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TO THE
REPUBLIC OF RWANDA

FOR A
PUBLIC SECTOR GOVERNANCE PROGRAM-FOR-RESULTS

September 14, 2014

Macroeconomics and Fiscal Management, and Governance Global Practices

Africa Region

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I. Program Description

A. Summary Description of the Government Program

a. PFM

1. **Building on progress made in the PFMRS in 2008–12, the Government crafted the PFM SSP 2013–18.** It consists of 7 programs and 23 subprograms (table 1 **Error! Reference source not found.**), each based on analyses of challenges. Each program identifies expected outcomes (see annex table 1-8), as well as specific actions and outcome indicators; the accompanying PFM sector implementation plan provides indicative costings. Emerging priorities identified in the PFM SSP are (a) increased resource mobilization; (b) scaling up of the implementation of IFMIS; (c) strengthening PFM systems at the subnational level; and (d) enhancing training, professionalization, and capacity building across all PFM disciplines.

Table 1: Government PFM Programs and Subprograms

<i>Program</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.

2. **The PFM SSP identifies key challenges and proposes solutions in each program that are translated into a foundation for defining sector priorities and outcomes through FY2017/18** (see annex table 1.8). Improving coherence between national strategies, the Medium Term Expenditure Framework (MTEF), and the annual budget process has been identified as an area for improvement under the first program, on economic planning and budgeting. In the second program, on resource mobilization, key challenges are inadequate resource mobilization, resulting in aid dependency at the national level and lack of discretionary revenues at the

subnational level.¹ Across the PFM sector, particularly under program 7, on PFM sector and coordination, capacity and skill shortages are identified as key bottlenecks. Capacity and skill shortages are more pronounced at the subnational level, especially on core PFM areas such as accounting, auditing, budgeting, and reporting.

b. Statistics

3. **The overarching objectives of NSDS 2 are to produce relevant, reliable, and timely statistics to monitor the progress of EDPRS 2 and to strengthen the NSS.** Six strategic objectives and 19 strategies/outputs are structured to achieve the overarching objectives (table 2 **Error! Reference source not found.**). NSDS 2 supports the changing requirements in terms of the nature and periodicity of data as Rwanda approaches middle-income status, which it aims to achieve by 2020. The expected outcome of NSDS 2 is a strengthened and well-coordinated NSS that is able to constantly monitor development outcomes and spur effective decision making and public accountability.

Table 2: Government Strategic Objectives and Strategies/Outputs on Statistics

<i>Strategic objective</i>	<i>Strategies/outputs</i>
SO1: Strengthen civil registration system, administrative records, surveys, censuses, and other sources of data	1.1: Strengthened vital statistics
	1.2: Strengthened administrative records
	1.3: Strengthened surveys, censuses and other sources of data
	1.4: Strengthened processes concerning data capture and production
SO2: 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
SO3: 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
SO4: Develop capacities within the 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 2
SO5: Consolidate coordination within the NSS	5.1: Improved coordination of statistical concepts and methods
	5.2: Strengthened coordination of statistical activities
SO6: 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: NISR.

4. **NISR made significant progress in the quality, timeliness, and dissemination of data, mainly in the social and demographic domain, under the first NSDS (2009–14).** It implemented the main social surveys and the 2012 Population and Housing Census according to a timetable. In addition, solid progress was made on data access and dissemination through the creation of a National Data Archive (NADA), in which survey microdata can be readily downloaded for further analysis, and the establishment of an Open Data Portal, which has greatly

¹ The fiscal and financial decentralization program in the Governance and Decentralization SSP has also identified revenue mobilization challenges at the local level.

improved citizens' access to statistical information. Under NSDS 1, Rwanda moved up 20 places on the World Bank's Statistical Capacity ranking, from 73rd (of 149 countries with valid data) at the end of 2008 to 53rd at the end of 2013.² Within sub-Saharan Africa, Rwanda ranked 6th in 2013 (fifth excluding South Africa), up from 10th in 2008.

5. **NSDS 2 needs to address important gaps**, related in particular to the dearth of economic statistics (data on agriculture, businesses, and labor market activity) and the low capacity of the NSS. In addition, efforts to improve the frequency and quality of certain types of statistics need to be accompanied by improved access to data by users of statistics. The bank's open data readiness assessment (prepared for the Government of Rwanda in July 2013) concluded that improving data dissemination by expanding NISR's ongoing Open Data agenda would result in better and more use of data.

6. NISR was established in 2005 as the coordinating agency of the NSS, including all agencies and ministries that provide statistical information to the public for planning and decision making. It is governed by a board of directors, which determines its priorities and approves the action plan of the NSS. Since 2007 the Government and a multidonor basket fund development partners including the European Union, the European Union, and the Bank have funded NISR. All plans and activities of NISR need to be approved by its steering committee, which is chaired by the Government's Chief Economist and includes representatives from the Government, civil society and academia, and development partners. The steering committee meets every quarter. The Bank is an active member of the steering committee.

B. Definition of the Program Boundaries and the Rationale for It

7. **The Program supports a subset of the Government's own programs, articulated in the PFM SSP and NSDS 2.** The Program will support selected programs, subprograms and strategic areas essential to achieve the Program Development Objective (table 3). The boundaries of the Program were defined based on strategic relevance, government demand, and the support of other development partners.

8. **All program and subprograms in the PFM SSP as well as the strategic objectives of NSDS 2 are interrelated and constitute an important element of the PFM cycle (figure 6Error! Reference source not found.).** The Program covers almost all programs and subprograms of these strategies. However, some subprograms were excluded, based on the Bank's comparative advantage or the involvement of other development partners and the lead government agencies managing them. For example, the Ministry of Public Service and Labor (MIFOTRA) has been effectively managing Subprogram 5-2 (on IPPIS).³ NISR will be able to cover SO5 of NSDS 2 (on consolidating coordination within NSS) and SO 6 (on improving resource mobilization and building strategic partnerships with support from the statistics basket fund).

9. MINECOFIN, RRA, RPPA, OAG, and NISR are the implementing agencies of the Program. Table 3 summarizes their roles.

² See

<http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/EXTWBDEBTSTA/0..contentMDK:22284270~menuPK:9248396~pagePK:64168445~piPK:64168309~theSitePK:3561370,00.html>, accessed in February 2014.

³ The Bank is supporting IPPIS in the Eighth Poverty Reduction Support Financing (PRSF-8, P122247).

10. There are no high-risk activities in the Program that are or need to be excluded.

Table 3: Boundaries of the Program

<i>Government Programs</i>		<i>World Bank PforR</i>	
<i>Strategy</i>	<i>Program, Sub-Program / Strategic Areas</i>	<i>Of which supported by the Program</i>	<i>Main Implementing Ministries and Agencies</i>
PFM SSP	1. Economic Planning and Budgeting		
	(1) National Development Planning	<input checked="" type="checkbox"/>	MINECOFIN (Planning Dept.)
	(2) Economic Policy Formulation	<input checked="" type="checkbox"/>	MINECOFIN (Chief Economist)
	(3) Public Investment Programming	<input checked="" type="checkbox"/>	MINECOFIN (Planning Dept.)
	(4) Policy Based Budgeting	<input checked="" type="checkbox"/>	MINECOFIN (Budget Dept.)
	2. Resource Mobilization		
	(1) Tax Policy Formulation	<input checked="" type="checkbox"/>	MINECOFIN (Chief Economist)
	(2) Tax Administration	<input checked="" type="checkbox"/>	RRA
	(3) External Finance	<input checked="" type="checkbox"/>	MINECOFIN (Planning Dept.)
	3. Budget Execution, Internal Control, Accounting & Reporting		
	(1) Budget Execution	<input checked="" type="checkbox"/>	MINECOFIN (Accountant General)
	(2) Treasury Management	<input checked="" type="checkbox"/>	MINECOFIN (Accountant General)
	(3) Internal Audit	<input checked="" type="checkbox"/>	MINECOFIN (Chief Internal Auditor)
	(4) Accounting & Reporting	<input checked="" type="checkbox"/>	MINECOFIN (Accountant General)
	(5) Public Procurement	<input checked="" type="checkbox"/>	RPPA
	(6) Fiscal Risk Management in Public Enterprises	<input checked="" type="checkbox"/>	MINECOFIN (Accountant General)
	4. External Oversight and Accountability		
	(1) External Audit	<input checked="" type="checkbox"/>	OAG
	(2) Legislative Oversight	<input type="checkbox"/>	
	5. Electronic Service Delivery and IFMIS		
(1) IFMIS	<input checked="" type="checkbox"/>		
(2) Integrated Personnel & Payroll Systems (IPPS)	<input type="checkbox"/>	MINECOFIN (Accountant General)	
6. Fiscal Decentralization			
(1) Resource Mobilisation by Local Administrative Entities	<input checked="" type="checkbox"/>	RRA	
(2) Facilitation of Fiscal Transfers	<input checked="" type="checkbox"/>	MINECOFIN (Budget Dept.)	
(3) Strengthening PFM Systems and Capacity at subsidiary Level	<input checked="" type="checkbox"/>	MINECOFIN (Budget, Accountant General)	
7. Coordination of PFM Sector Activities Management			
(1) PFM Coordination and Management	<input checked="" type="checkbox"/>	MINECOFIN (SPIU)	
(2) Coordination of HR Training & Capacity Building	<input checked="" type="checkbox"/>	MINECOFIN (SPIU)	
(3) Monitoring & Evaluation	<input checked="" type="checkbox"/>	MINECOFIN (SPIU)	
NSDS 2	1. Strengthen civil registration system, administrative records, surveys and other sources of data.	<input checked="" type="checkbox"/>	NISR
	2. Improve quality and dissemination of statistics and public statistical literacy.	<input checked="" type="checkbox"/>	NISR
	3. Improve statistical advocacy and integrate use of statistics in decision making.	<input checked="" type="checkbox"/>	NISR
	4. Develop capacity within NSS.	<input checked="" type="checkbox"/>	NISR
	5. Consolidate coordination within NSS.	<input type="checkbox"/>	
	6. Improve resource mobilization and build strategic partnerships	<input type="checkbox"/>	

II. Description and Assessment of Program Strategic Relevance and Technical Soundness

A. Strategic Relevance

11. **Rwanda has made remarkable progress in rebuilding core public sector institutions since the 1994 genocide.** Its leadership has demonstrated strong commitment and resilience despite a difficult environment. It has made significant progress in achieving peaceful political settlement and national security, with dividends to citizens in terms of increased access to services and poverty reduction. The Government has established its legitimacy and authority and maintained the rule of law. Rwanda has very robust anticorruption laws and oversight institutions for controlling corruption, and its leadership is committed to the fight against corruption. The Government's efforts have been so effective that Rwanda has remained a low corruption country.

12. **These achievements are extraordinary, but Rwanda still faces significant capacity weaknesses and shortages in core skills and competencies needed to meet its ambitious development objectives under EDPRS 2.** The Government believes that it must implement ambitious public sector reforms to deliver results. It radically restructured the administration early on in the recovery phase in 1998–99, through a downsizing that dismissed more than 6,000 unqualified civil servants and removed more than 6,500 ghost workers from the payroll. To eliminate the incentive to supplement income through petty corruption and moonlighting, it then raised salaries for the much smaller number of staff by 40 percent. In 2012 the Government supported these civil service reforms by implementing the pay and retention policy,⁴ following the prime minister's order to establish a performance appraisal and promotion process for public servants in 2010.⁵ Introduction of an Integrated Personnel and Payroll System (IPPIS) in 2010 has also supported implementation of the civil service reforms.⁶ Beginning in 2000, in tandem with significant fiscal, political, and administrative decentralization reforms, central government ministries have been unbundled to create flatter and smaller structures and bring service delivery closer to the grassroots, in order to improve performance and accountability.

13. **Public sector reforms have improved governance.** Rwanda's performance significantly improved in all six dimensions of the Worldwide Governance Indicators (WGI) between 1996 and 2012 (figure 1 **Error! Reference source not found.**).⁷ It rose from the 20th percentile rank on control of corruption in 1996 to the 27th percentile in 2005 and the 73rd percentile in 2012. Government effectiveness rose from the 11th percentile in 1996 to the 53rd percentile in 2012. For some dimensions, Rwanda's rankings are now close to the average for middle-income countries (figure 2 **Error! Reference source not found.**). Three dimensions—government effectiveness, regulatory quality, and rule of law—are almost at the middle-income country averages, and the ranking for control of corruption is much higher than the middle-income

⁴ See <http://www.mifotra.gov.rw/fileadmin/templates/downloads/IMPLIMENTATION.pdf>.

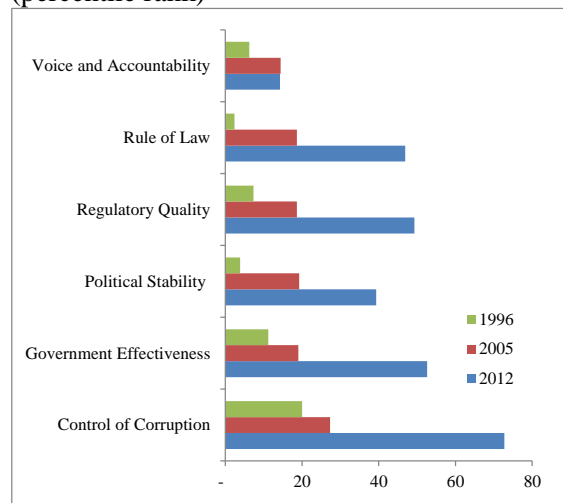
⁵ See http://www.mifotra.gov.rw/fileadmin/user_upload/Prime_Minister_s_orders/ITEKA_RYA_MINISITIRI_W_INTEBE_RIKORESHWA_MU_ISUZUMABUSHOBOZI_N_IZAMURWA_MU_NTERA_RY_ABAKOZI_BA_LETA.pdf.

⁶ The World Bank supported the IPPIS through the Eighth Poverty Reduction Support Financing in 2011.

⁷ See <http://info.worldbank.org/governance/wgi/index.aspx#home>.

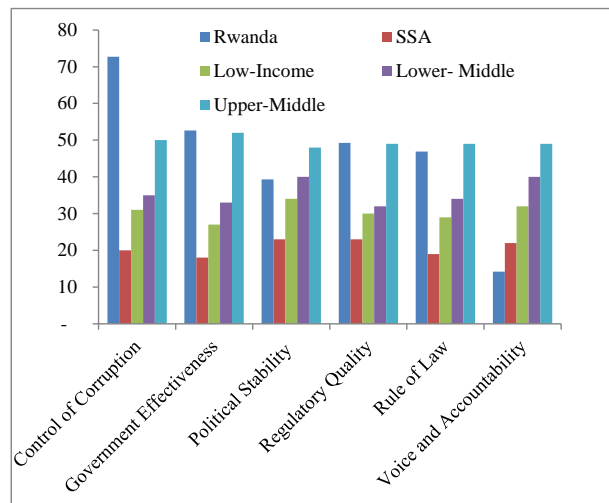
country average. In contrast, the percentile rank on voice and accountability is lower than other country groups (including Sub-Saharan Africa).

Figure 1: Measures of Governance in Rwanda, 1996–2012
(percentile rank)



Source: Worldwide Governance Indicators.

Figure 2: Measures of Governance in Rwanda and Selected Country Groups, 2012



Source: Worldwide Governance Indicators.

14. **Among the range of actions needed to improve accountability, better PFM is particularly central.** The literature confirms a positive relationship between PFM and accountability. Effective PFM systems can help strengthen democratic influence, oversight, and accountability in the decision-making processes related to the state budget. It can greatly enhance transparency, by making well-structured information available on the ways in which public resources have been used and the results that have been achieved, significantly strengthening the accountability process in parliament and public audit institutions.⁸

15. **The Government regards PFM systems and processes as key to the effective and efficient functioning of the public sector,** because they underpin the performance of all sectors and different levels of government.⁹ The Government has defined the main objective of PFM reforms as “to ensure efficient, effective, and accountable use of public resources as a basis for economic development and poverty eradication through improved service delivery”. It first embarked on comprehensive PFM reforms in 2008, with the comprehensive Public Financial Management Reform Strategy (PFMRS) for 2008–12. Building on progress under the PFMRS, in 2013 it formulated the PFM Sector Strategic Plan (SSP) 2013–18.

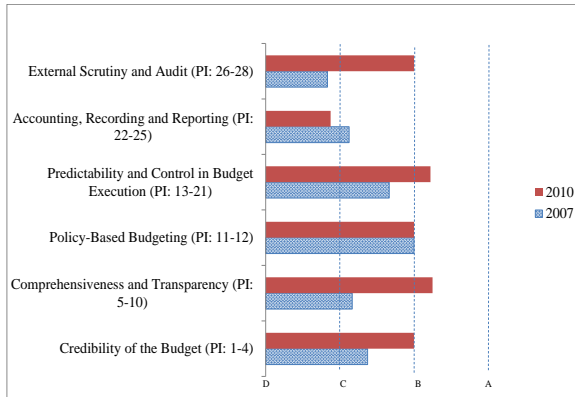
16. **Rwanda has made significant progress in PFM reforms.** The Public Expenditure and Financial Accountability (PEFA) report documents this improvement at the national level. Scores in all but one category improved between 2007 and 2010 (figure 3 **Error! Reference source not found.**). Other assessments, such as an independent evaluation of the PFMRS, also show improvement. At the subnational level, the 2010 PEFA report assessed four districts. It

⁸ Sida (2007) Public Finance Management in Development Co-operation: *A Handbook for Sida Staff*.

⁹ For example, EDPRS 2 states that “Rwanda’s public finance management system is the platform for the efficient management of the nation’s resources. Its reporting, audit and oversight functions are essential elements in providing effective Accountable Governance” (Para 6.27).

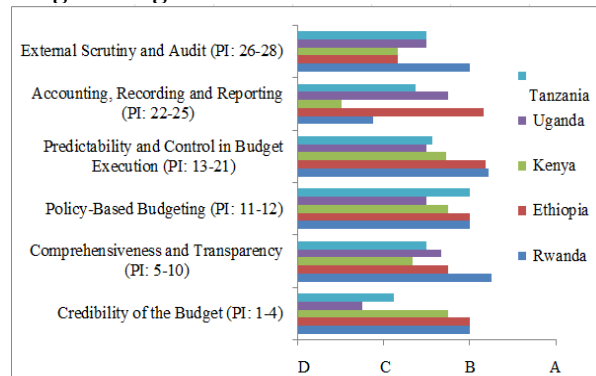
found the nature and scope of external scrutiny of subnational governments to be satisfactory. Rwanda’s performance is as good as or better than that of neighboring countries in all categories except accounting, recording, and reporting (figure 4Error! Reference source not found.).

Figure 3: Rwanda’s PEFA Performance, 2007 and 2010



Source: PEFA and World Bank staff calculations.

Figure 4: PEFA Performance of Rwanda and Neighboring Countries



Source: PEFA and World Bank staff calculations.

Note: Data are from various years between 2010 and 2013.

17. Among 82 countries for which country data on the Country Policy and Institutional Assessment (CPIA) Indicator 13 (quality of budgetary and financial management rating) were available, Rwanda ranked 4th in 2013, with a score of 4.0. Its score exceeds the average score of middle-income countries (3.3) (figure 5). Among 73 countries for which data were available for 2005 and 2013, only a third improved their score; another third deteriorated, and the remaining third remained the same. Rwanda showed improvement—a remarkable achievement given the absence of a functioning PFM system immediately after the 1994 genocide.

Figure 5: Quality of Budgetary and Financial Management in Rwanda, 2013



Source: World Bank WDI.

Note: Figure shows scores on Country Policy and Institutional Assessment (CPIA) Indicator 13.

18. **There is a need to consolidate the achievements made and to address other challenges.** Effective PFM is very important in Rwanda, because the central government budget represents a large share of GDP (29 percent), a share similar to that in Kenya and Tanzania (table 4). Rwanda’s tax revenue to GDP ratio (14.2 percent) is slightly lower than the average for East African countries. The combination of high expenditures and low tax revenues has made Rwanda more aid dependent than its neighbors.

Table 4: Expenditures, Revenues, and Foreign Grants in Rwanda and Neighboring Countries, FY2012/13

<i>Item</i>	<i>Rwanda</i>	<i>Ethiopia</i>	<i>Kenya</i>	<i>Tanzania</i>	<i>Uganda</i>	<i>Average</i>
Total expenditures (percent of GDP)	29.0	18.0	30.5	28.0	18.9	24.9
Tax revenues (percent of GDP)	14.2	11.4	19.2	16.0	12.6	14.7
Foreign grants (percent of total expenditures)	27.3	11.1	1.9	12.8	8.9	12.4

Source: IMF reports.

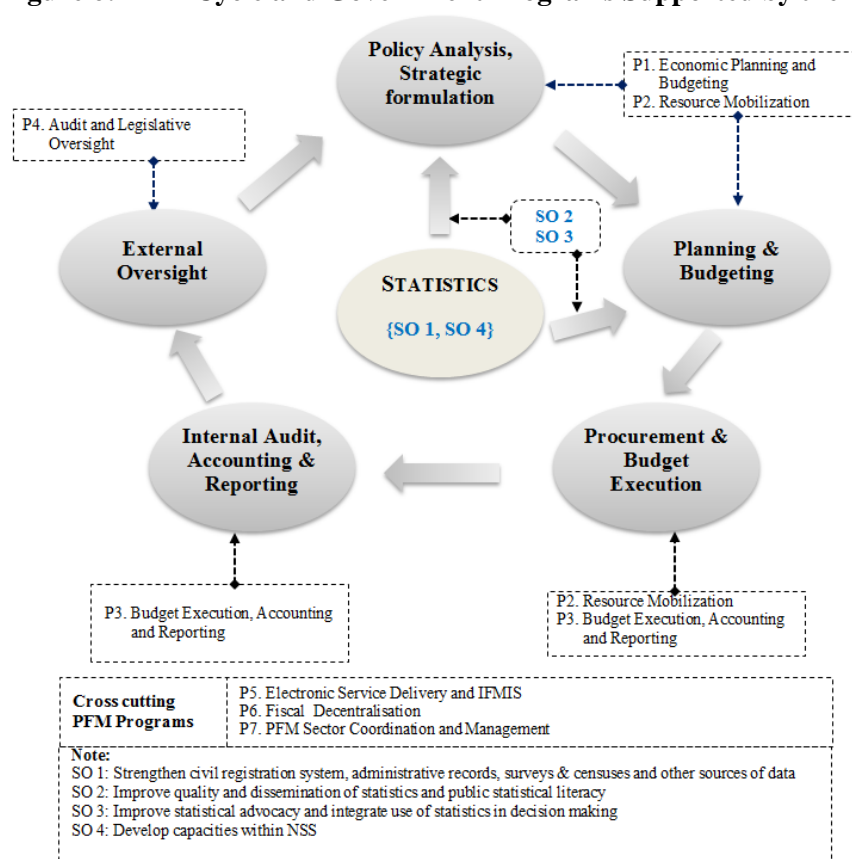
19. **In addition to addressing these challenges, PFM systems in Rwanda have to keep up with the country’s rapid development as well as changes in technology.** Nominal GDP almost tripled between 2006 and 2013, and the national budget almost doubled between FY2009/10 and FY2013/14. As part of decentralization, subnational governments were completely restructured in 2005. The availability of new technology offers an opportunity to enhance PFM systems and procedures. Advancing and implementing PFM reforms, including capacity building and institution strengthening, is an important component of Rwanda’s development agenda, as reflected in the importance given to this area in both the country’s medium-term plan and the Bank’s Country Partnership Strategy (CPS).

20. **Statistics are critical for supporting Rwanda’s development agenda. They facilitate evidence-based policy making and support more efficient and effective use of public resources.** A regular flow of good-quality, comparable data on Rwanda’s evolving social and economic conditions is fundamental for continuously improving the understanding of the country’s development challenges, informing the design of well-targeted interventions to address them, measuring their impact on national poverty and social goals, and using that information to calibrate policy design and further improve the allocation of scarce public resources. Statistics arguably play a foundational role in PFM, particularly by informing policy analysis and strategy formulation and supporting adjustments in planning and budgeting in light of information on the development results achieved through public sector programs.

21. Rwanda’s first National Strategy for Development of Statistics (NSDS 1), covering 2009–14, helped establish a foundation for the development of the statistics sector. Building on successful implementation of the NSDS 1, the Government formulated NSDS 2, which covers 2014–19. Recognizing the important roles of statistics in the PFM cycle, NSDS 2 seeks to improve statistical advocacy and integrate the use of statistics in decision making.

22. **This Program for Results (PforR) operation (henceforth referred to as “the Program”) intersects with Government programs in many ways (figure 6Error! Reference source not found.).** For example, the Government program on economic planning and budgeting (P1) and resource mobilization (P2) contribute to policy analysis, strategic formulation, and planning and budgeting elements of the PFM cycle. The government program on electronic service delivery and IFMIS (P5) cuts across all elements of the PFM cycle. The strategic objectives on strengthening civil registration system, administrative records, surveys, censuses, and other sources of data (Strategic Objective [SO] 1) and developing capacities within the National Statistical System (NSS) (SO4) contribute to creating good-quality and timely statistics that can inform policy and strategy formulation and evaluation. The programs to improve the quality and dissemination of statistics and public statistical literacy (SO3) and improve statistical advocacy and integrate the use of statistics in decision making (SO4) are also expected to contribute to improved policy analysis and planning/budgeting.

Figure 6: PFM Cycle and Government Programs Supported by the Program



23. **The Government has made progress on gender issues in both PFM and statistics reforms.** It introduced gender-responsive budgeting in five ministries in 2003, and fully operationalized it in 2008. Currently, all ministries and districts are required to submit gender budget statements and the gender distribution of employment during budget formulation. The National Institute of Statistics of Rwanda (NISR) started producing gender statistics in 2011; it currently covers both national and subnational levels. The Program will support government efforts to further enhance the mainstreaming of gender issues in both PFM and statistics programs.

24. **Enhancing PFM will contribute to poverty reduction and shared prosperity.** EDPRS 2 defines PFM as the platform for the efficient management of the nation’s resources to achieve the EDPRS 2 goal of accelerating private sector–led growth and further reducing poverty, including extreme poverty. This idea mirrors the Bank’s view that poverty reduction is not merely a question of spending more but also of using resources more effectively. Key to doing so is effective PFM systems.¹⁰ Further enhancing PFM will allow the government to better allocate its scarce financial resources to achieve national development goals. It will also enable the government to become more accountable to Rwanda citizens on how public expenditures are executed in accordance with development goals.

¹⁰ See “The Role of Public Financial Management for PRS Implementation,” on [the World Bank website](http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTPRS/0,,contentMDK:21629917~menuPK:384207~pagePK:148956~piPK:216618~theSitePK:384201~isCURL:Y,00.html) (http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTPRS/0,,contentMDK:21629917~menuPK:384207~pagePK:148956~piPK:216618~theSitePK:384201~isCURL:Y,00.html).

25. **Good-quality statistics are key for making more effective use of existing resources.** NSDS 2 focuses on producing good-quality statistics relevant to poverty reduction and shared prosperity, such as household surveys, labor statistics, and agriculture survey. The systematic production and dissemination of economic and social statistics is fundamental for assessing the impact of expenditures on national poverty and social goals and informing adjustments in planning, budgeting, or both that improve the allocation of public funds.

26. **The Ministry of Finance and Economic Planning (MINECOFIN) is leading PFM reforms.** Several ministries and agencies are engaged in PFM as a foundational issue (table 5). MINECOFIN, the Rwanda Revenue Authority (RRA), the Rwanda Public Procurement Authority (RPPA), and the Office of the Auditor General (OAG) are the implementing agencies for this Program.

