic frameworks, expenditure reviews). The present Action will create synergies with the 10th EDF Rural Feeder Roads Sector Budget Support (through cost-of-transport- and impact analysis) and the Global Climate Change Alliance (GCCA+) Action (through technical assistance in agricultural land use planning and monitoring. Funding by the Netherlands Embassy, the Swiss Cooperation and the Children's Investment Fund Foundation is supporting the implementation of 22 District Plans to Eliminate Malnutrition". The United States Agency for International Development (USAID) supports Rwanda's competitiveness in dairy. The Japan International Cooperation Agency (JICA) is the lead donor on Water and Sanitation in Rwanda. The World Bank has launched a USD 100 million Programme-for-Results (P4R) Operation (2014-17) whose result areas cover all main objectives and programmes of the 3rd Strategic Plan for the Transformation of Agriculture in Rwanda (PSTA-3). Funding from DFID; 34 million pounds) increases the P4R allocation. In September 2014, the Ministry of Natural Resources and the Netherlands Embassy signed an agreement for an Integrated Watershed Management Programme to showcase pilots under different agro-ecological contexts. The International Fertilizer Development Centre supports MINAGRI in the privatisation of Rwanda's seed- and fertilizer markets. The Project for Rural Income through Exports (co-funded by the International Fund for Agricultural Development (IFAD)) focuses on sustainable income increase to farmers from key export-driven agricultural value chains through higher volumes and quality of production, improved marketing and more efficient farmers' organisations. The USAID funded Private Sector Driven Agricultural Growth Programme assists the Government of Rwanda in increasing smallholders' income through the promotion of private sector investments. Simplified accounting systems (SEAS) are government priorities for improving Public Financial Management at the lowest level (financial accounting and reporting). The Action will complement the 11th EDF Economic Governance Support Programme through enhancing statistics on agriculture sector performance and its impact on households for policy formulation and planning and triggering regular expenditure reviews and expenditure tracking exercises in the agriculture sector.

3.3 Cross-cutting issues

The Sector Reform Contract will provide support to the large proportion of young children in Rwanda that are at risk of chronic malnutrition. It will further support their caregivers in enhancing feeding practices and other preventive measures. Rwanda's agriculture sector is predominantly represented by low income women (82% of women are agricultural workers) with high rates of illiteracy. Women remain unsupported workers in subsistence agriculture, and receive low prices for their products due to the lack of marketing capacities and exclusion of agribusiness. In 2014, youth represented 40% of the national population in Rwanda. The expansion of high-value crop production and value-addition is likely to create new labour and income opportunities, in particular for youth, women and landless households. Progress towards their integration in cooperatives and contract-farming, other joint production schemes, farmer field schools and export value chains of selected SME clusters will be measured through annual agricultural household- and impact surveys. The integration of smallholders in agricultural value chains will be supported through (a) broad-based investments (e.g. small-scale irrigation), (b) country-wide village-based training of farmers, (c) recognition in training measures of pre-cooperatives, (d) transfer of pro-poor, small-scale and gender-sensitive technologies (e.g. cottage-industries) and (e) capacity-building and assistance to government in designing, conducting, processing and analysing integrated agricultural-household- and panel surveys. Key instruments to address the concerns identified by the 2011 Strategic Environmental Assessment of the agriculture sector (soil and water conservation, soil acidity, nutrient management, crop and variety selection, pest and disease management, feeder roads, climate variability, climate change, environmental impact assessments) will be farmer field schools, farmer-to-farmer extension, guidelines and protocols, joint expenditure reviews and an enhanced coordination between the Ministries of Agriculture and Natural Resources and their respective agencies.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

The **overall objective** of the Action is *“To support the implementation of the government's economic development and poverty reduction strategy (EDPRS-2), thereby contributing to poverty eradication and promotion of inclusive and sustainable growth”*.

Its **specific objective** is *“To support the government in implementing the agriculture sector strategy (PSTA-3), and in particular its contribution to the national development targets by enhancing food and nutrition security, the sustainable and efficient use of land and water resources, the development of agricultural high-value chains and the strengthening of PFM capacities in the agriculture sector.”*

The expected results are the following:

R 1: Increased health and nutrition of rural households through the promotion of dietary diversity, food security initiatives and the equitable delivery of Water-Sanitation-Hygiene (WASH) services.

- Prevalence of stunting in children aged 6-23 months.
- Pilot to test social transfer schemes to eliminate malnutrition.
- Equitable delivery of Water-Sanitation-Hygiene services to rural households (WASH Poverty Index).
- Prevalence of food security in households (Food Insecurity Experience Scale (FIES)).
- Increased average annual consumption of milk per capita.

R2: Decreased vulnerability of rural households against the impact of climate change through improved agricultural practices and investments in irrigation and soil & water conservation.

- Proportion of farmers applying good agricultural practices (GAP), including practices to ensure environmental sustainability and climate change resilience.
- Gross agricultural value added per ha and year.
- Proportion of farmers practicing irrigation of at least 0.1ha.
- Country-wide study of the potential water runoff catchment for hillside irrigation without pumping integrated in Irrigation Master Plan Study and Rwanda's integrated watershed management planning.
- Progress towards water storage capacity per capita and integrated watershed management.
- Area under agro-forestry systems on flat, gentle- and steeply sloping land.
- Acidity of land terraced with public funds and handed- over to farmers.

R3: Increased sustainable income for farmers, cooperatives and SMEs through the development of horticultural- and other agricultural high-value chains and the business enabling environment (BEE).

- Establishment of Cooperative Bank.
- Agriculture loan portfolio of community savings, credit cooperatives and micro-finance institutions.
- Employment in export-oriented agricultural value chains.

R4: Increased PFM capacities in central- and local government for the planning, budgeting, monitoring, analysing and enabling investments in sustainable and inclusive agricultural growth.

- Agriculture integrated survey analysed & published.
- Regular assessment of public expenditures and Public Financial Management capacities in the agricultural sector and adjacent sub-sectors (land, forestry, water, nutrition, SMEs).

Agro-ecological sustainability will be ensured through the promotion of good agricultural practices (farmers) and principles of quality management in value chains (cooperatives, SMEs).

Economic sustainability will be enhanced through a better use of the scarce natural- and financial resources by increasing the value creation per ha of land and unit of investment.

Social sustainability will be promoted through increased labour- and income opportunities for rural households in general, and supporting youth' and women's entrepreneurship in particular.

Political sustainability will be pursued by strengthening capacities at national- and sub-national level to identify, implement and monitor investments in sustainable and inclusive growth.

4.2 Main activities

4.2.1 Budget Support

The main activities to implement the Sector Reform Contract are:

- Transfer of EUR 182 million along the Fiscal Years 2015/16 - 2020/21.
- Quarterly high-level policy dialogue between the EU and the governmental agencies involved in the Action to review progress towards its specific objective and performance targets.

- Support the Government in the preparation, implementation and follow-up of sector working groups, sector performance reviews, sector strategies, investment plans, mid-term and final evaluations, capacity building, expenditure reviews and other PFM-related assessments.
- Support to the EU-Rwandan Development Cooperation Portfolio Performance Reviews.

Monitoring of:

- Eligibility criteria (General Conditions) and Performance Indicators for the Budget Support;
- Progress against the agriculture sector targets, based on annual reports at national- and district level;
- Progress towards agricultural fiscal decentralisation;
- Progress against targets of (sub-)sectors related to the performance of the agriculture sector (nutrition, land-, water- and forestry resources, development of SMEs);
- Macroeconomic developments based on Internal Monetary Fund- and other assessments;
- Progress in the implementation of the PFM reform strategy;
- The publication of the budget proposal or the enacted budget; and
- Disclosure of budget execution reports of MINAGRI and its agencies.

Policy dialogue will be documented through the minutes of the Joint Sector Review Minutes, quarterly Port-folio reviews with the national authorising officer (NAO) and line ministries, informal and more frequent meetings with government and development partners and formal high-level (2 times per year) policy dialogue with the involved governmental agencies. Assessments by the technical assistance (TA) Component and external studies and especially the most recent assessments on the performance targets will further support the policy dialogue.

4.2.2 Complementary support

(i) *A TA component* (long-term technical assistance and short-term expert pool) will enhance governmental policy-, strategic planning-, PFM- and monitoring and evaluation capacities in the sector to maximise at central- and sub-national level the efficiency, effectiveness and sustainability of public spending on agriculture and adjacent sub-sectors throughout the duration of the Action and beyond. The TA is further expected to improve service delivery capacities in those (sub)-sectors. A total of 6 ministries (finance and economic planning, agriculture, health, local government, natural resources, trade and industry) and 10 sub-sector agencies/authorities were identified as closely linked to the objectives of the Action and the requirement to ensure policy coherence through multi-sectoral coordination.

(ii) Sustainable food value chain development

Activities under this component will support the Government's efforts to increase poverty reduction and employment through the development of agricultural export-oriented high-value chains (in particular horticulture) and strengthen the capacity of the Rwandan government and private stakeholders to ensure the supply of safe foodstuffs to local, regional and international markets.

(ii.a) Strengthening of national food safety system

This measure will support the Government in establishing a tailor-made, sustainable, economically viable and scalable national food safety system to reassure the quality of Sanitary and Phyto-sanitary (SPS) controls. Well-functioning SPS systems are fundamental to support a country's development strategy. Particularly missing in Rwanda are cheap, affordable and rapid systems to detect aflatoxin levels beyond the legal limits. Key components of the TA would target both governmental (e.g. the Rwanda Bureau of Standards, Rwanda Inspection and

Certification Agency) and non-governmental (e.g. Rwandan Society of Food Science and Technology) stakeholders.

(ii.b) Support to horticultural/agricultural high-value chains, SME- and agribusiness development

Support to high-value chains, in particular horticulture, will assist the government in identifying crops suitable for different agro-ecological conditions prevailing in the country, stepping up agricultural/horticultural extension within the existing frameworks of training in cascade, enhancing local agro-processing, linking farmers and farmer's organisations to input supply and marketing services, linking European companies to Rwandan farmer entrepreneurs and agribusinesses, developing a training centre and financial product to promote horticultural technology, and strengthening business development-, research- and conformity assessment services of trade support institutions.

