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# ANNEX

of the Commission Decision on the individual measure in favour of Rwanda to be financed from the 11<sup>th</sup> European Development Fund (EDF)

Action Document : Accountable Economic Governance Support Programme

## ACTION DOCUMENT

1. Title/basic number	Accountable Economic Governance Support Programme CRIS number RW/FED/ <u>037</u> -656 financed under the 11 <sup>th</sup> EDF			
2. Zone benefitting from the action	Rwanda			
3. Programming Document	EDF11 – National Indicative Programme (NIP) 2014-2020			
4. Sector of concentration/thematic area	Public Finance Management and Statistics			
5. Amounts concerned:	EUR 20 000 000 (4.4% of NIP)			
6. Aid implementation and modality	Indirect Management by the Government of Rwanda			
7. DAC codes	15111 Public Finance Management and 16062 - Statistical Capacity Building			
8. Markers (from CRIS form)	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	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"/>

	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	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"/>
<b>9. Global Public Goods and Challenges (GPGC) thematic flagships</b>	Human Development (health, education, gender equity, employment)			

## SUMMARY

The aim of the *Accountable Economic Governance Support* programme is to contribute to the improved management and oversight of public finances as well as the enhanced collection, analysis and provision of statistical information in Rwanda, by building the organisational and operational capacity of four institutions, namely the Ministry of Finance and Economic Planning (MINECOFIN), the Rwandan Revenue Authority (RRA), the Office of the Auditor General (OAG) and the National Institute for Statistics (NISR). In doing so, the programme will contribute to achieving pro-poor inclusive growth, strengthened accountability of government to its citizens and improved public service delivery, as foreseen in the National Indicative Programme (NIP 2014-2020).

Component 1 is aimed at ensuring improved domestic resource mobilisation, planning and execution of the state budget as well as enhancing the transparency and oversight of public financial management activities. Component 1 will be implemented through indirect management, with EU funds allocated to an operating basket fund supporting reforms of MINECOFIN, as well as two sub-funds earmarked for the modernisation efforts and capacity building of RRA and OAG. Component 1 is co-financed in parallel by the United Kingdom's Department for International Development (DFID) the German Development Bank (KfW) and a government contribution.

Component 2 will focus on ensuring that the collection, analysis and dissemination of official statistical data and information in Rwanda are aligned to international standards in order to inform policy-making and to provide accurate monitoring and evaluation. Component 2 will also be implemented through indirect management, with EU funds allocated to a separate government executed basket fund which supports the modernisation strategy of the NISR called the National Strategy for the Development of Statistics II (NSDS 2). Component 2 is co-financed in parallel by DFID.

The programme is fully in line with EU cooperation priorities in Rwanda as is set out in the NIP 2014-2020, while improved governance is one of the main priorities of the *EU Agenda for Change*. The programme is seen as complementary to and reinforcing sizeable planned budget support operations in the energy and the rural development sectors as well as an EU programme to support accountable democratic governance in Rwanda (under AAP 2015).

## 1 CONTEXT

### 1.1 Country context

Rwanda has experienced two decades of rapid economic growth and significant declines in poverty. In the first decade of the 21<sup>st</sup> century Rwanda had the tenth fastest growing economy in the world, with economic growth rates averaging 7%, allowing the country to reach a per capita gross domestic product (GDP) of USD 718 in 2014. Rwanda's economic transformation has been accompanied by a remarkable reduction in poverty, albeit from a high starting point. Income poverty fell from 59% in 1993 to 39% in 2014 according to government figures. Rwanda is also on track to achieve almost all the Millennium Development Goal (MDGs) by the end of 2015. Despite these achievements, extreme poverty remains high and persistent, particularly in rural areas where many households have incomes very near the poverty line and remain vulnerable to economic shocks. Rwanda's poverty profile indicates that women are more affected by poverty and vulnerability to poverty than their male counterparts.

In "Vision 2020", the government outlines its long term objective of attaining middle-income country status by 2020 and, in so doing, reduce income poverty levels to less than half their current levels. Vision 2020 has been operationalised through a series of medium-term national socio-economic development plans, behind which all sector and sub-sector plans align. The government's current socio-economic agenda is outlined in the second Economic Development and Poverty Reduction Strategy (EDPRS II). This policy document prioritises four interlinked thematic areas for the period 2013-2018, namely (a) economic transformation from a low productivity agricultural base, to a more industrial, diversified and high productivity economy; (b) reducing rural poverty and improving the quality of life and economic wellbeing of people living in rural areas; (c) improving productivity and youth employment; and (d) strengthening accountable governance and enhancing public accountability, transparency and efficiency in resource allocation and service delivery. A number of foundational and cross-cutting issues underpin the four thematic areas, including reinforced evidence-based planning processes, improved communication and information flows between government and citizens, as well as strengthened public financial management.

Meeting the aspirations of EDPRS II will be challenging in light of the current economic context, with Rwanda's small, open economy having been subject to bouts of macroeconomic turbulence in recent years. As an aid-dependent country, Rwanda also faces the challenge of sustaining high growth in a context of uncertain Official Development Assistance (ODA) flows. Rwanda has limited fiscal space with which to finance its development agenda, and lower than expected resources (tax and ODA) have led to recurrent fiscal deficits and necessitated that the government contain investment spending in recent years, which in turn undermine the government's ability to deliver on its social policy objectives. Developing appropriate evidence-based policy responses to improve planning and resource allocation, as well as to enhance the effectiveness and efficiency of public finances is essential for delivering the ambitious growth and development objectives outlined in EDPRS II.

#### 1.1.1 Public Policy Assessment and EU Policy Framework

On the basis of the priority areas identified in the EDPRS II, all Ministries, Agencies and Departments have developed their respective 5-year modernisation plans.

##### The Public Financial Management Sector Strategic Plan (PFM SSP)

The government's PFM reform programme is articulated in the PFM SSP for the period 2013-2018. The PFM SSP outlines 7 inter-related programs and 23 subprograms, which address all elements of PFM cycle (see [Table 1](#)). Each programme identifies expected outcomes as well as specific actions and outcome indicators.

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**Table 1: SSP PFM programmes and sub-programmes**

<i>Programme</i>	<i>Subprogram</i>
1 Economic planning and budgeting	1.1 National development planning
	1.2 Economic policy formulation
	1.3 Public investment programming
	1.4 Policy-based budgeting
2 Resource mobilization	2.1 Tax policy
	2.2 Tax administration
	2.3 External finance
3 Budget execution, internal control, accounting, and reporting	3.1 Budget execution
	3.2 Treasury management
	3.3 Internal audit
	3.4 Accounting and reporting
	3.5 Public procurement
	3.6 Fiscal risk management in public enterprises
4 External oversight and accountability	4.1 External Audit
	4.2 Legislative Oversight
5 Electronic service delivery and IFMIS	5.1 Integrated Financial Management System (IFMIS)
	5.2 Integrated Personnel and Payroll System (IPPIS)
6 Fiscal decentralization	6.1 Resource mobilization by decentralized entities
	6.2 Facilitation of fiscal transfers
	6.3 Strengthening of PFM systems and capacity at subnational level
7 PFM sector coordination and management	7.1 Sector coordination and management
	7.2 Coordination of human resource training and capacity building
	7.3 Monitoring and evaluation

Source: MINECOFIN

The Ministry of Finance and Economic Planning (MINECOFIN) leads on PFM reforms and oversees its implementation in Rwanda. In addition, two autonomous agencies that play a key role in PFM modernisation, namely the Rwanda Revenue Authority (RRA) and the Office of the Auditor General (OAG) have each further elaborated sub-sector reform strategies for their respective areas, which are aligned to the PFM SSP.