Table 5: Roles of Government Ministries and Agencies in PFM Reforms

<i>Name</i>	<i>Roles</i>
<i>Program implementing agencies</i>	
Ministry of Finance and Economic Planning (MINECOFIN)	<ul style="list-style-type: none"> • Lead ministry on PFM • Planning and budgeting, including gender-responsive budgeting • Resource mobilization, especially tax policy • Budget execution, internal control, accounting, and reporting • Electronic service delivery and IFMIS • Fiscal decentralization, including subnational PFM • PFM sector coordination and management, including capacity building
Office of Auditor General (OAG)	External oversight
Rwanda Public Procurement Agency (RPPA)	Public procurement
Rwanda Revenue Authority (RRA)	Tax administration
<i>Other agencies</i>	
Ministry of Local Government (MINALOC)	Working with MINECOFIN on PFM reforms at the subnational level
Ministry of Public Service and Labor (MIFOTRA)	Integrated Personnel and Payroll System (IPPIS)
Parliament (especially the Public Accounts Committee)	External oversight
Rwanda Governance Board	Working with MINECOFIN on PFM reforms at the subnational level

27. Progress and key issues on PFM reforms have been discussed under the PFM Coordination Forum, which the Bank co-chairs. The Forum includes relevant ministries and agencies as well as key development partners supporting PFM reforms, including the Bank; the Government of Belgium; the Department for International Development (DFID); the European Union (EU); the International Monetary Fund (IMF); and Kreditanstalt für Wiederaufbau (KfW), the German development bank.

28. **NISR is leading the statistics agenda.** It plays a coordination role in the NSS and is the implementing agency of the Program. NSS stakeholders include other data producers (for example, line ministries) and users. The Statistics Steering Committee is made up of government stakeholders and development partners (the European Union, DFID, and the Bank). It functions as a discussion forum for key statistics issues. Although there is currently no formal institutional mechanism to discuss PFM and statistics reforms jointly, preparation of the Program has stimulated coordination between the two areas.

B. Technical Soundness

29. Technical soundness of the Program has been confirmed based on following criteria¹¹: (i) credibility of both PFM SSP and NSDS 2; (ii) adequacy of the Program activities to reach the Program’s objectives against international experience and good practice.

a. Credibility of the Government Programs

30. Ensuring credibility of the overall government strategies on PFM and statistics is essential to conduct of programs under the strategies. Therefore, assessments of the credibility of the strategies are conducted based on 7 features of a credible reform program including (i) government-led (ownership); (ii) realistic and achievable; (iii) comprehensiveness; (iv) relevance and sustainability; (v) development of local capacity; (vi) demand for change and (vii) inclusion of performance indicators¹².

31. Both PFM SSP and NSDS 2 are assessed as credible to be supported by the Program. The assessment tables (table 6 and annex 3) show that both PFM SSP and NSDS 2 fully or mostly meet the seven features. For example, both strategies were formulated under strong ownership of the government with strong alignment with EDPRS 2.

Table 6: Summary Table on Credibility of PFM SSP and NSDS 2

<i>Features of a Credible Reform Program</i>	<i>PFM SSP</i>	<i>NSDS 2</i>
1. Government-led – enabling full political ownership and leading to effective harmonization and donor intervention.	Fully met: MINECOFIN is the lead ministry of the PFM sector. Within the government, a PFM Reform Steering Committee, comprising representatives of the implementing agencies and development partners oversees the implementation of PFM SSP.	Fully met: NSDS 2 was developed by NISR in close collaboration and consultation with all relevant stakeholders and is fully aligned with EDPRS 2.
2. Realistic and achievable – based primarily on available local capacity and set within an appropriate timeframe.	Mostly met: Human resource capability challenges may affect the pace of the reforms	Fully met: While ambitious, NSDS 2 targets and objectives are attainable given the strong implementation capacity of NISR.
3. Comprehensive framework which is effectively sequenced	Fully met: PFM SSP is a comprehensive framework and attempts to sequence the activities in the various reform pillars but institutional strengthening and human capacity development could be better articulated.	Fully met: NSDS 2 is a comprehensive plan with clear targets and milestones. To the extent possible, the main activities are sequenced to not overburden the organization at a single point in time.
4. Relevant and sustainable – adapted to country context, targeted to meet key fiduciary risks and avoiding over-reliance	Fully met: The reform measures are designed to maintain the positive trajectory of the PFM reforms and tackle the remaining challenges that pose risk to the efficient and effective use of public funds.	Mostly met: NSDS 2 is relevant and adapted to the country context and presents a clear and realistic roadmap towards the objectives of the plan. However, reliance on external TA is expected to remain high in a short run in specific relevant statistical

¹¹ Section 3 in Chapter 1 of Program-for-Results Financing Interim Guidance Notes for Staff (World Bank, Draft in 2012)

¹² The assessments are conducted based on “How to Note: Managing Fiduciary Risk in DFID bilateral aid programs” (DFID 2008:19).

<i>Features of a Credible Reform Program</i>	<i>PFM SSP</i>	<i>NSDS 2</i>
on external TA.		areas that require technical capacity in methodologies until NISR builds its own capacity
5. Developing local capacity	Mostly met: Terms of reference for the various TAs have skills transfer element. However, in the area of accounting, despite the establishment of ICPAR, the GoR still continues to fund its employees to take international examination.	Fully met: NISR has developed a five-year capacity building plan that will be implemented during NSDS 2.
6. Build demand for change - promoting a sustainable track record of improvement based on previous success	Fully met: Good positive trajectory of PFM reforms. PFM-SSP is conceived as one of foundational issues in the EDPRS 2.	Fully met: During NSDS 1, NISR has built a reputation for timely delivery of high-quality statistics. The perceived strong performance of NISR has greatly increased government demand for data on an ever increasing range of topics.
7. Include specific performance indicators	Fully met: PFM SSP and accompanying action plans have identified clear objectives/outcomes with some milestones to ascertain progress towards the achievement of the long-term reform objectives.	Mostly met: NSDS 2 includes a comprehensive logical framework with output and outcome indicators at each of the six strategic objectives it aims to accomplish.

Source: World Bank Staff Assessment

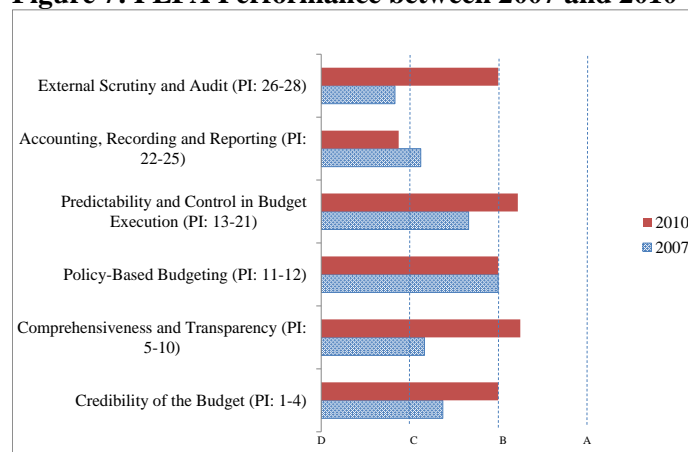
b. Adequacy of the Program Activities

32. Adequacy of the Program Activities: The government programs and sub-programs to be supported by the Program are key aspects of the PFM cycle described in figure 6 **Error! Reference source not found.** Therefore, the Program activities are adequate to achieve the PDO of the Program.

PFM SSP

33. PFM SSP has been formulated building on lessons learned from PFMRS and other assessments such as 2007 and 2010 PEFA¹³. At the national level, the improvement is evidenced in the Public Expenditure and Financial Accountability (PEFA) assessment. The comparison between 2007 and 2010 shows improved scores in all but one category (figure 7 and annex 4). At the subnational level, the 2010 PEFA assessed four districts found a satisfactory nature and scope of the external scrutiny of subnational governments (annex 5). Analyses in

Figure 7: PEFA Performance between 2007 and 2010



Source: World Bank Staff

¹³ The Government plans to conduct PEFA assessments at the national and sub-national (for selected districts) to be completed in the second half of 2014.

PEFAs have been under an internationally recognized framework and methodology¹⁴, and development partners (including the World Bank) provided inputs in formulating the PFM SSP. Therefore, programs and sub-programs under the PFM are considered to hold technical soundness. Detailed descriptions of programs are as follows.

34. **Program 1 Economic Planning and Budgeting:** On national development planning (Sub-Program 1.1), national development planning process has been defined through the implementation framework for the EDPRS 2¹⁵. Accompanying sector strategic plans (SSPs), other strategies such as the NSDS 2 and district development plans (DDPs) function as implementation tools for the EDPRS 2. While the mechanism have been operationalized, it is essential to strengthen capacity at both central and subnational governments. On public investment programming (Sub-Program 1.3), public investment management (PIM) plays an essential role in planning and budgeting. Development budget accounts for about 45% of the total in the 2013/14 revised budget, and also public investment has a medium/long term implication through future operational and maintenance costs. The government policy on PIM is defined in the National Public Investment Policy in 2009. Despite the policy, its implementation and application of the policy was weak until recently. For example, the public investment committee had not been operationalized until 2013. While public investments have future recurrent budget implications through operation and maintenance costs, these were not taken into consideration in formulating the MTEF. On policy-based budgeting (Sub-Program 1.4), the MTEF introduced in 2002 has been fully incorporated into the budget cycle at the both national and subnational levels. Despite the progress, the multi-year fiscal management framework and procedures are not yet effective. The MTEF is merely indicative rather than binding. For example, budget figures in the second year (t+1) under the MTEF prepared for year (t) are not well referred from the annual budget of the following year. The gap between the budget and MTEF for selected sectors is described in table 7. There are a lack of fully costed sector strategies, an insufficient incorporation of information on aid, and a weak link between sector strategies and budget, which result in limited relevance and use of the MTEF by stakeholders. Investment planning and its budgetary impact are not fully captured in current medium-term fiscal framework.

Table 7: Comparing forward estimates with actual the following year for selected line Ministries, 2010/11 – 2014/15

		2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Agriculture	2010-11 Budget	64.8	77.7	81.1				
	2011-12 Budget		67.1	74.7	86.3			
	2012-13 Budget			79.1	108.8	120.1		
	2013-14 Budget				82.7	107.6	110.1	
	2014/15 Budget					72.0	79.5	90.7
Education	2010-11 Budget	155.1	180.2	274.7				
	2011-12 Budget		95.0	100.2	104.5			
	2012-13 Budget			119.3	133.2	144.9		
	2013-14 Budget				149.1	186.6	217.3	
	2014-15 Budget					172.2	192.9	216.9
Health	2010-11 Budget	97.5	114.0	114.9				
	2011-12 Budget		109.5	111.4	99.2			

¹⁴ <https://www.pefa.org/en/content/pefa-framework>

¹⁵ Chapter 7 includes implementation and monitoring and evaluation.

	2012-13 Budget		142.7	151.1	101.5	
	2013-14 Budget			127.0	134.6	139.2
	2014-15 Budget					
Infrastructure						
	2010-11 Budget	241.6	241.3	254.5		
	2011-12 Budget		210.4	191.5	196.8	
	2012-13 Budget			288.1	339.4	299.4
	2013-14 Budget				402.1	429.1
	2014/15 Budget					376.5
						488.7
						478.6

Source: IMF calculations based on data in Budget Framework Paper, various years

35. **Program 2 Resource Mobilization¹⁶:** Increasing domestic revenues to expand fiscal space is one of the most important policy priorities in Rwanda. The tax revenue to GDP ratio increased from 12.0% in FY2009/10 to 14.2% in FY2012/13. Significant progress has been made in tax policy, tax administration and tax systems in the past few years. In the previous fiscal year alone, the government introduced various tax policy and administrative measures such as an introduction of a new VAT law in Dec 2012, an introduction of a new tax system for SMEs in Sep 2012 and an introduction of electronic billing machines (EBM). Despite the progress, the tax revenue to GDP ratio is one of the lowest in Sub-Saharan Africa whose average rate is 18%. Domestic revenue mobilization is the most important subject of the IMF's new Policy Support Instrument (PSI) starting in 2014, and the government showed its strong commitment to this subject in the accompanying Memorandum of Economic and Financial Policies¹⁷. In order to operationalize the commitment, the MINECOFIN has developed the Medium-Term Tax Reforms Plan 2013-16 which identifies tax policies and administrative measures aimed at broadening the tax base, including reducing exemptions; improving taxpayers' compliance; further strengthening tax administration, including e-filing; and strengthening risk management¹⁸. In order to improve transparency, the government plans to publish tax expenditures to be incorporated into the national budget to further transparency¹⁹.

36. **Program 3 Budget Execution, Accounting and Reporting:** On budget execution (Sub-Program 3.1), significant variation between the budget and execution means that public resources are not spent as expected to achieve national objectives. As one of elements in reducing the variation, a close link between the budget and planning is required (refer to Program 1 on Economic Planning and Budget). On improving availability of budget information to the citizen, at the national level a citizen guide to the national budget has been published on MINECOFIN website²⁰. On treasury management (Sub-Program 3.2), A Treasury Single Account (TSA) concept is in place. Rwanda Revenue Authority (RRA) uses commercial banks as collection agents with a requirement to transfer collections to the central bank within 3 days and payments by MDAs are made from the central bank TSA and a Sub District Entities Accounting & Reporting System (SEAS) has been piloted to facilitate accounting, execution and reporting by the sub district entities. The Auditor General's report notes that delayed banking of revenue

¹⁶ Detailed analyses on revenue mobilizations are described in annex 6.

¹⁷ <http://www.imf.org/external/pubs/ft/scr/2013/cr13372.pdf>

¹⁸ The government received technical assistance from the IMF in March 2014 to review the current tax policies in the agriculture and the mining sector and to advise on improving tax collections from those sectors.

¹⁹ "In FY2014/15, the emphasis will be on broadening the base for VAT through a revision of the schedules for exemptions and zero-ratings; and preparing a review of tax expenditures to be submitted jointly with the budget" (p.13 of the IMF's 7th review).

²⁰ http://www.minecofin.gov.rw/uploads/media/The_National_Budget_-_a_Citizen_s_Guide_2013-2014_01.pdf

collections are still persistent in many public entities, especially districts. Transfers to districts are processed directly by the Treasury to improve cash management. However sub district entities (sectors, pharmacies, schools etc.) receive transfers as grants, which are expensed at the point of issue. Consequently, the actual expenditures are not captured by the Government's accounting system, although they are reported separately and provided as summary annexed on the respective Districts' financial reports. There are challenges in tracking some transfers to and through the districts which should net off on consolidation due to mishandled accounting entries by some districts. A detailed assessment will evaluate whether adequate and timely funds are available to finance program implementation. On internal audit (Sub-Program 3.3), initiatives are in the pipeline to address the internal audit structure with a view to enhancing effectiveness and efficiency of internal audit functions. On audit committees²¹, in July 2012, MINECOFIN published a model Audit Committee Charter and followed by a Handbook in 2012 that provides broad guidelines that can be used in by the Audit Committees in Ministries, Districts, Agencies and Government Businesses. All 30 District Councils have Audit Committees since 2011 and submit reports to Council (83% by December 2013). In the central government, 14 out of 21 MDAs have established Internal Audit Committees but very few have held meetings. With only 2 internal auditors per district of about 200 subsidiary entities, capacity is seriously constrained. Internal audit reports cite control weaknesses, poor records management and non-compliance with procurement rules. On internal control, a number of issues cut across both central and subnational levels. The government has developed a financial management manual as the guideline that lays out the requirements of an internal control system, and it is used at both the national and subnational levels. There are some weaknesses within the internal control systems that cut across reporting entities such as the inaccurate and incomplete financial statements, non-compliance to procurement rules and regulations, over expenditures, irregular expenditures, misposting of financial records when posting to IFMIS etc.

37. **Program 4 External Oversight and Accountability:** Timely and quality external audit is also an integral part of improving transparency and accountability. The Office of Auditor General has been playing a key role in external audit. Its new organizational structure was approved in 2012, and the new law on OAG was enacted in late 2013²². The scope and coverage by external audits has been improved in recent few years with the increase in coverage from 60% in 2007 to 79% in 2013²³. Despite the increase in the coverage, only 32% of the 139 audit reports obtained an unqualified (clean) audit opinion, while the remaining 68% obtained qualified audit opinion. None of 30 districts and Kigali City obtained unqualified audit opinion, although three districts (Kamonyi, Ruhango and Gakenke) improved their performance by receiving "except for" opinions. Factors affecting the high qualified audit are, among other things, failure to implement some prior year audit recommendation, omitting balances of non-budget agencies from financial statements of in districts, and non-compliance with existing law and regulations. Furthermore, the capacity of the relevant Parliamentary Committees and District Councils is still inadequate to exercise effective external oversight on the use of public

²¹ Decentralized Service Delivery Development Policy Operation in 2013 (P145114) supports 25 districts Audit Committee reports of 2012.

²² Law N° 79/2013 of 11/9/2013 determining the mission, organization and functioning of the Office of the Auditor General of State finances

²³ Report of the Auditor General of State Finance for the Year ended 30 June 2013 (http://www.oag.gov.rw/IMG/pdf/Annual_Report_2013.pdf)

finances. To address these challenges, the PFM SSP aims to (i) Ensure full compliance with government rules on procurement; (ii) Introduce more modern audit techniques to improve internal audit standards, and (iii) Address the weaknesses of the current Internal Audit structure.

38. **Program 5 Electronic Service Delivery and IFMIS:** The capability and performance of the IFMIS is critical to the Government's ability to deliver improvements in every aspect of the PFM cycle, including improving the timeliness and quality of financial reports, improving the availability of information required by managers for decision making purposes, and ensuring transparency and accountability for the use of public resources. The SmartFMS system is a custom developed financial management information system that supports budget preparation, expenditure management and financial reporting. It began operating in 2010 and has been implemented at 275 sites, including all of the line Ministries, all 30 districts and Kigali City, and various other government funded bodies. The Government plans to add to the functionality of the Smart FMIS software, fixed assets management and management of external funding sources. The Smart FMIS upgrade will also build interfaces to the Central Bank, the Rwanda Revenue Authority and numerous other bodies. In addition, it is planned to integrate the IFMIS system with an e-Procurement system. The current plan is to fully develop the system upgrade by June 2015 and then to roll it out across government between 2015 and 2018.

39. **Program 6 Fiscal Decentralization:** On resource mobilization by decentralized entities (Sub-Program 6.1), strengthening revenue mobilization at the subnational levels is a core objective of the government. Considerable efforts have been undertaken to mobilize local revenues including a strengthened legal framework²⁴. Nevertheless, the utilization of local governments' revenue sources is sub-optimal and uneven across districts, which in addition to fiscal sustainability raises issues on unequal treatment of tax payers. In FY2013/14 budget of the districts, the share of own revenues in the total ranged between 4 and 49% (on average 17%), and the remainder was financed by transfers from the central government. Increase in local revenues will reduce the dependence of subnational governments on transfers from the central government and consequently strengthen the fiscal space for central government budgets and it will also imply an increase in share of discretion of districts budgets. In order to strengthen revenue mobilization at the subnational level, the government commissioned the Local Government Revenue Potential Study²⁵. Among other things, the study finds weak revenue administration capacity at the subnational level. Consequently, in combination with devolution of three tax sources to the districts, the government has decided to transfer local revenue collection responsibilities from districts to the RRA. On facilitation of fiscal transfers (Sub-Program 6.2), in the area of revision of expenditure responsibilities MINECOFIN in collaboration with Rwanda Governance Board (RGB) developed a draft Prime Minister Order to guide the line ministries in the implementation of sectoral decentralization. Furthermore, legal and regulatory framework was assessed to determine the status quo in terms of expenditure responsibilities. A draft revised block grant formula was developed to improve allocation

²⁴ Law Establishing the Sources of Revenue and Property of Decentralized Entities and Governing their Management in 2011 followed by the Ministerial Order determining the modalities for the implementation of Law Establishing the Sources of Revenue and Property of Decentralized Entities and Governing their Management in 2012 and the Presidential Order establishing the List of Fees and Other Charges Levied by Decentralized Entities and Applicable Thresholds in 2012.

²⁵ Local Government Revenue Potential in Rwanda (2013) pointed out among other things the lack of district capacity to collect taxes.

efficiency to districts considering their fiscal capacity. Every year MINECOFIN issues the earmarked transfer guidelines. These earmarked transfer guidelines are designed to guide the decentralized entities in the implementation of earmarked transfers from the central government. The specific purpose of these earmarked transfers guidelines is to provide terms under which the earmarked funds are allocated, transferred, spent and accounted for between the parties involved. The format of submission of the earmarked transfer guidelines was modified to gather for the Budget System Improvement Programme (BSIP) and to operationalize performance based budgeting and funding approach. On strengthening PFM systems and capacity at subnational level (Sub-Program 6.3), at the subnational level, timely and transparent financial information at the subnational level is a key ingredient for improving effective and efficient use of public resources not only at the subnational level but also at the national level (about 80% of district budgets are financed by the transfer from the central government). However, financial information below the district level (i.e., sub-district, cell, hospital and school) is in practice non-existent. In order to address the issue, the government developed a simplified accounting, and financial reporting application (SEAS) for the subnational entities below the district level, and commenced a pilot of the application in December 2013. As of April 2014, among 416 sub-districts, 88 had completed the pilot. An initial assessment of implementation experience indicated substantial success in five out of seven districts. Roll out to an additional 10 districts was due to be completed by June 2014. The initial evaluation identified problems of limited access to IT at sub-district offices and excess numbers of Bank accounts at sub-district level. Improving subnational PFM such as local revenue mobilization is one of key priorities in the government's decentralization strategy, and the Bank has been supporting the efforts²⁶.

40. **Program 7 PFM Sector Coordination and Management: On coordination of HR training and capacity building (Sub-Program 7.1)**, Capacity constraints (organizational, institutional and human) are prevalent across the government programs to be supported by the PforR and skills levels will need to be raised significantly as part of the implementation of the Program. Currently, staffs who are recruited to financial management positions are required to have a bachelors degree in accounting or finance, but few have any type of professional qualification. None of the internal audit staff, for example, are professionally qualified auditors. The capacity of universities and post graduate training institutions appears to be a constraint on improving skills levels and delivering professionally qualified staff. The certification body for accountants in Rwanda (Institute of Certified Public Accountant of Rwanda (ICPAR)) has been established, but no institutions have yet been certified to provide professional training in accounting and audit. On monitoring and evaluation (Sub-Program 7.3), Progress of the PFM SSP has been regularly monitored through annual and quarterly progress reports on the PFM basket fund. PEFA assessments have been used to measure the overall progress of the PFM sector. Thus far, two assessments were conducted in 2007 and 2010, and the 2010 assessment includes subnational assessment of 4 districts. The next PEFA assessments at the national and subnational levels (including 8 districts) are scheduled to be completed in the second half of 2014.

²⁶ Decentralized Service Delivery Development Policy Operation in 2013 (P145114) supports the Presidential Order establishing the List of Fees and Other Charges Levied by Decentralized Entities and Applicable Thresholds in 2012 to clarify district powers to impose a range of fees and charges and determine the rates, and the focus on local revenue mobilization in the proposed operation gives continuity with earlier Bank support.

NSDS 2

41. **The NSDS 2 has been developed taking into account lessons learnt from NSDS 1.** It consolidates the gains of NSDS 1, mainly related to social and demographic data production and dissemination, while addressing its shortcomings, mainly related to the dearth of economic statistics, low quality of administrative statistics, and capacity constraints within the NSS. The NSDS 2 is fully aligned with EDPRS 2 and seeks to provide data required for the monitoring and evaluation of EDPRS 2.

42. **In line with the NSDS 2 priorities, the Program seeks to address data production, dissemination, and quality enhancement needs in several priority areas while promoting sustainability by strengthening statistical skills within the NSS.** More specifically, the Program will support the development of agricultural statistics, business and labor market statistics and the upgrading and updating of the system of national accounts, improved data dissemination and statistical advocacy, and the development of skills within the NSS.

43. **Program 1: Strengthen civil registration systems, administrative records, surveys and other sources of data.** Under this Strategic Objective, the Program will support the development of agricultural, business and labor market statistics and the upgrading of the system of national accounts.

- **Agricultural Statistics:** The process of agricultural planning, strategy, design, policy formulation and analysis, budget preparation, project implementation, appraisal, monitoring and evaluation requires a large volume of agricultural statistical information. To address these needs, the NISR will produce agricultural statistics through the detailed design and execution of comprehensive annual agriculture surveys. This process started in 2012/13 with the design and implementation of an experimental survey. The experimental survey introduced a novel best practice approach to agricultural surveying. This consists of the use of both area and list frames (so-called “mixed frames”) instead of traditional household frames. Area frames allow mapping land use and management practices using aerial satellite photos and demarcating land for agriculture in small pieces (segments) that are used as an exhaustive sample frame for subsequent segment-level sampling (for smallholders). The list frame involves listing large farmers and covering them all. The combination of area and list frames provides estimates that are very close to reality and are superior to the traditional use of household frames, which implicitly assumes each household has equal weight. The Program will support the roll-out of annual agricultural surveys, as of 2014/15, based on the lessons learnt from the experimental survey. The survey instrument will include several modules and sections that target land use (e.g. crops, grazing, forest, etc.); size of land holdings; livestock (e.g. total number of, products and byproducts, poultry, fish, beehives, etc.); seasonality and productivity of individual crops; farm management practices/inputs and irrigation systems; area and production of main and short rain seasons; crop forecasting and patterns, among other features. The agriculture survey will be mainstreamed in NISR’s statistical activities to provide a constant stream of data on the performance of the agricultural sector.
- **Business and Labor Statistics:** Data on businesses and labor supply and demand will be generated through a three-step process whose frequency will be gradually enhanced to inform decision makers more effectively. First, a business establishment census will be carried out to serve as the basis for the downstream design and implementation of a detailed business

enterprise survey. This process will comprise of creating a comprehensive sampling frame for formal and informal business entities, and obtaining some basic information on these entities. Once this census—a key milestone for labor market statistical development—is completed, an integrated business enterprise survey will be designed and implemented in light of international good practices such as the WB BEEPS, which systematically captures data on enterprises in Europe and Central Asia to guide policy decisions on private sector development and labor market dynamics. The integrated business enterprise survey will be implemented in the second year to collect data on formal and informal businesses and assess supply and demand side factors for labor policy development and private investment promotion and priority setting. After the enterprise survey, and to complete the three-stage process, a labor force survey will be conducted to more clearly outline employment levels, unemployment, underemployment, wages, skills availability, and other important labor market statistics. Overall improvements in business and labor statistics are expected to improve and facilitate an enabling environment for business development, local and international investment promotion, revenue management, and long term plans for job creation and expansion of private sector participation in development.

- **National Accounts:** Rwanda’s current system of national accounts is broadly in line with the United Nations System of National Accounts 1993 (SNA1993) standards and was rebased in 2014 with base year 2011 together with adopting Revision 4 of the International Standard Industrial Classification (ISIC)²⁷. Under the Program, the National Accounts will be upgraded to the latest SNA2008 standard (which includes important changes related to the classification of economic activity, the recording of informal economic activities) and will be rebased again in 2016/17 with base year 2014. The rebasing in 2016/17 will benefit from better economic source data provided by updated agricultural and business statistics. An upgraded and updated system of national accounts will allow a closer monitoring of economic performance.

44. **Program 2 Improve quality and dissemination of statistics and public statistical literacy, and, Improve statistical advocacy and integrate use of statistics in decision making:** During NSDS 1, NISR has organized several high-profile and publicized events on the availability of statistics and their importance for decision-making. The most-known and most attended event is the annual interuniversity infographics competition, for which students from different higher-learning institutes submit thematic infographics based on a recent survey dataset in celebration of African Statistics Day. All submissions are rated by a jury, after which infographics are exhibited and prizes awarded to the winning submissions. The infographics competition gains in importance and visibility each single year and has raised awareness among students on the easy access and availability of quality data in Rwanda. NISR has also organized workshops in PhD departments throughout the country to highlight the availability of data and boost the use of national survey data by local PhD researchers.