(iii) Procurement of GIS/remote sensing and ICT-based data supplies

The Government of Rwanda has requested to use EU procurement rules for information- and communication technology (ICT) and geographic information systems (GIS) supplies (and related capacity building) to strengthen agricultural planning, policy analysis, data collection. Concerned are: (a) Satellite image acquisition to construct area frames by subdividing land into land use and land cover classes, maintaining and updating the area frame for all seasons, (b) very high (sub-metric) and high (5-10m) resolution satellite image, (c) GIS and image processing software for the production of maps for data collection and field work organisation for the seasonal agriculture survey, and (d) Global Positioning System (GPS) devices and rugged tablets devices for georeferenced field data acquisition (parcel level) and mapping and data collection for identifying agricultural operators and large scale farmers.

(iv) Support in the preparation of Rwanda's 3rd Agriculture Sector Investment Plan (ASIP-3)

Since the ASIP-2 is the main policy document underpinning the logic of the present Action, an explicit support measure for the formulation of ASIP N°3 would be coherent with the Sector Reform Contract's objectives.

(v) Support in establishing integrated agricultural household surveys and agricultural impact analysis

Detailed agricultural structure data together with socioeconomic/rural development information related to smallholder production, poverty and livelihoods - and disaggregated at district level - is required for the monitoring and evaluation of the agriculture sector strategy and for informed decisions by policy makers at all levels. Technical assistance will be required at all stages of these essential surveys. In addition there will be a need to introduce for the first time rigorous agricultural impact evaluations for the main areas of public spending (soil and water conservation, irrigation, feeder roads) and the main policy instruments.

4.3 Intervention logic

Through this Action, support to the policy implementation is expected to improve the efficiency, effectiveness and sustainability of public spending on agriculture to achieve Rwanda's development goals in the areas of food and nutrition security, sustainable agricultural land and water use and employment creation. This will also require major investments in water-sanitation-hygiene (WASH), soil and water conservation, soil fertility, irrigation- and market infrastructure for which the predictability of funds will be enhanced. The programme will contribute to a structural change from agricultural intensification towards sustainable value creation and inclusive growth. Catalytic functions of the Sector Reform Contract will be (a) the strengthening of Public Financial Management capacities in the agriculture sector, (b) an acceleration of

decentralisation in the agricultural sector and (c) support to the government's efforts to establish accountability for the achievement of goals in cross-cutting domains (e.g. nutrition, WASH, sustainable use of land and water resources, value chain development). A significant proportion of the performance indicators of the Action focus on impacts or outcomes for the final beneficiaries. This will (i) encourage evidence-based policy making; (ii) protect political space for the Rwandan government to choose its own strategies, (iii) promote domestic accountability and (iv) stimulate demand for high quality statistical data and information.

65 IMPLEMENTATION

6.15.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

6.25.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is **72 months** from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute a non-substantial amendment in the sense of Article 9(4) of the Regulation (EU) 2015/322.

6.35.3 Implementation of the budget support component

6.3.15.3.1 *Rationale for the amounts allocated to budget support*

The amount allocated for the budget support component is EUR 182 000 000, and for complementary support is EUR 16 000 000. This amount is based on 14% of the projected public sectors costs of Rwanda's 2nd Agriculture Sector Investment Plan (ASIP-2; 2013/14 – 2017/18).

6.3.25.3.2 *Criteria for disbursement of budget support*

a) The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the Agriculture Sector Strategy (PSTA-3) and Investment Plan (ASIP-2) and continued credibility and relevance thereof;
- Implementation of a credible stability-oriented macroeconomic policy;
- Satisfactory progress in the implementation of the programme to improve public financial management;
- Satisfactory progress with regard to the public availability of timely, comprehensive and sound budgetary information.

b) The following issues are targeted with the specific conditions (performance indicators and targets) for the variable tranches: malnutrition, food secure households, agriculture gross value added per ha, irrigation, agro-forestry systems, agriculture loans, employment in export-oriented agricultural supply chains, ~~public~~and public finance management in the agriculture sector.

~~— No specific condition is foreseen for the disbursement of the variable tranches.~~

The chosen performance targets and indicators to be used for disbursements will apply for the duration of the programme. However, in duly justified circumstances, the NAO may submit a request to the Commission for the targets and indicators to be changed.

In case of a significant deterioration of fundamental values, budget support disbursements may be formally suspended, temporarily suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

The performance indicators for fiscal years 2017/18 and 2018/19 are indicative and will be revised and updated during the mid-term review of the Action.

6.3.35.3.3 Budget support details

The disbursement profile foresees a belly curve for the total annual disbursements, allocating higher amounts to the years which have both a fixed and variable tranches. A lower total allocation in the last year is meant to mitigate the financial sustainability risk after the end of the present Action. Budget support is provided as direct untargeted budget support to the national Treasury. The crediting of the euro transfers disbursed into Rwandan Franc (Rwf) will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

Budget Support	Fiscal Year						Total (EUR)
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
Fixed Tranches <i>(in EUR million)</i>	20,000,000	25,000,000	15,000,000	15,000,000	10,000,000	0	85,000,000
Variable tranches <i>(in EUR million)</i>	0	0	20,000,000	25,000,000	25,000,000	27,000,000	97,000,000
Total	20,000,000	25,000,000	35,000,000	40,000,000	35,000,000	27,000,000	182,000,000

6.45.4 Implementation modalities for complementary support of budget support

6.4.15.4.1 Grant: direct award: "Support to the Government of Rwanda in the formulation of the 3rd Agriculture Sector Investment Plan" (direct management)

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results

The specific objective of this support measure is to improve the impacts and outcomes of public spending on agriculture by the Rwandan government towards the achievement of the country's growth-, poverty reduction-, and economic transformation targets. The expected result would be a validated Agriculture Sector Investment Plan (ASIP-3) for the period 2018/19 - 2022/23 and contributes to result number 4 (Increased PFM capacities in central- and local government for the planning, budgeting, monitoring, analysing and enabling investments in sustainable and inclusive agricultural growth) of the Action.

Key activities will include: (1) the thorough review of ASIP-2 implementation and lessons learned with the identification of background studies which would inform the design of the new ASIP; (2) the establishment of a national team with representatives from different departments and stakeholders including private sector, producer organisations, civil society and development partners; (3) facilitation of a the national consultation process to share the lessons learnt from the review and to discuss the proposed roadmap; (4) the preparation of the draft Investment Plan Results Framework; (5) the preparation and validation of a draft of the costed Agriculture Investment Plan (2018/19 – 2022/23); (6) the facilitation of the national consultative processes and internal peer review of the draft as well as the external peer review by the African Union; (7) the incorporation of technical review comments and finalisation of the ASIP document.

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the **FAO**. Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because FAO has supported the formulation of National Agriculture Investment Plans (NAIPs) in multiple countries and therefore a unique expertise for advising Governments on methodological aspects related to the formulation of NAIPs.

(d) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant. The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(e) Maximum rate of co-financing

In accordance with Article 192 of Regulation (EU, Euratom) No 966/2012 applicable by virtue of Article 17 of (EU) Regulation 2015/323, the rate of co-financing will be **100 %**. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(f) Indicative trimester to conclude the grant agreement: 4th trimester of 2017

6.4.35.4.2 Grant: direct award “Support to the Government of Rwanda in the design, testing and implementation of an integrated agricultural household survey, annual panel surveys and rigorous agricultural impact analysis” (direct management)

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results

This implementation entails the actions to achieve a Sustainable food value chain development and contributes to result number 4 (Increased PFM capacities in central- and local government for the planning, budgeting, monitoring, analysing and enabling investments in sustainable and inclusive agricultural growth) of the Action. The entrusted entity would carry out the following budget-implementation tasks: (1) Information- and communication technologies (ICT)-based data collection of market prices, road-level- and farm-level data; (2) Implementation of rigorous innovation trials; (3) Data collection for rigorous tests of agricultural innovations; (4) Supervision of all agricultural data collection/surveys. Other, not budget implementation tasks, would include (5) the administration of the national agricultural dataset (household level panel); (6) the administration of other datasets from rigorous tests of agricultural innovations; (7) refining sampling strategies; (8) designing survey instruments; (9) developing data quality protocols and

audits; (10) cleaning datasets; (11) qualitative research & translation; (12) designing rigorous innovation trials; and (11) analysing survey data for policy briefs and academic papers.

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the **World Bank**. Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because the World Bank's Development Research Group (DECRG) has a proven and unique capacity to assist worldwide governments in designing and conducting integrated agricultural household surveys and rigorous agriculture impact analysis.

(d) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant. The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(e) Maximum rate of co-financing

In accordance with Article 192 of Regulation (EU, Euratom) No 966/2012 applicable by virtue of Article 17 of (EU) Regulation 2015/323, the rate of co-financing will be **100 %**. Full funding is essential for the action to be carried out. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(f) Indicative trimester to conclude the grant agreement: 2nd trimester of 2016

6.4.55.4.3 Indirect management with the partner country

A part of this action with the objective to *strengthen agricultural planning, policy analysis, data collection through information- and communication technology geographic information systems, to support the preparation of Rwanda's 3rd Agriculture Sector Investment Plan (ASIP-3) and to support the establishing of integrated agricultural household surveys and agricultural impact analysis* may be implemented in indirect management with the Republic of Rwanda in accordance with Article 58(1)(c) of the Regulation (EU, Euratom) No 966/2012 applicable by virtue of Article 17 of Regulation (EU) 2015/323 according to the following modalities.

The Republic of Rwanda will act as the contracting authority for the procurement and grant procedures. The Commission will control ex ante all the procurement and grant procedures. Payments are executed by the Commission. In accordance with Article 190(2)(b) of Regulation (EU, Euratom) No 966/2012 and Article 262 (3) of Delegated Regulation (EU) No 1268/2012 applicable by virtue of Article 36 of the Regulation (EU) 2015/323 and Article 19c(1) of Annex IV to the ACP-EU Partnership Agreement, the Republic of Rwanda shall apply procurement rules of Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012. These rules, as well as rules on grant procedures in accordance with Article 193 of Regulation (EU, Euratom) No 966/2012 applicable by virtue of Article 17 to Regulation (EU) 2015/323, will be laid down in the financing agreement concluded with the Republic of Rwanda.