The PFM SSP and associated sub-sector strategies are considered sufficiently relevant and credible by development partners, not least because: they are in full alignment with the medium-term national development objectives outlined in the EDPRS II; they are informed by the 2010 Public Expenditure and Financial Accountability (PEFA) assessment and they incorporate the lessons from past reform efforts. Their development was led by the government in close cooperation with development partners and they are considered to propose appropriate solutions to key challenges. A mid-term review of the PFM SSP is planned for early 2016, after the conclusion of 2015 PEFA update. An updated PFM SSP is expected to further increase the relevance of PFM reform efforts in the period up to and beyond 2018 and will provide updated baselines and targets for measuring progress.

*The 2nd National Strategy for the Development of Statistics (NSDS II)*

The government's current plans for the modernisation of the national statistics system are articulated in the second National Strategy for the Development of Statistics (NSDS II). NSDS II outlines a set of priorities and actions aimed at improving the range, quality and timely dissemination of key statistics, with a view to further ingrain the culture of evidence-based policy and decision making. NSDS II identifies six strategic objectives, as can be seen in [Table 2](#).

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**Table 2: NSDS II programmes and sub-programmes**

Objectives	Subprogram
1 Strengthen civil registration system, administrative records, surveys and other sources of data	1.1 Strengthen vital statistics
	1.2 Strengthen administrative records
	1.3 Strengthen surveys, censuses and other sources of data
	1.4 Strengthen processes concerning data capture and production
2. Improve quality and dissemination of statistics and public statistical literacy	2.1 Improved quality of statistical data
	2.2 Improved dissemination of statistics and public statistical literacy
3. Improve statistical advocacy and integrate use of statistics in decision making	3.1 Policy and decision makers engaged in setting the statistical agenda
	3.2 Strengthened engagements with data users
4. Develop capacities within the National Statistical System (NSS)	4.1 Strengthened human resource management in NISR
	4.2 Human resources development within NSS
	4.3 Strengthened IT infrastructure for NISR and NSS
	4.4 Strengthened Physical assets of NISR
	4.5 Strengthened knowledge management within NSS
	4.6 Efficient implementation of NSDS II
5. Consolidate coordination within NSS	5.1 Improved coordination of statistical concepts and methods
	5.2 Strengthened coordination of statistical activities

6. Improve resources mobilization and build strategic partnerships	6.1 Effective resource mobilization for activities in the NSS
	6.2 Efficient resource management
	6.3 Strategic partnerships built

*Source: NSDS II*

NSDS II seeks to improve statistical advocacy and integrate the use of statistics in decision making by providing the evidence under which background sector policies will be elaborated. NSDS II is aligned to national development priorities articulated in the EDPRS II and its ultimate goal is to build a robust National Statistical System (NSS) that includes the National Institute for Statistics (NISR) and other providers of official statistics (line Ministries and public agencies) as well as users and data suppliers (public and private organisations, Non-Governmental Organisations as well as research and training institutions involved in statistics).

### **1.1.2 Stakeholder analysis**

The design of this programme has been undertaken through a lengthy consultation process with development partners involved in national PFM and statistics reform and the government.

The main programme counterparts will be four key institutions, namely the Ministry of Finance and Economic Planning (MINECOFIN), the Rwandan Revenue Authority (RRA), the Office of the Auditor General (OAG) and the National Institute for Statistics (NISR) at central and sub-national levels. The programme will be implemented through indirect management and will allow a high degree of coordination among concerned development partners and their strong alignment with the Government's PFM and Statistics strategies. It will ensure Rwandan ownership and leadership in programme implementation, which should, in turn, increase the probability of delivering long-term sustainable improvements to PFM and statistical systems and practices.

As users of public finance and statistical information, direct beneficiaries of the programme include, in the first instance, the government's core planning and economic management institutions, who will be provided with timely and better quality information with which to make evidence-based decisions, as well as oversight institutions, non-governmental organisations, private sector organisations and the general public, who will be provided with more accurate information with which to participate in decision-making, monitor performance in the government's reform efforts and ultimately hold the government to account.

### **1.1.3 Priority areas for support/problem analysis**

EU support to Rwanda under the 11<sup>th</sup> EDF aims to underpin the government's second EDPRS II. The 11<sup>th</sup> EDF NIP 2014-2020 for Rwanda focuses EU support on three focal areas, namely: (i) sustainable energy; (ii) sustainable agriculture and food security; and (iii) accountable governance. NIP 2014-2020 specifies that EU support in the third focal area focus on (i) improving evidence-based policy design and the monitoring and evaluation of policy implementation; and (ii) strengthening the effectiveness, efficiency and transparency of public financial management.

In light of planned sector reform contracts in the area of sustainable energy and sustainable agriculture, EU support under this programme will focus on improving coherence between national and sector strategies, the Medium Term Expenditure Framework / Budget Framework Paper (MTEF/BFP), and the annual budget process. The government has set up a three-year rolling budget projection by Agency, Program and Sub-Program. However, capacity constraints in planning and budgeting in Rwanda mean that the MTEF/BFP do not as yet serve as a firm basis for the preparation of realistic medium-term sector plans, which is a core issue that this programme will seek to resolve.

Rwanda is an aid dependent country, with grants making up 35.5% of government revenues in 2013/2014. Rwanda's performance in domestic revenue mobilisation also remains below that of its neighbours in the East African Community (EAC). The Rwandan leadership have repeatedly articulated the importance of building 'self-reliance, by enhancing domestic resource mobilisation and decreasing reliance on aid. Improving the tax system and increasing tax collection levels is therefore a policy priority for government, while both the NIP 2014-2020 and *Agenda for Change* highlight the importance of enhanced domestic revenue mobilisation and good governance in the tax area. EU support in this area will help to broaden the tax base and increase taxpayer compliance, while further strengthening tax administration. This programme will also provide capacity building to address inadequate professional skills and improve IT systems. Improving coordination and information-sharing with other public bodies will also be a priority for EU support, particularly in terms of ensuring consistency between revenue targets, tax policy and tax incentives as well as greater efforts to improve the quality of revenue forecasts.