45. **Program 3 Improve statistical advocacy and integrate use of statistics in decision making:** All statistical advocacy activities so far have been ad hoc. NSDS 2 aims to address this by developing and implementing an integrated advocacy strategy. The strategy will be geared both towards stimulating use of statistics by decision-makers and by researchers and civil

²⁷ Only half of countries in Africa are in compliance with SNA1993 (Devarajan, 2013).

society. The technical soundness of the strategy will be examined once the strategy will have been developed by NISR (planned for the first year of the Program).

46. **Program 4 Develop capacity within NSS:** Under this Strategic Objective, the Program will support the establishment and operationalization of a statistical training center within the existing premises of NISR. With support from the Program, NISR will prepare a master plan for the set-up of the training center, including its design and construction arrangements. NISR already conducted a skills training needs analysis of government officials in NSS institutions and will develop courses (including e-learning modules) based on the results of the needs assessment. The NISR will utilize its senior officials and other experts in the NSS to provide courses and serve as trainers. For statistical skills of lesser complexity, NISR will organize training for trainers, who then can train officials within their respective organizations using the tools and infrastructure available in the training center. For more complex statistical trainings (sampling for instance), multimedia tools will be used to link to international experts so that they can offer courses. The center is expected to be established and made operational by the end of the project's second stage. E-Learning and other outreach measures will also be used to offer courses to district statisticians and other NSS stakeholders. Various dissemination mechanisms will be used to raise awareness about the center while building a culture of evidence-based decision making in the public sector. Once fully operational, the center could offer courses at the EAC level to promote statistical literacy and expertise on a cost sharing basis. The use of modern tablet and mobile technologies and tools will be piloted to gauge their usefulness in improving timeliness and quality of data.

C. Institutional Arrangements

47. **On PFM, preparation of the Program was coordinated by the MINECOFIN SPIU,** which will take the lead in implementing, monitoring, and reporting on the Program. Rwanda has taken a positive step following Cabinet resolution of February 11, 2011, regarding the formation of the SPIU²⁸ across Line Ministries and Public Agencies, with overall objective of creating an effective institutional framework that will guide the process of designing and implementing projects that are earmarked to fast track realization of development targets envisaged in the various sector strategic plans. However, there are challenges of multiplicity of processes, procedures and information systems resulting from the requirements of individual donors. This in turn doubles the work load of the accountants, creates silos and does not encourage strengthening of country systems. It is therefore important for the efficiency of the SPIU to harmonize and have a single system applicable to all projects under the SPIU irrespective of the donor. While in the long-run, using country systems by development partners is expected to increase capacity to handle multiple tasks, in the short-run, the Bank through the Program Implementation Support Plan will work with the SPIU to ensure effective implementation of the Program.

48. **NISR will lead the implementation of the statistical component under the proposed Program.** NISR has solid program implementation capacity. NSDS 1 was implemented according to schedule, with all major surveys and censuses conducted according to a pre-determined timetable. An NSDS coordination team (NCT), consisting of procurement, financial management, M&E, and planning staff, is already in place and have been trained by World Bank

²⁸ <http://www.minecofin.gov.rw/index.php?id=58>.

procurement and financial management specialists in the framework of the Bank's investment project support to the previous NSDS 1.

49. **Reporting arrangement.** As the existing M&E framework does not cover all key information for effective implementation of the Program, the MINECOFIN SPIU will separately report the following information.

- progress on DLIs and PAPs: twice a year, by February and August
- progress on expenditures by programs and subprograms, as identified in the expenditure framework: twice a year, by February and August
- audited financial statements of implementing agencies: annually²⁹.

50. The Government and the Bank will discuss other reporting issues that arise during implementation.

III. Description and Assessment of Program Expenditure Framework

51. **Expenditure framework** (table 8). Building on costing exercises of PFM SSP, NSDS 2 and MTEF, the total expenditure framework was formulated. Total expenditure for the Program is US\$172 million, to be disbursed between FY2014/15 and FY2017/18. The PFM component accounts for 65 percent (US\$113 million), and the statistics component accounts for 35 percent (US\$59 million) of the Program. Almost all expenditure activities are less than US\$5 million; exceptions include activities in e-procurement, IFMIS, and the fifth household survey (EICV 5). Formulation of the total expenditure framework built on costing exercises of the PFM SSP, NSDS 2, and the MTEF. With the support of US\$100 million from the Program together with contributions from the government (US\$41 million) and other development partners (US\$30 million), the PFM and statistics programs will be fully funded.

52. Given the importance of addressing capacity constraints, the Government plans to conduct capacity-building activities amounting to US\$37 million (22 percent of total expenditures) during the Program implementation period. According to the economic classification,³⁰ the Government plans to spend US\$2 million (1 percent of the total) on compensation of employees in the MINECOFIN SPIU, US\$122 million (71 percent of the total) on goods and services, and US\$47 million (28 percent of the total) on fixed capital. Construction of the statistics training center is the Program's only physical activity. It was addressed in the environmental and social systems assessment (ESSA) (see annex G). Other fixed capital activities include the purchase of software and related activities for e-procurement and the future IFMIS. Procurable items (total minus compensation of employees) account for 99 percent of total expenditures. Section IV of the Fiduciary Assessment analyzes the strengths and weaknesses of the procurement systems and practice. Weakness identified will be addressed through the Program (including through DLI and PAPs).

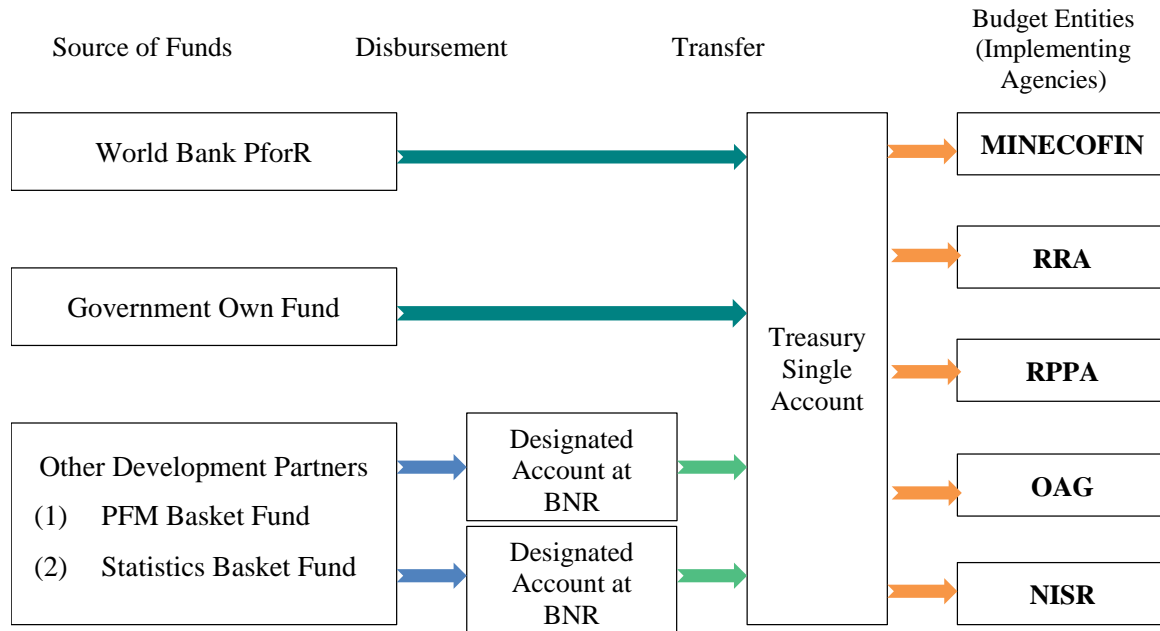
²⁹ The audit shall cover all the implementing agencies (RRA, RPPA, OAG, NISR and MINECOFIN (with an annex to the MINECOFIN notes to the financial statements that will contain such information deemed classified expenditure which shall remain confidential to the government). The Terms of reference for the audit will be agreed upon with the Association.

³⁰ Based on the IMF's 2001 *Government Finance Statistics Manual* (<https://www.imf.org/external/pubs/ft/gfs/manual/>).

53. There are no high-risk activities in the Program which are or need to be excluded.

54. **Funds flow of the Program expenditures.** The proceeds of the Program will be part of the budget. They will be disbursed against the Treasury Single Account (TSA) and then allocated to the implementing agencies (figure 8). Execution of the budget follows relevant law and regulations.³¹

Figure 8: Funds Flow of the Program Expenditures



³¹ Chapter IV (State Budget Execution) of the 2013 Organic Law on State Finance and Property defines budget execution. Practical guidelines for budget managers are included in Chapter 6 (Budget Execution) of the Simplified Public Financial Guidelines for Chief Budget Managers.

**Table 8: Program Expenditure Framework
(US\$ millions)**

<i>Component/expenditure type</i>	<i>Government fiscal year</i>					<i>Expenditure category</i>			
	<i>2014/15</i>	<i>2015/16</i>	<i>2016/17</i>	<i>2017/18^a</i>	<i>Total</i>	<i>Capacity building</i>	<i>Wage and salaries</i>	<i>Goods and services</i>	<i>Fixed capital</i>
<i>PFM</i>	38	33	24	19	113	31	2	71	40
P1 Economic planning and budgeting	3	3	2	2	10	2	0	9	1
P2 Resource mobilization	11	5	3	1	20	1	0	14	6
P3 Budget execution, internal control, accounting, and reporting	7	13	7	4	30	12	0	21	9
P4 External oversight and accountability	2	2	2	2	7	5	0	6	1
P5 Electronic service delivery and IFMIS	8	5	5	5	23	1	0	3	20
P6 Fiscal decentralization	4	4	4	3	15	6	0	13	2
P7 PFM sector coordination and management	2	2	2	3	8	4	2	6	0
<i>Statistics</i>	17	15	13	15	59	6	0	51	8
Strengthen civil registration system, administrative records, surveys, and other sources of data	9	4	8	9	30	0	0	30	0
Improve quality and dissemination of statistics and public statistical literacy	0	0	0	0	1	0	0	1	0
Improve statistical advocacy and integrate use of statistics in decision making	0	0	0	0	0	0	0	0	0
Develop capacity within NSS	7	10	5	6	28	6	0	20	8
Total (PFM + Statistics)	54	47	37	34	172	38	2	122	48
<i>Sources of funding</i>									
Government	14	3	2	23	41	n.a.	n.a.	n.a.	n.a.
World Bank PforR	30	35	32	3	100	n.a.	n.a.	n.a.	n.a.
Other development partners	10	103	3	8	30	n.a.	n.a.	n.a.	n.a.
Total	54	47	37	34	172	n.a.	n.a.	n.a.	n.a.
Share of PforR in total (percent)	56	74	87	9	58	n.a.	n.a.	n.a.	n.a.

Source: MINECOFIN.

Note: n.a. = Not applicable.

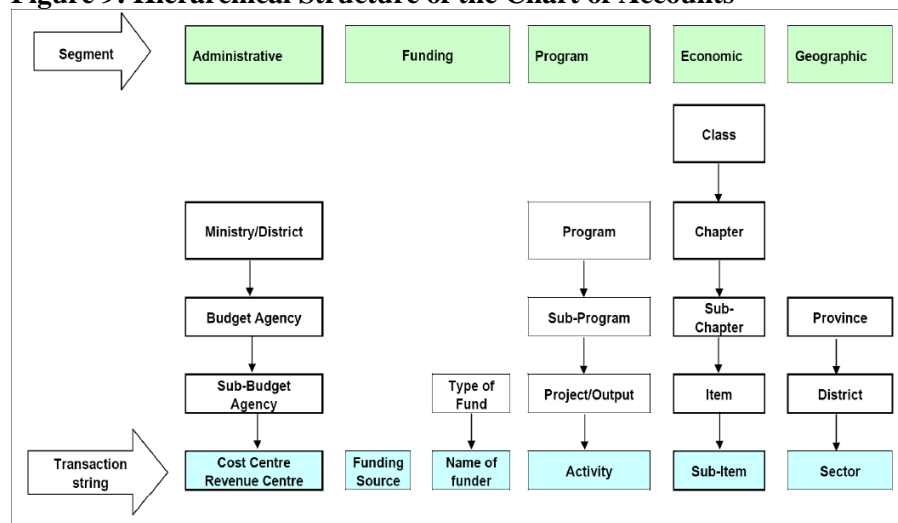
a. Extrapolated based on ratio of FY2017/18 to FY2016/17.

A. Program Budget Structure and Classification

55. The budget classification system is comprehensive and consistent with international standards. The budget is prepared in compliance with the IMF’s Government Finance Statistics Manual (IMF-GFSM 2001)³². The Chart of Accounts is also comprehensive to allow for preparation of full set of financial statements in accordance with the International Public Sector Accounting Standards (IPSAS) (figure 9). Budget programs and sub-programs have been mapped to the Classification of Functions of Government (COFOG) standards³³. The Financial statements accounting policies note that the financial statements are prepared on a “modified cash basis” whilst the budget is prepared on cash basis. For further improvement, the Chart of Accounts will be updated to accommodate new changes in the public sector accounting and reduce various accounting posting errors (the first year DLI in DLI 4).

56. **The expenditure program is based on the approved MTEF covering FY2014/15-2016/17, but two challenges remain**³⁴. The MTEF includes information on program, sub-program, project/output and activity. However, it is not classified based on SSPs or other sector strategies under the EDPRS 2. Therefore, in order to translate the information in the MTEF into the PFM SSP and NSDS 2, the government has manually reclassified the MTEF (Annex 7). Also, while the MTEF covers until FY2016/17, the Program aims to provide financing resources until FY2017/18. Therefore, based on the assessments provided by MINECOFIN, expenditures in FY2017/18 are obtained by extrapolating the growth rate in the previous fiscal year.

Figure 9: Hierarchical Structure of the Chart of Accounts



Source: MINECOFIN

³² Article 33 of the OBL dealing with “format of revenue budget appropriation” requires that “the revenues of Central Government or decentralized entities shall adhere to internationally accepted standards of classification of revenues”. http://www.minecofin.gov.rw/uploads/media/Official_Gazette_no_Special_of_05_11_2013_06.pdf

³³ OBL Article 34 “Expenditure estimates of each public entity shall be organized in a programmatic, economic and functional classification, in line with international accepted classification standards of expenditures”.

³⁴ The MTEF is currently the best medium-term expenditure plan of the government. Some weaknesses of the MTEF will be addressed through the Program.

57. The budget classification, in theory, allows the tracking of expenditures according to the five segments. However, in practice, the tracking of expenditures by programs is challenging. For example, wages and salaries are not included in programs or sub-programs but are consolidated under ministries and agencies. In addition, budget presentation does not clearly show how specific SSP pillars link to EDPRS 2 at the implementing agency level. Furthermore, the summary financial information in the audit report does not provide detailed actual expenditure in the same format as the approved budget to allow direct comparison of budget out-turns vis-à-vis original policy intent. Therefore, until the program structure described in the following paragraph is operationalized, the Program will rely on the matching table in annex 7.

58. The Program supports government efforts in improving the program structure. The IMF has been supporting this area through its technical assistance of the budget system improvement programme, and the Program support the implementation of it. DLI 1 includes design and pilot of a draft consolidated programme template to assist FY2015/16 budget preparation and monitoring and evaluation processes in identified pilot MDAs.

B. Program's Financial Sustainability and Funding Predictability

59. **Program's financial sustainability and funding predictability are considered to be appropriate.** According to the latest IMF/Bank Joint Debt Sustainability Analysis (DSA), Rwanda's risk of debt distress rating has improved from moderate to low in the latest DSA in response to a broadened export base. The total public debt outstanding at the end of 2012 stood at 26% of GDP and the DSA shows that Rwanda's external debt remains below the indicative thresholds under all scenarios examined. The DSA further acknowledges that the authorities have made progress on enhancing their debt management capacity. A major development was the preparation and presentation by the authorities of their own DSA in October 2012³⁵.

60. **The execution ability measured by the deviation between the budget and actual needs to be improved.** The execution rates of the PFM program in the past two years are on average 80 percent (table 9). On the contrary, the rates of the statistics program were 88 percent in FY2011/12 and 94 percent in FY2012/13. By directly supporting the PFM sector, the Program itself is expected to address execution capacity of the government.

Table 9: Comparison between Budget and Actual Execution of the PFM Program (Rwf billion)

	FY2011/12 (Jul 11-Jun 12)			FY2012/13 (Jul 12-13)		
	Budget (A)	Actual (B)	B/A	Budget (A)	Actual (B)	B/A
Program 1 Economic Planning and Budgeting:	2,316	2,038	88%	3,658	3,766	103%
Program 2 Resource Mobilization:	4,040	3,368	83%	4,267	4,110	96%
Program 3 Budget Execution, Internal Control, Accounting & Reporting:	25,251	18,674	74%	22,785	16,945	74%
Program 4 External Oversight and Accountability:	4,146	4,059	98%	3,614	2,496	69%
Program 5 Electronic Service Delivery & IFMIS:	7,486	5,933	79%	8,876	6,677	75%
Program 6 Fiscal Decentralization:	2,283	2,150	94%	1,161	1,139	98%
Program 7 PFM Sector Coordination and Management:	6,588	5,888	89%	5,593	3,938	70%
Total	52,110	42,111	81%	49,954	39,071	78%

Source: MINECOFIN

³⁵ A structural benchmark in the current PSI (IMF Country Report no. 13/77).

61. **The expenditure framework does not include non-discretionary items such as wages and salaries for two reasons.** First, the budget classification does not allow capturing wages and salaries by the specific programs. Second, the government considers that wages and salaries should be financed by their own revenues³⁶. In order to address these issues, the Program supports improving the program structure through the first year DLI under DLI 1 on improvement of multi-year fiscal management framework.

62. **There is good track record of predictability of donor financing.** On PFM, developing partners participating in the PFM basket fund (UK, Germany and EU) have good track record of channeling financial resources in the past several years. The new Memorandum of Understanding (MoU) covering FY2014/15 and FY2017/18 has been signed.

C. Efficiency of Program Expenditure

63. **Institutional Arrangements and Expenditure Execution Incentive Mechanism.** Rwanda has a very good track record of results-based development management. For example, Rwanda was one of two countries whose national development strategy was rated “A” in the 2010 Paris Declaration survey among 77 countries surveyed³⁷. The results-based aspect was strengthened further in EDPRS 2³⁸ and SSPs. Results-based management has also been operationalized at the ministerial, agency, units, and staff levels, which has created strong incentive mechanism to achieve results.

IV. Description and Assessment of Program Results Framework and M&E

A. Program’s Results Framework

64. The Program Development Objective (PDO) of this Program is enhancing Public Financial Management and statistics systems to improve transparency and accountability in the use of public funds, revenue mobilization and the quality and accessibility of development data for decision making. The Program aims to achieve the following results:

- Increased efficiency in national and subnational revenue collection;
- Improved national and subnational transparency and accountability in the use of public funds; and
- Improved use of development data for decision-making.

65. In order to achieve the results and the PDO, Program’s results framework has been formulated based on government’s own results frameworks such as the result frameworks of PFM SSP and NSDS 2, and PFM SSP sector implementation plan. Furthermore, Program’s results framework supplemented additional information in the MTEF and other items deemed important.

³⁶ Except for salaries and wages for the staff in the SPIU of MINECOFIN, which are included in sub-program 7.1.

³⁷

<http://effectivecooperation.org/files/resources/2011%20Report%20on%20Monitoring%20the%20Paris%20Declaration%20ENGLISH.pdf>

³⁸ Joint Staff Advisory Note

66. **The results framework for the Program (Annex 8) represents a consistent results chain to achieve the PDO):** The results framework has three key results areas which form integral parts of the PFM cycle such as (i) increased efficiency in national and subnational revenue collection; (ii) improved national and subnational transparency and accountability in the use of public funds; and (iii) improved use of development data for decision-making. Each results area is reflected in disbursement linked indicators (DLIs), program action plans (PAPs) and program implementation support plan.

67. **Results Area 1, Enhanced National and Subnational Revenue Collection:** The main indicator of the results area is the tax to GDP ratio with Subindicator 1-(1) on “Hours per year for paying tax”; Subindicator 1-(2) on “the number of districts using automated revenue collection system” and Subindicator 1-(3) on “proportion of active small and micro taxpayers filing tax declarations using e-tax Internet portal. The targeted outcomes in this results area will be achieved by DLI 2 centralization of subnational revenue collections, PAPs under PFM SSP program 2 on resource mobilization, activities supported by the Program under PFM SSP Program 2 on resource mobilization and sub-program 6.1 on resource mobilization by decentralized entities.

68. **Results Area 2, Improved National and Subnational Transparency and Accountability in the Use of Public Funds:** The main indicator of the results area is “percent of entities submitting monthly statements by the due date and make them publically available” accompanied by Subindicator 2-(1) on “proportion of MDAs receiving unqualified audit opinions”; Subindicator 2-(2) on “percent of subdistricts using a simplified accounting and financial reporting application.” And Subindicator 2-(3) on gap between annual budget and second-year MTEF formulated previous year. The targeted outcomes in this results area will be achieved by DLI 3 on e-procurement, DLI 4 on percent of MDAs receiving unqualified audit opinion, DLI 5 on percent of subdistricts using a simplified accounting and financial reporting application. Relevant PAPs and government activities under PFM SSP P3 (budget execution, accounting and reporting), P4 (audit and legislative oversight), P5 (electronic service delivery and IFMIS), P6 (fiscal decentralization) will also contribute to this results area.

69. **Results Area 3, Improved Use of Public Data for Decision Making:** The main indicator of the results area is “the share of MDAs for official statistics using both (a) Analysis of current developments for short-term decision making and (b) Analysis of trends for longer-term policy formulation”³⁹ accompanied with Subindicator 3-(1) on “Annual national agricultural survey conducted and disseminated” and Subindicator 3-(2) on “Annual labor market statistics collected and disseminated.” In addition, inputs/activities, outputs and intermediate outcomes in Strategic Objective 1 (Strengthen civil registration system, administrative records, surveys and censuses and other sources of data), Strategic Objective 2 (Improve quality and dissemination of statistics and public statistical literacy), Strategic Objective 3 (Improve statistical advocacy and integrate use of statistics in decision making); and Strategic Objective 4 (Develop capacities within NSS) under the NSDS 2 will help achieve the outcome targets.

³⁹ Questions 4.1.1 and 4.1.2 of User Satisfaction Survey

B. Assessment of Program Implementing Agencies' M&E System

70. **Building on already established M&E frameworks in the government's PFM and statistics programs, the MINECOFIN SPIU will take a coordination role in the Program M&E.** The SPIU is the main interface in preparing and implementing the Program. It will keep coordination roles in implementation and M&E. The SPIU has a track record of managing externally funded projects and program including the PFM Basket Fund.

71. On PFM, the Program will draw on the existing M&E framework of the PFM SSP. The SSP includes a section on Monitoring and Evaluation Plan describing how progress of the PFM SSP will be monitored. The section also includes several monitoring tools such as Joint Sector Review of the sector, PEFA and midterm/end of terms reviews. The SPIU has made progress on M&E of the PFM SSP. In the first year of the implementation of the SSP (FY2013/14), the SPIU consolidated three quarterly progress reports and one annual report for FY2012/13 with inputs from other units of MINECOFIN and other agencies (for example, RRA, RPPA and OAG), which are the implementing agencies of the Program.

72. On statistics, the Program will draw on the existing M&E framework of NSDS 2 to monitor progress toward milestones. NSDS 2 includes a comprehensive logical framework with output and outcome indicators at each of the six strategic objectives it aims to accomplish. The results framework for the Program is a subset of the NSDS 2 logical framework. During NSDS 2, NISR will report on progress through quarterly, six-monthly, and annual progress reports. In addition, an independent consultant will be sourced to carry out annual, midterm, and final reviews of the progress on NSDS 2. An independent user satisfaction survey will be conducted every two years to gauge use of and satisfaction with data produced and disseminated by the NSS among a wide variety of stakeholders (government, local and international organizations, research institutes, civil society, and so forth) to measure PDO Indicator 3.

V. Disbursement Linked Indicators

A. Disbursement Linked Indicators

73. **Building on the results framework, the DLIs were selected to represent one or both of the following criteria:** (a) DLIs signal and monitor a milestone along the results chain without which the PDO cannot be achieved and (b) DLIs signal incentives for rewarding performance (Outputs, outcomes) to encourage the practice of managing for results (table 10).⁴⁰ Given the link between the DLIs and Program results areas (see the summary results framework in Annex C), attaining the DLIs will contribute to the Bank's twin goals through the above-mentioned links with the three Program results areas.

74. The DLIs are combinations of outputs and intermediate outcomes; almost all of them meet the two criteria above. For example, an increase in the proportion of MDAs receiving unqualified audit opinions directly contributes to the second results area of improved national and subnational transparency and accountability in the use of public funds. The first- and second-

⁴⁰ See paragraphs 4–6 in Chapter 3 (on Disbursement-Linked Indicators and disbursement arrangements) of the Interim Guidance Note.

year DLIs focus on increases in proportions; the third-year DLI focuses on an intermediate outcome, the percentage increase in unqualified audit reports.

Table 10: Disbursement-Linked Indicators in the Program

<i>Component/DLI</i>	<i>Type^a</i>	<i>Milestone to achieve PDO</i>	<i>Incentives for performance</i>
<i>PFM</i>			
DLI 1: Number of pilot ministries submitting investment plan in which feasibility studies are conducted for new projects exceeding US\$1 million have, per instructions in budget call circular	Output, intermediate outcome	Yes	Yes
DLI 2: Number of districts using automated local government revenue management system	Output	Yes	Yes
DLI 3: Implementation of e-procurement	Output, intermediate outcome	Yes	Yes
DLI 4: Percent of MDAs receiving unqualified audit opinion	Output, intermediate outcome	Yes	Yes
DLI 5: Percent of sub-districts using simplified accounting and financial reporting application	Output, intermediate outcome	Yes	Yes
DLI 6: Number of Government Sponsored PFM staff with at least foundation-level professional finance qualifications	Output	Yes	Yes
<i>Statistics</i>			
DLI 7: Increased production of economic statistics and dissemination in time for strategic planning and decision making	Output	Yes	Yes
DLI 8: Extension of Open Data initiative to progressively include more surveys and administrative sources of data	Output, intermediate outcome	Yes	Yes

a. Types include outputs, outcomes, process indicators, financing indicators, and key actions.

75. **DLI 1 (Improved public investment):** The DLI focuses on public investment management. In Rwanda where the share of capital expenditures accounts for 45% of the total budget, improving public investment management is critical. In this regard, the DLI is “Number of pilot ministries submitting investment plan in which feasibility studies are conducted for new projects exceeding US\$1 million have, per instructions in budget call circular”. The baseline is zero and DLI targets are 1 pilot ministry in year 1; 3 in year 2 and 5 in year 3. A proposed revision of the national investment policy is expected to contribute to improving public investment management.

76. **DLI 2 (Centralization of subnational revenue collection):** Building on the study on local government revenue potential in late 2013, the government decided to enhance local revenue-administrative capacity by facilitating collaboration between the RRA and districts. The collaboration covers the installation of new automated revenue systems and procedures, together with staff on-boarding, training and other forms of capacity building. A pilot project on the new automated revenue systems funded by the African Development Bank will be carried out in three districts in Kigali. Also, the government has formulated a specific action plan to follow up on the government’s decision to delegate the tax collection function to RRA on behalf of the districts. Phase 1 includes RRA support to all districts in collecting tax revenues of three tax sources, using existing systems and in collaboration with staff at the districts. Phase 2, planned to be launched in January 2015, is intended to have RRA taking over all functions on revenue

mobilization, including taxes and fees collection, tax audit, enforcement, objections and appeals against assessed taxes. This new mandate for RRA requires a review of the existing legal framework in the second half of 2014. The Program supports the automated revenue systems and key output in the action plan. The DLI is the number of districts using automated local government revenue management system. DLI targets are 3 districts in year 1, 6 in year 6 and 11 in year 3.