6.65.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply. The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement, on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

6.75.6 Indicative budget

Description	TOTAL (EUR)
Budget support – Sector Reform Contract	182 000 000
5.4.1 To support the Government in implementing the agriculture sector strategy and its contribution to the national food- and nutrition-, inclusive- and sustainable growth targets of which (indicative amounts)	16 000 000
<i>5.4.1 Direct grant to FAO (direct management)</i>	<i>500 000</i>
<i>5.4.2 Direct grant to World Bank (direct management)</i>	<i>3 000 000</i>
<i>5.4.3 Indirect management with the Republic of Rwanda composed of (indicative amounts)</i>	<i>12 500 000</i>
<i>Technical Assistance</i>	<i>5 000 000</i>
<i>Supplies</i>	<i>1 500 000</i>
<i>Call for Proposal: Agricultural high-value export chains, Food safety system</i>	<i>6 000 000</i>
5.9 Evaluation, 5.10 Audit	1 500 000
5.11 Communication and visibility	500 000
Total EU Contribution	200 000 000
Estimated Co-Funding by Grant beneficiaries	1 500 000
Total	201 500 000

6.85.7 Organisational set-up and responsibilities

The MINECOFIN and the (NAO), hold the overall responsibility for the preparation and transmission of disbursement dossiers, the fulfilment of the general eligibility conditions, the achievement of the performance targets and the disclosure of financial- and non-financial progress reporting. They will be responsible for the procurement and call for proposal identified in the budget above under indirect management with the Republic of Rwanda.

The Ministry of Agriculture and Animal Resources holds overall responsibility for the sector policy, sector coordination and implementation of the agriculture sector strategy and investment plan.

6.95.8 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this Action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring

system for the Action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the Action for the period covered. The report shall describe the implementation of the Action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by the corresponding indicators, using as reference the list of result indicators. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the Action. The final report, narrative and financial, will cover the entire period of the action implementation. The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

6.105.9 Evaluation

Having regard to the nature of the action, mid-term and final evaluations will be carried out for this action or its components via the implementing partners.

A mid-term evaluation will be carried out for learning purposes. It will have to be concluded before the 30 June 2018 so as to inform the preparation of Rwanda's 3rd Economic Development and Poverty Reduction Strategy (EDPRS-3), the 4th Strategic Plan for the Transformation of Agriculture in Rwanda (PSTA-4) and the 3rd Agriculture Sector Investment Plan (ASIP-3).

A final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the employment creation within agricultural high-value chains, the food and nutrition security in the country and the agro-environmental sustainability and socio-economic outcomes of agricultural intensification.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the Action.

Indicatively, 3 contracts for evaluation services shall be concluded in the 4th quarter of 2017 and the 4th quarter of 2019.

6.115.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, 3 contracts for audit services shall be concluded under a framework contract in 12/2017 and 12/2020.

6.125.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements. The Communication and Visibility

(C&V) Manual for European Union External Action shall be used to establish the C&V Plan of the Action and the appropriate contractual obligations. Indicatively, 1 service contract shall be concluded under a framework contract in the 3rd quarter of 2016.

76 PRE-CONDITIONS

N/A

APPENDIX - INDICATIVE LIST OF RESULT INDICATORS FOR BUDGET SUPPORT

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification
Overall objective: Impact	The overall objective of the Action to support the implementation of the government's economic development and poverty reduction strategy (EDPRS-2), thereby contributing to poverty eradication and promotion of inclusive and sustainable growth.	Successful implementation of the EDPRS-2 development strategy and achievement of key targets including "becoming a middle income country", measured by "GDP per capita", "Population below the poverty line" and "Population below the poverty line living in extreme poverty"	GDP per capita, baseline 658 US\$ (2012) Population below the poverty line, baseline 44.9% (2012) Population below the poverty line living in extreme poverty, baseline 24% (2012)	GDP per capita, target, 1,000 US\$ (2018) Population below the poverty line, target, <30% (2018) Population below the poverty line living in extreme poverty, target, 9% (2018)	EDPRS-2 Performance Assessment Framework (PAF)

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification
Specific objective(s): Outcome(s)	The specific objective of the Action is to support the government in implementing the agriculture sector strategy (PSTA-3), and in particular its contribution to the national development targets by enhancing food and nutrition security, the sustainable and efficient use of land and water resources, the development of agricultural high-value chains and the strengthening of PFM capacities in the agriculture sector.	<p>Successful implementation of the 3rd Strategic Plan for the Transformation of Agriculture (PSTA-3) and the corresponding 2nd Agriculture Sector Investment Plan, measured through the achievement of key targets aimed at increasing food- and nutrition security, rural income from agriculture, job creation in agricultural value chains and climate change resilience:</p> <ul style="list-style-type: none"> • Prevalence (%) of stunting in children aged 6-23 months • Proportion (%) of food secure households (<u>assessed through Food Insecurity Experience Scale</u>) • Average gross value added from agriculture per ha (in Rwandan francs/ha/year; in constant 2011 prices) • Total employment in export-oriented agricultural supply chains • Water storage (m³/capita) 	<p>Not available</p> <p>79% (2012) <u>to be determined</u></p> <p>1005272 547.000 (2013/14)</p> <p>Not available</p> <p>5m³ (2012/13) <u>to be determined</u></p>	<p>2016/17 Baseline (-) 4 percentage points 90% (June 2019)</p> <p><u>2015/16 baseline +33% 727.000</u> (June 2019)</p> <p>2015/16 Baseline +33% (June 2019)</p> <p>Baseline 2015/16 + 16% (June 2019)</p>	<p>Community-based growth monitoring CFSVA/NS 2018; Annual Panel Surveys; Seasonal Agricultural</p> <p>Mixed household (Integrated Agriculture Household and Panel Surveys) and enterprise (establishment) surveys</p> <p>GIS/Remote sensing and field verifications.</p>
	IO1: Increased health and nutrition of rural households through the promotion of diversified food types and food security initiatives and in rural households and the equitable delivery of Water-Sanitation-Hygiene (WASH) services.	<ul style="list-style-type: none"> • WASH Poverty Index • Community-based growth monitoring against stunting (% of children aged 6-23 months covered) • Proportion (%) of children aged 6-23 benefiting from nutrition sensitive social transfers 	<p>Survey methodology (2016)</p> <p>>80% (2015)</p> <p>unknown</p>	<p>Assessment in EICV-5 (June 2018)</p> <p>90% by June 2019</p> <p>90% by June 2019</p>	<p>EICV and Integrated Agricult. Household (HH) Survey; Health Management Information System;</p> <p>Social Protection MIS (MINALOC)</p>

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification
Induced outputs	IO2: Decreased vulnerability of rural households against the impact of climate change by increasing sustainable value creation through the efficient use of investments in production, irrigation and soil & water conservation.	<p><u>Proportion of farmers practicing irrigation on at least 0.1ha</u></p> <p>• % of farming households irrigating >0.1ha</p> <ul style="list-style-type: none"> Area under agroforestry on systems on gentle and steeply sloping land (ha) % of land terraced with public funds and handed over to farmers with an acceptable level of soil acidity (pH>5.2) 	<p><u>To be defined</u></p> <p>3% of cultivated land (2010)</p> <p>57.745 ha (2013/14)</p> <p>Very acidic soils occupy > 50% of Rwandan arable land (Soil Atlas)</p>	<p>2015/16 Baseline +33% (June 2019)</p> <p>150.000 ha (June 2018)</p> <p>90% (June 2019)</p>	<p>Integrated Agriculture Household Survey and annual panel surveys;</p> <p>MINAGRI, Rwanda Agriculture Board: GIS/Remote sensing and field verifications;</p> <p>External assessment (Soil Sampling Survey)</p>
	IO3: Increased sustainable income for farmers, cooperatives and SMEs through the development of horticultural- and other agricultural high-value chains and the business enabling environment (BEE).	<p>• Annual Horticulture gross sales of pre-cooperatives and cooperatives (USD Million, at constant 2013 prices)</p> <ul style="list-style-type: none"> Agriculture loan portfolio of Umurenge SACCOs and MFIs (in RWF Billion <u>per year at in</u> constant 2011 prices) Annual value of agro-processing by SMEs (RWF Billion at constant 2011 prices) 	<p>7.84 (2013/14)</p> <p>71.7 (Total portfolio, 2013/14)</p> <p>57 (Manufacturing of food, 2013/14)</p>	<p>15 (June 2019)</p> <p>2015/16 Baseline +33% (June 2019)</p> <p>2015/16 Baseline +33% (June 2019)</p>	<p>Update of 2013/14 census;</p> <p>Survey of 416 Umurenge SACCOs and MFIs;</p> <p>Census of agro-processing SMEs</p>

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification
	IO4: Increased PFM capacities in central- and local government for the planning, budgeting, monitoring, analysing and enabling investments in sustainable and inclusive agricultural growth.	<ul style="list-style-type: none"> Comprehensive Public Expenditure Review conducted according to standards (World Bank) in the agriculture- and adjacent (sub)-sectors Public Expenditure Tracking Survey (PETS) according to standards (World Bank) in the agriculture- and adjacent (sub)-sectors Sector Performance Audit according to ISSAI 3000-3100 in the agriculture- and adjacent (sub)-sectors Ratio of public spending on agriculture to agricultural GDP Total Volume of Public Spending on Agriculture by Districts Availability of output-, outcome- and impact data at household- and District level for public spending on agriculture 	<p>Last Agriculture PER took place in 2010</p> <p>Not available</p> <p>Not available</p> <p>Not available</p> <p>15.7% (Budget 2015/16)</p> <p>Not available</p>	<p>Completion by the end of Fiscal Years 2015/16 and 2018/19</p> <p>Completion by the end of Fiscal Year 2016/17</p> <p>Completion by the end of Fiscal Year 2017/18</p> <p>Annual increase (continued trend)</p> <p>Annual increase (continued trend)</p> <p>Available in June 2017</p>	<p>Validated Validated Public Expenditure Review documents</p> <p>Validated Public expenditure tracking system document</p> <p>Validated Audit document</p> <p>Budget Execution Reports & National Accounts</p> <p>District Budget Execution Reports;</p> <p>Integrated Agriculture Household Survey and annual panel surveys;</p>
Direct outputs	<p>DO1.1: Increased capacity in government to monitor annually the dietary diversity diversity and food security of rural households.</p> <p>DO1.2: Integration of the WaSH –Poverty Index as performance metric in the accountability framework at national- and District level.</p>	<ul style="list-style-type: none"> Design and implementation of a baseline and monitoring methodology to capture annual progress on Dietary Diversity and Food Security at National- and District-level <u>through the Food Insecurity Experience Scale</u>. Design and implementation of a baseline and monitoring methodology to capture annual progress on Water, Sanitation and Hygiene (WaSH) at National- and District-level. 	<p>Baseline and monitoring methodology not available</p> <p>Baseline and monitoring methodology not available</p>	<p>Availability <u>of the methodology</u> by June 2016;</p> <p>Availability by June 201<u>6</u>;</p>	<p>Document approved by Nutrition Technical Working Group and Social Cluster;</p> <p>Document approved by Nutrition Technical Working Group and Social Cluster;</p>