A further focus of EU support to improved public finance management will be in the area of budget execution, accounting, and reporting. While in-year budget reporting has improved, with reasonably accurate data and the reconciliation of banking and fiscal records, the 2015 OAG audit report highlights persistent deficiencies in internal control procedures, leading to frequent errors and irregularities. A priority area of EU support will therefore be on improving the internal audit function. Moreover, shortcomings in Rwanda's public accounting regulations will be addressed in order to improve the flow of timely and accurate budgetary information between government ministries, provinces and the public. Rwanda has increased its level of fiscal transparency, with budget plans and execution reports increasingly being made public. However there is still room for considerable improvement, particularly in relation to content and presentation of published financial information. Public access to budget information and opportunities to participate in the national budget process are limited.

EU support will also focus on improving the oversight of public financial management in Rwanda. Although the scope and quality of external audits has improved considerably, audit coverage has expanded and the percentage of audit recommendations fully implemented has steadily increased, the OAG continues to suffer from high staff turnover and staff generally lacks adequate professional accounting qualifications. EU support in this area will focus on building institutional capacity and improving staff retention, introducing modern audit tools and techniques to automate and standardize OAG's audit processes with a view to further improve the scope and coverage of the external audit.

Despite significant achievements in recent years, there remain several gaps and challenges for the Rwandan NSS, and improvements are needed in terms of quality and timeliness of statistical information. Currently, policy-makers, development partners and civil society are all constrained by the available evidence-base to under-pin the formulation and monitoring of development policies and programmes. This programme will therefore focus on developing the capacity of the overall NSS to improve the range, quality and usefulness of key statistics that will inform policy-making and policy-appraisal. EU support will address data gaps, enhance the range and frequency of statistic surveys and ensure that survey data is further disaggregated to better assess poverty and income inequality dynamics as well as deepening understanding of the social context in Rwanda.

EU assistance will also ensure that the concept of a coordinated NSS is embedded, and methods, definitions and standards are harmonised across the NSS. EU support will aim to institutionalise quality assurance mechanisms and improve coordination and harmonisation within the National Institute of Statistics (NISR), and between NISR and other official producers of statistics in Rwanda. Within the NSS, significant weaknesses in terms of statistical capacity still exist, with only a limited number of professional statisticians at NISR and within other public institutions. As a result, comprehensive capacity building in statistics at all levels will also be the focus of EU support. In light of the planned sector reform contracts in sustainable energy and sustainable agriculture, the EU programme will seek to support statistical capacity and data quality at sectoral level in order to improve the availability, quality and timeliness of specific statistics.

The priorities highlighted above are reflected in the expected results outlined below.

## 1.2 Other areas of assessment

N/A.

## 2 RISKS AND ASSUMPTIONS

The main risks to the programme are identified in [Table 3](#), below:

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**Table 3: Main risks to the Accountable Economic Governance Programme**

Risks	Risk Level (H/M/L)	Mitigating measures
Insufficient high level commitment to PFM and statistics reform	Low	Modernisation of national PFM and statistics systems remains a government priority. Commitment to reforms to be maintained through high-level policy dialogue with government counterparts
Reform strategies too ambitious relative to existing capacity and financial resources available	Medium	Joint (government and development partners) reviews ensure reform strategies are relevant and credible and informed by diagnostic work. Annual work plans and budgets will align programmes with capacity
Insufficient funding for reform strategies results in slower implementation and/or the dropping of key components	Medium	Joint (government of Rwanda and development partners) annual reviews will ensure that priorities are aligned to available funding, supported by agreed work plans and budgets
Government counterpart funding of PFM and Statistics reform strategies is redirected to other priorities as a result of reduced aid flows and weak domestic revenues	Medium	Biannual reviews provide the opportunity to reprioritise activities in line with available budgets
Insufficient capacity in counterpart institutions and/or Single Project Implementation Unit (SPIU) to manage the basket fund and coordinate the reforms resulting in slower and/or less effective implementation	Medium	Quarterly performance reporting Technical Working Groups against agreed set of indicators. Basket fund management arrangements reinforced by DP financing of SPIU.
Insufficient number of skilled and experience staff able to implement and sustain reforms, particularly at sub national levels	Medium	Implementation of an extensive training and learning programme with regular assessment of achievements and effectiveness
Competent staff leave Government service resulting in a critical skills gap in PFM and statistics functions	Medium	Continued support of professional and vocational training to produce a larger 'pool' of competent staff, sufficient in numbers to cope with resignations



Other development partners prove reluctant to join in meaningful coordination and alignment through established government structures	Low	Regular dialogue will be maintained with other DPs. All are signed up to Paris and Accra declarations.
Policy makers and decision takers unwilling or lack capacity to use fiscal information and statistics	Low	Use of statistics and relevant fiscal and economic embedded in monitoring processes, and strong government commitment to evidence-based policy making.
<b>Assumptions</b>		
<ul style="list-style-type: none"> <li>• Stable macroeconomic environment</li> <li>• Continued level of commitment to PFM and statistics reform over the medium-term</li> <li>• Continued funding of PFM and statistics reform by government and donors</li> </ul>		

### 3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

#### 3.1 Lessons learnt

The programme builds on lessons learned from the EU support provided under the 10<sup>th</sup> EDF, and its development has been informed through broad consultation with other stakeholders and development partners.

Financial aid provided through government-led basket funds has been a funding mechanism adopted since 2010 by several development partners involved in the areas of PFM and Statistics, and is the preferred modality of government. This approach has proved effective in terms of policy dialogue and the aid effectiveness agenda (coordination, harmonisation and alignment), while strengthening national ownership towards the supported reforms.

The current reform strategies for PFM and Statistics, the PFM SSP and NSDS II respectively, reflect the lessons learnt from the implementation of prior reform programmes. The remaining key weaknesses in PFM and Statistics systems identified during diagnostic assessments have been prioritised in the new reform strategies and their action plans (see section 1.1.3). Particular emphasis has been placed on the logical sequencing, prioritisation and costing of reforms as well as on capacity development and retention of staff responsible for the design and implementation of PFM and statistics reforms. Efforts have also been made to improve the result frameworks of the concerned reform action plans.

The programme will build on previous assessments and evaluations of management procedures, performance monitoring, reporting, and policy dialogue mechanisms attached to the basket funds. Weaknesses in the operational and strategic management have been identified and are progressively addressed.

#### 3.2 Complementarity, synergy and coordination

The programme, with its overall aim of improving service delivery and better accountability of government to its citizens, is both supportive and complementary to ongoing and planned EU programmes, notably sector reform contracts in the agriculture and energy sectors. In particular, Component 1 will seek to strengthen budget planning and execution at central and sectoral levels, improve fiscal transparency and support the Office of the Auditor General's (OAG) efforts in external audit. Component 2 will aim to provide high quality statistical data and information that will support the development of coherent sector strategies as well as play a key role in monitoring implementation performance and service delivery.