77. **DLI 3 (E-Procurement implemented):** Under the Medium-Term Strategic Plan on Public Procurement for 2012/13-2014/15⁴¹, the introduction of E-Procurement is identified as one of the key activities for transparent and efficient public procurement systems. With the assistance of the World Bank, the Government has carried out the feasibility study. The study also recommends that the e-Procurement system be developed along a close integration with other existing systems such as IFMIS and the Business registry at Rwanda Development Board (RDB). Linking the e-Procurement system with other systems will help exchange data and cross-check compliance with procurement rules. The DLI in the first year is an approval of technical proposal, financial proposal and roadmap by the minister of MINECOFIN. The second year DLI is functioning of IFMIS and E-Procurement interface protocols. These DLIs are expected to enable pilot government entities to start using e-Tendering and application of IFMIS and E-Procurement interface protocols. This is the third year DLI.

78. **DLI 4 (Proportion of Ministries, Districts and Agencies (MDAs) receiving unqualified audit opinion):** Increasing the proportion of MDAs⁴² is critical to enhance transparency and accountability. For FY2012/13, 45 of 139 MDAs (32 percent) received unqualified audit opinions. Government efforts supporting this area include update PFM pocket booklet⁴³ disseminated to Chief Budget Managers and training conducted in the first year. This booklet will contribute to improved compliance of government officials with government rules, as the booklet will summarize the whole PFM cycle information and references to the legal regulations governing the PFM Cycle. This helps the any staff from the top management to the lower accountant to be easily guided by the pocket note and know where to read/refer further. To address some weakness of the current internal audit structure (e.g., staffing), the government plans to issue a Ministerial Order on a revised internal audit structure. Key milestones to address challenges on internal audit are operationalizing automation of internal audit through Electronic Working Papers (EWP) and, training of records management and procurement⁴⁴ training conducted and a study on Risk profile of budgeting entities. Furthermore, capacity development as well as quality staff is key to achieving this DLI. DLI 6 on the number of Government sponsored PFM staff with at least foundation-level professional finance qualifications will contribute to this area. The first year target is 37 percent to be increased to 42 percent in year 2 and 47 percent in year 3.

⁴¹ http://www.rppa.gov.rw/uploads/media/RPPA_STRATEGIC_PLAN.pdf

⁴²MDAs include ministries, other central government agencies, boards, government projects, government business enterprises, provinces and districts (including city of Kigali).

⁴³ <http://www.minecofin.gov.rw/fileadmin/documents/MINICOFIN-PFM-Guidelines-July-2011.pdf>

⁴⁴ Procurement officers, Tender Committee members, members of Independent Review Panels, bidders, prosecutors, Auditors, CBMs

79. **DLI 5 (% of Subsidiary entities using a simplified accounting and financial reporting application):** The Program plans to support the operationalization of the simplified accounting system at the sub-district level with DLIs of the share of the sub-districts using the simplified accounting and financial reporting application at 30% in the first year, 60% in the second year and 80% in the third year. In recognition of capacity constraints at the subnational level, milestone in the first year is a provision of training for end-users and system administrators. The second year milestone is posting of consolidated quarterly budget performance reports (revenue and expenditure) by District Executive Committee on a notice board in a conspicuous place on the premises of the Council followed by posting of quarterly budget performance reports (revenue and expenditure) disaggregated by sectors and place on notice board in a conspicuous place in each sector in the third year.

80. **DLI 6 (number of Government sponsored PFM staff with at least foundation-level professional finance qualifications):** The technical and fiduciary assessments point of that enhancing capacity is key for successful PFM reform. As of September 2014, 294 staff or 27% of the total government staff working on financial management has at least foundation-level qualification. Also, there is no tuition providers accredited to provide professional accountancy training in Rwanda. Building on the current situation, the first year DLI is 350 government staff acquires at least foundation level qualification to be increased to 400 staff in year 2 and 450 in year 3. To address, the government plans that two Rwandan educational institutions accredited to provide professional training under ICPAR, ACCA, and AAT.

81. **DLI 7 (Increased production of economic statistics):** The first year DLI is the implementation of a best-practice National Agriculture Survey (NAS) and the release of the results by May 2015. The NAS will build on lessons learnt from the experimental agricultural survey which was piloted in 2013. The second year DLI is the implementation of the Integrated Business Enterprise Survey (IBES) and the release of the results by May 2016. The IBES will be based on the sample frame of the Establishment Census, which will be implemented in the first year of the Program concurrently with the NAS. The third year DLI is the rebasing of national accounts with base year updated to 2014, with the rebased and updated GDP figures released by end-of-April 2017. The updating of the system of national accounts will include new economic source data provided by the NAS and the IBES, among others.

82. **DLI 8 (Open data):** The first year DLI is the release on NADA, by June 2015, of the micro-data of the experimental agricultural survey (2012/13) and at least 5 percent of the data of the 2012 Population and Housing Census⁴⁵. The second year DLI is the release on NADA, by June 2016, of micro-data of the EICV4 poverty survey. The third year DLI consists of the release on NADA, by June 2017, of data from the fifth Demographic and Health Survey and the extension of open data to the administrative records of at least one of the main line Ministries (the Ministry of Health or the Ministry of Education, which already have Management Information Systems in place). This needs to be achieved by June 2017. This will mark an important milestone in extending the open data initiative across government.

83. In light of the fact that each DLI constitutes an important part of the PFM cycle and interlinks between the DLIs, the disbursement amounts are almost equally distributed across the DLIs.

⁴⁵ For reasons of confidentiality and anonymity, census data do not get released in full.

B. Verification Protocol

84. On disbursement arrangements, DLI targets are given in an indicative annual time frame (Annex D in the PAD). Confirmation that an indicator has been achieved/completed will be based on the agreed verification protocols. Once an indicator is achieved/completed, the Government can make a disbursement request up to twice a year. In order to implement activities to achieve DLIs, the Government has requested that 25 percent of Program proceeds be paid as an advance. In addition, if the Government achieves the first-year DLI 3 on E-Procurement before the signing of the legal agreement, the Bank will disburse an additional 5 percent of the Program proceeds as prior results.⁴⁶ (See Annex Table D-1.)

85. For selected DLIs, the Bank will apply for scalability for disbursement. For example, for the DLI 6 (government PFM staff working in financial management with at least foundation-level professional finance qualification), actual disbursement will be calculated based on the ratio between the gap between the actual number and baseline and the gap between the target and baseline.

86. In order to conduct the verification protocol, the MINECOFIN SPIU will be responsible for gathering all data, information, and evidence of completion of the DLIs from the implementing agencies, which it will deliver to the Bank and an independent body, such as OAG, for verification.⁴⁷ The Bank or the OAG, or both will conduct onsite visits. The financial resources required for verification have been included in the expenditure framework.⁴⁸ Verification is thus fully funded. The contents and quality of verification will have to be satisfactory to IDA.

VI. Program Economic Evaluation

A. Rationale for Public Provision and/or Financing

87. **Public provision in PFM and statistics has a strong rationale.** PFM is core public goods underlining all government activities. Each element of the PFM cycle (figure 6) has been managed by the central and subnational governments. As improving the PFM is expected to create spillover effects to the rest of the economy, the public provision is justifiable. On statistics, the process of planning, policy-making, and monitoring and evaluation of government policies require a wide variety of development statistics, which only public investment can provide. While the private sector can and does collect specific statistics, they are unlikely to invest in a complete statistical system. Left to the market there would likely be significant underinvestment in statistics, hereby foregoing the benefits of better statistics. In addition, statistics are a public good. Once produced, statistics can be used by different levels of government, citizens, and businesses to facilitate evidence-based decisions in their spheres of interest. Public provision in statistics thus creates positive externalities.

⁴⁶ Paragraph 14-16 of BP 9.00 – Program-for-Results Financing

⁴⁷ If OAG takes the verification role, it will not conduct verification of DLIs that they are in charge for data collection and provision. In this case, the Bank will hire an external consultant.

⁴⁸ In case the OAG will have to hire a consultant, based on the past experience, US\$70 thousands (annual) are included in the expenditure framework.

B. Economic Impact of the Program

88. **Improving the whole PFM cycle through the PFM and Statistics Programs are likely to gain efficiencies of the whole government expenditures.** EDPRS 2 expects that the public sector will play a catalytic role in promoting private sector-led development. Focusing on the whole PFM cycle will enhance the public sector’s role. Also, in Rwanda where the share of government expenditures in the economy (30%) is relatively higher than other developing countries, economic impacts of improved PFM system (including statistics) would be significant.

89. **A literature supports positive relationship between PFM and development objectives (table 11). However, the extent of the contribution of PFM to development objective differs.**⁴⁹

- **Macroeconomic Stability:** The ability of PFM systems to provide relevant information on status of, and risk to, debt and deficits is its most significant contribution.
- **Efficient Allocation of Resources:** PFM systems which focus on providing relevant information on available resources, and a timely budget preparation process that involves all stakeholders, can contribute to the right allocation. However, ‘efficient’ allocation can only be done in light of a pre-existing, politically determined expenditure strategy that chooses between various public spending priorities.
- **Service Delivery:** The link between PFM functions and service delivery is less clear. Regular payment of staff salaries is likely to be important to all public service delivery, but beyond this the relevant prioritization of PFM functions to contribute to service delivery will depend on the nature of the sector being considered.
- **State Building:** The relationship between PFM functions and state-building is particularly complex, given that each of the three other development objectives are themselves theorized to contribute, to a greater or lesser extent, to an effective state.

Table 11: PFM Functions and Development Objectives

Development Objective	Priority PFM functions identified as contributing to development objective
Macroeconomic stability	<ul style="list-style-type: none"> ▪ Timely and reliable fiscal and financial information ▪ A basic understanding the overall debt position of the government ▪ An awareness of key risks to the fiscal position of the government
Efficient allocation of resources	<ul style="list-style-type: none"> ▪ Timely and reliable fiscal and financial information ▪ A well-structured budget preparation process
Service delivery	<ul style="list-style-type: none"> ▪ Regular payments of salaries and wages to staff engaged in delivering basic services ▪ Beyond salaries, the PFM functions to be prioritized will depend on the nature of the priority public service sectors chosen
State-building	<ul style="list-style-type: none"> ▪ Basic budgeting in the sense of expenditure control and execution ability ▪ Regular and timely payment of public-sector salaries ▪ Understanding of the current structure of the revenue base and options for expansion in the future

Source: ODI (2013)

⁴⁹ ODI (2013) “Linking PFM Dimensions to Development Priorities” (Working Paper 380)

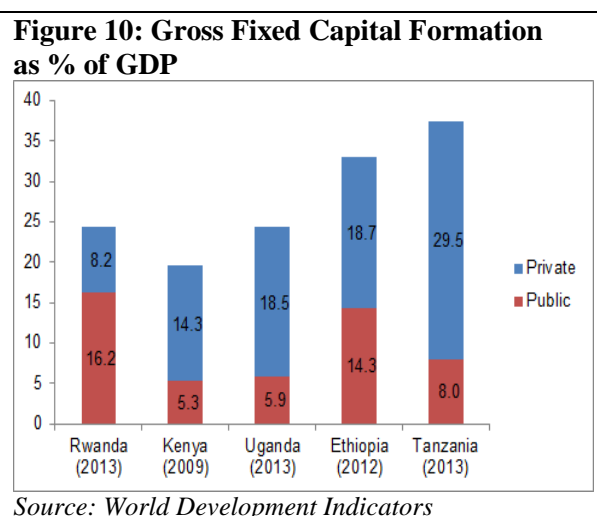
Application to Rwanda's Context

90. **Good track record of PFM improvement in Rwanda:** An international comparison using CPIA Indicator 13 (quality of budgetary and financial management rating) in 2013 shows that Rwanda's score (4.0) ranks 4th among 82 countries. Also, Rwanda's score exceeds the average score of middle income countries (3.3) (figure 6). Furthermore, among 73 countries where the comparison between 2005 and 2013 is possible, only one third of the countries improved the score (another one third deteriorated, and the remaining one third remained the same). Rwanda is one of the countries having experienced the improvement. Rwanda's progress is remarkable given the fact that there seem to be no functioning PFM systems after the 1994 genocide. This proves that Rwanda has effectively improved PFM in the past two decades.

91. **Macroeconomic stability:** One of the most important structural problems is high aid dependency. In FY2014/15 budget, foreign grants accounts for 36% of the total revenues. The importance of PFM, especially domestic resource mobilization, is evident in the 2012 aid decline. In the first half of FY2012 (July-Dec 2012), budget support turned out to be less than the original budget by 3% of GDP (US\$230 million). The aid decline is the main cause of the growth deceleration from 8.8% in 2012 to 4.7% in 2013. If 2013 growth was the same as the one in 2012, GDP values (2011 constant prices) would have been higher by US\$242 million. Domestic resource mobilization (Program 2 of PFM SSP) supported by the Program is expected to reduce high aid dependency, which will lead to enhance macroeconomic stability.

92. **Rwanda is on the right track to improve the PFM functions contributing to macroeconomic stability in table 11.** Government programs 3 (budget execution, internal control, accounting and reporting) and 5 (electronic service delivery and IFMIS) to be supported by the Program are expected to improve 'timely and reliable fiscal and financial information'. Sub-program 3.6 (fiscal risk management in public enterprises) is expected to reduce risks associated with public enterprises through improved corporate governance and risk management. Debt management (sub-program 1.2) has been improved in recent years. This is evident in improved CPIA indicator 3 on debt policy and management. The rating improved from 3.5 in 2012 to 4.0 in 2013.

93. **Efficient allocation of resources:** Given low domestic resource mobilization and resulting high aid dependency, efficient allocation of resources, as rightly described as the main goal of PFM SSP, is essential for Rwanda. Among the PFM functions in the table a well-structured budget preparation process is underway through government program 1 (economic planning and budgeting). The program includes improved coherence between strategies/planning and budgeting, and the government has made some progress in this regard during the formulation of FY2014/15 budget.



94. On efficient allocation of resources, improving public investment management is especially important for Rwanda. In FY2014/15 budget, development budget accounts for 45%

of the total. The share of public investment in the economy is higher than neighboring countries (figure 10). An IMF paper⁵⁰ argues that “while the literature suggests that a scaling-up of investment in low-income countries is vital, the link with development outcomes depends critically on the quality and efficiency of public investment”. The study produced composite score from four aspects (strategic guidance and project appraisal, project selection and budgeting, project implementation and project evaluation and audit) of 71 countries (40 low-income, and 31 middle-income countries) for the period between 2007 and 2010. Rwanda ranked 12th among 71 countries and 4th in low-income countries. Among the four aspects, scores of project selection and budgeting, and project evaluation and audit had lower scores than others. The Program, for example, supports the government in carrying out annual post-evaluation report for the closed projects. Thus, it is expected that public investment management will be more efficient and effective.

Cost-Benefit Consideration

95. **Returns to investment in PFM and statistics are likely to be high.** Improving PFM is expected to bring effective and efficient allocations of public resources⁵¹. In the PFM cycle, the planning and budgeting element is key in bring national development priorities and allocation of nation’s resources together. Planning and budgeting element includes public investment management. In FY2014/15 budget, the government plans to spend US\$1.1 billion for development budget, which accounts for 45% of the total budget.

96. **Public procurement** plays a critical role in effective public expenditure management. In Rwanda with annual procurement amount of about US\$0.8 billion, introducing e-Procurement would offer a huge potential for increased efficiency in addition to transparency and compliance. According to a feasibility study commissioned by the Bank, “Using a very conservative 1% of cost savings (including time’, lower transaction costs, paper, travel and other) we estimate e-GP, will save the country \$8 million a year. The actual savings, based on other known cases with carefully planned implementations of e-GP, should be significantly higher with a quick return on investment”⁵². The amount is almost equivalent to the planned expenditure to design and implement e-procurement. The cost saving impact of e-procurement is to be observed at least in the medium-term suggests that supporting e-procurement is well justified.

97. **The future IFMIS constitutes one of the largest spending items in the expenditure framework** (US\$16 million out of US\$171 million or about 9% of the total). According to an internal World Bank note⁵³, the difficulties in measuring the benefits of Financial Management Information System (FMIS) vary a great deal among projects in various regions and a comprehensive quantification of costs and benefits is generally not possible for large scale PFM projects. At the same time, in all completed projects, client countries have reported

⁵⁰ IMF (2010) “Investing in Public Investment: An Index of Public Investment Efficiency” (IMF Working Paper WP/11/37)

⁵¹ ODI (2013) “Linking PFM Dimensions to Development Priorities” (Working Paper 380), for example, analyzed a relationship between PFM and development objectives such as macroeconomic stability, efficient allocation of resources, service delivery and state building. The paper finds that positive relationship with macroeconomic stability and efficient allocation of resources, however relationships with service delivery and state building are less clear and complex.

⁵² Crown Agents (2013) “Feasibility Study: To conduct an e-GP Assessment for Rwanda’s Public Procurement Authority”

⁵³ Internal Informal Note “Measuring the Potential Impact of FMIS on PFM improvements in IDA Countries”

improvements, including in revenue collection, cash forecasting, debt management, reduction of payment processing times, greater reliability and transparency in public accounts, better procurement and payroll management, tracking of assets, and the publication of more accurate and timely reports on budget execution performance, in addition to improved operational efficiency and reduced recurrent costs for the ICT infrastructure.

98. In the case of Rwanda, the main cost items on the future IFMIS are software acquisition / development (US\$4 million) and implementation (US\$8 million). The government has decided that the future IFMIS will build on the current IFMIS, and therefore it is likely that the costs will be much smaller than acquiring a new system. In the future IFMIS, the government plans to supplement new modules such as asset management, inventory management, procurement interface, and project management. Also, the future IFMIS will have interface with other systems such as e-procurement and donor assistance database. Establishing interface with other systems is expected to potentially increase benefits of the future IFMIS. The government plans to roll-out the future IFMIS between FY2015 and FY2017. If the same savings ratio of 0.5% was applied to the entire budget for Rwanda (about US\$3 billion a year) the annual saving would be US\$15 million. As the future IFMIS builds on the current IFMIS, the cost saving impact would be lower due to possible diminishing rate of return. Nevertheless, even if a very conservative assumption (0.1% saving ratio) is applied, the annual saving would be US\$3 million and it would take 5 years to reach the breakeven point.

99. **On statistics**, most arguments for investment in statistics argue that good statistics bring tangible benefits in the form of improved policy and better development results and reduce waste due to misallocation of resources. A concrete application of the value of statistics is its use in targeting of social programs: having good statistics to guide targeting leads to large effectiveness gains and significantly reduces misallocation of resources⁵⁴. This is particularly important in Rwanda where a large body of social benefits (health insurance, cash transfers, participation in public works) are provided by the Government based on a household's social and economic status. Quality statistics are also important to the financial system, as according to a recent IMF study, they tend to reduce the cost of borrowing from private capital markets. The study indicates that countries that subscribe to the IMF Special Data Dissemination Standard (SDDS) and participate in the General Data Dissemination System (GDDS) initiatives registered a positive impact on their sovereign borrowing in private capital markets—that is, they experienced a reduction in the launch spreads of sovereign borrowing by 0.2 to 0.5 percentage points. These positive impacts or discounts are also evident when launch yields are analyzed in sovereign bond issues.⁵⁵

C. World Bank Value Added

100. **The Bank has a comparative advantage in supporting PFM and statistics, and it has been engaged in public sector reforms in Rwanda for almost two decades.** In the late 1990s and early 2000s, the Bank helped Rwanda build capacity in the public sector through trust-funded activities such as Institutional Strengthening Initiatives for the Legal Advancement of

⁵⁴ Elbers, C., Fujii, T., Lanjouw, P., Yin, W. and Ozler, B. (2004). "Poverty Alleviation through Geographic Targeting: How Much Does Disaggregation Help?" World Bank Policy research Working Papers Nr. 3419.

⁵⁵ Cady, John, and Anthony Pellechio, 2006, Sovereign Borrowing Cost and the IMF's Data Standards Initiatives, IMF Working Paper, WP/06/78.

Women (TF050066) and Public Procurement Management Project (TF063056). The Multi Donor Trust Fund for Rwanda Public Financial Management (TF070485) was implemented in the second half of the 2000s. More recently, the Bank provided support to these areas through the Poverty Reduction Support Financing (PRSF) series and the Statistics for Results project (P124129). The Bank also implemented the Quality of Decentralized Service Delivery support Development Policy Operation (DPO) (P145114), which included national and subnational PFM. The Bank has also been one of the leading development partners in PFM and statistics, co-chairing the PFM Coordination Forum and serving as a core member of the Statistics Steering Committee. Consolidating the Bank's engagements into the Program is likely to achieve results.

101. The Program builds especially on the Bank's 2013 Quality of Decentralized Service Delivery budget support operation. The development objective of the DPO is to support the Government in clarifying "institutional roles and responsibilities for decentralized service delivery" and enhancing "public transparency, fiduciary accountability, and local government capacity for improved access to quality services." It focuses on national/subnational PFM issues, including capacity building at the subnational level. During the dialogue on the DPO, the Bank's shareholders requested that the Bank remain engaged in (a) gender mainstreaming; (b) the quality of data; (c) budget execution, reporting, and auditing; (d) revenue mobilization at the subnational level; (e) capacity building; and (f) donor coordination. The Program responds to this request.

102. In addition to linking with past Bank operations, the Program is expected to complement other ongoing and planned Bank operations. As PFM cuts across all sectors, enhancing PFM at the national and subnational levels benefits other Bank operations. For example, the Program will augment the fiduciary aspects of a planned development operation. Improved PFM, especially at the subnational level, will contribute to implementation of the Transformation of Agriculture Sector Program Phase 3 PforR (P148927). Improved quality and availability of statistics will benefit results frameworks of all Bank operations.

103. On statistics, global knowledge and expertise is the value-added and comparative advantage of World Bank participation. The World Bank's international experiences would be leveraged for the benefit of NISR, to design and implement economic statistics and build the statistical skills of NSS officials. The Program will support the design and roll-out of specific types of economic surveys in which the World Bank has demonstrated comparative advantages. Through the Living Standards Measurement Study-Integrated Surveys on Agriculture (LSMS/ISA) program, the World Bank is at the forefront of designing and testing improvements in agricultural data collection. The Bank's wide expertise in this field can be tapped to improve the quality of agricultural data that will be collected under the Program. In a similar fashion, the World Bank's Labor Markets team has a long-standing expertise in the design and implementation of enterprise and labor force surveys around the world, which can be exploited to produce high-quality labor statistics in Rwanda.

VII. Inputs to the Program Action Plan

104. The selections of the Program Actions Plans (PAPs) of the Program are based on the Program's results framework (Annex 8) building on this technical assessment as well as the fiduciary assessment given the fact that the main subject of the Program (i.e., PFM at the national and subnational levels) and fiduciary aspects are closely linked.

105. The PAPs for the Program are grouped into three types: (i) Changes to the technical dimensions of the Program and to the formal rules and procedures governing the organization and management of the systems used to implement the Program; (ii) Actions to enhance the capacity and performance of the agencies involved; and (iii) Risk-mitigating measures to increase the potential for the Program to achieve its results and to address fiduciary, social, and environmental concerns⁵⁶. Detailed PAPs are described in (Annex 12).

VIII. Technical Risk Rating

106. **The overall technical risk rating of the Program is substantial. On PFM, the technical risk rating is substantial.** The main risks include (i) need for coordination among government leadership such as collective agreement on e-Procurement model; (ii) human resource capacity challenges in implementing the wide ranging reform program; and (iii) The districts' credibility vis-à-vis citizens may be weakened, due to a move to centralized revenue collection systems. These technical risks can be mitigated through (i) the preparation of the Program has contributed to improve coordination among key government agencies leading PFM, and the implementation of the Program is expected to further consolidate the coordination; (ii) having in place Chief Finance Officers (CFO) and Internal Auditors who are at least Accounting Technicians depending on the budget size and risk environment together with knowledgeable and experienced Budget Officers and Procurement Officers would improve the quality of the PFM functions; (iii) Local governments scheme of service for Chief Finance Officers, Procurement Officers, Planners and Budget Officers established; and (iv) technical assistance to strengthen the districts' role and capacity on revenue management, including tax payer compliance, will mitigate the risk

107. **On statistics, the technical risk rating is moderate.** During NSDS-1, NISR has showcased its implementation capacity and its technical capability to conduct complex statistical undertakings such as the Population and Housing Census. Several new surveys will be introduced during NSDS-2 while the frequency of existing surveys will be increased. This means that NISR will need to manage an increased number of often simultaneously running surveys while also addressing the need to improve the quality of administrative statistics. The successful accomplishment of NSDS-2 and of the Program will require a significant number of new staff, both in the core technical fields and in the support services. Delays in hiring additional staff could cause delays in Program implementation, negatively affecting progress and attainment of results measured against the DLIs.

IX. Inputs to the Program Implementation Support Plan

108. The implementation support plan is based on the Interim Guidance Note on the Technical Assessment⁵⁷, adapted to the design and risk profile of the Program in Rwanda. While the borrower is responsible for the Program's overall implementation, the Bank and the borrower have agreed that the Bank would offer support to implementation in the areas of (i) Reviewing implementation progress and achievement of Program results and DLIs; (ii) Helping the client to

⁵⁶ Paragraph 11 of Attachment 1.2 under the Interim Guidance Note on Technical Assessment

⁵⁷ Section VII of the Interim Guidance Note on the Technical Assessment

resolve implementation issues and to carry out institutional capacity building; (iii) Monitoring the performance of Program systems, including the implementation of the PAP; and (iv) Monitoring changes in Program risks as well as compliance with the provisions of legal covenants. Details of the Program Implementation Support Plan are described in annex 14.

Annex 1: The Government PFM Program⁵⁸

Program 1: Economic Planning and Budgeting

1. Outcomes: Program 1 has six expected outcomes: (a) stronger links between the budget allocation and strategic planning processes, leading to a sharper focus on the Government’s policy priorities;⁵⁹ (b) significant improvement in the preparation of the MTEF, so that it becomes an effective planning tool; (c) inclusion of funding from donor partners in budget documentation; (d) changes to ministerial budgets so that they reflect sector priorities; (e) stronger risk management in the budget planning area; and (f) maintenance of government debt at sustainable levels.

2. Subprograms: Program 1 is divided into four subprograms, each of which has specific outputs and priority actions (annex table 1-1).

Annex Table 1-1: Outputs of Program 1 (Economic Planning and Budgeting), by Subprogram

<i>Subprogram</i>	<i>Output</i>
1.1 National development planning	1: Strategic planning in line with EDPRS 2 priorities strengthened
1.2 Economic policy formulation	1: Macroeconomic framework improved 2: Debt management practices improved 3: Capacity in revenue forecasting, tax policy, and negotiation skills built
1.3 Public investment programming	1: Public investment programming strengthened
1.4 Policy-based budgeting	1: Realism of MTEF projections improved 2: Reporting on externally financed projects improved 3: Effectiveness of gender budget statements enhanced

3. Priority actions and outputs: In order to strengthen strategic planning in line with EDPRS 2 priorities (Output 1 under Subprogram 1.1), the Government plans to conduct capacity-building activities for planners at both the central and district levels and to reinforce data-collection systems through electronic M&E system. Recognizing that economic policy formulation (Subprogram 1.2) is a foundation for development planning, the Government aims to improve the macroeconomic framework (Output 1), debt management (Output 2), and revenue forecasting (Output 3) through capacity-building activities, including through the use of a technical advisor on the macroeconomic and fiscal framework. On public investment management (Subprogram 1.3), the policy framework, formulated in 2009, is outdated. To strengthen public investment management, the Government will revise the public investment policy to incorporate public-private partnership (PPP). Together with public investment management, policy-based budgeting (Subprogram 1.4) is a key component of the program. To improve the realism of the MTEF (Output 1), the Government plans to conduct an analysis and implement reforms, with support from the IMF. Improvement in reporting on externally financed projects (Output 2) is essential to improve the MTEF. The Government has implemented gender budgeting and plans to enhance it (Output 3) by training planning and budget officers.