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification
	<p>DO2.1: Increased capacity at central- and local government for agricultural land use planning and monitoring.</p> <p>DO2.2: Increased capacities at central- and local government to identify, plan, design, implement and monitor public investments in soil and water conservation and irrigation</p> <p>DO2.3: Increased capacities of agricultural extensionists and frontline workers to promote good agricultural- and nutrition practices.</p>	<ul style="list-style-type: none"> Procurement of advanced technology for GIS-/Remote-sensing based land-use monitoring and data collection tools Trainings to central- and local government for agricultural land use planning and monitoring. Guidelines and protocols for the identification, formulation, design, monitoring and management transfers of public investments in soil and water conservation and irrigation. Crop growing protocols (translated into Kinyarwanda) and radio-spots for Good Agricultural Practice (GAP) for high-value agricultural crops. Technical assistance in the design and preparation of formal vocational training for community-based agricultural- and health frontline workers. 	<p>Request by Nat. Inst. of Statistics</p> <p>No training scheme in place;</p> <p>Several Ministerial orders;</p> <p>No validated protocols; no radio spots to promote GAP;</p> <p>Informal Training of Trainers (TOT)</p>	<p>Availability by December 2016;</p> <p>Training measures starting by December 2016 at latest;</p> <p>Guidelines approved by MINECOFIN and MINAGRI in June 2017.</p> <p>Availability for 20 horticultural crops captured by June 2017</p> <p><u>Vocational training centres in all 416 sectors</u> <u>All farmers promoters trained</u> by June 2018.</p>	<p>Supplementary background documents to annual surveys;</p> <p>Training reports;</p> <p>Guideline documents in the public domain;</p> <p>Protocols available in the public domain;</p> <p>Annual Report of Ministry of Public Service and Labour.</p>

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification
	<p>DO3.1: Increased capacity of public and private stakeholders to meet export requirements in high-value chains.</p> <p>DO3.2: Increased capacity in government to analyse and promote the accessibility of agricultural finance.</p> <p>DO3.3: Increased capacity in government to analyse and strengthen SME output in agricultural high-value chains.</p>	<ul style="list-style-type: none"> Establishment of food safety labs and testing equipment. N° of beneficiaries of trainings in SPS and other value chain quality standards. Establishment of a SACCO Cooperative Bank Census of agricultural loans through SACCOs and MFIs Census of agro-processing SMEs Census of horticultural producer organizations. 	<p>SPS needs assessment (2014/15); No training measuring place (2014/15)</p> <p>Bank not established;</p> <p>Last census: 2009</p> <p>No census available;</p> <p>2013/14 census;</p>	<p>Training measures starting in 2016; Food Safety System established by 2019;</p> <p>Bank established by 2017; Census by June 2016, June 2017, June 2018 and June 2019;</p> <p>Census in 2016, 2017, 2018 and 2019;</p> <p>Census updates in 2016, 2017, 2018 and 2019;</p>	<p>Training reports; External assessment;</p> <p>Initial deposit of 5 Rwandan francs billion; Census document in public domain;</p> <p>Census document in public domain;</p> <p>Census document in public domain.</p>
	<p>DO4.1: Improved availability of systems, tools, guidelines and knowledge for cost-effective and costs-efficient public spending on agriculture.</p> <p>DO4.2: Increased capacity in central government to design, conduct and analyse integrated agricultural household- and panel surveys.</p>	<ul style="list-style-type: none"> Proportion of Districts trained in PFM; Assessment of business processes among and within MINAGRI, its agencies and Districts; Establishment of the Agriculture Management Information System at central- and sub-national level; Integrated Agricultural Household sample-census; Annual Agricultural (modular) Panel Survey; 	<p>Random training measures;</p> <p>Assessment only for M&E processes (2015);</p> <p>Development phase ongoing (2015);</p> <p>Last census in 1984;</p> <p>No panel survey ever established;</p>	<p>Training measures starting in 2016;</p> <p>Comprehensive Key business processes assessment by 2017;</p> <p>MIS rolled-out to Districts by 2016 and Sectors by 2018;</p> <p>2016 sample census completed by 2017;</p> <p>Panel surveys in 2017, 2018, and 2019.</p>	<p>Training reports;</p> <p>Assessment report validated by MINAGRI and MINALOC;</p> <p>MIS outputs available in the public domain;</p> <p>Census document in the public domain;</p> <p>Panel surveys in the public domain.</p>



This action is funded by the European Union

ANNEX 3

of the Commission Decision on the Annual Action Programme 2015 in favour of Rwanda to be financed from the 11th European Development Fund

Action Document for Accountable Democratic Governance and Aid Management

1. Title/basic act/ CRIS number	Accountable Democratic Governance Programme FED/2015/038-031			
2. Zone benefiting from the action/location	Rwanda			
3. Programming document	EU – Republic of Rwanda National Indicative Programme (NIP) for the period 2014- 2020			
4. Sector of concentration/ thematic area	Accountable Democratic Governance			
5. Amounts concerned	Total estimated cost: EUR 14 000 000 Total amount of EDF contribution : EUR 14 000 000			
6. Aid modality implementation modality	Project approach Indirect management with the Republic of Rwanda			
7. DAC code(s)	15110 (Public sector policy and administrative management)			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention	Not	Significant	Main

	markers	targeted	objective	objective
	Biological diversity	■	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	■	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	■	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	■	<input type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagships	N/A			

SUMMARY

The Accountable Democratic Governance sector in Rwanda and the support options for future European Union (EU) support under the 11th European Development Fund (EDF) are linked to the Government of Rwanda "Economic Development and Poverty Reduction Strategy (EDPRS2) 2013-2018" aiming, among others, at strengthening public accountability, participation and service delivery.

The programme will have two components: Component 1 - Accountable Democratic Governance and Component 2 - Aid Management.

In line with the national development strategy and the Agenda for Change, the EU's proposed support will *enhance accountable governance* by promoting citizen participation and mobilisation for delivery of development [aid](#), strengthening public accountability and improving service delivery. Under component 1 (Accountable Democratic Governance), the institutions that are targeted by the EU support are active in reinforcing accountable and democratic governance: the Parliament, the Office of the Ombudsman, the Access to Justice Coordination Unit¹ in charge of coordinating the community-based Mediation Committees.

The *support to the Parliament* will aim at enhancing its capacity to play a more active role in overseeing the Government of Rwanda policy implementation and legislative reform.

The *support to the Office of the Ombudsman* will mainly enhance staff skills in the prosecution and investigation of corruption cases, and strengthen its role in terms of monitoring law implementation.

The *support to the Access to Justice Coordination Unit* will improve its capacity to coordinate the Abunzi mediation committees system and build up a functional reporting and monitoring mechanism.

Under Component 2 (Aid Management), the support will *strengthen aid management* for an enhanced national mutual accountability of aid and efficient aid delivery. Support will be provided to the National Authorising Officer (NAO) Support Unit at the Ministry of Finance and Economic Planning (MINECOFIN) that will benefit from direct funding of operational costs and capacity building interventions, aiming at reinforcing its capacities and ensure a proper implementation of EDF programmes across all the institutions benefiting from EDF funding.

¹ The Access to Justice Coordination Unit (previously the Abunzi Secretariat) is a unit under the Ministry of Justice that has recently been created and will coordinate the local level access to justice through the mediation committees. The Access to Justice Coordination Unit comprises: Director of Unit (1), District MAJ Coordinator (30), District MAJ Assistant (60) and Access to Justice M&E Officer (2).

EU support will help to enhance institutional and human capacity to hold public officers to account, and channel citizen participation in public policy-making. By reinforcing service delivery capacity, helping to build the necessary technical competences and skills, a more effective cooperation will result in good governance and better interaction between both state and non-state actors.

The design of the EU Accountable Democratic Governance support programme has resulted in a large and inclusive stakeholders' consultation process conducted during the identification and formulation phases, ensuring ownership, alignment, aid coordination and sustainability.

1 CONTEXT

1.1 Sector context

1.1.1 Public Policy Assessment and EU Policy Framework

Component 1: Accountable Democratic Governance. The national strategies in Rwanda are aligned to the objectives of Vision 2020's. The Government's national development strategy, the Economic Development and Poverty Reduction Strategy 2013-2018 (EDPRS2) is structured in four strategic thematic areas (i) Economic Transformation for Rapid Growth; (ii) Rural Development, (iii) Productivity and Youth Employment, and (iv) Accountable Governance and Foundational Issues.

In line with Vision 2020 Government commitment towards Governance, the EDPRS2 area of Accountable Governance focuses on strengthening citizen participation, awareness and demand for accountability, and effective service delivery. The Governance and Decentralisation Sector (G&DS) and the Justice Reconciliation Law and Order Sector's (JRLOS) strategic plans 2013/2018 define the priorities of inclusive democratic participation, effective citizen-centred service delivery and strengthened rule of law to promote accountable governance.

While the Ministries of Local Governance and Justice lead the sector strategies implementation and governance reforms, the Rwandan Governance Board (RGB) has been set up to promote the principles of good governance and decentralisation.

The National Legal Aid Policy, adopted in September 2014, has the vision to ensure indigent and vulnerable citizens access quality justice and realise their rights guaranteed by law. Though it is still not implemented, it has to be taken in consideration as it includes mediation committees among the legal providers. The Universal Period Review (UPR) exercise puts forward important governance reforms as the Government of Rwanda is committed to implementing its recommendations by October 2015 to achieve the promotion, protection and fulfilment of human rights.

Strengthening the service delivery capacity of public accountability mechanisms in the Parliament, the Office of the Ombudsman, and the Access to Justice Coordination Unit of the Ministry of Justice has the final objective of ensuring enhanced citizen participation and is in direct line with Rwanda's national strategic documents.

Component 2: Aid Management. Since 2001, the National Authorising Officer (NAO) Support Unit has been financed under the 8th, 9th and 10th EDF. During these past years, the NAO Support Unit has proven to be an effective instrument to support the Minister of Finance in discharging his responsibilities aiding the successful implementation of all EDF financed activities. A well-functioning NAO Support Unit is a prerequisite for the success of all EDF financed programmes.