This programme and the planned EU Accountable Democratic Governance (ADG) programme will be mutually reinforcing. The ADG programme targets institutions on the demand side of fiscal and statistical information, particularly the Parliament and the Ombudsman (the anti-corruption watchdog), and as such will exert demand-pull pressure on this programme. The ADG programme also includes a specific component to support the Single Programme Implementation Units (SPIU) within the National Authorising Office (NAO), who will be coordinating PFM and statistics reform efforts.

This programme has been developed in conjunction with the main development partners directly and indirectly supporting the basket funds for PFM and statistics, namely DfID and KfW, and in consultation with the other development partners and stakeholders active in the field of PFM and statistics such as the World Bank in order to avoid potential overlapping and duplication. During implementation, synchronisation with other development partners is to take place formally - within the respective PFM and statistics Partnership Groups and technical working groups (see section 5.5) – as well as informally through regular and ad-hoc development partner meetings and consultations.

### 3.3 Cross-cutting issues

***Democracy & good governance:*** One of the programme's main aims is to contribute to the quality of policy development and service provision in Rwanda, by providing relevant and timely information and evidence to decision-makers. The programme also seeks to improve the legitimacy of democratic processes in Rwanda and facilitate the oversight role of the Parliament and the general public by improving the quality and availability of financial and statistical information on progress in the government's reform agenda and on service delivery. The programme will pay specific attention to ensuring improved fiscal transparency.

***Gender:*** Gender equality is well reflected in Rwandan policy documents, with a clear commitment to reducing inequalities. Currently, all ministries and districts are required to submit gender budget statements during budget formulation. By strengthening PFM and statistics, the programme is expected to have a positive impact on gender inequality and improve both the quality and targeting of service delivery for women and men. Reforms which strengthen the sex-disaggregation of data, better use of evidence in decision-making and which improve linkages between policy, resource allocation and performance monitoring will support the government to design and implement inclusive policies more effectively.

***Climate change and environmental sustainability:*** This programme is not expected to have a direct impact on the environment. Support to national statistical systems under Component 2 (statistics) has strong potential to improve the availability and use of statistics to inform environmental policies and planning decisions, and monitor their implementation, and thereby contribute to environmental sustainability. Opportunities for mainstreaming climate change concerns into Component 1 (PFM) are low with little or no scope for dialogue on climate change related topics under the current PFM basket fund institutional set up (see section 5.5 below).

## 4 DESCRIPTION OF THE ACTION

### 4.1 Objectives/results

The **general objective** of the programme is to strengthen the public accountability and improve public service delivery in Rwanda, as foreseen in the NIP (2014-2020), by improving the government's ability to design, implement and monitor its economic and social policies and by ensuring the efficient, effective and transparent use of public resources.

The **specific objectives** relate to the successful implementation of the government's reform strategies on PFM and statistics: the PFM Sector Strategic Plan (SSP) and the National Strategy for the Development of Statistics (NSDS II). The special objectives are therefore twofold. The first specific objective is to improve the governance of public funds by strengthening the organisational and operational capacity on

public finance, revenue mobilisation and audit in three key institutions, namely Ministry of Finance and Economic Planning (MINECOFIN), Office of the Auditor General (OAG) and Rwandan Revenue Authority (RRA). The second specific objective is to improve statistical capacities of institutions to provide evidence-based policy-making and monitoring in Rwanda that will enable the National Institute of Statistics (NISR) and the overall National Statistical System (NSS) to produce good-quality and timely official statistics for informed policy making and accurate monitoring and evaluation of development results in Rwanda.

#### **4.2 Main activities**

The expected results are derived from a prioritisation of the relevant government reform strategies with a specific focus on 6 expected results. Activities will be defined in the annual work plans respectively prepared by MINECOFIN, RRA and OAG for PFM and by the NISR for the NSDS II implementation. The annual work plans will be approved by the PFM Technical Working Group (PFM TWG) for the PFM SSP and by the NSDS Steering Committee for Statistics in accordance with the terms defined in the respective Memoranda of Understanding to be signed between the partners signatories to the basket fund arrangements.

Prioritisation of the relevant government reform strategies, sub-programmes and action plans will be discussed between the government and the relevant donors in order to identify actions to be financed and monitored in the context of each fiscal year. Financing will come from the state budget and the basket funds to which the programme will contribute, including the earmarking funds to the PFM sub-baskets funds for OAG and RAA.

**Component 1** will support the MINECOFIN, OAG and RRA in the implementation of their respective modernisation strategies. The four expected results of Component 1 focus on the expected benefits attributed to specific PFM SSP reforms.

**Expected Result 1 – Improved economic planning and budgeting systems and practices, leading to a stronger link between expenditure and policy objectives, increased predictability of funding, and allowing service providers to better plan and provide higher quality services.**

##### *Indicative activities*

- *Institutionalise and strengthen the processes and structures to support multi-year macroeconomic and fiscal planning including medium term expenditure frameworks (MTEF), programme and performance base budgeting,*
- *Strengthen the planning and budgeting processes to better link sector strategies to budgets and costing of programmes,*
- *Improve public investment management.*

**Expected Result 2 – Improved domestic resource mobilisation to fund public expenditure in support of inclusive economic growth**

##### *Indicative activities*

- *Reforming the tax regulatory framework, with a view to broadening tax base,*
- *Strengthening and streamlining tax administration, through the modernisation of organisation, management and equipment at national and sub-national/districts levels.*
- *Enhancing tax forecasting and analysis of tax data.*

**Expected Result 3 - Improved budget execution and monitoring, leading to more efficient use of public finances and making it difficult for public resources to be diverted from their intended use.**

##### *Indicative activities*

- *Ensuring the publication of timely budget information including budget citizen's guide,*
- *Improving the quality and timeliness of in year budget monitoring and financial reports,*
- *Enhancing accounting procedures and reporting,*
- *Strengthening internal audit standards and procedures and building capacity of audit staff at national and sub-national level.*

**Expected Result 4 – Improved scope, coverage and independence of external audit at national and sub-national level as well as alignment with highest international audit standards**

***Indicative activities***

- *Training staff to modern audit techniques and oversight,*
- *Strengthening capacity of district councils in terms of fiduciary external oversight, automation and standardisation of audit processes,*
- *Establishing an internal audit department within OAG.*

Component 1 will also contribute to cross-cutting results related to the improvement of human resource policies, management and coordination with regards to PFM staff in the public administration at national and subnational level: institutionalisation of staff skills and capacity development, staff mobilisation deployment and retention measures. Capacity building activities will be taken from the “PFM learning and development strategy”, which is currently being finalised.

**Component 2** will further enhance capacities of Rwanda's National Statistical System – with NISR at its apex – to provide timely, high-quality information to decision-makers and stakeholders. The two expected results of Component 2 focus on the expected benefits attributed to specific reforms under NSDS II.