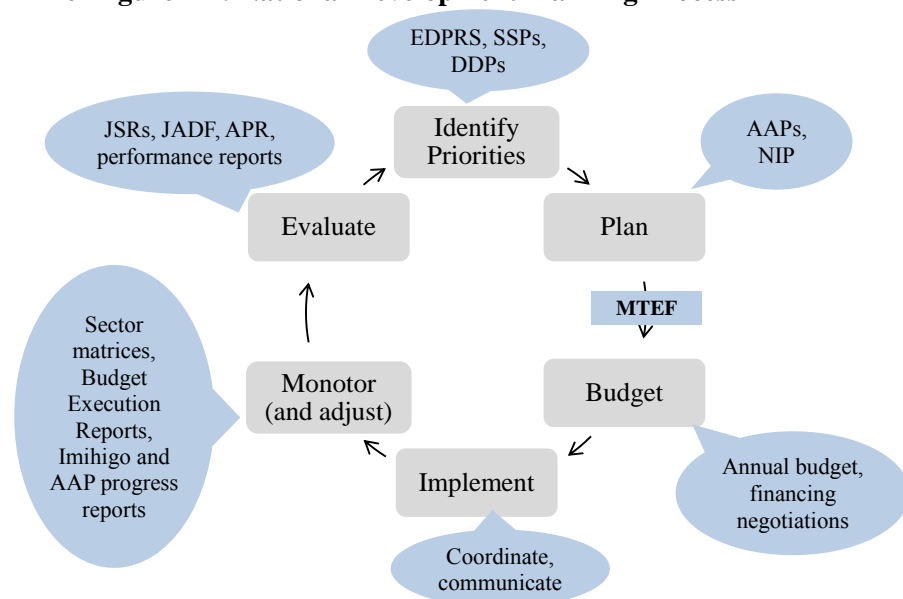
4. Rationales, Challenges, and Progress to Date: The rationales, challenges, and progress to date of each subprogram are summarized for each subprogram.

⁵⁸ These programs and sub-programs are formulated based on analyses of challenges and proposed solutions, and each program has expected outcomes (Annex table 1-1).

⁵⁹ In the PFM SSP, the Government describes this outcome as “increased emphasis on performance-based budgeting to enforce accountability and facilitate prioritization.”

- Subprogram 1.1: National Development Planning.** The national development planning process is defined by the implementation framework for EDPRS 2 (annex figure 1-1).⁶⁰ Accompanying the SSPs, other strategies, such as NSDS 2 and district development plans, function as implementation tools for EDPRS 2. The SSPs and other strategies are reviewed in backward-looking Joint Sector Reviews conducted few months after the end of the fiscal year. These reviews are updated in forward-looking Joint Sector Reviews produced a few months before the beginning of each fiscal year. The mechanism has been operationalized, but capacity at both the central and subnational levels needs to be strengthened. It is also essential to establish a clear link between the SSPs and district development plans and to establish the budget (see Subprogram 1.4, on policy-based budgeting).

Annex figure 1-1: National Development Planning Process



Source: MINECOFIN (Planning Guidelines under the 2nd Budget Call Circular).

- Subprogram 1.2: Economic Policy Formulation.** Economic policy formulation is the foundation for PFM, as governments allocate financial resources based on their economic policy. The macroeconomic unit of MINECOFIN has improved the macroeconomic policy framework, debt management, and domestic revenue mobilization policies (related to Subprogram 2.1, on tax policy) through the IMF’s Policy Support Instrument (PSI). For example, the medium-term macroeconomic framework is described in the budget framework paper.⁶¹ Debt management and macroeconomic policies are well coordinated. An annual borrowing plan for government financing informs the medium-term debt management strategy. The annual borrowing plan forms part of the budget framework paper. Domestic revenue mobilization is a core theme for the new IMF PSI, which commenced in 2014. MINECOFIN has formulated a medium-term tax reform plan for 2013–16, which will be regularly updated with support from the IMF (for more details, see the discussion of Program 2, on Resource Mobilization).

⁶⁰ Chapter 7 includes implementation and M&E.

⁶¹ <http://www.minecofin.gov.rw/fileadmin/General/2014-17-BFP.pdf>

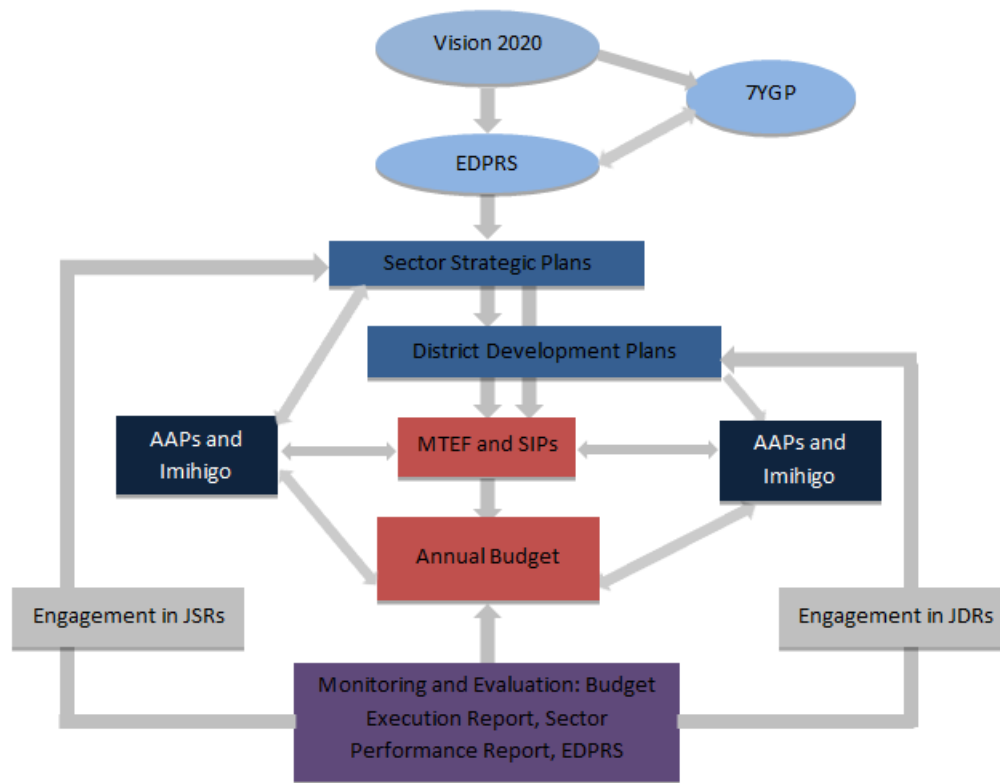
- Subprogram 1.3: Public Investment Programming.** Public investment programming plays an essential role in planning and budgeting. Rwanda’s development budget accounts for about 45 percent of the FY2014/15 budget. Public investment also has medium-to long-term implications, through future operational and maintenance costs. The policy on public investment management is defined in the National Public Investment Policy of 2009, but implementation and application of the policy was weak until recently. For example, the Public Investment Committee, which has decision-making authority over the public investment program (that is, the development budget), was not operationalized until the formulation of the FY2014/15 budget. Public investment projects were discussed without feasibility studies. Future budget implications were not taken into consideration in formulating the MTEF. Although leveraging the private sector is a key principle of EDPRS 2, the National Public Investment Policy does not cover PPP. To address these issues, the Government made some reforms in preparing the FY2014/15 budget operationalizing the Public Investment Committee, for example.⁶² New investment project proposals now need to be accompanied by project profile documents, three-year investment plans, and feasibility studies. The Government also plans to revise the National Investment Policy (covering both public investment and PPP).
- Subprogram 1.4: Policy-Based Budgeting.** A multiyear perspective is expected to improve fiscal management by (a) improving control over the aggregate fiscal position, (b) allocating expenditure across sectors and policy priorities more effectively, and (b) using public resources more effectively and efficiently. These benefits are especially important for Rwanda, which is aiming to reduce its aid dependency. The MTEF introduced in 2002 has been fully incorporated into the budget cycle at both the national and subnational levels. Despite progress, however, the multiyear fiscal management framework and procedures are not yet effective. Fully costed sector strategies are not in place, and the link between sector strategies and budget is weak, resulting in limited use of the MTEF by stakeholders. Investment planning and its budgetary impact are not fully captured in the current MTEF. Tighter integration of taxation and expenditure formulation is needed, so that tax expenditure decisions are included in the budget cycle. Although the budget framework paper plays a critical role in linking planning and budgeting, in practice budgeting and planning are separate processes. Additional challenges include the need to include external sources in the budget, link the budget and policy priorities, cost sector strategies and programs, and improve the availability of key statistics (for example, labor statistics) to measure performance. Because of these limitations, Rwanda’s performance on multiyear fiscal management is relatively weak, and the last two PEFA assessments improvements identified no improvements.⁶³ In 2001 the Government initiated gender-responsive budgeting. In 2003 it piloted it in five ministries; it fully operationalized the practice in the FY2010/11

⁶² Details are found in the first and second planning budgeting call circulars for the 2014/15 fiscal year (October 2013 and February 2014).

⁶³ Rwanda’s score on the 2010 “PEFA PI-12 on Multi-Year Perspective in Fiscal Planning, Expenditure Policy and Budgeting” was C+, unchanged from 2007. The assessment states that “the failure of the MTEF (see PI-12) to deliver its true objective of linking policy targets with actual budget allocations and thus ensure at the same time a strategic allocation of resources and fiscal sustainability, is also especially costly in Rwanda, given the vast amount of capacity invested in the multiyear planning process, which is very extensive and involves a large variety of activities throughout the budget preparation cycle, across all sectors” (pp. 27–28).

budget.⁶⁴The first evaluation, conducted in FY2013/14, identified key areas for improvement, including high staff turnover of budget and planning officers and the lack of gender statistics. The Program will support a gender-responsive budgeting training program for planning and budgeting officers. NISR has started producing national and subnational gender statistics. To strengthen the M&E of gender-responsive budgeting implementation, the 2013 Organic Budget Law includes a clause requesting an annual activity report on plans for gender balance (part of the PAPs).⁶⁵ Annex figure 1-2 displays the planning and budgeting process.

Annex figure 1-2: Planning and Budgeting Process



Source: MINECOFIN (Planning Guidelines under the 2nd Budget Call Circular).

Program 2: Resource Mobilization

5. Outcomes: Program 2 has five expected outcomes: (a) significantly higher domestic revenue collection; (b) transparent, simple, and understandable tax policies and efficient tax collection; (c) greater Government capacity to access international markets to raise additional finance; (d) exploration of nontraditional sources of finance; and (e) increased use of country systems in the management of external aid.

6. Subprograms: Program 2 is divided into three subprograms, each of which has specific outputs and priority actions (annex table 1-2).

⁶⁴ The guidelines for preparation of budget estimates for FY2014/15 and the MTEF for FY2014/15–FY2016/17 include annex 22, on “Instructions for the Preparation of the Gender Budget Statement.”

⁶⁵ Article 68 of No.12/2013/OL of 12/09/2013 on Organic Law on State Finance and Property.

Annex Table 1-2: Outputs of Program 2 (Resources Mobilization), by Subprogram

<i>Subprogram</i>	<i>Output</i>
2.1 Tax policy	1: Tax reform strategy developed 2: Investment code revised 3: Agreements on avoidance of double taxation revised and new ones initiated 4: Law on mining enacted 5: Single customs territory negotiated 6: Debt management strategy updated
2.2 Tax administration	1: Tax revenue mobilization maximized 2: Service delivery to external and internal customers improved
2.3 External finance	1: External resources mobilization strategy produced and implemented 2: Coordination of development partners enhanced 3: Development assistance database upgraded

7. Priority Actions and Outputs: Outputs under Subprogram 2.1 focus on developing a new strategy (for example, Output 1, on new tax reform strategy) and reforming regulatory frameworks (for example, Output 2, on revising the investment code and outputs 4 on the revised mining law). Domestic revenue mobilization is expected to be achieved not only by reforming the regulatory framework but by improving applications of the framework (Subprogram 2.2., on tax administration). Therefore, Output 1, on maximizing tax revenue mobilization, includes priority actions such as e-tax filing and payment and implementation of electronic billing machines. Although reducing aid dependency is an important medium-term goal, achieving the development objectives in EDPRS 2 depends on external finance at least in the short term (Subprogram 2.3). In order to improve the use of aid, this subprogram aims to formulate an external resource mobilization strategy (Output 1); better coordinate development partners (Output 2), through organizing forums; and upgrade the development assistance database (Output 3).

8. Rationales, Challenges, and Progress to Date: The rationales, challenges, and progress to date of each subprogram are summarized for each subprogram.

- **Subprograms 2.1 and 2.2: Tax Policy and Tax Administration.** Increasing domestic revenues to expand fiscal space is one of the most important policy priorities in Rwanda. Tax revenue as a share of GDP increased from 12.0 percent in FY2009/10 to 14.2 percent in FY2012/13. Significant progress was also made in tax policy, tax administration, and tax systems in the past few years. The Government introduced various tax policy and administrative measures, including a new VAT law (introduced in December 2012), a new tax system for small and medium-size enterprises (introduced in September 2012), and electronic billing machines. Despite progress, the tax revenue to GDP ratio is one of the lowest in Sub-Saharan Africa, where the average rate is above 18 percent.⁶⁶ Domestic revenue mobilization is the most important subject of the IMF's new Policy Support Instrument, which began in 2014. The government showed its strong commitment to revenue mobilization in the accompanying Memorandum of Economic and Financial Policies.⁶⁷ To operationalize the commitment, MINECOFIN developed the Medium-Term Tax Reforms Plan 2013–16, which identifies tax policies and administrative measures aimed at (a) broadening tax bases (including by reducing exemptions and improving compliance), (b) further strengthening tax administration (including e-filing), and (c) strengthening risk

⁶⁶ According to the IMF's *Regional Economic Outlook* (October 2013), the average ratio was 26.6 percent in 2012.

⁶⁷ <http://www.imf.org/external/pubs/ft/scr/2013/cr13372.pdf>.

management. To improve transparency, the Government plans to publish tax expenditures to be incorporated into the national budget.⁶⁸ Improving subnational PFM, such as local revenue mobilization, is a key priority of the Government’s decentralization strategy. The Bank has been supporting these efforts.⁶⁹

- **Subprogram 2.3: External Finance.** The External Finance Unit (EFU) serves as the main interface between the Government and development partners on all issues of external support. It is responsible for coordinating aid to Rwanda so that it best supports the Government’s socioeconomic policy objectives. The EFU plays a leading role in the strategic cooperation framework for donors, mobilization of external resources, management of development partnerships, appraisal of financing agreements/projects agreements, assessment of the quality and effectiveness of aid, and overall review of the country cooperation portfolio. It is the central interface on information on aid flows. A key challenge is aid data for macroeconomic forecasting model and the MTEF. Staff capacity is a concern. Achievements made may be difficult to sustain unless it increases.

Program 3: Budget Execution, Accounting, and Reporting

9. Outcomes: Program 3 has seven outcomes: (a) budgets that reflect sectoral and ministerial priorities and budget execution that reflects the budget plan, (b) higher-quality and more timely in-year budget monitoring reports, (c) higher-quality and more useful financial reports produced for public consumption, (d) better cash flow management procedures, (e) full compliance with government rules on procurement, (f) a stronger internal audit structure, and (g) more modern audit techniques to improve internal audit standards.

10. Subprograms: Program 3 is divided into six subprograms, each of which has specific outputs and priority actions (annex table 1-3).

Annex Table 1-3: Outputs of Program 3 (Budget Execution, Accounting, and Reporting), by Subprogram

<i>Subprogram</i>	<i>Output</i>
3.1 Budget execution	1: Sectoral performance of the budget improved 2: Public awareness of the budget improved
3.2 Treasury management	1: Cash management enhanced 2: Timely processing of payment from Treasury achieved 3: Timely and accurate production of Treasury reports achieved 4: Recording and reporting of public debt and guarantees enhanced 5: Capacity in Treasury management operations and the debt management and financial management system (DMFAS) developed
3.3 Internal audit	1: Internal audit structure enhanced 2: Internal audit coverage and quality of internal audit function improved 3: Internal audit skills improved 4: Follow-up of audit recommendations improved

⁶⁸ “In FY2014/15, the emphasis will be on broadening the base for VAT through a revision of the schedules for exemptions and zero-ratings; and preparing a review of tax expenditures to be submitted jointly with the budget” (p. 13 of the IMF’s seventh review).

⁶⁹ The Decentralized Service Delivery Development Policy Operation 2013 (P145114) (2013) supports the 2012 presidential order establishing the List of Fees and Other Charges Levied by Decentralized Entities and Applicable Thresholds. It clarifies district powers to impose a range of fees and charges and determine rates. The focus on local revenue mobilization in the proposed operation gives continuity to earlier Bank support.

<i>Subprogram</i>	<i>Output</i>
3.4 Accounting and reporting	1: Monthly financial statements by budget agencies prepared and submitted to public account unit 2: Annual financial statements at budget agency level and consolidation level prepared 3: Legal and regulatory framework for financial reporting strengthened 4: Fixed asset register for government established 5: Capacity for accounting cadre built and strengthened
3.5 Public procurement	1: Monthly and annual procurement reports submitted by procuring entities 2: Legal and regulatory framework for public procurement reviewed and updated 3: Capacity of procurement cadre reinforced 4: Rwanda Institute of Procurement established
3.6 Fiscal risk management in public enterprises	1: Corporate governance and risk management in public enterprises improved 2: Capacity of management and boards of government business enterprises built

11. Priority Actions and Outputs: Subprogram 3.1, on budget execution, aims to improve the sectoral performance of the budget (Output 1) by developing a strategy and guidelines to minimize the risks of variation from the budget as well as improve public awareness of the budget (Output 2) by making simplified budget information available to citizens. Subprogram 3.2, on Treasury management, attempts to further improve cash management (Output 1), timely payment processing (Output 2), timely Treasury and debt report production (Outputs 3 and 4), and capacity development on debt management (Output 5). Internal audit function has much room for improvement; Subprogram 3.3 aims to address key issues of internal audit structure (Output 1), coverage and quality (Output 2), capacity (Output 3), and implementation of audit recommendations (Output 4), mainly through capacity-building activities. Subprogram 3.4, on accounting and reporting, focuses on refining process and procedures (for example, updating financial reporting templates to improve monthly financial statement [Output 1]); the legal framework (for example, revision of the Organic Budget Law to strengthen legal and regulatory framework [Output 3]); and capacity building (for example, providing training for all cadres of accounting officers [Output 5]). Subprogram 3.5, on public procurement, focus on refining the processing, legal, and regulatory framework and building capacity to achieve/improve monthly procurement reporting (Output 1). To improve PFM of a broader public sector, Subprogram 3.6 focuses on management of public enterprises. Activities under this subprogram include publishing policy guidelines and a simplified booklet on financial management as well as providing training for directors general and board members) of public enterprises.

12. Rationales, Challenges, and Progress to Date: The rationales, challenges, and progress to date of each subprogram are summarized for each subprogram.

- **Subprogram 3.1: Budget Execution.** Variation between budgeted and actual spending means that public resources are not spent as planned to achieve national objectives. To reduce the variation, a tighter link is required between the budget and planning (see Program 1, on economic planning and budget) as well as between the budget and cash flow. Significant improvements have been made in linking planning and budgeting recently. MINECOFIN drew up a report on alignment with EDPRS 2 and national budget programs to harmonize planning priorities with expenditure priorities. A costing guidance for the MTEF has been drafted. The objective of the guideline is to enhance efficient and effective resource utilization and reduce variations between budgeted and actual spending. A draft execution report guideline and template were developed, with the objective of integrating performance

and budgeting reporting. At the national level, a citizen guide to the national budget is now available on the MINECOFIN website.⁷⁰ At the subnational level, although some initiatives have been taken (for example, the Joint Action Development Forum), citizen participation in the budget formulation process remains challenging.⁷¹ Districts have started producing annual local government budget books, which increase fiscal and financial transparency and citizen engagement at the local level.

- **Subprogram 3.2: Treasury Management.** A Treasury Single Account (TSA) concept is in place. The RRA uses commercial banks as collection agents, requiring them to transfer collections to the central bank within three days. Payments by MDAs are made from the central bank TSA. The Auditor General's report notes that delayed banking of revenue collections is still persistent in many public entities, especially districts. For example, banking of cash collections totaling Rwf 380 million was late, with delays ranging from a few days to almost a year (330 days in the Gicumbi District). Transfers to districts are processed directly by the Treasury to improve cash management. However, subdistrict entities (sectors, pharmacies, schools) receive transfers as grants, which are expensed at the point of issue in the district's books. Consequently, the Government's accounting system does not capture actual expenditures by nonbudget agencies. There are challenges in tracking transfers to and through the districts.
- **Subprogram 3.3: Internal Audit.** Effective internal audit is essential for improved transparency and accountability. The 2010 PEFA assessment gave PI-(21) (on effectiveness of internal audit) a C rating. The key constraint is that the existing structure of internal audit inhibits the attraction of people with the right capacities. Initiatives are in the pipeline to address the internal audit structure, with a view to addressing staff turnover and retention. In July 2012 MINECOFIN published a model audit committee charter, followed by a handbook that provides broad guidelines that can be used by audit committees in MDAs and government businesses. All 30 district councils have had audit committees since 2011; by December 2013, 83 percent of them were submitting reports to councils. The status of the implementation of audit recommendations is being monitored quarterly; improvement in implementation has been observed at both the central and subnational levels. During the first quarter of 2014, 75 percent of audit recommendations were implemented at the central level, and 67 percent were implemented at the subnational level. A new chief internal auditor was appointed in March 2014. Seventeen of 21 MDAs have established internal audit committees, but very few have held meetings.⁷² With only 2 internal auditors per district of about 200 subsidiary entities, capacity is tightly constrained. Internal audit reports cite control weaknesses, poor records management, and noncompliance with procurement rules. On internal control, a number of issues cut across both central and subnational levels. The Government has developed a financial management manual, which lays out the requirements of an internal control system. It is used at both the national and subnational levels. The team noted weaknesses within the internal control systems that cut across reporting entities, such

⁷⁰ http://www.minecofin.gov.rw/uploads/media/The_National_Budget_-_a_Citizen_s_Guide_2013-2014_01.pdf.

⁷¹ According to the 2012 Citizen Report Card, 38 percent of citizens participated in the budget formulation process in 2011.

⁷² The Government recently established the Audit Committees of the national police, the Ministry of Internal Security (MININTER), and the National Women's Council established. Other institutions have been reminded to create audit committees and are looking for suitable candidates.

as inaccurate and incomplete financial statements, noncompliance with procurement rules and regulations on expenditures, irregular expenditures, and inaccurate posting of financial records to IFMIS. Various interventions are being implemented to strengthen the systems.

- **Subprogram 3.4: Accounting and Reporting.** The quality and timeliness of financial reporting is essential to improve transparency and accountability at both the national and subnational levels. Progress has been made, especially at the national level. At the national level, in-year budget reports are prepared quarterly, with reasonably accurate data broken down to at least the program or functional level. Reconciliation of banking and fiscal records is comprehensive and timely. The roll-out of IFMIS has contributed to progress. However, several challenges remain. A consolidated government statement is prepared annually within three months of the end of the fiscal year, but essential information is missing, giving rise to a disclaimer audit opinion on the consolidated government statement. At the subnational level, in-year financial reporting is nonexistent, and the quality of the annual report remains weak.
- **Subprogram 3.5, Public Procurement:** Public procurement in Rwanda is about US\$0.8 billion a year. It plays a critical role in effective public expenditure management. Introducing e-procurement could increase efficiency in addition to transparency and compliance.⁷³ E-procurement would be a timely addition to the progress achieved so far in public procurement, which includes establishment of the Rwanda Public Procurement Agency (RPPA) and enactment of the Law on Public Procurement. The public procurement function was fully decentralized in February 2011. Accordingly, the RPPA focuses on control and monitoring of the decentralized procurement functions. Despite progress, especially in setting up procurement systems, challenges remain.⁷⁴ The filing system is poor; nontransparent, noncompetitive methods are used; and monthly procurement reports are not submitted on time.
- **Subprogram 3.6: Fiscal Risk Management in Public Enterprises.** Public enterprises play significant roles in Rwanda. As of July 2014, there were 12 public enterprises across 5 sectors (finance and services, transportation, infrastructure, mining, and agriculture). The Government has significant investment in public enterprises (RF 700 billion [US\$1 billion] in mid-2014). Efficient management of these enterprises is therefore essential for the PFM sector. Management of public enterprises by the government in general and MINECOFIN in particular is described in Policy Guidelines on Management of Business Portfolio.⁷⁵ The guidelines define the roles of portfolio line ministries and provide guidance on boards, financial management, reporting, risk management, and financial returns to the government/dividend policy. In order to strengthen the legal framework for managing public

⁷³ The PFM SSP was formulated in July 2013. E-procurement is not thus included. However, the Government has been developing e-procurement as an essential part of PFM reforms.

⁷⁴ RPPA conducted procurement audits of 57 entities (including 13 districts). It identified areas for improvement in the RPPA Annual Activity Report 2012–13 (http://www.rppa.gov.rw/fileadmin/files/docs/RPPA_Activity_Report/RPPA_percent20Annual_percent20Activity_percent20Report_percent202012-2013.pdf).

⁷⁵ The guidelines were validated in September 2010 and updated with the new Law on State Finance and Property in February 2014.

enterprises, the Government is drafting a law on public enterprises. MINECOFIN has been taking the lead in capacity building of boards of public enterprises.

Program 4: External Oversight and Accountability

13. Outcomes: Program 4 has two expected outcomes; (a) greater scope and coverage of external audits and (b) achievement of the highest standards of external audit, through a professionally qualified staff at OAG using modern audit techniques and facilities.

14. Subprograms: Program 4 has two subprograms, with specific outputs and priority actions (annex table 1-4). However, the Program covers only Subprogram 4.1.

Annex Table 1-4: Outputs of Program 4 (External Oversight and Accountability), by Subprogram

<i>Subprogram</i>	<i>Output</i>
4.1 External audit	1: Independence of the OAG enhanced 2: Institutional capacity strengthened, in line with the OAG mandate 3: Professional audit capacity built and strengthened 4: OAG’s capacity to engage stakeholders strengthened 5: Coordination, implementation, and monitoring enhanced
4.2 Legislative Oversight	1: Secretariat established 2: Capacity for the secretariat and committee members built 3: Improved follow up of budget execution and implementation of resolutions

15. Priority Actions and Outputs: Program 4 consists of external audit by the Office of Auditor General (OAG) (Subprogram 4.1) and legislative oversight by Parliament (Subprogram 4.2). To improve the scope and coverage of high-quality external audit, the Government aims to ensure independence of the OAG (Output 1) through operationalization of the new public audit law and capacity building of stakeholders (Outputs 2, 3, and 4). As external audit involves multiple ministries and agencies, coordinating external audit is essential (Output 5). Similarly, sub-program 4.2 focuses on capacity building of the secretariat and committee members (Output 2) followed by establishing the secretariat (Output 1).

16. Rationales, Challenges, and Progress to Date: The rationales, challenges, and progress to date of Subprogram 4.1 and 4.2 are summarized below.

- **Subprogram 4.1: External Audit.** Timely and quality external audit is an integral part of improving transparency and accountability. OAG has been playing a key role in external audit. Its new organizational structure was approved in 2012, and a new law on OAG was enacted in late 2013.⁷⁶ The scope and coverage of external audits has been widened in recent few years, with coverage increasing from 60 percent in 2007 to 79 percent for the fiscal year ending June 2013.⁷⁷ Despite the increase in coverage, only 32 percent of the 139 audit reports obtained an unqualified (clean) audit opinion; the remaining 68 percent received qualified audit opinions. None of the 30 districts or Kigali City obtained an unqualified audit opinion, although 3 districts (Kamonyi, Ruhango, and Gakenke) improved their status from an adverse to an “except for” opinion. Factors affecting the high proportion of qualified audits include the failure to implement some prior year audit recommendations, the omission of

⁷⁶ Law N° 79/2013 of 11/9/2013 determining the mission, organization, and functioning of the Office of the Auditor General of state finances.