1.1.2 Stakeholder analysis

Rwanda's bicameral Parliament has been in place since the promulgation of the 2003 Constitution and has been mandated to play a vital role in securing accountable governance for the citizens of Rwanda holding the Executive branch of government accountable for policy implementation and drafting and implementing legislation. The Parliament's strategic plan 2011-2015 outlines the need to support and enhance staff capacities, oversight and outreach of the Parliamentary Committees and more interaction with the media. In April 2011, the Public Accounts Committee (PAC) was established to examine financial misconduct within public institutions and report misuse of public funds to the parliamentary plenary to decide punitive measures. In 2012, the PAC reported² Rwf 9.7 billion lost in 2009–2010 as a result of weaknesses in government operations and made recommendations for reforms. Despite this, the Parliament is struggling to keep up with the Executive branch. Based on the 2013 end of legislature report of the Lower Chamber of Parliament 2008-2013, more than 96% of all laws originate from central ministries³. Furthermore, Parliament oral and written questions to ministries and agencies and committee hearings were very limited. The 2013 elections brought in an inexperienced group of 30 new members to the Parliament and the up-coming elections of 2018 are likely to introduce another significant number of new members. The Parliament is currently evaluating its strategic plan for 2010-2015 and should release its new strategic plan for the period 2016-2020 by the end of 2015.

The Government of Rwanda has recognised the importance of promoting dispute resolution at the community level, increasing access to justice to the population, decreasing backlog cases at the court level and improving social cohesion. In 2006 the Mediation Committees (Abunzi) were created with the task of mediating on some categories of disputes that may arise among people living in the same community. According to the 2010 Organic Law⁴, the Mediation Committees are intended to provide a framework for mandatory mediation prior to filing cases in ordinary court hearings at first instance. From the 30,768 Abunzi, 13,845 are women (45%). A change in the Law is under preparation and should bring a reduction of the amount of "Abunzi". Elections are planned in July 2015 where 30 % of the members of the Mediation Committees are expected to be re-elected. The challenges facing the Abunzi system include the number of cases they handle, the lack of education of the mediators, a system built on volunteerism and insufficient support from the Ministry of Justice. The lack of monitoring data about the kind of cases brought to mediation and the quality of the decisions taken have an impact on the effectiveness of Abunzi in providing legal access for citizens. A legal officer of the Access to Justice Coordination Unit was appointed to monitor the work of the mediation committees but does not have the necessary logistical means and capacity to undertake it.

The mission of the Office of the Ombudsman is "Leading the fight against corruption through public education, prevention and law enforcement". Its vision is a corruption-free and injustice-free Rwanda. It is designed to act as a link between the citizen and public and private institutions, to prevent and fight injustice and corruption, to monitor declarations of assets of senior officials/ political parties, and to monitor the implementation of the code of conduct of politicians and leaders. Under the current law, the Ombudsman is granted the power to prosecute, recover assets, request for review and enforce judgments. The bulk of the statutory responsibilities of the Office of the Ombudsman are a blend of investigatory and legal prosecutions, facing insufficient capacity related to advanced investigation techniques of serious

² World Bank Institute – Strengthening Parliamentary Oversight of National Budgets in Africa – Cases of Outcomes, p. 7, 2013.

³ The number of bills initiated by MPs in 2009 was 2, in 2010 it was 5, in 2011 it was 5, and in 2012 it was 1. The bills initiated by the Government of Rwanda were 70 in 2009, 69 in 2010, 76 in 2011 and finally 74 in 2012.

⁴ The Organic Law n° 02/2010 of 09/06/2010 on Organisation, Jurisdiction, Competence and Functioning of The Mediation Committee of 2010, repealing Organic law n° 31/2006 of 14/08/2006

corruption and money laundering crimes. The Ombudsman has also the mandate of monitoring the enforcement of the law relating to Access to Information⁵, a public law that enables citizens certain rights to access information from the public sector as well as the private sector.

By supporting the Parliament, the Office of the Ombudsman and the Access to Justice Coordination Unit, the EU will contribute to enhance citizen participation and oversight, increasing parliamentary outreach, legislative and oversight capacity and a more effective service provision. Direct beneficiaries are the Parliament, the Office of the Ombudsman, and the Ministry of Justice / Access to Justice Coordination Unit. The final beneficiaries are all Rwandan citizens, Civil Society Organisations (CSOs) and media, as accountable governance issues, and thereby service delivery, affect them. Other Programme stakeholders are: i) Local Government (District, Sector and Cell level, and their associations); ii) National Government (in particular the RGB); iii) Development partners and iv) National and international CSOs working in governance.

The Ministry of Finance and Economic Planning (MINECOFIN) Single Project Implementation Unit (SPIU) creation, which includes the NAO Support Unit, intended to ensure an effective institutional framework guiding the process of designing and implementing projects earmarked to fast track realization of development targets, envisaged in the various national development documents and policies. The SPIU hosts all projects in the MINECOFIN and coordinates the following projects: (1) the EDF NAO Portfolio, (2) Public Financial Management (PFM) Portfolio and (3) UN programme Support Fund. The EDF NAO Portfolio comprises the EDF financed standalone projects as well as general and sectors budget support implemented by different Ministries. Currently, EU support to the SPIU amounts to 65% of its total costs. The current staffing is composed of 21 persons⁶.

The NAO Support Unit staff needs to be strengthened in order to better coordinate and follow the EDF programme procedures. A proper training needs analysis is required on the skills level of the staff and institutions/ministry supported by EDF funds. The experience shows that a basic training on EDF rules is essential, but is not always sufficient to ensure successful implementation of programmes. The regular and individualised support of a technical assistant would be an efficient method to increase the quality of project documentation, including report writing and increase the quality of data collection and analysis.

1.1.3 Priority areas for support/problem analysis

Acknowledged in the EDPRS 2 (2013-2018), public accountability for Rwanda means ensuring that citizens and communities and stakeholders (CSOs, donors) monitor and track government actions and question impacting on development. The main weakness under EDPRS1 was that little effort was put in into mainstreaming citizen participation and empowering citizens to ask questions, especially to their elected decision-making representatives. The Governance and Decentralisation Sector Strategic plan 2013/2018 acknowledges that participation through decision making and demand for accountability from leadership is still low⁷. One of the challenges will be to ensure the accountability of institutions, allowing citizens more free access to information, providing and enabling the rights fora for raising questions, strengthening the relationship between citizens and institutions. The EDPRS2 stresses that Rwanda is facing both logistical and technical impediments to accountable governance reform. This manifests itself

⁵ Law N°76/2013 19/09/2013 on Access to information.

⁶ Confirmed positions : 1 SPIU Coordinator, 1 EDF Programme Manager, 1 PFM Reform Manager, 1 SPIU Finance manager, 1 EDF Infrastructure specialist, 1 Gender responsive budgeting specialist, 1 EDF Economy and Governance Specialist, 2 M&E Specialists, 2 Procurement Management Specialists, 3 SPIU Accountants, 1 Admin Assistant, 5 Project Drivers.

⁷ Ministry of Local Government, Governance and Decentralization Sector, Strategic Plan 2013/2014-2017/2018, at p. 30. The 2012 Citizen report Card highlights that monitoring of service and holding leadership accountable is at 44% while participation in the formulation of District Development Plans is at 26.7%.

through lack of sufficient technical expertise in dealing with priority issues such as fighting corruption, promoting democratic ethics and enhancing service delivery.

The Rwandan Parliament, as defined in the Constitution 2003, is built on a model which prioritises national unity and consensus building over competitive pluralistic politics. Registered political parties work collaboratively and their policy agendas are broadly aligned around the national development vision. The Parliament was given the role of overseeing implementation of government policies and strategies and the right to propose and formulate laws and is only adopting this role gradually. The challenges are to strengthen the Parliament's capacities to improve legislative drafting and its oversight role. It is proposed to improve the capacities of the researchers supporting the standing committees, the members of committees and the Members of Parliament (MPs). It is proposed to focus the support on the members of three targeted committees': the Committee on Agriculture, Livestock and Environment; on Economy and Trade for the Chamber of Deputies and on Economic Development and Finance for the Senate, aligning with the Rwanda NIP 2014-2020, taking into consideration the committees already supported by other donors. Another big challenge for the Parliament is to be more transparent and accountable in its work. This could be done by different ways of communication, and by making better use of information technology (IT). Furthermore, there is a need to ensure meaningful interactions with citizens to enable MPs to track the impact of the government's development programmes and initiate sensitive and responsive policy implementation changes answering to the needs of citizens.

The Office of the Ombudsman addresses and investigates the complaints of citizens' vis-à-vis inefficient public management, injustice, cases of corruption, abuse of public office, and violation of human rights. While the number of complaints made has been reportedly increasing, the Office was given more responsibilities to address governance abuses and violations in the country, putting strain on its limited resources. The challenge exists to strengthen the capacity of human resources in relation to upgrading their investigatory skills. Regarding the Ombudsman's new mandate to monitor the implementation of the Access to Information law, there is a need to inform the population about the content of this law as to date it is only being used by the media, as well as to develop a monitoring and evaluation (M&E) system for monitoring laws implementation and to respond quickly and efficiently to the citizens' complaints.

The community-based Mediation Committees are known for facilitating accessible, affordable and speedier justice to numerous citizens. They help rural Rwandan citizens resolve their disputes, especially land-related conflicts that remain highly sensitive in the context of the resource-poor local communities. Having been operational for more than ten years there is the opportunity to evaluate and capitalise on the work undertaken by the Abunzi. There is also a necessity for Rwandans to clearly define the future of the Mediation Committee's work, which is considered as a success story. Impact evaluation could provide the necessary analysis for the preparation of a long-term and sustainable vision for the work of the mediation committees, taking into account the major challenges they are facing, handling an ever-increasing number of cases. The system needs more efficiency and coordination, implying a reliable system assisting the Ministry of Justice in tracking the quantity and quality of the Abunzi decisions. The Ministry of Justice needs to be more accountable to the population and give more information in terms service delivered (national and decentralised level), by the MAJ and the mediation committees.