**Expected Result 5 - Accessibility of official statistics improved and relevant, high-quality statistical information provided to meet user needs, including policy makers and planners, civil society the private sector and the general public**

***Indicative activities***

- *Strengthening of civil registration systems and ensuring up-to-date and timely statistics,*
- *Enhancing data collection and production as well as geographical information systems,*
- *Updating the meta data handbook and data quality assessment framework,*
- *Consolidation and expansion of the National Statistics Institute's (NISR) open data initiative and maintenance of National Data Archive (NADA).*

**Expected Result 6 - Capacity within the National Statistical System enhanced through human resource development, improved knowledge, information and financial resources management practices, and upgraded infrastructures and equipment.**

***Indicative activities***

- *Improving the organisational structure and development performance systems of NISR,*
- *Enhancing skills development and training programmes,*
- *Strengthening information management systems for learning and knowledge sharing,*
- *Developing and improving the IT infrastructure.*

An initial logical framework is attached (see Appendix 1). The logframe will be updated and adapted in accordance with the annual work plans and emerging priorities. Since the PFM SSP covers the period 2013-2018, and the NSDS covers the period 2014-2019 successor strategies will be defined to cover the period beyond 2018 and 2019 respectively. A mid-term evaluation of the programme in the 2017-2018 fiscal year is expected to dovetail with the 5-year planning cycles of the Rwandan government and the development of new sector strategies (see section 5.7). This is expected to lead to an amendment to the logical framework.

#### **4.3 Intervention logic**

Political and economic reforms since the 1994 genocide have transformed Rwanda from one of the poorest countries in the world to a country aiming to achieve lower middle income country status by 2020. Rwanda's track record on socio-economic development and institutional reform is impressive, and government ownership of the reform process is strong. Effective PFM and statistics systems, as well as strengthened domestic resource mobilisation, are foundational issues that are critical to the success of the government's broader socio-economic reform agenda as outlined in Economic Development and Poverty Reduction Strategy (EDPRS II). Moreover, the Government of Rwanda regards PFM and statistics systems and processes as key to development policy making and monitoring, effective and efficient functioning of the public sector, and improvement of service delivery to the population while contributing to more accountable use of public resources.

Both the PFM Sector Strategic Plan (SSP) and the second National Strategy for Development of Statistics (NSDS II) are considered by development partners as relevant and credible because: (i) they are informed by rigorous diagnostic work; (ii) they incorporate the lessons learned from the implementation of the previous strategies; (iii) the formulation of the strategies was fully led by government in close cooperation with other stakeholders; (iv) they address many of the key weaknesses in a sequenced and prioritised manner; (v) both strategies are fully costed; and (vi) robust performance monitoring systems are in place. The priority areas of EU support identified above will help sharpen the focus on a select number of core reform areas and improve the effectiveness of MINECOFIN, OAG, RRA and NISR by strengthening their organisational capacities.

The government-led "basket fund" arrangement is well established in Rwanda, and the EU has already made use of such arrangements in the past. The Memorandum of Understanding (MoU) for the PFM basket fund and sub-funds was co-signed by the government, DfID and KfW in July 2014. At present there is a bilateral MoU between NISR and DFID on the statistics basket fund, which will serve as the basis for a new MoU which will be co-signed by the government, DFID and the EU.

MoUs to be signed by all the partners in both basket funds, set out the respective roles, responsibilities and obligations of all the funders; outline common systems and procedures; as well as performance monitoring and reporting requirements. The use of two PFM sub-funds will contribute to: (a) strengthen domestic revenue mobilisation and increase the predictability of revenues over the medium term, while reducing the country's reliance on external support; and (b) strengthen oversight and accountability of public spending.

## **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 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) 2015/322.

### **5.3 Implementation of the budget support component**

N.A.

### **5.4 Implementation modalities**

#### **5.4.1 *Indirect management with the beneficiary country***

This action may be implemented in indirect management with the Government 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. This implementation entails that both components will be implemented through a joint co-financing mechanism with the Government of Rwanda and other development partners. As a result of a positive pillar compliance assessment, the implementation modality will be three Pooled Funds managed by respectively MINECOFIN, OAG and RRA in the case of Component I (Public Finance Management) and a fourth Pool Fund managed by the National Institute of Statistics of Rwanda in the case of Component II (Statistics) in accordance with beneficiary procedures.

The procedures for the pooled fund will be set out in a Memorandum of Understanding, signed by at least the Government of Rwanda and the European Commission and this will be a pre-condition for the disbursement of EU funds.

This implementation is justified because providing support to PFM and Statistics through pooled fund mechanisms is the most effective approach in terms of policy dialogue, coordination, harmonization and alignment as well as strengthening national ownership towards the supported reforms. Additionally, pooled funds are the preferred funding mechanism for the Government of Rwanda.

The entrusted entity would carry out the following budget-implementation tasks: conducting procurement and managing the resulting contracts as well carrying out payments to contractors according to Government of Rwanda's procedures.

The entrusted Partner Country's organisation is currently undergoing the ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012, applicable by virtue of Article 17 of Regulation (EU) 2015/323. The Commission's authorising officer responsible deems that, based on the compliance with the ex-ante assessment based on Regulation (EU, Euratom) No 1605/2002 and long-lasting problem-free cooperation, the Partner Country's organisation can be entrusted with budget-implementation tasks under indirect management.

### **5.5 Scope of geographical eligibility for procurement and grants**

N/A.

## 5.6 Indicative budget

The total budget for the EU programme is 20 000 000 EUR. A tentative breakdown of the budget is presented in Table 4. Parallel co-financing of the government executed basket funds is ensured by the contributions of the government and other development partners.

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**Table 4: Indicative budget**

	EU contribution (EUR)	Indicative third party contribution to the government executed basket funds		Total (EUR)
		KfW (EUR)	DFID (EUR*)	
<b>5.4.1 - Indirect management with Rwanda</b>	<b>19 600 000</b>	<b>7 500 000</b>	<b>18 447 000</b>	<b>45 547 000</b>
<i>Component 1 Support to PFM SSP Basket Fund</i>	<i>9 800 000</i>	<i>7 500 000</i>	<i>12 012 000</i>	<i>29 312 000</i>
<i>Main fund</i>	<i>7 300 000</i>	<i>4 500 000</i>	<i>0</i>	<i>11 800 000</i>
<i>RRA</i>	<i>1 500 000</i>	<i>2 000 000</i>	<i>0</i>	<i>3 500 000</i>
<i>OAG</i>	<i>1 000 000</i>	<i>1 000 000</i>	<i>0</i>	<i>2 000 000</i>
<i>Component 2 Support to NSDS II Basket Fund</i>	<i>9 800 000</i>	<i>0</i>	<i>6 435 000</i>	<i>16 235 000</i>
5.9 – Evaluation, 5.10 - Audit	200 000	0	0	200 000
5.11 – Communication and visibility	200 000	0	0	200 000
<b>Total</b>	<b>20 000 000</b>	<b>7 500 000</b>	<b>18 447 000</b>	<b>45 947 000</b>

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\* Approximate value of DFID contribution in EUR calculated at current prices (EUR 1: GBP ~ 0.699)

*Component 1 (PFM):* The PFM SSP has been costed at USD 95 million, of which 10% is expected to be funded by government and 90% is to be funded by development partners. EU funding will be channelled through the PFM Basket Fund managed by the Government of Rwanda, represented by MINECOFIN, during the Rwandan fiscal years 2016/17-2019/20. Other development partners contributing to the main basket fund and two sub-funds are DFID and KfW.