⁷⁷ Report of the Auditor General of State Finances for the year Ended 30 June 2012 (http://www.oag.gov.rw/IMG/pdf/Annual_Report_2013.pdf).

balances of nonbudget agencies from financial statements in districts, and noncompliance with existing law and regulations. The capacity of the relevant parliamentary committees and district councils is still inadequate to exercise effective external oversight over the use of public finances. To address these challenges, the PFM SSP aims to (a) ensure full compliance with government rules on procurement, (b) introduce more modern audit techniques to improve internal audit standards, and (c) address the weaknesses of the current internal audit structure.

- **Sub-Program 4.2 Legislative Oversight:** In steps to support the role of Parliament in enhancing oversight and accountability for public spending, the Parliament formed the Public Accounts Committee (PAC) in April 2011. The PAC seeks to strengthen accountability between different parts of government and between the state and its citizens. Still in its infancy, PAC is developing its oversight functions. PAC has been working closely with OAG to understand external audit work and how PAC could participate in making audit work more effective and ensure that the Executive implements the PAC recommendations. The PAC has a secretariat, which it shares with other committees of Parliament. To execute their duties effectively, PAC would need a strong Secretariat with the relevant skills to provide the committee with required technical support. The PAC would need to conduct a training needs assessment to establish the kind of support they need from their secretariat and the best model to deliver it effectively. The PAC may also need to prepare their own strategic plan on accountability during their term in office. As part of capacity building initiative of this newly formed parliamentary committee, the PAC may need to pay visit to other PACs in neighboring countries to learn how their colleagues conduct their oversight roles. After the study tours, the PAC could prepare their own working modality, to fit their environment and political set up.

Program 5: Electronic Service Delivery and IFMIS

17. Outcomes: Program 5 has three expected outcomes: (a) the roll-out of the current version of SmartFMS to the remaining entities, (b) determine the long-term IFMIS requirements for the Government, and (c) implement IFMIS that will meet the Government’s needs into the 2020s.

18. Subprograms: Program 5 has one subprogram, with specific outputs and priority actions (annex table 1-5).

Annex Table 1-5: Outputs of Program 5 (Electronic Service Delivery and IFMIS), by Subprogram

<i>Subprogram</i>	<i>Output</i>
5.1 Integrated Financial Management System (IFMIS)	1: Current IFMIS core modules implemented in all budget agencies and projects 2: Full-fledged IFMIS with appropriate interfaces with identified subsidiary systems of government designed and implemented
5.2 Integrated Personnel and Payroll System (IPPIS)	1: A fully Integrated personnel and payroll system to support human resources management in public sector and strengthen payroll processing and controls

19. Priority Actions and Outputs: Subprogram 5.1 aims to stabilize the current IFMIS (Output 5.1) and ensure a seamless transition by the future IFMIS (Output 5.2). Priority actions include system enhancement, maintenance, and support, as well as roll-out to budget entities not yet connected to IFMIS. Priority actions under Subprogram 5.2 are processes to develop the future system such as functional and technical design, software development and training for the new system. IPPIS has been operationalized since 2009, and priority actions under this sub-

program focuses on enhancement and maintenance of the current system, and rolling out to additional government entities.

20. Rationales, Challenges, and Progress to Date: The rationales, challenges, and progress to date of each subprogram are summarized for each subprogram.

- **Subprogram 5.1: IFMIS.** The capability and performance of IFMIS is critical to the Government’s ability to deliver improvements in every aspect of the PFM cycle, including the timeliness and quality of financial reports, the availability of information required by managers for decision-making purposes, and transparency in and accountability for the use of public resources. The SmartFMS system is a custom-developed financial management information system that supports budget preparation, expenditure management, and financial reporting. It began operating in 2010 and has been implemented at 262 sites, including all line ministries, all 30 districts and Kigali City, and various other government-funded bodies. Limited expansion of the system is planned. A number of government bodies with specialized functions will continue to run on separate systems.
- **Sub-Program 5.2 IPPIS:** MIFOTRA takes the lead in this sub-program. With a key objective of delivery of an integrated HR/payroll solution that provides the tools to enable the MDAs to better manage personnel budgets and to respond to evolving HR and organization requirement to support the objectives of the government, the IPPIS has been operationalized since 2009. The IPPIS has been rolled out in four phases between 2009 and 2012. The number of entities rolled-out with the IPPIS increased from 25 in August 2009 to 124 in July 2012. During the period, the number of civil servants paid through the IPPIS increased from 1,700 to 87,000. In the future priorities will be provided for stability of the IPPIS and training for IPPIS users.

Program 6: Fiscal Decentralization

21. Outcomes: Program 6 has five expected outcomes: (a) strengthened PFM systems at subnational service delivery units, (b) increased revenue collections at the subnational level and the accounting for of all revenues, (c) a more equitable and realistic distribution of central government funds at the subnational level, (d) stronger budget planning capacity at the subnational level, and (e) the long-term aim of enabling senior managers at the subnational level to assume responsibility for making devolved financial decisions.

22. Subprograms: Program 6 is divided into three subprograms, each of which has specific outputs and priority actions (annex table 1-6).

Annex Table 1-6: Outputs of Program 6 (Fiscal Decentralization), by Subprogram

<i>Subprogram</i>	<i>Output</i>
6.1 Resource mobilization by decentralized entities	1: Decentralized entities’ revenue collection and administration performance enhanced 2: Access to decentralized entities’ borrowing and investment for financing local capital infrastructures and in getting dividends from investments in companies improved
6.2 Facilitation of fiscal transfers	1: Clarified and cost (output-based) assignment of functions between tiers of government and within sectors to enhance upward and downward accountability implemented 2: Comprehensiveness and transparency of intergovernmental fiscal relations improved
6.3 Strengthening of PFM systems and capacity at subnational level	1: Participation of decentralized entities in budget preparation, setting of policy priorities, and development of a bottom-up approach to preparation of the budget submissions by decentralized entities improved

<i>Subprogram</i>	<i>Output</i>
	2: Predictability and control local administrative entities' budget execution enhanced 3: Accountability of subsidiary entities improved, through development and implementation of simplified accounting and financial reporting system 4: Accounting and reporting of decentralized entities improved 5: PFM systems and capacities at decentralized and subsidiary entities improved 6: PFM capacity at decentralized entities improved

23. Priority Actions and Outputs: Subprogram 6.1 (resource mobilization by decentralized entities) aims to achieve two outputs: (a) enhanced revenue collection and administration performance of decentralized entities (Output 1) and (b) improved access to decentralized entities' borrowing and investment for financing local capital infrastructures and getting dividends from investments in companies (Output 2). Priority actions for Output 1 include implementation of a study on local government revenue potential and automated revenue collection systems. Subprogram 6.2 (facilitation of fiscal transfers) focuses on enhancing accountability through clarification of functional assignment (Output 1) and improvement of transparency of intergovernmental fiscal relations (Output 2). The Government aims to produce these outputs through a series of assessments and reviews (of the current functional allocation and review of intergovernmental fiscal transfers, for example). Subprogram 6.3 (strengthening subnational PFM systems and capacity) aims to improve key aspects of PFM, such as budget execution, accounting, and reporting, and to develop capacity through reviews of existing systems, implementation of a simplified accounting systems, and capacity development activities.

24. Rationales, Challenges, and Progress to Date: The rationales, challenges, and progress to date of each subprogram are summarized for each subprogram.

- Subprogram 6.1: Resource Mobilization by Decentralized Entities.** Strengthening revenue mobilization at the subnational levels is a core objective of the Government. Considerable efforts have been made to mobilize local revenues, including through a strengthened legal framework.⁷⁸ Nevertheless, the utilization of local governments' revenue sources is suboptimal and uneven across districts, which in addition to weakening fiscal sustainability raises issues of unequal treatment of taxpayers. In the FY2013/14 budget, the share of own revenues in the total ranged from 4 percent to 49 percent (on average 17 percent); transfers from the central government financed the remainder. Increasing local revenues would reduce the dependence of subnational governments on transfers from the central government, strengthen the fiscal space for central government budgets, and increase the discretionary share of districts' budgets. To strengthen revenue mobilization at the subnational level, the Government commissioned the Local Government Revenue Potential Study, which found weak tax administration capacity at the subnational level. In combination with devolution of three tax sources to the districts, the Government has decided to transfer collection responsibilities for local revenues (business license, property, and rental income taxes) from districts to the RRA.

⁷⁸ Law Establishing the Sources of Revenue and Property of Decentralized Entities and Governing their Management in 2011 followed by the Presidential Order establishing the List of Fees and Other Charges Levied by Decentralized Entities and Applicable Thresholds in 2012.

- **Subprogram 6.2: Facilitation of Fiscal Transfers.** MINECOFIN, in collaboration with the Rwanda Governance Board, developed a draft Prime Minister Order to guide line ministries in implementing sectoral decentralization.⁷⁹ The legal and regulatory framework was assessed to determine the status quo in terms of expenditure responsibilities. A draft of the revised block grant formula is being developed to improve allocation efficiency to districts taking their fiscal capacity into account. Every year MINECOFIN issues guidelines on the earmarked transfers that provide the terms under which the earmarked funds are allocated, transferred, spent, and accounted for by the parties involved. The format of submission of the earmarked transfer guidelines was modified under the Budget System Improvement Program.
- **Subprogram 6.3: Strengthening PFM Systems and Capacity at the Subnational Level.** Timely and transparent financial information at the subnational level is key to improving the effective and efficient use of public resources not only at the subnational level but also at the national level (about 80 percent of district budgets are financed by transfers from the central government). Financial information below the district level (subdistrict, cell, hospital, school) is nonexistent. To address the issue, the Government developed a simplified accounting and financial reporting application (SEAS) for subnational entities below the district level. It launched a pilot of the application in December 2013. As of April 2014, 88 of 416 subdistricts had completed the pilot.

Program 7: PFM Sector Coordination and Management

25. Outcomes: Program 7 has seven expected outcomes: (a) strengthened PFM management and coordination mechanisms; (b) effective M&E of the PFM SSP; (c) a communications process that informs all stakeholders on progress in implementing the SSP and reform strategy; (d) increases in the number and quality of staff with professional qualifications, including through ongoing financial support for the Institute of Certified Public Accountant of Rwanda (ICPAR); (e) improvements in the capacity of all staff working within PFM areas; (f) effective incentive schemes where it is considered desirable to improve capacity; and (g) training in PFM systems and procedures of all relevant staff.

26. Subprograms: Program 7 is divided into three subprograms, each of which has specific outputs and priority actions (annex table 1-7).

Annex Table 1-7: Outputs of Program 7 (PFM Sector Coordination and Management), by Subprogram

<i>Subprogram</i>	<i>Output</i>
7.1 Sector coordination and management	1: SPIU well-functioning and strengthened 2: Coordination of PFM development partners and stakeholders improved 3: Visibility of PFM sector improved
7.2 Coordination of human resource training and capacity building	1: PFM consolidated sector capacity-building plan developed and validated 2: Internship and secondment program established 3: Partnerships with education institutions and professional bodies established and strengthened
7.3 Monitoring and evaluation	1: M&E framework for sector elaborated and operationalized 2: Detailed PFM SSP implementation plan formulated

⁷⁹ Given the fact that most of the district budget is centrally financed (own revenues are less than 20 percent), the current administrative decentralization is considered “deconcentration,” which implies the outsourcing of central government functions to local or regional offices.

27. Priority Actions and Outputs: The three outputs of Subprogram 7.1 are expected to be achieved through capacity building of the SPIU and facilitation of the sector working group. Capacity building and training are included in all programs under the PFM SSP. Subprogram 7.2 coordinates training and capacity building in the sector by, for example, developing a consolidated capacity development plan (Output 1) and partnering with other institutions and bodies. Subprogram 7.3 includes priority actions to operationalize M&E, including Joint Sector Reviews and PEFA assessments.

28. Rationales, Challenges, and Progress to Date: The rationales, challenges, and progress to date of each subprogram are summarized for each subprogram.

- **Subprogram 7.1: Sector Coordination and Management.** This subprogram supports various functions of the SPIU in MINECOFIN, the main coordination unit implementing the PFM SSP, including sector coordination (for example, facilitation of the PFM COORDINATION FORUM) and capacity building.
- **Subprogram 7.2: Coordination of Human Resources Training and Capacity Building.** Capacity constraints (organizational, institutional, and human) are prevalent across the programs to be supported by the PforR. Skills levels will need to be raised significantly as part of the implementation of the Program. Staff recruited for financial management positions are required to have a bachelor's degree in accounting or finance, but few have any professional qualifications. None of the internal audit staff, for example, are professionally qualified auditors. The capacity of universities and postgraduate training institutions appears to be a constraint on improving skills levels and delivering professionally qualified staff. The certification body for accountants in Rwanda (ICPAR) has been established, but no institutions have yet been certified to provide professional training in accounting or auditing.
- **Subprogram 7.3: Monitoring and Evaluation.** Progress of the PFM SSP has been regularly monitored through annual and quarterly progress reports on the PFM Basket Fund. PEFA assessments have been used to measure the overall progress of the PFM sector. Assessments were conducted in 2007 and 2010; the 2010 assessment included assessment of four districts. The next PEFA assessments at the national and subnational levels (including eight districts) are scheduled to be completed in the second half of 2014.

Annex Table 1-8: Summary Table of the Government PFM Program

Program	Sub-Program	Identified Challenges	Proposed Solution	Expected Outcome
1 Economic Planning and Budgeting	1.1 National Development Planning	Weaknesses in economic planning and budgeting still persist: Long term budget planning including MTEF, Program and Performance budgeting has been identified as an area requiring improvement in order to increase the impact of public expenditures on economic development and poverty reduction.	The processes and structures to support implementation of MTEF, Program and performance based budgeting are in place. What remains is training and capacity building to institutionalise these concepts in the planning and budgeting processes, particularly in linking sector strategies to budgets and costing of Programs.	<ul style="list-style-type: none"> • Increased emphasis on Performance Based budgeting to support fiscal Budgeting • Significant improvement in the preparation of MTEF, so it becomes an effective planning tool • Ensure that funding from Donor Partners is fully included in the Budget documentation • Ensure that Budgets at ministerial level do reflect the sector priorities • Strengthen risk management in the budget planning area • Maintaining government debt at sustainable levels.
	1.2 Economic Policy Formulation			
	1.3 Public Investment Programming			
	1.4 Policy-based Budgeting			
2 Resource mobilization	2.1 Tax Policy	Erratic external resources and Inadequate domestic resources: Despite the significant progress made in resource mobilisation, Rwanda still remains highly dependent on external aid.	Special emphasis will be on increasing domestic resources, both by initiating new tax policies that broaden the tax base and implementing administrative reforms to increase taxpayer compliance	<ul style="list-style-type: none"> • Increase significantly the level of domestic revenues collected • Ensure that tax policies are transparent, simple and understandable, and taxes can be collected efficiently • Ensure that GoR has the capacity to access international markets to raise additional finance. • Exploring alternative non-traditional sources of finance • Increased use of country systems in management of external aid
	2.2 Tax Administration			
	2.3 External Finance			
3 Budget Execution, Internal Control, Accounting & Reporting	3.1 Budget Execution	Budget Execution, Accounting and Reporting: Weaknesses in expenditure management, compliance with procurement procedures and contract management remain a challenge, as evidenced by findings and recommendations in OAG reports. The effectiveness of the Internal Audit functions is also considered inadequate.	The strategy is to strengthen the internal audit function and oversight by RPPA to seal the gaps in compliance with laid down procedures and procurement rules and regulations. The legal and regulatory framework will also be strengthened to address identified weaknesses.	<ul style="list-style-type: none"> • Ensure that Budgets reflect sector and ministerial priorities, and that Budget execution reflects the Budget Plan. • Improve the quality and timeliness of “in year” budget monitoring reports • Improve the quality and usefulness of financial report produced for public consumption • Improve cash flow management procedures. • Ensure full compliance with government rules on procurement • Address the weaknesses of the current Internal Audit structure • Introduce more modern audit techniques to improve internal audit standards
	3.2 Treasury Management			
	3.3 Internal Audit			
	3.4 Accounting & Reporting			
	3.5 Public Procurement			
	3.6 Fiscal Risk Management in public enterprises			

Program	Sub-Program	Identified Challenges	Proposed Solution	Expected Outcome
4 External Oversight and Accountability	4.1 External Audit	<p>Audit and Legislative Oversight: The scope and coverage by external audits is still limited. The capacity of the relevant Parliamentary Committees and District Councils is still inadequate to exercise effective external oversight on the use of public finances.</p>	<p>The services provided will continue to be developed with particular emphasis on the introduction of modern audit techniques and building the capacity of the District Councils to exercise fiduciary oversight.</p>	<ul style="list-style-type: none"> • Increase the scope and coverage of external audits • Deliver the highest standards of external audit, through a professionally qualified staff at OAG using modern audit techniques and facilities • Provide support to the Parliamentary Committees on Budget and Public Accounts to enable them to take on an increasing scrutiny in the allocation and use of public finances.
	4.2 Legislative Oversight			
5 Electronic Service Delivery & IFMIS	5.1 Integrated Financial Management System (IFMIS)	<p>Challenges in implementation of IFMIS: In the past two years, MINECOFIN has made significant progress in implementation of IFMIS. However, a fully-fledged IFMIS has not been realised, and this will remain a major area of focus as IFMIS is central to PFM.</p>	<p>Implementation of IFMIS is in progress, with efforts to roll out IFMIS to more institutions and to expose more users to IFMIS environment. At the same time, an initiative has been started to determine the long term IFMIS requirements of the GoR.</p>	<ul style="list-style-type: none"> • Roll out the current version of SmartFMS to the remaining entities • Determine the long term IFMIS requirements for the GoR • Implement IFMIS systems that will meet GoR needs into the 2020's • Achieve full integration with other key IT systems such as revenues, IPPS Payroll & HR • Ensure that GoR staff are fully trained in the operation & use of these IT systems • Completion of IPPS systems through development of HR modules and payroll upgrades
	5.2 Integrated Personnel and Payroll System (IPPIS)			
6 Fiscal Decentralization	6.1 Resource Mobilization by Decentralized Entities	<p>Local Government Budgets have increased significantly over the past years, however while overall financial resources are still not at the level to cover all needs of local governments, the share of the budget that local governments have discretionary control over (from own revenues and from central government transfers) is still small</p> <p>Weak PFM systems at Subnational (SN) level: Strengthening PFM systems at</p>	<p>Key issues that will have to be addressed in the long run are: (i) ensuring effective tax administration by the Local Governments, and (ii) increasing budget and revenue base in Local Governments, (iii) improving financial management for non-budget agencies, planning and budgeting in Local Government.</p> <p>The next phase of reforms will specifically focus on strengthening the PFM systems</p>	<ul style="list-style-type: none"> • Strengthening PFM systems at sub national service delivery units • Increase revenues collections at SN level and ensure all revenues accounted for • More equitable and realistic distribution of central government funds at SN level • Strengthen the budget planning capacity at the SN level • A long term aim of enabling senior managers at SN level to assume responsibility for making devolved financial decisions
	6.2 Facilitation of fiscal transfers			
	6.3 Strengthening PFM systems and capacity at Sub-National level			

Program	Sub-Program	Identified Challenges	Proposed Solution	Expected Outcome
		the sub-national service delivery level (sectors, health facilities, schools etc.) has not received the necessary attention in the past.	at the service delivery level units. Already, MINECOFIN has formulated the legal and regulatory framework to guide PFM systems at SN level.	
7 PFM Sector Coordination and Management	7.1 Sector Coordination & Management	Inadequate human resource capacity across all PFM disciplines: Developing the IT systems can be regarded as a Step 1. Step 2 is the development of skilled staff to maximise the use of the IT systems, and increase their overall PFM knowledge and skills.	Staff training and capacity building in all PFM disciplines is a major sector priority. In the past 5 years, basic capacity has been developed through a mix of short term hands on training. During the next phase, these efforts will be consolidated while at the same time seeking ways to institutionalise the training and capacity building.	<ul style="list-style-type: none"> • Strengthen PFM management and coordination mechanisms • Ensure effective Monitoring & Evaluation of the PFM SSP • Establish communications process which informs all stakeholders on progress in implementation of the SSP and Reform Strategy. • Increasing the numbers and quality of staff with professional qualifications. This will include an ongoing level of financial support for ICPAR. • Improve the capacity of all staff working within the PFM areas • Ensure that there are effective incentive schemes in operation, where is considered desirable to improve capacity • To ensure that all staff have been properly trained in PFM systems and procedures
	7.2 Coordination of HR Training & Capacity Building			
	7.3 Monitoring & Evaluation	Coordination and management of PFM reforms: PFM Sector includes a diverse range of stakeholders and implementation partners. Various challenges were encountered in the implementation of the Reform Program from a coordination and management perspective.	Lessons learnt from implementation of the first phase of PFM reforms will be applied in the formulation and implementation of the next strategy. In particular, the Sector Working Group and Technical Teams will be strengthened. The newly created Single Project Implementation Unit (SPIU) at MINECOFIN will coordinate the implementation of the PFM SSP.	

Source: PFM SSP with updated information

Annex 2: The Government Statistics Program (NSDS 2)

1. Strategic objective 1 (Strengthen civil registration systems, administrative records, surveys and other sources of data) focuses on the design and progressive roll-out of priority economic surveys related to agriculture, private sector activity, and the labor market. Despite the importance of agriculture in employment (70 percent of households depend on agriculture) and poverty reduction, agricultural statistics are scarce and infrequent, constraining agricultural policy-making. This strategic objective aims to address this gap by supporting the design and roll-out of an annual best-practice agricultural survey. Support to business and labor force surveys is highly strategic given Rwanda’s demographic developments: both in absolute and relative terms, working-age population will grow rapidly over the coming decade, opening up the opportunity of a demographic dividend⁸⁰. Taking advantage of this demographic opportunity will require substantial job creation to accommodate the growing labor force. The formulation of effective employment policies is however hampered by lack of data. The increased availability of economic source data will also feed into the system of national accounts, which will be upgraded and rebased more frequently.

2. On strategic objective 2 (Improve quality and dissemination of statistics and public statistical literacy), the consolidation and expansion of NISR’s Open Data initiative is one of the key areas. During NSDS 1, NISR made solid progress on data dissemination through the establishment of a National Data Archive (NADA), where micro-data from surveys and censuses can be easily downloaded by everyone free of charge. This flagship initiative has greatly facilitated access to data: the 2012 User Satisfaction Survey showed that accessibility of official statistics has greatly improved since the start of NSDS 1 in 2009. While making more and more data easily accessible (“open”) will not by itself increase the use of data for decision-making, it is a necessary condition for achieving this goal.

3. On strategic objective 3 (Improve statistical advocacy and integrate use of statistics in decision making), this strategic objective mainly consist of awareness raising and outreach activities to highlight the easy access to statistical data and to emphasize the importance of data for better decision-making. Greater and easier accessibility of data must be accompanied by measures to promote the use of data for purposes of decision-making and policy-formulation. Though data in Rwanda is widely available and easily accessible, the actual use of data is hampered by the lack of awareness on this among policy-makers, researchers, and civil society.

4. On strategic objective 4 (Develop capacity within NSS), use of statistics for decision-making is also constrained by the low level of statistical skills within the NSS. The final review of NSDS-1 identified important statistical capacity gaps within the NSS, resulting from a limited number of trained statisticians and the absence of appropriate training infrastructure. The low capacity within the NSS constraints not only the demand-side of statistics (its use in decision-making), but also the supply-side: quality of statistics produced by line Ministries, the so-called administrative statistics, is highly variable. Development of skills within the NSS through the design, construction and operationalization of a statistical training center within NISR is one of the key activities. Once operational, the training center will offer hand-on courses in operational statistics and promote a culture of evidence-based decision-making among public sector officials within the NSS.

⁸⁰ Fifth Rwanda Economic Update, World Bank (2014)

5. On strategic objective 5 (Consolidate coordination within NSS), the law on the organization of statistical activities in Rwanda⁸¹ designates NISR as the coordinator of NSS. Under this strategic objective, NISR aims to achieve (i) improved coordination of statistical concepts and methods, and (ii) strengthened coordination of statistics activities. The first aim is expected to be achieved through updating the standard classifications and instruction manuals, as well as conducting regular dialogues with data producers and users.

6. On strategic objective 6 (Improve resource mobilization and build strategic partnerships), investments in statistics are essential “to enhance capacity for statistics to monitor progress, evaluate impact, ensure sound, results-focused public sector management, and highlight strategic issues for policy decisions”⁸². Lack of sufficient financial resources would risk successful implementation of NSDS 2. In this regard, NISR aims (i) to mobilize resources sufficient to activities NSS through holding consultation with partners; (ii) to manage resources efficiently through adhering to best practices of financial management and maintaining appropriate financial planning and reporting; and (iii) building strategic partnerships.

⁸¹ Law No.45/2013 of 16/06/2013

⁸² Fourth High-Level Forum on Aid Effectiveness, Busan, Korea, 2011

Annex 3: Credibility of the Government Programs

PFM SSP

<i>Features of a Credible Reform Program</i>	<i>Assessment</i>
1. Government-led – enabling full political ownership and leading to effective harmonization and donor intervention.	Fully met: MINECOFIN is the lead ministry of the PFM sector. Within the government, a PFM Reform Steering Committee, comprising representatives of the implementing agencies and development partners oversees the implementation of the PFM Sector Strategic Plan. The SWG functions as a discussion forum on strategic issues between the government and development partners, and details at the program and sub-program levels are handled by a Technical Working Groups (TWGs).
2. Realistic and achievable – based primarily on available local capacity and set within an appropriate timeframe.	Mostly met: Human resource capability challenges may affect the pace of the reforms which require good conceptual understanding, sequencing and proper change management for the reform objectives to be achievable within the set timeframes.
3. Comprehensive framework which is effectively sequenced	Fully met: PFM SSP is a comprehensive framework and attempts to sequence the activities in the various reform pillars but institutional strengthening and human capacity development could be better articulated.
4. Relevant and sustainable – adapted to country context, targeted to meet key fiduciary risks and avoiding over-reliance on external TA.	Fully met: The reform measures are designed to maintain the positive trajectory of the PFM reforms and tackle the remaining challenges that pose risk to the efficient and effective use of public funds. However, for sustainability, clear exit strategy needs to be formulated to enable MINECOFIN to assume full responsibility for the SmartFMS.
5. Developing local capacity	Mostly met: Terms of reference for the various TAs have skills transfer element. However, in the area of accounting, despite the establishment of ICPAR that has a professional examination that meets international standards, the GoR still continues to fund its employees to take international examination.
6. Build demand for change - promoting a sustainable track record of improvement based on previous success	Fully met: Good positive trajectory of PFM reforms. PFM-SSP is conceived as one of foundational issues in the EDPRS 2.
7. Include specific performance indicators	Fully met: PFM SSP and accompanying action plans have identified clear objectives/outcomes with some milestones to ascertain progress towards the achievement of the long-term reform objectives.