1.2 Other areas of assessment

N/A.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
1. Parliament doesn't recognise the importance of its oversight role.	Medium	Support given in this programme will focus on building the capacity of the Members of Parliament (MPs) through providing them with the skills to perform their work. It will reinforce this by also up-skilling the Parliamentary researchers. This will be consolidated by making available sufficient support to ensure that commissioned in-depth studies can be executed in support of the MPs who sit on committees.
2. The absorptive capacity of the Parliament is weak.	Medium	The programme comprises support for improving the programming and managing skills of the staff of the Parliament and also a monitoring system through regular meetings of Technical Committees (TCs) and Programme Steering Committees (PSCs).
3. The Office of Ombudsman is no longer independent and not able to fulfil its mandates.	Low	The likelihood of this happening is considered low as both the Government of Rwanda and Development Partners have considerable focus on the independence of the function of the Ombudsman.
4. The Office of the Ombudsman hasn't enough financial / human resources to fulfil its mandates	Low	Policy Dialogue will be held with the Government to ensure that the Office of Ombudsman receives the required budget and human resources to implement its new mandates.
5. The Mediation Committee system becomes redundant due to arbitrary decisions and corruption, not meeting expectations, resulting in decisions not being respected.	Medium	It is recognised that the Abunzi system is built on volunteerism and that it has a five year basis turnover of members. The EU will ensure policy dialogue through the Justice sector in order to ensure that Abunzi perform their mandate according to the law.
6. The NAO Support Unit doesn't have the sufficient human resources to fulfil the mandate	Low	Policy Dialogue will be held with the Government of Rwanda ⁸ to ensure better coordination of EU funded projects and that the needed human resources are in place.
Assumptions		

⁸ The policy dialogue will be done for instance through the Country Planning Portfolio Review meeting organised on regular basis between the EU Delegation and the Ministry of Finance and Economic Planning.

1. The Parliament continues to play a role in Rwanda's political system.
2. Acceptance of the Abunzi Mediation Committee as an alternative dispute resolution mechanism.
3. The Office of the Ombudsman is granted required staff and budget to perform its new mandates.
4. The NAO Support Unit will continue to have in place the required human resources.

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

The previous EU support to Parliament has focused on strengthening Parliamentary Committees and outreach of Members of Parliament (MPs). One lesson learnt is that a mechanism for a close monitoring should ensure that actions are implemented according to the initial plan. Actually, during the previous programme estimate periods it was difficult for the Imprest administrator, member of the administration of the Senate, to obtain authorization from the Parliamentary standing committees to proceed with the agreed programme of trainings. From this first experience, the need appears for monitoring the MPs outreach activities to guarantee the impact of the support (defining clear term of reference of the mission and end of mission reporting mechanisms). The proposed support should also pay due attention to the capacity building of the Parliamentary administrative staff in relation to the management and planning of activities in order to achieve all the results of the programme.

Currently, data collected⁹ on cases handled by the Mediation Committees only focuses on the quantity and doesn't give qualitative information on the type of cases, the beneficiaries, quality of the decisions. Most of the support for training and logistics for the Mediation Committees have been provided by CSOs and no global capacity building plan for the Mediation Committees has been prepared. A process of harmonisation of the different training tools for the Abunzi (developed mainly by CSOs) is undertaken, under coordination of the Ministry of Justice. The Access to Justice Coordination Unit needs to be strengthened in order to draw on and capitalise on the lessons learnt from 10 years' experience. There is a need to define a clear long-term strategy of the Mediations Committees, increasing information and communication on the Abunzi system and better coordinating and monitoring their activities. Such initiatives will hopefully improve reliability and sustainability on the Alternative Dispute Resolution system.

The Office of the Ombudsman has, until now, focused on minor rather than major corruption cases. The capacity of the Office needs to be strengthened so that it can fully meet its mandate having critical gaps in its corruption investigation and prosecution functions. Capacity to handle more complex investigations and prosecutions of corruption cases have to improve throughout the various public and semi-public agencies.

From the experience of the last EDF support, on-going training on the EDF rules remains necessary, mostly for the new Imprest administrator and Imprest accountants of the institutions and line ministries implementing EDF projects. The proposed method is to develop a basic training course at the beginning of the programme and then to follow up the intervention through on-the job coaching in the implementation and monitoring of the programme.

⁹ In 2013-2014, 45,285 cases were received by Mediation Committees country wide, among of them 36,940 were civil cases, and 8,345 were penal cases. 36,441 cases were mediated and closed by Abunzi (80.5% of the total cases received)⁹. It is important to note that Abunzi played a role in reducing the backlogs in the formal courts.

3.2 Complementarity, synergy and donor coordination

On the basis of the Division of Labour, several Development Partners are supporting the accountable and democratic governance reforms in Rwanda.

The EU has been supporting the Parliament for the last four years. This support focused on capacity building of Parliamentary committees and staff as well as funding for outreach activities linked to the MPs' contact with citizens in the districts. The United Nations Development Programme (UNDP) is supporting the Parliament to strengthen the legislative and oversight role (2013-2018). The UK Department for International Development (DFID) supported the Public Accounts Committee (PAC) and the Budget Committee¹⁰ until 2014 and still supports it through a support programme with the Office of the Auditor General (OAG). The Office of the Ombudsman and the Abunzi Mediation committees fall under the JRLO sector and benefitted from the EU, Belgium and The Netherlands budget support programme from 2009. The Dutch Embassy resumed justice sector budget in 2014¹¹.

The Netherlands and UNDP are currently providing the main support to the Justice sector. The Mediation Committees benefitted from training support through some local and international NGOs/CSOs funded by the EU, The Netherlands and Sweden. EU support to the Accountable Economic Governance sector and support to engage Civil Society in governance processes are being planned and formulated in parallel with the support to this programme.

3.3 Cross-cutting issues

Human Rights

The human rights based approach is paramount for this proposed EU support. Therefore, in the implementation of the programme and the developing of the capacity building activities, due attention shall be paid in order to enable the Parliament to ensure that legislation being passed is based on human rights principles and doesn't discriminate against vulnerable people. The Abunzi system has to ensure that fairness and equity is observed, specifically when it relates to women, children and land issues. The analysis of the best practices of the Mediation Committees should be undertaken according to different criteria, especially gender based violence and respect of human rights principles. The Ombudsman needs to ensure that vulnerable groups and women are not discriminated against in Government decisions.

Gender equality

Rwanda has a good record of ensuring gender equality in terms of representation and formal rights. It is important to ensure that, in the implementation of the programme, the needs and interests of men and women are addressed equally. For example, communication strategy of the different institutions should take into account the specific needs of the public and develop specific strategies to reach gender equality. The Parliament policymaking process, procedures, and draft laws should be gender sensitive, based on gender analysis. Some indicators contained in the logical frameworks are gender disaggregated.

¹⁰ DFID, Rwanda Parliamentary Accountability Programme (PAP), Review 2014.

¹¹ 20.000.000 Euros for 4 fiscal years.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

The overall programme objective is to enhance accountable governance by promoting citizen participation and mobilisation for delivery of development aid, strengthening public accountability, improving service delivery.

Specific objectives and results.

Component 1: Accountable Democratic Governance

SO 1: *To build strong proximity between the elected representatives and the population in guaranteeing the respect for fundamental human rights, democracy and good governance (Support to the Parliament).*

R 1.1: Planning and implementation management skills of the administration staff of the Parliament enhanced. R 1.2: Oversight role of Parliament enhanced by encouraging and assisting the Parliament's ability to play its oversight and accountability roles more openly and effectively. R 1.3: Legislative drafting capacity developed thereby supporting the ability of Parliament to play a more active and critical role in evaluating, contributing and complementing the drafting of legislative bills. R 1.4: Public outreach increased by demonstrating the relevance of its role and its work to the general public (the Rwandan media, NGOs, civil society groups, trade unions and members of the public).

SO 2: *To reinforce Justice delivery at local level by strengthening the alternative dispute resolution mechanisms (Support to the Access to Justice Coordination Unit).*

R 2.1: Develop a long-term vision for the Abunzi Mediation Committee system guiding the future work of the Abunzi, ensuring that the system is sustainable; R 2.2: Capacity of the Access to Justice Coordination Unit for reporting on the activities of the alternative dispute resolution mechanism enhanced to facilitate the outreach and interaction between different levels of administration; R 2.3: Awareness of the population raised with respect to the services delivered by the Ministry of Justice, the mediation committees and the Access to Justice Coordination Unit and demand for accountability increased.

SO 3: *To enhance the capacity of the Office of the Ombudsman in providing and guaranteeing equal opportunities, economic freedom and competition and preventing and fighting all forms of injustice and corruption (Support to the Office of the Ombudsman).*

R 3.1: Institutional capacity and individual staff capacity for investigating corruption cases and injustice complaints enhanced to strengthen the capacity of the Office for prosecutions and investigation of cases. R 3.2: Capacity of the staff strengthened and built to meet statutory obligations for more effective measures for monitoring and auditing public and semi-public institutions, including support to its mandate in relation to the monitoring of the implementation of the Access to information law and any relevant laws. R 3.3: The internal management and planning capacity is strengthened. R 3.4: Public awareness about the fight against corruption and injustice risen to support public information about its other mandates.

Component 2: Aid Management

SO 4: *To strengthen aid management and aid delivery (Support to NAO Support Unit).*

R 4.1: NAO Support Unit is more effective. R 4.2: Capacity of the NAO Support Unit staff and of line ministries and institutions strengthened.

4.2 Main activities

Component 1: Accountable democratic governance

Support to the Parliament: A1. Assistance to the implementation of the strategic plan. A2. Capacity building and training of parliamentary staff working with parliamentary oversight committees (parliamentary researchers and parliamentary committee members). A3. Capacity building of Members of Parliament (MPs) in relation to oversight function and legislative drafting. A4. Development and implementation of a communication and citizen participation strategy plan for parliament's outreach activities regarding its role to the public.

Support to Access to Justice Coordination Unit: A1. Assessment of Abunzi mediation committees' activities and development of a strategic long-term vision and policies for a sustainable Alternative Disputes Resolution (ADR) mechanism. A2 Creation and implementation of a functioning reporting system on Abunzi mediation committees' activities. A3. Development and implementation of communication and citizen participation strategy on the services delivered by the Ministry of Justice, the MAJ and the mediation committees.

Support to the Office of the Ombudsman: A1. Corruption assessment studies. A2. Building the capacity in investigation techniques and equipment. A3. Development and implementation of a monitoring mechanism on the Access to information law and other relevant laws. A4. Review of the internal management systems and procedures and preparation of an up to-date internal management procedures manual. A5. Development and implementation of communication and citizen participation strategy to prevent and fight all forms of injustice and corruption.

Component 2: Aid management

Support to NAO Support Unit: A.1. Provide operational support for strengthening the ability of the NAO Support Unit to deliver under its mandate A.2. Building the technical capacities of the NAO and also line ministries/institutions staff working with EDF programmes/projects.

The NAO Support Unit will benefit from direct funding of operational costs and capacity building interventions.

4.3 Intervention logic

Support to Parliament: Through the activities strengthening the technical capacity of staff supporting committees and of the MPs, the Parliament should be more able to fill its oversight and legislative missions for and on behalf of the population. The number and the quality of the MPs interventions supported by the committees should improve e.g. increased parliamentary questions, increased number and better contributions to bills. The proposed outreach activities should enable the Parliament to demonstrate the importance of its role to the public, strengthen the proximity and upward relationship between the MPs and citizen. The MPs should work closer with the population and be able to lead genuine citizen consultation processes. Available information on the activity of the Parliament should be more transparent and accessible. Those results will help to increase the trust of citizens in the Parliament as guarantor of their rights. The intervention should contribute to the global objective of enhancing accountability, promoting citizen participation in decision making, holding government to account.