In light of the importance accorded by the EU to domestic revenue mobilisation and the oversight of public finance, and reflecting the spending priorities of government:

- EUR 1 500 000 of the EU's contribution will indicatively be earmarked for use by the RRA;
- EUR 1 000 000 of the EU's contribution will indicatively be earmarked for use by the OAG.

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The feature of “earmarking” EU support to the RRA and OAG, through the basket fund, is intended to increase the focus on both key institutions, and ensure that both receive the timely support needed to push ahead with their respective reform agendas. EU funds are back-loaded in order to improve

predictability of funding over the medium-term and to mitigate for a possible withdrawal from the basket fund of the other development partners in 2018 when current commitments expire.

Disbursements of EU finds are foreseen on an annual basis, in the third quarter of each calendar year, subject to the prior approval of annual work plans for the main funds and sub-funds. The first disbursement will be made at the start of the 2016/2017 fiscal year, after signature of the financing agreement and of the MoU for the PFM basket fund, and the approval of the 2016/2017 annual work plans. Submission of the annual programme progress report for the previous year (n-1), and the approved statements of accounts of the fiscal year before the previous year (n-2) will be pre-condition for the second, third and fourth disbursements. The approval of a new/revised PFM SSP will be a pre-condition for the fourth disbursement.

**Table 5: indicative allocation of EU funds between main PFM fund and sub-funds (in EUR)**

	Fiscal year				Total
	2016/2017	2017/2018	2018/2019	2019/2020	
Main basket	1 500 000	1 500 000	2 000 000	2 300 000	<b>7 300 000</b>
RRA sub fund	300 000	300 000	400 000	500 000	<b>1 500 000</b>
OAG sub-fund	200 000	200 000	300 000	300 000	<b>1 000 000</b>
<b>Total</b>	<b>2 000 000</b>	<b>2 000 000</b>	<b>2 700 000</b>	<b>3 100 000</b>	<b>9 800 000</b>

All EU funding will be provided through the main basket fund, with RRA and OAG accessing earmarked resources on the basis of agreed work plans and annual budgets. RRA and OAG will use their own structures to organise procurement in line with government rules and procedures and to account for the funds. Responsibility for implementing these approved plans and budgets, including procurement and accounting, will rest with the Commissioner General (RRA) and Auditor General (OAG) and in accordance with each institution's own managerial and administrative procedures.

*Component 2 – Statistics:* The cost of implementing NSDS II is estimated at USD 94.7 million, of which 10% will be funded by government and 90% is to be funded by development partners. EU funding will be channelled through the Statistics basket fund managed by the Government of Rwanda, represented by NISR, during the Rwandan fiscal years 2016/17-2019/20. Other development partners contributing to the fund are DFID, who have committed GBP 4.5 million for the period 2014/15-2016/17.

Disbursements of EU funds are foreseen on an annual basis, in the third quarter of each calendar year, subject to the prior approval of the annual work plan for each fiscal year. The first disbursement will be made at the start of the 2016/2017 fiscal year, after the signature of the financing agreement and of the MoU for the statistics basket fund, and the approval of the 2016/2017 annual work plans. Submission of the annual programme progress report for the previous year (n-1), and the approved statements of accounts of the fiscal year before the previous year (n-2) will be pre-conditions for the second, third and fourth disbursements.



**Table 6: indicative allocation of EU funds to the statistics basket fund**

	Fiscal year				Total
	2016/2017	2017/2018	2018/2019	2019/2020	
Main basket fund	2 250 000	2 250 000	2 500 000	2 800 000	<b>9 800 000</b>
<b>Total</b>	<b>2 250 000</b>	<b>2 250 000</b>	<b>2 500 000</b>	<b>2 800 000</b>	<b>9 800 000</b>

In utilising EU funds, relevant programme counterparts will follow the established government procedures for public financial management with respect to procurement accounting internal and external audit. MINECOFIN and NISR are fully responsible and accountable for the implementation of the actions and for the management of the financial contributions to the respective basket fund into which the EU contribution will be disbursed.

In case of (serious) non-compliance with the provisions of the MoU governing the PFM and statistics basket funds or violation of the fundamental principles set out the MoU the EU **may suspend** further disbursements to the basket fund and reclaim the funds already transferred in whole or in part. Non-compliance includes inconsistency of expenditures for the reporting period with government procedures for the financial management and other serious irregularities highlighted in the office of the auditor general (OAG) audit reports. The EU may suspend or reduce new disbursement in the event of extraordinary circumstances beyond the control of the government which hinder effective implementation of the PFM SSP and/or of the NSDS II. An unsatisfactory independent annual review report could equally prompt the suspension of the further disbursement. If the EU considers suspending new disbursement it will consult with the government in advance. The suspension will be lifted as soon as these circumstances have ceased to exist/appropriate remedial actions have been undertaken by the government.

## **5.7 Organisational set-up and responsibilities**

For both Components the EU will join already established basket fund mechanisms and dialogue platforms the procedures for which are established and set out in Memoranda of Understanding. These documents outline the roles responsibilities and obligations of all parties. The EU will sign the respective MoU before any EU funds are disbursed.

*Component 1 (PFM):* The operational arrangement of the PFM basket fund builds upon existing structures including coordination and discussion fora at the strategic and technical levels. The PFM Consultative Forum (PCF) meeting every six months and co-chaired by MINECOFIN and development partners takes responsibility for oversight of the PFM SSP as a whole setting annual priorities and endorsing annual action plans and monitors progress in implementation.

The Technical Working Group on PFM (TWG) is the operational arm of the CF and serves as a forum for technical level dialogue on PFM issues in general and the operation of the PFM basket fund in particular. The TWG meets quarterly with the aim of preparing and approving annual work plans budgets and procurement plans; monitoring progress against approved plans and budgets; and resolving any technical issues that might arise.

The Single Project Implementation Unit (SPIU) in MINECOFIN is the entity responsible for the operational management and oversight of the basket fund and provides the Technical Working Group with specific expertise in procurement monitoring and evaluation. The SPIU's running costs are wholly funded by the Development Partners.

The PFM basket fund contains two sub-funds exclusively for the Office of the Auditor General (OAG) and the Rwanda Revenue Authority (RRA). The Joint Coordination Committee (JCC) coordinates activities under the OAG sub-fund while the Programme Management Committee (PMC) coordinates activities under the RRA sub-fund. Although operating as discrete sub-funds intended implementing their respective organisations they remain within the framework of the overall PFM reform coordination and are subject to the oversight arrangements and accountability procedures of the main PFM basket fund.