Source: World Bank Assessment

NSDS 2

<i>Features of a Credible Reform Program</i>	<i>Assessment</i>
1. Government-led – enabling full political ownership and leading to effective harmonization and donor intervention.	Fully met: NSDS 2 was developed by NISR in close collaboration and consultation with all relevant stakeholders and is fully aligned with EDPRS 2. All government institutions within the NSS (line ministries, agencies and district administrations) contributed to the elaboration of NSDS-2, and all members of the SWG, including development partners, were consulted throughout the process. Like NSDS 1, NSDS 2 will be governed by a steering committee, chaired by the government.
2. Realistic and achievable – based primarily on available local capacity and set within an appropriate timeframe.	Fully met: While ambitious, NSDS 2 targets and objectives are attainable given the strong implementation capacity of NISR. To successfully implement the NSDS 2, NISR will however need to substantially grow in size. Successful implementation of NSDS 2 will crucially hinge on the extent to which sufficient and sufficiently-qualified staff can be recruited and integrated into the organization.
3. Comprehensive framework which is effectively sequenced	Fully met: NSDS-2 is a comprehensive plan with clear targets and milestones. To the extent possible, the main activities are sequenced to not overburden the organization at a single point in time.
4. Relevant and sustainable – adapted to country context, targeted to meet key fiduciary risks and avoiding over-reliance on external TA.	Mostly met: NSDS-2 is relevant and adapted to the country context and presents a clear and realistic roadmap towards the objectives of the plan. Reliance on external TA can however be expected to remain in areas that need capacity than what is available, especially in adapting new methodologies, relatively high over the short to medium run, due to the lack of qualified statisticians and subject-matter expertise within the NSS. NSDS-2 aims however to reduce reliance on external TA by scaling of capacity building efforts for NSS statisticians.
5. Developing local capacity	Fully met: NISR has developed a five-year capacity building plan that will be implemented during NSDS 2. In addition, each ToR for international TA contains an important capacity building element to build skills of local staff. NISR is also looking into the possibility to establish a statistical training center within its premises.
6. Build demand for change - promoting a sustainable track record of improvement based on previous success	Fully met: During NSDS 1 period, NISR has built a reputation for timely delivery of high-quality statistics. The perceived strong performance of NISR has greatly increased government demand for data on an ever increasing range of topics. Through NSDS 2, NISR is gearing up to meet the increased demand for quality data.
7. Include specific performance indicators	Mostly met: NSDS 2 includes a comprehensive logical framework with output and outcome indicators at each of the six strategic objectives it aims to accomplish. Due to the nature of statistical activities though, most indicators are output-based (production of priority data and statistics).

Source: World Bank Assessment

Annex 4: Rwanda's 2007 and 2010 PEFA

1. Overall, the PEFA assessment for found a marked improvement in external audit (PI-26) and legislative scrutiny of audit reports (PI-28). Weak PFM performance remains concentrated in three areas, first in regard to the multi-year perspective in fiscal planning, expenditure policy and budgeting (PI-12) and composition of expenditure out-turn compared to original approved budget (PI-2), second in regard to quality and timeliness of reporting of in-year budget reports (PI-24) and annual financial statements (PI-25); and, finally, in regard to effectiveness of internal audit (PI-21).
2. When comparing the 2007 and 2010 ratings it should be noted the previous PEFA may have under-scored or over-scored some of the ratings for indicators or individual dimensions. Thus a simple comparison of the overall scores between two assessments at different times, not detailed by dimension, and with no analysis of change, can suggest deterioration, improvement or stagnation of indicators, which is in fact not the case. In the case of Rwanda there was real progress despite the appearance of stagnation, if an indicator was over-scored by the previous assessment, as the PEFA team found to be the case for PI-11. Similarly, in the case of PI-21 and PI-25 there is the appearance of deterioration as indicators or dimensions were highly over-scored in the PEFA 2007. Also, there was progress for PI-18 but less so than indicated by a simple comparison of the overall scores, as the indicator was over-scored by the previous assessment.
3. The CG assessment found that the areas of PFM performance that were already at a very satisfactory level of performance (A) in 2006 and have remained such are: PI-3 Aggregate revenue out-turn compared to original approved budget (A); PI-5 Classification of the budget (A); PI-13 Transparency of taxpayer obligations and liabilities (A).
4. The areas of PFM performance that have improved and achieved a very satisfactory (A) or acceptable (B) level of performance are: PI-1 Aggregate expenditure out-turn compared to original approved budget (A); PI-4 Stock and monitoring of expenditure payment arrears (B); PI-6 Comprehensiveness of information included in budget documentation (A); PI-8 Transparency of inter-governmental fiscal relations (A); PI-10 Public access to key fiscal information (A); PI-11 Orderliness and participation in the annual budget process (B+); PI-14 Effectiveness of measures for taxpayer registration and tax assessment (A); PI-16 Predictability in the availability of funds for commitment of expenditures (B+); PI-17 Recording and management of cash balances, debt and guarantees (B); PI-18 Effectiveness of payroll controls (B+); PI-19 Competition, value for money and controls in procurement (A); PI-20 Effectiveness of internal controls for non-salary expenditure (B+); PI-22 Timeliness and regularity of accounts reconciliation (B); PI-26 Scope, nature and follow-up of external audit (B+); PI-28 Legislative scrutiny of external audit reports (B); D-1 Predictability of Direct Budget Support (A).
5. The areas of PFM performance that are showing some improvement, yet remain weak, are: PI-2 Composition of expenditure out-turn compared to original approved budget (D); PI-7 Extent of unreported government operations (D+); PI-9 Oversight of aggregate fiscal risk from other public sector entities (C); PI-21 Effectiveness of internal audit (C); PI-25 Quality and timeliness of annual financial statements (D+); D-2 Financial information provided by donors for budgeting and reporting on project and program aid (D+).
6. The areas of PFM performance that are not showing much improvement and remain weak are: PI-12 Multi-year perspective in fiscal planning, expenditure policy and budgeting (C+); PI-15 Effectiveness in collection of tax payments (D+); PI-23 Availability of information

on resources received by service delivery units (D); PI-24 Quality and timeliness of in-year budget reports (D+); PI-27 Legislative scrutiny of the annual budget law (C+); D-3 Proportion of aid that is managed by use of national procedures (D).

7. Ratings that have remained unchanged since the 2007 PEFA, and are difficult to justify are: PI-7 (ii), PI-23, and D-3 at D; PI-15 and PI-24 at D+; PI-12 and PI-27 at C+. For PI-7 (ii), more information on donor assistance than what is included in fiscal reports is available within MINECOFIN, for PI-15, effectiveness in collection of tax payments, unchanged at D+ since the 2007 PEFA, despite *Domestic Revenue Generation* being a component of the Government PFMRs under Pillar 1, *Economic Management and Budget*; for PI-24, as in-year budget reporting did take place in 2007 and 2008; and in-year reporting just ceased.

8. Regarding the others, it can be noted that: D-3, proportion of aid that is managed by use of national procedures, shows that donors are not sufficiently relying on country systems for the channeling of donor assistance, and have not increased their reliance since 2006, despite the constant and coordinated presence of donor support in Rwanda, an overall improvement in PFM processes, and the general objective under the Paris Deceleration and the Accra Agenda to increasingly rely on national systems; The failure of improvements in the availability of information on resources received by service delivery units (PI-23) is surprising especially give the fiscal decentralization process underway, and the stated objectives of the *National Decentralization Policy*. Regarding legislative scrutiny of the annual budget law (PI-27), the indicator rating cannot improve as long as the current situation, of no limit in place for the size of supplementary budgets, reflected under dimension (iv), continues. The failure of the MTEF (see PI-12) to deliver its true objective of linking policy targets with actual budget allocations and thus ensure at the same time a strategic allocation of resources and fiscal sustainability, is also costly in Rwanda, given the vast amount of capacity invested in the multi-year planning process, which is very extensive and involves a large variety of activities throughout the budget preparation cycle, across all sectors. Regarding the implementation of IFMIS/SmartGov, which is part of the official PFM Government Reform Program, under Pillar 2, component 3, it has fallen behind schedule. Its delay is at the root of the fact that the quality of financial statements (PI-25 (i)) has not improved as much as its potential, as it is hampered by the continued coexistence of two different systems, SagePastel and SmartGov. Overall, not enough effect has trickled to PFM systems in the area of accounting, recording and reporting despite it being one of the main reform pillars.

Annex Table 4-1: PEFA 2010 Rwanda Scores

PEFA Scores		November 2007	November 2010
A. PFM-OUT-TURNS: Credibility of the budget			
PI-1	Aggregate expenditure out-turn compared to original approved budget	B	A
PI-2	Composition of expenditure out-turn compared to original approved budget	D	D
PI-3	Aggregate revenue out-turn compared to original approved budget	A	A
PI-4	Stock and monitoring of expenditure payment arrears	D+	B
B. KEY CROSS-CUTTING ISSUES: Comprehensiveness and Transparency			
PI-5	Classification of the budget	A	A
PI-6	Comprehensiveness of information included in budget documentation	D	A
PI-7	Extent of unreported government operations	D+	D+
PI-8	Transparency of inter-governmental fiscal relations	B	A
PI-9	Oversight of aggregate fiscal risk from other public sector entities	D+	C
PI-10	Public access to key fiscal information	C	A
C. BUDGET CYCLE			
C(i) Policy-Based Budgeting			
PI-11	Orderliness and participation in the annual budget process	B+	B+
PI-12	Multi-year perspective in fiscal planning, expenditure policy and budgeting	C+	C+
C(ii) Predictability and Control in Budget Execution			
PI-13	Transparency of taxpayer obligations and liabilities	A	A
PI-14	Effectiveness of measures for taxpayer registration and tax assessment	B+	A
PI-15	Effectiveness in collection of tax payments	D+	D+
PI-16	Predictability in the availability of funds for commitment of expenditures	B+	B+
PI-17	Recording and management of cash balances, debt and guarantees	B	B
PI-18	Effectiveness of payroll controls	D+	B+
PI-19	Competition, value for money and controls in procurement	B	A
PI-20	Effectiveness of internal controls for non-salary expenditure	D+	B+
PI-21	Effectiveness of internal audit	C+	C
C(iii) Accounting, Recording and Reporting			
PI-22	Timeliness and regularity of accounts reconciliation	B+	B
PI-23	Availability of information on resources received by service delivery units	D	D
PI-24	Quality and timeliness of in-year budget reports	D+	D+
PI-25	Quality and timeliness of annual financial statements	C+	D+
C(iv) External Scrutiny and Audit			
PI-26	Scope, nature and follow-up of external audit	D+	B+
PI-27	Legislative scrutiny of the annual budget law	C+	C+
PI-28	Legislative scrutiny of external audit reports	D+	B
D. DONOR PRACTICES			
D-1	Predictability of Direct Budget Support	B+	A
D-2	Financial information provided by donors for budgeting and reporting on project and program aid	D	D+
D-3	Proportion of aid that is managed by use of national procedures	D	D

Annex 5: 2010 PEFA Assessment at the District Level

1. The PEFA 2010 SN Assessment found a satisfactory nature and scope of the external scrutiny of SN governments (see SN PI-26, rated at A for nature and scope and B overall). The OAG in fact audits all SN governments on a yearly basis and issues the results of the audit as part of the Annual Report presented to Parliament, under Volume III. Also in parallel with CG, and also probably as a result of an acceptable level of external oversight, including on the implementation of audit recommendations, the SN Assessment found that controls on both salary and non-salary expenditure are at an acceptable/satisfactory level, with PI-18 and PI-20 both rated at B+. At the SN level, the core dimension transparency and comprehensiveness was assessed only on the basis of two indicators (PI-8 and PI-10), one of which was found not applicable (PI-8). On the basis of PI-10 only, which assesses public access to key fiscal information, transparency at the SN level is satisfactory (A). The core dimension accounting and reporting, assessed at the SN level on the basis of the availability of funds for commitment expenditures (PI-22) and in-year budget reporting (PI-24), shows acceptable to good results (B+), and a more positive status of processes than for CG.

2. By indicator, the SN Assessment found that the areas that are at a good or acceptable level of performance are: PI-2 Composition of expenditure out-turn compared to original approved budget (B,B,A,B); HLG-1 Predictability of transfers from higher levels of Government (B+, B+, B+, A), PI-10 Public access to key fiscal information (A); PI-16 Predictability in the availability of funds for commitment of expenditures (B+); PI-18 Effectiveness of payroll controls (B+); PI-20 Effectiveness of internal controls for non-salary expenditure (B+); PI-22 Timeliness and regularity of accounts reconciliation (B+); PI-24 Quality and timeliness of in-year budget reports (B+); PI-26 Scope, nature and follow-up of external audit (B+).

3. The following areas were found to be weak: PI-1 Aggregate expenditure out-turn compared to original approved budget (D,B,D,D); PI-11 Orderliness and participation in the annual budget process (D+).

Annex Table 5-1: Sub-National (SN) Indicator Overview (PEFA 2010)

Indicator	Districts: Kicukiro (1); Rulindo (2); Bugesera (3); Nyamagabe (4)	1	2	3	4
A	PFM-OUT-TURNS: Credibility of the budget				
PI-1	Aggregate expenditure out-turn compared to original approved budget	D	B	D	D
PI-2	Composition of expenditure out-turn compared to original approved budget	B	B	A	B
HLG-1	Predictability of transfers from higher levels of Government	B+	B+	B+	A
B	Key Cross-Cutting Issues: Comprehensiveness and Transparency				
PI-8	Transparency of inter-governmental fiscal relations (Not applicable (N/A)) ⁴	N/A	N/A	N/A	N/A
PI-10	Public access to key fiscal information	A	A	A	A
C	Budget Cycle				
C (i)	Policy-Based Budgeting				
PI-11	Orderliness and participation in the annual budget process	D+	D+	D+	D+
C (ii)	Predictability and Control in Budget Execution				
PI-16	Predictability in the availability of funds for commitment of expenditures	B+	B+	B+	B+
PI-18	Effectiveness of payroll controls	B+	B+	B+	B+
PI-20	Effectiveness of internal controls for non-salary expenditure	B+	B+	B+	B+
C (iii)	Accounting, Recording and Reporting				
PI-22	Timeliness and regularity of accounts reconciliation	B+	B+	B+	B+
PI-24	Quality and timeliness of in-year budget reports	B+	B+	B+	B+
C (iv)	External Scrutiny and Audit				
PI-26	Scope, nature and follow-up of external audit	B+	B+	B+	B+

Annex 6: Revenue Mobilization

Government Program

1. The government’s strategy to improve revenue mobilization through a broad set of initiatives is prioritized in PFM SSP and other strategies⁸³. For example, in its Strategic Plan 2013/14–2015/16, the Rwanda Revenue Authority (RRA) identifies the efforts to “maximize revenue mobilization” as the overarching direction for the plan period, supported by enhancements and specific initiatives to improve RRA performance on the areas: (i) enhance service deliver to meet customer needs; (ii) ensure maximum compliance with tax legislation; and (iii) further strengthen the capacity of the organization.

2. The reform program on tax policy and administration consists of a broad array of initiatives, spanning from a comprehensive review of loopholes and foregone tax revenues under current tax codes, to initiatives to strengthen and improve all tax administrative areas, from registration and filing compliance, over tax payer services and education, returns processing and payment, arrears collection, audit and investigations to improvements on tax appeals. The major elements of the reform program and recent years’ accomplishments are illustrated in annex table 6-1).

Annex Table 6-1: Recent Reform Steps and Areas Still Under Consideration

TAX POLICY	REVENUE ADMINISTRATION
<ul style="list-style-type: none"> - Changing excise on petroleum products from ad-valorem to specific—2010/2011. - Removing VAT on petroleum products—2010/2011. - Reducing specific excise on petrol from 283 Rwf/L to 183 Rwf/L and on diesel from 250 Rwf/L to 150 Rwf/L—2011/2012. - Increasing excise duty on airtime of mobile phones from 5 to 8 percent—2011/2012. - Increasing import duty on construction materials of large investment projects. - Revising PIT for micro enterprises by introducing a scheduler tax on turnover below 12 million—September 2012. - Reducing turnover tax for small enterprises from 4 to 3 percent and raising the ceiling for this regime from 20 to 50million—September 2012. - Introducing gaming law with a 15 percent tax on net winnings and a 13 percent tax on the net revenue of the company - September 2012. - Introducing royalties on minerals, with rates of 4 percent on base metals, up to 6 percent for precious metals and diamonds - September 2013. - Changing prescription period to keep transaction records from 10 to 5 years - January 2013. <p>Draft laws/under discussion</p> <ul style="list-style-type: none"> - Changing prescription period to keep transaction records from 10 to 5 years. - Revising investment code to close loopholes and create a sector focus. - Modifying the law on special economic zones to 	<ul style="list-style-type: none"> - Integrating domestic tax administration on the basis of key tax administration functions. - Adopting taxpayer segmentation approaches by establishing the large taxpayer office (LTO) and the small and medium taxpayer office (SMTO). - Implementing systems and procedures based on self-assessment. - Enacting new tax laws, including a law on tax procedures. - Automating tax and customs operations. - Setting up a national training institute. - Facilitating trade by granting a blue channel status to importers with compliant records. - Streamlining the appeals process and setting up special commercial courts to handle tax matters. - Implementing the East African Community Customs Union protocol—July 1, 2009. - Transferring the collection of social security contribution and the medical insurance benefit contributions to the RRA—2010. - Integrating tax and business registration processes at the Rwanda Development Board. - Implementing basic risk management approaches. - Improving taxpayer service delivery by providing a number of on-line services, including electronic filing and payment systems, mobile declaration, electronic single window, call center, official website, etc. - Implementing quarterly filing and payment requirements in respect of small businesses. <p>Draft laws/under discussion</p> <ul style="list-style-type: none"> - Amending the VAT law, introducing electronic fiscal devices (EFDs)

⁸³ PFM SSP, Governance and Decentralization SSP, RRA Strategic Plan 2013/14-2015/16

TAX POLICY	REVENUE ADMINISTRATION
offer incentive package.	- Amending the VAT law, introducing the VAT withholding system

Source: RRA

3. **In addition to the current tax policy and administration reform plan, the government has prepared a draft catalogue of medium-term tax reform proposals, to eventually reinforce efforts to ensure revenue mobilization targets.** In connection with this plan, in April 2014, the IMF provided technical assistance on domestic revenue mobilization. The results of the technical assistance described in the first review under the PSI includes⁸⁴:

- Revise legislation on taxation of property (Dec 2014);
- Prepare legislative proposal for new tax regime for agriculture (Dec 2014);
- Prepare legislative proposal for new tax regime for mining (Dec 2014);
- Streamlining incentives and exemptions based on the draft investment code approved by Cabinet in March 2014;
- Tax expenditure assessment;
- Enforcement of tax payer compliance (e.g., use of electronic billing machines); and
- Amending the VAT laws to reduce exemption.

PforR Program

4. **The PforR covers three critical areas towards ensuring revenue mobilization.** The Government has established tax revenue mobilization targets on public sector for the period FY2013/14–2016/17. With a baseline on 2013/14 at Rwf 782.5 billion, the targets on revenue mobilization are set at Rwf 906.8 billion in 2014/15, Rwf 1,111.2 billion in 2015/16 and Rwf 1,291.1 billion in 2016/17⁸⁵. The targets represent a nominal increase in revenues of 64% in 2016/17, as compared to 2013/14.

5. In consultation with the Government, the World Bank team has identified three critical areas towards achieving these ambitious targets, as follows:

- (1) Broadening the tax base, in particular by registration of new tax payers on national and subnational tax sources; by improved registration of new tax payers, as part of the centralization of collection of the district's revenues; and by a comprehensive assessment and action plan on broadening the VAT tax base (broader base coverage and reduction in exemptions).
- (2) Continued modernization of tax administration, in particular by increasing the uptake of eTax services. The usage of electronic tax filing and payments will be expanded and eTax systems will be upgraded, by developing and integrating various modules on tax audit, tax account-and refund management, and enforcement planning.
- (3) Improving compliance: Enhancing management of arrears and non-compliance procedures, in particular by a VAT gap analysis, to identify compliance issues and ways to addressing these. Improved up take in use of EBM by tax payers would also contribute, as would a risk-

⁸⁴ Box 2 includes Fund recommendations on taxing the agriculture and mining sectors and property; Para 14 under Memorandum of Economic and Financial Policies-Update includes structural measures; and table 2 includes structural benchmarks on revenue mobilization (<http://www.imf.org/external/pubs/ft/scr/2014/cr14185.pdf>)

⁸⁵ For further details in revenue forecasts by tax sources, please refer to Annex Table 6-4.

based management strategy to oversee and improve compliance on VAT and on other tax sources.

Program Assessment: Strategic Relevance and Technical Soundness

6. EDPRS 2 theme on “Economic Transformation for Rapid Growth” is supported by the improved revenue mobilization for public sector activities and finance. Ensuring fiscal space is critical to achieve the country’s aspiration to reduce aid dependency in the medium-term. The PFM SSP relates to this objective, by “promoting mobilization of resources and prioritization of expenditures for maximum impact on economic growth and poverty reduction.”

7. **While there was progress over recent years, the tax to GDP ratio in Rwanda remains relatively low.** The tax to GDP ratio in FY2012/13 stood at 14.2%, with the Sub-Saharan African (SSA) Countries average at 18%. Government efforts over recent years have resulted in an increase of 1 percentage point in GDP, up from 13.2% in FY2010/11, with the major increase being observed in Direct taxes which went up from 39% to 43% of total tax revenue, while the proportion of indirect taxes, in particular excise taxes, reduced over the period. The proportion of revenues collected from VAT, which is the single most important tax source, was unchanged over the period, but with the revenue forecasts on VAT suggesting an increased share in FY2013/14, with 32.9% of the overall tax revenues in FY2013/14, as compared to 30.6% in FY2012/13 (annex table 6-2).

Annex Table 6-2: Total Tax Revenues, by Tax Types. 2010/11 – 2013/14

	2010/ 2011	2011 / 2012	2012/2013	2013 / 2014
Total tax revenues (In bln Rwf)	460.6	556.0	651.9	775.4
- in % of GDP	13.2%	13.6%	14.2%	15.2%
Share in percent of total Tax Revenue				
Direct taxes	39.1%	41.1%	43.3%	40.4%
Companies	11.4%	9.8%	10.9%	10.4%
-Of w hich Large companies	5.7%	5.3%	6.2%	5.7%
- Of w hich Small enterprises	5.4%	4.4%	4.6%	4.7%
Individuals	24.5%	25.6%	26.8%	25.2%
of w hich PAYE	24.4%	25.4%	26.7%	25.0%
Others (WHT 15%)	2.7%	5.2%	5.2%	4.4%
Property taxes	0.4%	0.5%	0.4%	0.4%
Taxes on goods and services	54.5%	51.9%	49.3%	51.8%
Excise taxes	18.6%	16.4%	14.3%	14.5%
Beer	5.7%	5.6%	5.2%	5.2%
Wines & Liquors	0.2%	0.4%	0.4%	0.5%
Petrol	9.1%	6.5%	5.2%	5.0%
Cigarettes	0.9%	0.7%	0.6%	0.7%
Limonade	1.4%	1.5%	1.4%	1.4%
Vehicles	0.3%	0.5%	0.3%	0.4%
Pow dered milk	0.0%	0.0%	0.0%	0.0%
Air time	1.0%	1.3%	1.2%	1.2%
VAT	30.5%	30.9%	30.6%	32.9%
of w hich: on imports	11.4%	12.4%	11.6%	14.1%
Taxes on international trade	6.5%	7.0%	7.4%	7.8%
Nominal GDP in billion Rwf (Fiscal Year)	3,483.7	4,080.9	4,605.9	5,111.7

Source: RRA and National Institute of Statistics Rwanda

	2010/ 2011	2011 / 2012	2012/2013	2013 / 2014
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Limonade	1.4%	1.5%	1.4%	1.4%
Vehicles	0.3%	0.5%	0.3%	0.4%
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Source: RRA and National Institute of Statistics Rwanda

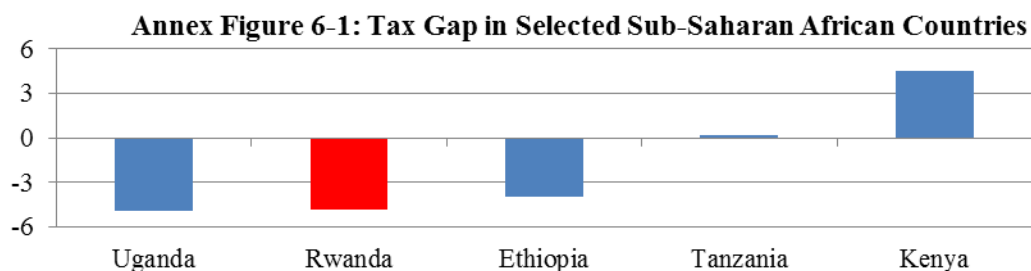
8. Compared to other countries in East Africa and SSA, some margin for tax-to-GDP improvements in Rwanda seems to be prevalent. Rwanda's tax to GDP ratio is on an average 2 percentage points behind East African peers, and 5-6 percentage points behind Kenya and Malawi (annex table 6-3). The 'gap' to peer countries is approximately the same on direct taxes as on indirect taxes. It is worth noting that the revenue profile in Kenya and Malawi, the countries with the highest tax-to-GDP ratio, is pretty even across direct and indirect taxes, while Rwanda, Uganda and also Tanzania is seeing indirect taxes take a higher share of the overall tax revenues.

Annex Table 6-3: Tax Revenue for Selected SSA Countries in 2011-12

	Rwanda	Ethiopia	Kenya	Malawi	Tanzania	Uganda	Simple Average
(In billions of LCU)							
Tax Revenue	557	86	661	181	5,904	5,983	-
Direct Tax	229	29	305	82	2,519	2,112	-
Indirect Taxes	329	57	355	99	3,385	3,870	-
Domestic indirect tax	283	23	298	82	2,861	3,367	-
Trade tax	46	34	58	18	524	503	-
GDP	4,126	680	3,281	962	39,336	49,794	-
(In percent of GDP, unless otherwise indicated)							
Tax Revenue	13.5	12.6	20.1	18.8	15	12	15.7
Direct Tax	5.5	4.2	9.3	8.5	6.4	4.2	6.5
Indirect Tax	8	8.4	10.8	10.3	8.6	7.8	9.2
Direct tax, % Tax Revenue	41	33.7	46.2	45.2	42.7	35.3	40.6
VAT and other indirect tax revenue, % Tax Revenue	50.7	27.2	45.1	45.1	48.5	56.3	44.4
Trade tax, % Tax Revenue	8.2	39.2	8.7	9.7	8.9	8.4	15.0

Sources: IMF: Ethiopia, Rwanda, and Uganda 2013 Article IV; Kenya and Malawi 2012 Article IV; and Tanzania 2011 Article IV reports

9. **In the short to medium-term, the tax-to-GDP may potentially be improved by 4-5% points, according to a recent IMF study.** Estimations of tax revenue gap across countries usually require a high degree of contextualization, to ensure that structural determinants are taken into account in the comparison. In a recent Article IV consultation on Uganda, the IMF estimated the tax gap in East African countries, by relating tax-to-GDP to structural variables, such as the proportion of rural population, and the share of manufacturing in the GDP. The results of the estimation appear in Annex figure 6-1⁸⁶. While the interpretation of such model results always should be made cautiously, the Rwandan’ governments revenue targets for the next few years match or even exceed the requirements to close the tax revenue gap, as indicated below.



Source IMF Uganda 2013 Article IV.

The revenue gap analysis is performed using a simple econometric model relating total revenue as a percent of GDP to several structural factors considered to be important determinants of this ratio. The analysis is done for 2009.

$$\text{Total revenue}_i = 13.5 + 1.98 * \log(\text{GNI per capita}_i) + 0.16 * \text{Rural population}_i + 0.13 * \text{Natural resources}_i + 0.25 * \text{Manufacturing}_i + 2.76 * \text{landlocked}_i$$

The variables total revenue, *Natural Resources* and *Manufacturing* are expressed as a percentage of GDP and *Rural Population* as a percent of total population.

10. **The government’s targets on tax revenue collections FY2013/14 to 2016/17 are witness to the high priority the government allocates to this area.** The government’s *targets on tax revenues/GDP* ratio are provided in the Budget Framework Paper⁸⁷. The government aims at increasing tax revenue collections as follows: Tax revenue collections, which will reach 15.3 percent of GDP in 2013/14, are projected to rise to 15.8% of GDP in 2014/15, 17.2% of GDP in 2015/16 and 17.7% of GDP in 2016/17. The improved tax revenue to GDP will compensate partly for a projected reduction in aid grants (down by 50% over the four years’ period), and for a reduction in domestic financing to cover balance. Over four years, the tax to GDP will be improved by 1.9 percentage-points, which, as mentioned above, in nominal terms represents an expansion of about 64 percent in total tax revenues for the period. The projections in total tax revenues by tax types are provided in annex table 6-4.