Support to Access to Justice Coordination Unit of the Ministry of Justice: Through the evaluation of the 10-years' experience of the mediation committees and through the analysis of the best practices, the Ministry of Justice shall have a clear view on the impact of the ADR on the social cohesion of the population and on the justice delivery at local level. On the basis of the lessons learnt from the past, the development of a long term Vision will permit the government to develop strategies that ensure Abunzi initiative efficiency, high quality and sustainability. Through the support to enhance the monitoring and reporting system on the work provided by the mediation committee, with the support of the (MAJ), the Ministry of Justice will

have a commonly agreed revised monitoring scheme which will make the Ministry of Justice and MAJ more able to follow not only the quantity of work of the Mediation Committees, but also to ensure that the ADR is protecting the individual rights of the citizens. Outreach activities should enable the Ministry of Justice to be more accountable to the citizen and give more information on the different services delivered at local level. Finally, the intervention should contribute to the global objective of enhancing accountable governance by strengthening public accountability, increasing the quality of the services delivery in the ADR mechanism and citizen participation in using the mechanism to solve their problems.

Support to the Office of the Ombudsman: Through the proposed activities aiming at strengthening the Office's technical capacity, especially for investigating, for monitoring the laws and for sensitising the population, the Office will be more able to fulfil its new mandates. The corruption assessment studies will permit the Office to have a better understanding of the corruption phenomenon in general and, in different sectors, to develop benchmarks, to be able to follow the progress in the fight against corruption and to propose adaptation in anti-corruption policies. The capacity building in investigation techniques and equipment should develop the skills of the investigators of the Office of the Ombudsman relating to advanced investigation techniques of serious corruption and money laundering crimes, but also to work more efficiently and respond quickly to citizens' complaints. Through the development and implementation of monitoring mechanism on Access to the information law and other relevant laws, the Office will be ready to reply quickly and efficiently to the expected demand for information by the population. The outreach activities should enable raising public awareness about the fight against corruption and injustice, and about some relevant laws. The expected results should contribute to enhance the global capacity of the Office of the Ombudsman as guarantor of equal opportunities, economic freedom and competition and key actor in preventing and fighting all forms of injustice. Finally, the intervention should contribute to enhance public accountability by supporting the oversight role of the Ombudsman. This should in turn contribute towards improving the citizens' participation in the fight against corruption and injustice.

Support to the NAO Support Unit: Through the proposed support of the NAO Support Unit, its capacity to monitor and coordinate the EDF programmes will be strengthened, as well as the capacity of the line ministries and institutions to implement the programmes, contributing to strengthen aid management and aid delivery, aligned to the national policies, enhancing public accountability and ameliorating services delivering by the different institutions.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is **48 months** from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of Regulation (EU) No 322/2015.

5.3 Implementation of the budget support component

N/A.

5.4 Implementation modalities

5.4.1. Indirect management with the partner country

This action with the objective of “*Enhance accountable governance by promoting citizen participation and mobilisation for delivery of development aid, strengthening public accountability, improving service delivery*” may be implemented in indirect management with the Republic of Rwanda in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012 applicable by virtue of Article 17 of Regulation (EU) 2015/323 according to the following modalities.

The partner country will act as the contracting authority for the procurement and grant procedures. The Commission will control ex ante all the procurement procedures except in cases where programme estimates (PE) are applied, under which the Commission applies ex ante control for procurement contracts above EUR 50 000 (or lower, based on a risk assessment) and may apply ex post control for procurement contracts up to that threshold. The Commission will control ex ante the contracting procedures for all grant contracts.

Payments are executed by the Commission except in cases where PEs are applied, under which payments are executed by the partner country for ordinary operating costs, direct labour and contracts below EUR 300 000 for procurement and up to EUR 100 000 for grants.

The financial contribution covers partially, for an amount of EUR 1,250,000, the ordinary operating costs incurred under the PEs for the component 2 (Aid management).

In accordance with Article 190(2)(b) of Regulation (EU, Euratom) No 966/2012 and Article 262(3) of Delegated Regulation (EU) No 1268/2012 applicable by virtue of Article 36 of Regulation (EU) 2015/323 and Article 19c(1) of Annex IV to the ACP-EU Partnership Agreement, the partner country shall apply procurement rules of Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012. These rules, as well as rules on grant procedures in accordance with Article 193 of Regulation (EU, Euratom) No 966/2012 applicable by virtue of Article 17 of Regulation (EU) 2015/323, will be laid down in the financing agreement concluded with the partner country.

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission’s authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6 Indicative Budget

Modules	EU contribution (amount in EUR)
5.4.1 Indirect management with the Republic of Rwanda composed of (indicative amounts):	
<i>Component 1 Accountable Democratic Governance</i>	8 500 000
<i>Support to the Parliament</i>	2 000 000
<i>Support to the Access to Justice Coordination unit of the Ministry of Justice</i>	3 250 000
<i>Support to the Office of the Ombudsman</i>	3 250 000
<i>Component 2 Aid management</i>	2 000 000
<i>Support to the NAO Support Unit</i>	2 000 000
<i>Technical Assistance to the Programme</i>	1 750 000
5.9 Evaluation, 5.10 Audits	500 000
5.11 Communication and visibility	250 000
Contingencies	1 000 000
Total	14 000 000

5.7 Organisational set-up and responsibilities

A Programme Steering Committee (PSC) shall be responsible for setting policy direction and overall political responsibility for delivering the programme strategies and outputs. The membership of the committee shall consist of the following: the NAO representative, the Senate representative, the Chamber of Deputies representative, the Ministry of Justice representative, the Office of Ombudsman representative and the EU representative as observer. The Ministry of Finance and Economic planning shall chair the PSC. The PSC shall meet every six months.

Three different TCs – one for the Parliament, one for the Access to Justice Coordination Unit and one for the Office of the Ombudsman - shall be responsible for all technical follow-up on the programme activities and for overseeing implementation of activities. The TCs will monitor performance through financial and narrative reports submitted by the ministries and institutions. The chair of the TCs will be the NAO representative. The TCs shall meet every three months. The membership of the TCs shall consist of the following for:

- a) the Parliament : NAO representative, Clerk of the Senate, Clerk of the Chamber of Deputies, one MP, one Senator, chairpersons of the three selected committees, Imprest Administrator and Imprest Accountant and technical assistants/ EU representative as observers;
- b) the Access to Justice Coordination Unit of the MINIJUST: NAO Representative, Director Access to Justice Coordination Unit of the Ministry of Justice, Imprest Administrator and Imprest Accountant and technical assistants/ EU representative as observers;

c) the Office of the Ombudsman: NAO representative, Director of Preventing and Fighting Injustice Unit, Permanent Secretary in the Office of the Ombudsman, Imprest Administrator and Imprest Accountant and technical assistants/ EU representative as observers.

The Secretariat for the PSC and the TCs will be provided by the NAO Support Unit.

5.8 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of the action's implementation, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) measured by corresponding indicators, using as reference the list of result indicators (for budget support). The report shall be laid out in such a way to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the nature of the action, a **mid-term** and a **final** evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out for learning purposes, in particular with respect to help the entities to adapt the strategies and to improve the implementation of the remaining actions until the end of the project. The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account, in particular, the fact that for some institutions it is a first support and that new innovative actions are tested.

The Commission shall inform the implementing partner at least one month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities. The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project. Indicatively, two contracts for evaluation services shall be concluded in the 8th and the 15th quarter of the execution period.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, four (4) contracts for audit services (one per ministries/institutions) shall be concluded at the end of every programme estimate.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. This action shall contain communication and visibility measures which shall be based

on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

6 PRE-CONDITIONS

N/A.

APPENDIX - INDICATIVE LOGFRAME MATRIX “ACCOUNTABLE DEMOCRATIC GOVERNANCE PROGRAMME” UNDER 11TH EDF

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for listing the activities as well as new columns for intermediary targets (milestones) when it is relevant and for reporting purpose on the achievement of results as measured by indicators.

The technical assistance support to the programme implementation will have to up-date and complete the indicators, baselines, and targets of the logframe in consultation with the stakeholders at the beginning of the programme implementation.

	Intervention logic	Indicators	Baselines (2012)	Targets (2020)	Sources and means of verification	Assumptions
Overall objective: Impact	<i>Enhance accountable governance by promoting citizen participation and mobilisation for delivery of development aid, strengthening public accountability and improving service delivery.</i>					Security in Rwanda in the region is stable National political situation is stable
Specific objective(s): Outcome(s) Outcome(s)	<i>Specific objective 1: To build strong proximity between the elected representatives and the population in guaranteeing the respect of fundamental human rights, democracy and good governance</i>	Number or % of new laws which, as bills, were a) accompanied a written technical analysis, opinion papers, and/or legislative study; and b) were the subject of a public hearing. Number or % of substantial legislative bills emanating from the legislature. Number or % of legislative bills drafted by the executive that are substantially amended by the legislature	Base line over the 2009-2013 parliament tenure: 18 oral/written questions ; 1 Hearing before Committees; 3 Commissions of Inquiry; 4% of the bills initiated by MPs	40% of new law 20% 20%	Parliament statistic and reporting	The Parliament continues to play a role in Rwanda's political system

	<i>Specific objective 2: To reinforce Justice delivery at local level by strengthening the alternative dispute resolution mechanisms</i>	Increase in the % of cases (disaggregated by gender, age and type) received and settled by Mediation Committees (Abunzi) inline with national and international laws, especially human rights principles.	80 % ¹²	85%	Statistics provided by the Access to Justice coordination Unit and shadow reports of CSOs	Acceptance of the Abunzi Mediation Committee as an alternative dispute resolution mechanism
	<i>Specific objective 3: To enhance the capacity of the Office of Ombudsman in providing and guaranteeing equal opportunities, economic freedom and competition and preventing and fighting all forms of injustice and corruption</i>	Increase in the % of number of cases (desegregated by gender and age) where action taken with respect to number of corruption cases and injustice complaints reported to the Ombudsman per year	68% of corruption cases and injustice complaints where action taken against number of cases reported	80% of corruption cases and injustice complaints where action taken against number of cases reported	Statistic provided by the Ombudsman, shadow report of CSOs	The Office of the Ombudsman is granted the required staff and budget needed to perform its new mandates