*Component 2 (Statistics):* A Steering Committee/ National Partnership Group (SC/NPG) has been established with the mandate of: overseeing the implementation of the NSDS II as a whole and setting the strategic direction and priorities; monitoring the management of the basket fund; endorsing annual action plans; approving budgets in accordance with annual work plans and available resources. The SC/NPG is held quarterly and chaired by MINECOFIN. The SC comprises of representatives from MINECOFIN NISR and other relevant Ministries as well as development partners and representatives of civil society. NISR will lead the implementation of NSDS2 activities and projects in cooperation with leading ministries with a Program Management and Coordination Team (PMCT) responsible for monitoring and reporting on NSDS2 reform activities across government and providing specific support to sectors in their efforts to develop sector statistical systems.

## **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. The implementing partners shall establish robust 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 logframe matrix. 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).

Annual audits of the basket funds will be carried out by the Office of the Auditor General (OAG) in accordance with internationally recognised auditing standards. A copy of the Audit Report and a Management Letter (highlighting key internal controls issues) will be presented to participating development partners within nine months after the closure of the fiscal year. The EU will scrutinise the audit report to ensure any material weaknesses identified are acted upon in a timely and complete manner.

At the operational level progress monitoring will first and foremost rely on existing procedures by the government of Rwanda and the implementing institutions. Monitoring and reporting rules and procedures are summarised in respective MoU for both basket funds. The MINECOFIN SPIU (Component 1) and NISR (Component 2) will report to the PCF/TWG and SC/NPG respectively according to established monitoring and evaluation framework for the PFM SSP and NSDS II. Accordingly the following reports will be provided for each Component:

- Quarterly - The monitoring of activities and spending will be recorded monthly by each of the implementing entities and reported to the MINECOFIN SPIU/NISR who will in turn aggregate monthly information into quarterly summaries comparing actual performance with planned and budgeted performance. In addition income and expenditure statements budget execution reports and bank reconciliations for all accounts are to be provided on a quarterly basis. These quarterly

narrative and financial reports will be submitted to the TWG (PFM) and SC (Statistics) within 30 days after period end.

- Bi-annually – MINIECOFIN SPIU / NISR will provide detailed six-month reports comparing actual with planned and budgeted performance.
- Annually - On an annual basis the reported progress will be validated by a joint government/donor sector review (JSR) including the use of external independent expertise. The annual progress reports will be submitted to the PCF (Component 1) and SC/NPG (Component 2) for review and validation. The annual JSR will be accompanied by financial statements which include a statement of cash receipts and payments as well as notes to the financial statements which include accounting policies and other notes relating to cash/ bank balances inter-entity transfers grants detailed and accounts payable; and accounting policies used in preparation of these financial statements are adequately disclosed. Financial statements will be submitted to the Account Officer within 45 days of year end.

Reporting requirements for the sub-funds will mirror those by all other implementing agencies in the main basket fund.

At the impact level monitoring of progress will be based on:

- Government reports:
  - Reporting on progress against the EDPRS II;
  - Reporting on progress in economic management produced by MINECOFIN (annual Budget Framework Paper);
  - State Audited Accounts and Annual auditing reports produced annually by OAG
  - Citizen's satisfaction surveys undertaken on annual basis by NISR
- Independent diagnostic work including:
  - Ongoing PEFA 2015 and repeat PEFA Assessment (expected in 2018)

## **5.9 Evaluation**

Having regard to the importance of the action a mid-term and a final evaluation could be carried out for this action via independent consultants contracted by the Commission. Indicatively two contracts for evaluation services shall be concluded in 2017 and 2020.

A mid-term evaluation will be carried out for problem solving and policy revision purposes. As the current PFM and statistics strategies are set to expire in 2018 - *in accordance with the Rwandan 5-year planning cycle* - the mid-term evaluation of this programme is expected in 2017-2018 fiscal year and will dovetail with the preparation of PFM and statistics reform strategies for the period beyond 2018. The mid-term evaluation will therefore lead to a revision of the expected results and performance indicators for the remaining years of this programme.

The ex-post evaluation will be carried out for accountability and learning purposes

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 jointly decide on the follow-up actions to be taken and any adjustments necessary including if indicated the reorientation of the project.

#### **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 one contract for audit services shall be concluded in the second half of 2016.

#### **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.

Additional communication and visibility activities will be carried out by the Commission by way of direct management indicatively through a single service contract to be awarded and implemented in accordance with the procedure and standard documents laid down and published by the commission for the implementation of external operations in force at the time of the launch of the procedure in question. Indicatively one service contract for communication and visibility actions shall be concluded in the second half of 2016.

### **6 PRE-CONDITIONS**

N/A.

## APPENDIX 1: INDICATIVE LOGFRAME MATRIX

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. Wherever applicable all indicators will be sex disaggregated.

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	To strengthen public accountability and improve public service delivery in Rwanda by improving the government's ability to design implement and monitor its economic and social policies and by ensuring the efficient effective and transparent use of public resources  (SDG 16.6 'Develop effective accountable and transparent institutions at all levels')	IOO1 Availability of key budget information improved as measured by the Open Budget Index (OBI)  * (as per NIP 2014-2020)	Open Budget Index (OBI)  Score 36/100 (2015)	Improved OBI 2018 scoring  No target available	• Repeat OBI scoring	Continued demand from parliament and public for improved fiscal reporting continues
		IOO2 Share of MDAs using official statistics for both analysis of current developments for short-term decision making and analysis of trends for longer-term policy formulation	68 %  (2013)	75 %  2016/2017	• NISR Annual reports • / User satisfaction survey • World Bank Programme for Results Programme Document	

		IOO3 Percentage of citizens satisfied with timeliness and quality of service delivery at local levels	70.4%	85%  (EDPRS II)	Citizen surveys undertaken annually by NISR	<ul style="list-style-type: none"> <li>• Government continues to invest in undertaking citizen satisfaction surveys</li> </ul>
Specific objective(s): Outcome(s)	To improve the governance of public funds by strengthening organisational and operational capacity on public finance and audit in three key institutions namely Ministry of Finance and Planning Office of the Auditor General and Rwandan Revenue Authority.	SOI1 Overall ranking of PFM capability as measured by the PEFA methodology  * (as per NIP 2014-2020)  ** (EU International Cooperation and Development Results Framework 2014-2020: Indicator # 14)	PEFA 2010 scoring A: 9 (32%) B: (32%) C: 4 (15%) D: 6 (21%)  [new baselines to be derived from PEFA 2015]	PEFA 2018 scoring	Repeat PEFA assessments (2018)	<ul style="list-style-type: none"> <li>• Reform strategies have sufficient resources</li> <li>• Annual Action Plans approved in timely manner</li> <li>• TA is relevant and meets the needs of the counterparts.</li> </ul>
	To improve evidence-based policy-making in Rwanda by enhancing the capacity of the National Statistics Office to collect analyse and disseminate relevant statistical information to decision-makers.	SOI2 World Bank Statistical Capacity Indicator (SCI)	78.9/100  (2014)	WB SCI: 90  (2018 NSDS II target)	Report published on World Bank website	<ul style="list-style-type: none"> <li>• Reform strategies have sufficient resources</li> <li>• Annual Action Plans approved in timely manner</li> <li>• TA is relevant and meets the needs of the counterparts.</li> </ul>

Outcomes	Component 1 (PFM)					
	Expected Result 1 – Improved economic planning and budgeting systems and practices leading to a stronger link between expenditure and policy objectives increased predictability of funding and allowing service providers to better plan and provide higher quality services	I1.1 Deviation between annual budget and second-year MTEF formulated previous year (%)	17% (2014)  SSP PFM	< 10%  (2018/2019 budget) SSP PFM	<ul style="list-style-type: none"> <li>• Annual Law determining state finances</li> <li>• Budget Framework Paper (BFP)</li> <li>• MINECOFIN annual report on SSP implementation</li> </ul>	
		I1.2 PEFA P-12 (sub-components (i) and (iii))	Baseline P-12 score from 2015 PEFA (to be finalised)	Positive progress in P-12 score		
	Expected Result 2 – Improved domestic resource mobilisation to fund public expenditure in support of inclusive economic growth	I2.1 Tax revenue to GDP ratio  * (as per NIP 2014-2020) PEFA related indicators ** (EU RF Indicator # 14)	15.1% (2013)  Score under PEFA 2015 (on-going-to be finalised)	18.6% (2018)  SSP PFM Positive progress in PEFA score (annual self-assessment and next PEFA 2019/2020)	<ul style="list-style-type: none"> <li>• Government Budget Framework Paper</li> <li>IMF Article IV</li> <li>Report PEFA Report</li> <li>IMF/FAD Report</li> <li>• TADAT</li> </ul>	
		I2.2 Total number of registered tax payers	130161 (2014)	173000 (2017/2018)	<ul style="list-style-type: none"> <li>• Rwanda Revenue Authority Annual report</li> </ul>	

		I2.3 Number of districts using automated revenue collection system	3 (2014)	11 (2017)	<ul style="list-style-type: none"> <li>• Rwanda Revenue Authority Annual report</li> <li>• World Bank Programme for Results Programme Document</li> </ul>	
	Expected Result 3 - Improved budget execution and monitoring leading to more efficient use of public finances and making it more difficult for public resources to be diverted from their intended use.	I3.1 Percentage of entities submitting monthly financial statements by due date and made publically available	40% (2013)	80%	<ul style="list-style-type: none"> <li>• Annual MINECOFIN report</li> <li>• OAG Annual report</li> </ul>	
		I3.2 Percentage of entities using simplified accounting and financial reporting applications	0% (2013)	100% (2018) SSP PFM	<ul style="list-style-type: none"> <li>• MINECOFIN SSP PFM implementation report</li> </ul>	
		I3.3 Percentage of qualifying public entities using fully-fledged IFMIS	75%	100% (2018) SSP PFM	<ul style="list-style-type: none"> <li>• MINECOFIN SSP PFM implementation report</li> </ul>	
	Expected Result 4 - Improved scope coverage and independence of external audit at national and sub-national level as well as alignment with highest international audit standards	I4.1 Percentage of approved budget audited by OAG	73% (2013)	87% (2018) SSP PFM	<ul style="list-style-type: none"> <li>• OAG annual reports</li> </ul>	
		I4.2 Proportion of Ministries Departments and Agencies receiving un-qualified audit opinion	38% (2014)	50% (2018) SSP PFM	<ul style="list-style-type: none"> <li>• OAG annual reports</li> </ul>	



Component 2 (Statistics)						
Expected result 5 - Accessibility of official statistics improved and relevant high-quality statistical information provided to meet user needs including policy makers and planners civil society the private sector and the general public	I5.1 Overall user satisfaction in statistics produced	50%  (2012)	80%  (2018)  NSDS II	<ul style="list-style-type: none"><li>• NISR annual user satisfaction Surveys</li><li>• Annual NISR reports</li></ul>		
	I5.2 Frequency of publication of administrative economic and social statistics (business agriculture labour vital econstat gap)	No surveys produced on business	Integrated business survey produced on annual basis  (2018/2019 NSDS II)	<ul style="list-style-type: none"><li>• Annual NISR reports</li><li>• independent annual reviews</li></ul>		
		Experimental Agricultural survey produced (2014)	Full national agricultural survey conducted on annual basis (2017 NSDS II)	<ul style="list-style-type: none"><li>• NISR annual user satisfaction Surveys</li><li>• Annual NISR reports</li></ul>		
		No comprehensive and systematic labor statistics	First national labor force survey conducted and disseminated  (2016/2017 NSDS II)	<ul style="list-style-type: none"><li>• NISR annual user satisfaction Surveys</li><li>• Annual NISR reports</li></ul>		
		Report of vital statistics on births/deaths not produced	90% of vital statistics births/death produced and published  (2018/2019 NSDS	<ul style="list-style-type: none"><li>• Annual NISR reports</li><li>• independent annual reviews</li></ul>		

				II)		
			Gaps in economics statistics (2014)	Rebase of national accounts and key macro-economic statistics every 3 year  (2018/2019 NSDS II)	<ul style="list-style-type: none"> <li>• Annual NISR reports</li> <li>• independent annual reviews</li> </ul>	
		I5.2 Frequency of Household Living Condition Surveys (EICV) and Demographic and Health Survey (DHS)	Production of EICV and DHS every 5 years	Production of EICV and DHS every 3 years  (2018/2019 NSDS II)	<ul style="list-style-type: none"> <li>• Annual NISR reports</li> <li>• independent annual reviews</li> </ul>	
		I5.3 Establishment of quality assessment framework for official statistics	No effective quality assessment framework	Data quality assessment framework developed and implemented for major surveys and administrative statistics  (2018/2019 NSDS II)	<ul style="list-style-type: none"> <li>• Annual NISR reports</li> <li>• independent annual reviews</li> </ul>	

	Expected Result 6 - Capacity within the National Statistical System enhanced through staff development improved management practices and upgraded infrastructure	I6.1 Establishment of performance based financing system for NISR staff and approval of organisational development strategy	No performance based financing system for NISR staff and no organisational development strategy	NISR's organisation streamlined and implementation of a performance base financing system (2017/2018 NSDS II)		
		I6.2 Efficient and effective IT systems in place supported by appropriate hardware and software	No strategy for ICT infrastructure	Approval and implementation of the NISR ICT infrastructure strategy by FY 2016/2017	•	
		I6.3 NISR score by the OAG	NISR scored "unqualified " by annual audit  (2014)	NISR scored "unqualified opinion" by annual audit  (2018/2019 NSDS II)		