¹² Ministry of Justice, Action plan 2015-2016

	Specific objective 4: To strengthen aid management and aid delivery	Average procurement/payment period for EDF financed projects	2015 EUD information : 326 EDF invoices 77 contracts 37 recovery orders 1 call for proposals	to be defined at the beginning of the programme	CRIS	The NAO Support Unit will continue to have in place the required human resources
	Results of the Sub-component 1 : Parliament R1.1: Planning and implementation management skills of the administration staff of the Parliament enhanced R1.2: Oversight role of Parliament enhanced by encouraging and assisting the Parliament's ability to play its oversight and accountability roles more openly and effectively. R1.3: Legislation and drafting capacity developed and thereby support the ability of Parliament to play a more active and critical role in evaluating, contributing and complementing the drafting of legislative bills. R1.4: Public outreach increased by demonstrating the relevance of its role and its work to the general public (the Rwandan media, NGOs, civil society groups, trade unions and members of the public).	The strategic plan 2016-2020 is in place % of activities undertaken under the new strategic plan 2016-2020 Number of resolutions submitted by standing committees approved in CD plenary sessions Number and quality contributions to the bills. MP's perception in their capacity of contributing in drafting bills and legislative procedures. Number of submissions and petitions presented	Not yet available as the evaluation is going to take place by the end of the year Not available Not available	70% 130 resolutions submitted by committee approved per year 150 contributions to the bills per year 200 submissions	Monitoring report on the strategic plan 2016-2020 Parliaments reports (both chambers) Parliaments reports (both chambers)	The strategic plan 2011-2016 is clearly defined and can be implemented Parliament recognise the importance of its oversight role Parliament recognise the importance of its legislative function

		by citizens and CSOs The number of open public hearings in which citizens and citizen groups participate. The average number of meetings legislators hold with NGOs or constituents per week or per month.	Not available	and petitions presented by citizens per year	Parliaments reports (both chambers) CSOs reports	The population trust the Parliament and follows its work
	<p>Results Sub-component 2 : Access to Justice Coordination Unit of the Ministry of Justice</p> <p>R2.1: A sound long-term Vision and policies for an alternative dispute resolution mechanism developed to define a long-term strategy for the Abunzi Mediation Committee system that will guide the future work of the Abunzi and ensure that the system is sustainable.</p> <p>R2.2: Capacity of the Access Coordination Unit for reporting on the activities of the alternative dispute resolution mechanism enhanced to facilitate the outreach and interaction between different levels of administration.</p> <p>R2.3: Awareness of the population raised on the services delivered by the Ministry of Justice, the mediation committees and the MAJ and demand for accountability increased</p>	<p>The ADR sound long-term vision and policies are endorsed by the ministry and implemented.</p> <p>Reliable data existing on the Mediation Committees work Effective monitoring and evaluation system of the work of the Mediation Committees (quantity and quality) Reporting tools developed and implemented. Reliable quality and</p>	<p>Not available</p> <p>Not available</p>	<p>Long-term Vision available and partially implemented</p> <p>300 field visits per month of the Abunzi by the Access to Justice Coordination Unit</p> <p>4 field visits of the Access to Justice Coordination</p>	<p>Statistics of the MINIJUST CSO reports</p>	<p>The definition of the long term Vision and policy for Alternative Dispute Mechanism strategy is given the required priority by the MINIJUST</p> <p>The communication facilities are in place at all level</p>

		<p>quantity data on Abunzi's activities are made available on regular basis (monthly basis)</p> <p>User perception of Abunzi justice increased. Monitoring reports produce par MINIJUST on Abunzi's activities are publicly accessible.</p>	76.05% satisfied	Unit per year 85% satisfied	RGB Abunzi Assessment CSO reports MINIJUST web site	The institutions are prepared to receive citizen complains
	<p>Results Sub-component 3 : Office of the Ombudsman</p> <p>R3.1: Institutional capacity and individual capacity of the staff for investigating corruption cases and injustice complaints enhanced to strengthen the capacity of the Office of the Ombudsman for prosecutions and investigation of cases.</p> <p>R3.2: The capacity of the staff of the Office of the Ombudsman strengthened and built to meet statutory obligations, including support to its mandate in relation to the monitoring of the Access to Information laws as well as any relevant laws.</p>	<p>Number of corruption cases and injustice complaints where action is taken by Ombudsman increased by 5% every year (with disaggregation by gender)</p> <p>Number of access to information request % of requests where information has been provided % of requests where information has been</p>	<p>Annual report Office of the Ombudsman 2012 Number of injustice cases received at: - Ombudsman's Office: 1,428 - Field : 2,589 Total : 4,017 Number of corruption cases :117 Number of cases where action taken: 2,755 (68, 8%)</p> <p>19 requests since the beginning of the new mandate of the Ombudsman</p>	<p>Action will be taken on 90% of injustice and corruption cases received</p> <p>Action will be taken on 95% of cases received</p>	<p>Annual activity report of the Office of the Ombudsman Cross checked using interviews with CSO and legal professionals</p> <p>Annual activity report of the Office of the Ombudsman Cross checked using interviews with</p>	<p>The required capacities are in place</p> <p>Implementation measures are in place but don't limit</p>

	<p>R 3.3: The internal management and planning capacity of the Office of the Ombudsman is strengthened.</p> <p>R 3.4: Public awareness about the fight against corruption and injustice raised to support public information and sensitisation in fighting and preventing corruption and injustice cases.</p>	<p>refused (disaggregation by gender) Number of complaints on the Leadership Code of Conduct and investigated (disaggregation by gender)</p> <p>Number of internal meetings Number of activity reports Number of work plans</p> <p>Number of cases reported to Ombudsman Office Number of cases reported to Ombudsman Office increased by 5% every year</p>	<p>No internal procedures manual available</p> <p>Annual report Office of the Ombudsman 2012 Number of written cases reported to Ombudsman :1,428 Number of complaints collected on the spot: 2,589 Total : 4,017</p>	<p>One internal meeting per week 1 yearly and 12 monthly work plans</p> <p>5,000 cases reported</p>	<p>CSO and legal professionals</p> <p>Meetings minutes Activity reports Work plans</p>	<p>the scope of the law</p> <p>The required resource capacity are provided</p> <p>Communication infrastructure is in place</p>
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	Results Component 2 : Support to NAO Support Unit R 4.1: NAO Support Unit is more effective R 4.2: Capacity of the NAO Support Unit staff and of line ministries and institutions strengthened	Respect of the agreed timing for delivery of documents Number of documents respecting the PRAG rules Number of quarterly reports which can allow NAO Support Unit and EUD to follow the implementation of the FA, the PE and the indicators of the logical framework Number and quality of issues raised at Country Portfolio Performance Review meeting		To be defined at the beginning of the programme	Timing PRAG rules Financing Agreement Logframe PE Quarterly reports PSC meeting reports TC meeting reports CPPR meeting reports	Country Performance Portfolio Reviews take place on regular basis Low human resources turnover of the human resources
	Activities Parliament R1.1-A1. Assistance to the implementation of the strategic plan	Short Term TA effectively recruited Yearly work plan and budget developed and implemented Yearly training plan available			Activities report Mission report of the TA	
	R1.2-A2.Capacity building and training of parliamentary staff working with parliamentary oversight committees (parliamentary researchers and parliamentary committee members)	Number of training sessions Number of beneficiaries (disaggregated by gender) Training manual available Number of committee's studies undertaken			Activity reports of the Parliament	
	R1.3-A3. Capacity building of MPs in relation to oversight function and for legislative	Number of training sessions			Quarterly and annual reports	

	drafting	Number of beneficiaries (disaggregated by gender) Training materials available			of the Parliament Activities report	
	R1.4-A4. Development and implementation of a communication and citizen participation strategy plan for parliament's outreach activities regarding its role to the public	Communication plan available Feasibility study assessment of the IT resources Number of people beneficiary from the outreach activities (disaggregated by gender) Number of outreach activities undertaken			Quarterly and annual reports of the Parliament (both chambers) Missions reports of the TA	
	Activities Access to justice coordination unit R2.1-A1. Assessment of Abunzi mediation committees' activities and development of a strategic long-term vision and policies for a sustainable ADR mechanism	Impact evaluation available Long term vision developed Number of participatory workshops with stakeholders			Quarterly and annual report MINIJUST	
	R2.2-A.2 Creation and implementation of a functioning reporting system on Abunzi mediation committees' activities	An study on the best practice available Manual about the best practices available A revised M&E system available ST TA contracted Number of participatory workshop Number of training on the new M&E scheme Number of beneficiaries for the training (with			Mission report of the TA Quarterly and annual report of the MINIJUST	

		disaggregation by gender) Number of transport means available				
	R2.3-A3. Development and implementation of communication and citizen participation strategy on the services delivered by the Ministry of Justice, the MAJ and the mediation committees	Communication plan available Number of outreach activities undertaken Outreach tools available Number of beneficiaries (disaggregated by gender)			Mission report of the TA Quarterly and annual report of the MINIJUST	
	<i>Activities Office of the Ombudsman</i> R3.1-A1. Corruption assessment studies	Corruption assessment study available Three specific corruption assessment available				
	R3.1-A2. Building the capacity in investigation techniques and equipment	Training plan available Number of training sessions Training manual available Number of equipment available			Quarterly and annual reports of the Office of the Ombudsman	
	R3.2-A3. Development and implementation of monitoring mechanism on Access to information law and other relevant laws	Plan to monitor the laws available	Not available		Document available	
	R3.3-A4. Review of the internal management systems and procedures and preparation of an up to-date internal management procedures manual	Procedure manual available	Not available		Document available	
	R3.4-A5. Development and implementation of communication and citizen participation strategy to prevent and fight all forms of injustice and corruption.	Number of people beneficiary from the sensitization activities Number of written complaints	Not available Activity report 2013		Quarterly and annual reports of the Office of the Ombudsman	

		Number of complaints collected on the spot (district) Number of complaints collected through cybercafé	1.033 written complaints 386 collected on the spot			
	Activities Support to NAO Support Unit R4.1-A.1. Provide operational support for strengthening the ability of the NAO Support Unit to deliver under its mandate	An IT project management tool operational Operational support is available Equipment			Activity reports Quarterly reports	
	R4.2-A.2. Building the technical capacities of the NAO and also line ministries /institution staff working with EDF programmes/projects	Training plan available Number of training sessions Number of beneficiaries Training manuals available Number of training and coaching missions			Idem Reports of the TA	