⁸⁶ Please note that the level of tax-to-GDP ratios in annex table 6-3 calculations are based on more recent data than the ones in annex figure 6-1.

⁸⁷ Budget Framework Paper 2014/15 – 2016/17 (April 2014, p 26)

Annex Table 6-4: Medium Term Estimates for Resources and Outlays, 2014/15 – 2016/17. Source: BFP 2014/15 – 2016/17. April 2014

Total Revenue and Grants Projections (2014/15 – 2016/17)

	2013/14	2014/15	2015/16	2016/17
	Revised	Projection	Projection	Projection
(billion Rwanda Francs)				
Revenue and grants	1,336.8	1,530.9	1,686.3	1,815.8
Total revenue	873.8	986.0	1,204.7	1,397.3
Tax revenue	782.5	906.8	1,111.2	1,291.1
Direct taxes	326.1	379.2	475.7	560.6
Taxes on goods and services	397.7	461.5	558.4	643.0
Taxes on international trade	58.7	66.1	77.2	87.5
Non-tax revenue	91.3	79.3	93.4	106.2
of which PKO (incl. CAR&Juba)	63.9	53.4	63.9	73.1
of which Other	27.4	25.9	29.5	33.1
Total Grants	463.0	544.8	481.6	418.5
Budgetary grants	201.2	328.4	330.9	319.1
Of Which Global Fund	0.0	70.9	71.8	67.3
Capital grants	261.8	216.4	150.6	99.4
Projects	212.1	204.5	126.7	74.7
Global Fund	49.7	11.9	23.9	24.7

11. In addition, the improvements in subnational tax revenues, resulting from the centralization of local government taxes, are not included in the target of the medium-term tax-to-GDP ratio⁸⁸. The centralization of revenue collection is estimated to yield a cumulative 2.3% of GDP between FY2014/15 and FY2016/17 (0.5% in FY2014, 0.9% in FY2015 and 0.9% in FY2016). In summary, the combined efforts on national and subnational revenue mobilization may imply an estimated 20% of tax-to-GDP in FY2016/17

12. The RRA has a strong performance record in revenue mobilization, with the annual performance rates above targets. In annex table 6-5, the actual tax revenue collections in FY2012/13 exceeded performance targets by 1.7%, and over two years, the revenue collection showed an overall increase of more than 17%. Strong performance was seen across tax types, although performance on indirect taxes (including VAT) was less prominent than on direct taxes.

Annex Table 6-5: Revenue performance against targets for 2012/13 compared with 2011/12 (billion Rwf)

Tax type	Target 2012/13	Actual 2012/13	Variance	Performance rate	Actual 2011/12	% Change btw FY12 and 13
Total revenue	653.4	663.7	10.3	101.6%	569.6	16.5%
Non-tax revenue	12.2	11.8	-0.4	96.7%	13.6	-13.2%
Total tax revenue	641.2	651.9	10.7	101.7%	556.0	17.2%
* Direct taxes	260.0	282.0	22.0	108.5%	228.5	23.4%
* Taxes on Goods & Services	334.0	321.7	-12.3	96.3%	288.8	11.4%
* Taxes on Int'l Trade	47.2	48.2	1.0	102.1%	38.7	24.5%

Source: RRA

⁸⁸ The tax revenue targets for FY2014/15 – 2016/17 include a figure for Local government taxes (under Direct taxes).

13. In terms of the relevance and technical soundness of the specific areas under this Program, the following assessment is provided on each area:

1) Increase tax registration and tax bases – national and subnational tax collection

- ✓ Taxpayer registration has been increased significantly over recent years. Annex table 6-6 provides development from 2010/11 to 2011/12, by segments.

Annex Table 6-6: Tax Payer Registration 2010/11– 2011/12.

Tax Payer registration	2010/11	2011/12
Number of active taxpayers (Total)	64,260	90,485
Number of active taxpayers (PIT)	41,576	54,084
Number of active taxpayers (CIT)	12,262	19,850
Number of active taxpayers (PAYE)	13,576	17,478
Number of active taxpayers (VAT)	6,818	8,885
Number of active taxpayers (Excise)	30	34

Source: IMF, Enhancing Revenue Mobilization through Tax Policy and Administration Reform, December 2012, p 15.

- ✓ RRA is undertaking efforts to further increase registration of tax payers. The efforts include (i) continuous taxpayer sensitization in collaboration with PSF and Local government. RRA will further take advantage of the database to be developed through a registration exercise for the three local government taxes to do registration; and (ii) increase in number of field visits for particular types of businesses. This helps RRA get feedback on various services and to identify the unregistered taxpayers; and RRA also identifies the relevant topics for taxpayer education.
- ✓ Furthermore, tax payer registration is a core initial step of the reform plans on improving revenue collection of sub central governments. While the potential yield from the business license tax, the property tax and the rental income tax as recently devolved to decentralized entities is significant, collections over recent years have been minimal (tax revenue out of total revenue in the districts stood at 8% in 2011), owing primarily to efficiency issues in the tax collection but also to incomplete and inaccurate supporting systems, such as land management and cadastre information. In addition to enhanced local revenue collection, the centralization of tax collection is expected to provide RRA with important information on tax payers in the districts, (in particularly local businesses), currently unknown to the agency, and a revenue yield improvement on national tax sources, such as CIT, may eventually follow.
- ✓ The RRA has established a two-staged plan on how to improve revenue collection at the districts. In the first stage, covering the period March–December 2014, RRA is collecting revenues on the three devolved tax sources (trading license tax, rental income tax and property tax) in all districts. In some districts, RRA has taken over the management of district’s tax administration staff, while in others, RRA is assisting the districts own staff in improving revenue collection. In the second phase, starting January 2015, RRA will fully take over all functions in revenue mobilization at the district’s level, in charge of all administrative processes related to the collection of tax and non-tax revenues. In preparation for the second phase, during the 2nd half of 2014, the RRA will complete a database on all tax payers at the district level, by tax type, acquire revenue software and IT equipment to support the tasks, and recruit and deploy staff, including establish a separate unit on ‘subnational revenues’, to be headed by a Deputy Commissioner. This new and widely enhanced mandate for RRA on subnational revenues requires amendment of legislation, which will be presented to Parliament in due time. In parallel to the administrative re-organization and strengthening of

the subnational revenue collection, the government is also working on improving the policy framework and administration on property taxation and rental income taxation. Any policy change is likely to be contemplated in 2016 at the earliest (i.e., at least one full year after RRA has fully taken over the administration of local government taxes).

- ✓ As appears from annex table 6-7, improvement in tax revenue in 2011/12 due to new registered tax payers amounted to Rwf 3.9 billion representing an important part of total tax revenue. As appears, the yield increase from PAYE and VAT explains the major part of the revenue increase.

Annex Table 6-7: New registered taxpayers during July 2011-June 2012 and the amount of tax paid

Tax type	Number of new registered taxpayers	Amount of tax paid
PAYE	12,152	2,822,998,138
VAT	1,110	723,359,861
PIT	4,334	112,770,787
CIT	517	57,373,239
Excise	14	4,335,019
Withholding tax on public supplies (3%)	238	80,614,369
Withholding tax on service fees, management fees, dividend.	173	57,473,639
Total	18,538	3,858,925,052

Source: RRA

2) Developments in arrears call for strengthened tax administrative systems and procedures, all the way from filing over collection of arrears and tax audit.

- ✓ As illustrated in annex table 6-8 on the profile of tax arrears, arrears went up by 21% in FY2012/13 from the previous year. In terms of structure of arrears, short-term arrears were reduced by almost 40%, while arrears of 3-12 months of age went up by some 60%. The increase in medium-term arrears, from 3-12 months of age, represents 1.4% of the total tax revenues in 2012/13. The stock of +12 months old arrears increased by Rwf 10.4 billion, representing an additional 1.6% of total tax revenues. The size of arrears, including recent year's increase, calls for intensified compliance efforts. A great part of +one year overdue arrears will not result in any recovered tax revenue and should preferably be written off⁸⁹. However, at this point in time, no explicit policy on old arrears has been established by RRA. In the context of this operation, the RRA is encouraged to prioritize the management of arrears, including establish an action plan on collectable tax arrears, with performance metrics, targets and reporting attached. Metrics could include "Total value of arrears attached"; "total number of collection cases closed"; total number of taxpayers in arrears as contacted" and "average annual arrears collection per staff per year".

Annex Table 6-8: Tax arrears by age and by tax segment as at June 2013 (Rwf millions)

Age	LTO	SMT0	CSD	TOTAL FY 2012/13	TOTAL FY 2011/12	% change
Less than 3 months overdue	3,687	2,925	470	7,083	11,718	-39.6%
Between 3 and 6 months overdue	2,114	4,262	275	6,652	4,316	54.1%
Between 6 and 12 months overdue	13,982	2,551	455	16,989	10,305	64.9%
More than 12 months overdue	22,922	31,279	294	54,496	44,043	23.7%
TOTAL	42,706	41,018	1,495	85,220	70,383	21.1%

Source: RRA, May 2014

⁸⁹ IMF "Enhancing Revenue Mobilization through Tax Policy and Revenue Administration Reform", TA report, December 2012

- ✓ The importance and relevance of initiatives to further improve tax administrative procedures, including further introduction of e-tax solutions, is stressed by this development in arrears. The scale-up of eTax systems and their interconnectedness include further development of modules on audit, tax account and refund administration, enforcement, and objections and appeals. Such integrated single tax account window on all tax payers, independent of size, and tax obligations will allow RRA to establish a holistic strategy on any non-compliance or arrears issues, enabling timely enforcement actions and broad compliance efforts, including risk-based audit strategies. The focus will be on increasing the take-up rate of e-filing covers in particular micro and small-sized tax payers, where the rate still is rather low⁹⁰. Current status on e-filing and –payments systems is provided in annex box 6-1.

Annex Box 6-1: E-tax filing and payment systems

The implementation of the e-filing system started in November 2011. As of March 2014, 32,722 taxpayers filed their tax returns electronically. This includes all large and medium sized taxpayers and 53% of small active taxpayers. This compares to the numbers of tax payers in June 2012, where 1,016 VAT, PAYE, Excise, Income tax Quarterly Prepayment and Withholding tax returns for 551 taxpayers were submitted online. Active taxpayers are defined – an administrative definition for RRA use -- as those taxpayers that have filed at least one tax return in the last 6 months for VAT and PAYE, and in the last 3 years for PIT/CIT.

E-payment systems were launched in April 2012 with one of the commercial banks (BCR) using mobile banking, internet banking and site to site electronic tax payment mechanism. Bank of Kigali joined in July 2012, and As of April 2014, 10 banks are using the e-payment platform. Training on the system is provided to Government institutions and different taxpayers and sensitization campaigns using different media are continuously being conducted.

- ✓ The Rwandan authorities have come a long way in recent years to ensure tax returns filing on time, including support by e-tax opportunities. On average, in 2011/12 about 75-77% of tax returns were filed, either on time or with delays. The variances by tax segments are large, with small and medium term tax payers filing less frequently than large taxpayers (see annex table 6-9). Compliance issues on filing have impact on tax arrears, which usually are expensive to recover, and which requires the elaboration of a risk-based tax audit strategy and plan.

Annex Table 6-9: Tax filings by major client segments in 2011/2012

Small taxpayers

Tax head	Expected returns number	Filed on time	Filed late	Non-filed	Filing ratio	Filing compliance ratio
Profit tax	42,412	25,488	607	16,317	61.5%	60.1%
VAT	54,448	36,934	2,066	15,448	71.6%	67.8%
PAYE	80,534	37,583	6,950	36,001	55.3%	46.7%

Medium sized taxpayers

Tax head	Expected returns number	Filed on time	Filed late	Non-filed	Filing ratio	Filing compliance ratio
Profit tax	1,626	1,586	6	34	97.9%	97.5%
VAT	13,549	9,182	1,398	2,969	78.1%	67.8%
PAYE	12,529	7,912	1,477	3,140	74.9%	63.1%

⁹⁰ E-filing rate is already at 100% of all Large and Medium sized taxpayers.

Large tax payers

Tax head	Expected returns number	Filed on time	Filed late	Non-filed	Filing ratio	Filing compliance ratio
Profit tax	244	238	2	4	98.4%	97.5%
VAT	3,220	3,149	4	67	97.9%	97.8%
PAYE	3,780	3,618	1	161	95.7%	95.7%
Excise duty	454	441	2	11	97.6%	97.1%

Source: RRA, 2012 Activity report

3) An apparent need for further strengthening VAT compliance and eventually, a broadening of the tax base on VAT

- ✓ As indicated above, the VAT is the single most important tax source, and, as expressed by the government⁹¹, there seems to be a potential for additional revenue on areas of base broadening; reductions in exemptions and zero-rated items and improved compliance efforts, supported by the e-based “tax payers’ integrated account” solution.
- ✓ As a means of identifying and interpreting the space for VAT revenue improvements, various aspects of VAT design and performance in Rwanda, and in East African peer countries, is summarized in annex table 6-10. In terms of *design*, the VAT rate of 18% in Rwanda is currently considered adequate by the government, and as appears, two other countries in the region have established the rate at 18%, and with the remainder three countries at 15-16%. The VAT threshold amount as another design parameter may eventually need further review as part of the planned VAT analysis. Countries like Kenya and Malawi have a higher threshold, which may be an element behind a much better performance (compliance rate) than in Rwanda. Similarly, countries such as Ethiopia and Uganda have lower threshold value than Rwanda, and with overall performance rates at a lower level or at par with Rwanda. The *performance* of a VAT tax scheme is expressed by the two metrics – VAT Productivity and VAT Gross Compliance Rate. The findings in annex table 6-10 are meant as an initial illustration of areas to further look into, as the VAT revenue improvement work moves forward. It appears from annex table 6-10, that the countries seem to fall into two clusters – relatively high performing countries as Kenya and Malawi with gross compliance rates between 45-65%⁹² and VAT productivity rates between 0.4–0.5%. Rwanda, together with Uganda, and Ethiopia, demonstrate somewhat lower VAT productivity and with the gross compliance rates between 15-26%. The specific explanations behind this lower level of VAT buoyancy will require further review and analysis, which the government plans to undertake (see right below), but some explanation may be found in a combination of (i) potentially too few economic sectors are included in the VAT tax base ; (ii) too many broad and/or specific exemptions, which, in addition to erosion of the tax base, may create compliance issues and/or

⁹¹ “VAT collections stood at 29.9% of total tax revenue in 2011/2012, which is still low. International benchmark is that a VAT should generate around 35% of total revenues” RRA, Activity Report on 2011/12, p 10.

⁹² A compliance rate of 65% is a relatively high rate, as compared to other LIC/MIC countries. The average of VAT compliance in the ECA region is 66% (Tax at a Glance for ECA countries, September 2013). An IMF report mentions that Indonesia in 2010 provided a productivity rate of 50-60. “Revenue Mobilization in Developing Countries”, Cottarelli et al, IMF, 2011, 9. See also Castro et al, p 9. To reach a VAT productivity of 100% would require that the entire consumption base is taxed, no exemptions to the base, and full compliance of all tax payers.

take up too much administrative staff time and efforts; and (iii) compliance issues, including tax evasion efforts by specific sectors or sub-sectors.

Annex Table 6-10: Design and Performance of VAT for SSA Countries, 2012/13

	VAT Rate	VAT Collection, % GDP	VAT Productivity	VAT Gross Compliance Rate	VAT Threshold
Rwanda	18.0	4.1	0.2	25.7	33,882
Ethiopia	15.0	1.9	0.1	15.6	29,766
Kenya	16.0	5.7	0.4	45.7	57,193
Malawi	16.5	8.1	0.5	65.9	38,772
Tanzania	18.0	5.3	0.3	44.2	25,595
Uganda	18.0	3.5	0.2	26.2	20,074

Source: USAID, Collecting Taxes Database.

VAT Rate= It is the general rate at which most goods and services are taxed under the value added tax. Most countries have a variety of reduced rates for certain basic goods, such as basic food stuffs.

VAT collection= It is the level of net VAT collections as a percent of GDP.

VAT productivity= VAT receipts as % of GDP divided by the standard VAT rate.

VAT gross compliance rate= It is a measure of how well the VAT produces revenue for the government. It is more refined than VATPROD, since it takes into account the fact that VAT is mostly only applied to final consumption by households and individuals. The VAT gross compliance ratio is actual VAT collections divided by potential VAT collections, expressed as a percentage.

VAT Threshold= It indicates the amount of annual turnover, or supply/import of goods and services, above which taxpayers must file regular VAT returns. It is expressed in current US Dollars (\$).

- ✓ The government – MINECOFIN and RRA – have outlined a number of initiatives to support improved revenue mobilization under VAT:
 - A comprehensive analysis and assessment of the VAT tax gap issue: size, composition and eventual drivers. IMF will provide TA to support the analysis. The outcome of the analysis will be an informed VAT compliance strategy as well as indications of areas for tax policy improvements, by base broadening.
 - Review of the VAT tax code to reduce exemptions, including to further streamline the remaining exemptions
 - Further improvement of tax procedures and systems, including eTax to maximize compliance and manage arrears. This includes to expand the usage of electronic billing machines (EBM); ensure strict compliance with EBM requirements; and to more closely and rapidly follow-up and to take immediate actions on filing, payments and arrears, by tax type and client segments. In the BFP from April 2014⁹³ the government indicates that the implementation of EBM recently has been slow to take up amongst tax payers, which underlines the importance of the efforts under this operation.

⁹³ Budget Framework Paper 2014/15 – 2016/17, April 2014, p 14

Institutional Capacity

14. **In line with international good practice, a number of important tax administrative features may be highlighted**⁹⁴. The RRA is guaranteed a certain level of autonomy, since organized as a ‘semi-autonomous body’ outside MINECOFIN. RRA Board of Directors set the organization, staffing, including strategic staffing, and salary structure of the revenue authority, within the approved budget.

15. **The RRA integrates the collection of direct and indirect taxes, together with additional tasks of non-tax revenue nature.** Modern tax management principles are applied, including a clear vision for the agency, medium-term strategy, which is cascaded to operational business line targets and reporting. The revenue departments are organized by tax payer segments, but unfortunately and out of touch with international practice, the tax payer services functions are run by a centralized department, and hence not integrated with the revenue department’s client profiles. The introduction of IT- and eTax solutions have been comprehensive, and applied with increase in revenue yield as a result. Since 2007, Performance Management contracts have been in place for quite a period now where the RRA Board Chairman commits to performance targets for the organization on an annual basis.

16. These aspects of tax administration in Rwanda have contributed solidly to the track performance record as indicated in earlier section, with strong increases in revenue mobilization in recent years.

17. **It is at the same time clear though that recent changes in the tax regime, tax system and the significant uptake in registration of tax payers put pressure on compliance and audit function.** The tax management tasks are quite demanding, balancing compliance roles and tasks related to existing tax payers, including collection of arrears, and the integration of new segments of tax payers, and new functions related to these segments. In more specific terms, as highlighted in an assessment report from a development partner in March 2014, the RRA faces

- the capacity constraints related to absence of coherent medium-term IT strategy;
- staff retention issues, with high proportion of technical/auditor staff having left for the private sector
- insufficiently detailed business planning, including costing, on core areas, in particular on new business lines such as the centralization of revenue collection at the districts; and
- fragmented and apparently insufficient funding of core business.

18. In addition to these areas, a need to build internal tax policy and –analysis functions at the MINECOFIN and RRA is present. This includes tax lawyers, and tax economists, and analysts to prepare tax gap analysis on all tax types, including tax modelling and forecasting on revenues and tax expenditures, and capacity to review tax policy implications of legislation on sector areas.

⁹⁴ OECD, Forum of Tax Administration, *Comparative Information series*, 2013 report; IMF, *Revenue Mobilization in Developing Countries*, 2011; USAID, *Detailed Guidelines for Improved Tax Administrations in Latin America and the Caribbean*, August 2013

Annex 7: Matching Table for PFM SSP and the Chart of Account

<i>PFM SSP Programme/Sub Programme</i>		<i>Budget Inst./Programme/Sub Programme (Chart of Account)</i>	
<i>Code</i>	<i>Description</i>	<i>Code</i>	<i>Description</i>
P1	Economic Planning and Budgeting		
SP 1.1	National Development Planning	120701	National Development Coordination and Monitoring - MINECOFIN
SP 1.2	Economic Policy Formulation	120703	Macro-Economic Policy - Minecofin
SP 1.3	Public Investment Programming	120705	Public Investment - Minecofin
SP 1.4	Policy-based Budgeting	120901	National Budget Management - Minecofin
P2	Resource Mobilization		
SP 2.1	Tax Policy (Macro)	120703	Macro-Economic Policy - Minecofin
SP 2.2	Tax Administration (RRA)	1203	Rwanda Revenue Authority (RRA)
SP 2.3	External Finance (EFU)	120801	Resource Mobilization - Minecofin
P3	Budget Execution, Internal Control, Accounting & Reporting		
SP 3.1	Budget Execution	120901	National Budget Management - Minecofin
SP 3.2	Treasury Management	120902	Treasury Management - Minecofin
SP 3.3	Internal Audit	120904	Internal Audit of Public Institutions - Minecofin
SP 3.4	Accounting & Reporting	120903	Public Accounts Management - Minecofin
SP 3.5	Public Procurement	1204	Rwanda Public Procurement Authority (RPPA)
SP 3.6	Fiscal Risk Management in PEs	120905	Government Portfolio Management - Minecofin
P4	External Oversight and Accountability		
SP 4.1	External Audit	0301	Office of the Auditor General (OAG)
SP 4.2	Legislative Oversight	030901	Government Oversight - Chamber of Deputies
P5	Electronic Service Delivery & IFMIS		
SP 5.1	Integrated Financial Management System (IFMIS)	120903	Public Accounts Management - Minecofin
P6	Fiscal Decentralisation		
SP 6.1	Resource Mobilization by Decentralized Entities	120901	National Budget Management - Minecofin
SP 6.2	Facilitation of fiscal transfers	120901	National Budget Management - Minecofin
SP 6.3	Strengthening PFM systems and capacity at Sub-National level	120901	National Budget Management - Minecofin
P7	PFM Sector Coordination and Management		
SP 7.1	Sector Coordination & Management	120901	National Budget Management - Minecofin
SP 7.2	Coordination of PFM Training & Capacity Building	120901	National Budget Management - Minecofin
SP 7.3	Monitoring & Evaluation	120901	National Budget Management - Minecofin

Source: MINECOFIN

Annex 8: Results Framework

Annex Table 8-1: Summary Results Framework: Relationships between PDO, Results Framework, DLIs and PAPs

Government programs (PFM SSP, NSDS 2)		World Bank PforR Program				
Government program supported by PforR program	Selected results	PDO	Program results	DLI	PAP	
<i>PFM</i>		Enhancing PFM and statistics systems to improve transparency and accountability in the use of public funds, revenue mobilization and the quality and accessibility of development data for decision making				
P1: Economic planning and budgeting	Improved multiyear fiscal management		Results Area 2: Improved national and subnational transparency and accountability in use of public funds	DLI 1 (public investment management)	P1-(1) through (3)	
P2: Resource mobilization	Enhanced national and subnational revenue collection		Results Area 1: Enhanced national and subnational revenue collection (including Government Subprogram P6-(1) on local revenues)	DLI 2 (centralization of local tax collection)	P2-(1) through (3)	
P3: Budget execution, accounting, and reporting	Strengthened accounting and financial reporting at national and subnational level		Results Area 2: Improved national and subnational transparency and accountability in use of public funds	DLI 3 (e-procurement)	P3-(1) through (5)	
P4: Audit and legislative oversight	Strengthened and independent external oversight and accountability			DLI 4 (MDAs receiving unqualified opinion)		
P5: Electronic service delivery and IFMIS	Strengthened financial information system			DLI 5 (subsidiary entities using simplified accounting and reporting application)	P5-(1) through (2)	
P6: Fiscal decentralization	Strengthened PFM at subnational level			DLI 2, DLI 3, DLI 4, DLI 5 and DLI 6	P6-(1) and (2)	
P7: PFM sector coordination and management	Improved staff capacity of PFM sector			Results Areas 1 and 2	DLI 6 (capacity development)	P7-(1) through (2)
<i>Statistics</i>						
SO1: Strengthen civil registration system, administrative records, surveys and censuses and other sources of data	Improved production of statistics			Results Area 3: Improved use of public data for decision making	DLI 7 (increased production of economic statistics)	
SO2: Improve quality and dissemination of statistics and public statistical literacy	Improved quality and availability of statistics			DLI 7		
SO3: Improve statistical advocacy and integrate use of statistics in decision making	Improved use of statistics for decision making			DLI 8 (open data)		
SO4: Develop capacities within NSS	Improved staff capacity across NSS			n.a.	SO4-(1)	

Note: P = program. SO = strategic objective. n.a. = Not applicable. Annex I provides details on the PAPs.

Annex Table 8-2: Results Indicators

Item	Core	DLI	Unit of measure	Baseline (2012/13)	Target value			Frequency	Data source/ methodology	Responsibility for data collection
					2014/15	2015/16	2016/17			
<i>PDO-level results indicator</i>										
PDO Indicator 1: Enhanced national and subnational revenue collection, measured by tax to GDP ratio			Percent of GDP	14.2	15.8 (higher if IMF PSI target is revised)	17.1 percent (higher if IMF PSI target is revised)	17.4 (higher if IMF PSI target is revised)	Annual	RRA; calculated based on IMF Government Finance Statistics standard	MINECOFIN
PDO Indicator 2: Improved national and subnational transparency and accountability in use of public funds, measured by percent of entities submitting monthly financial statements by due date and made publically available			Percent	40	50	65	80	Annual	MINECOFIN	MINECOFIN
PDO Indicator 3: 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			Percent	68	71	None	75	Every two to three years	NISR / User satisfaction survey	NISR
<i>Results area</i>										
<i>Results Area 1: Enhanced national and subnational revenue collection</i>										
Intermediate Results Indicator 1: Hours per year spent paying taxes	<input checked="" type="checkbox"/>		Hours	113 (2014 Doing Business Survey)	110	105	100	Annual	World Bank, based on Doing Business definition	World Bank
Intermediate Results Indicator 2: Increased tax collection, measured by number of districts using automated revenue collection system		<input checked="" type="checkbox"/>	Number	0	3	6	11	Annual	RRA data	RRA
Intermediate Results Indicator 3: Proportion of active small and micro taxpayers filing tax declarations using e-tax Internet portal			Percent	69.3 (June 2014)	80	83	87	Annual	RRA data	RRA
<i>Results Area 2: Improved national and subnational transparency and accountability in the use of public funds</i>										

Intermediate Results Indicator 1: Proportion of MDAs receiving unqualified audit opinions	<input checked="" type="checkbox"/>	Percent	32	37	42	47	Annual	OAG	OAG
Intermediate Results Indicator 2: Proportion of subdistricts using simplified accounting and financial reporting application	<input checked="" type="checkbox"/>	Percent	0	30	60	80	Annual	MINECOFIN	MINECOFIN
Intermediate Results Indicator 3: Gap between annual budget and second-year MTEF formulated previous year	<input checked="" type="checkbox"/>	Percent	20 (FY2014/15 budget)	17 percent (FY2015/16 budget)	14 percent (FY2016/17 budget)	11 percent (FY2017/18 budget) <10 percent (FY2018/19 budget)	Annual	Law determining state finance in various fiscal years; calculation based on the law	MINECOFIN
<i>Results Area 3: Improved use of public data for decision making</i>									
Intermediate Results Indicator 1: Annual national agricultural survey conducted and disseminated	<input checked="" type="checkbox"/>	n.a.	Experimental agricultural survey conducted in 2013 based on experimental best-practice methodology combining area-based and listing sampling frames	Full national agricultural survey conducted based on lessons learned from 2013 experimental agricultural survey and report produced and disseminated by June 2015	Full national agricultural survey conducted incorporating lessons learned from previous round and report produced and disseminated by June 2016	Full national agricultural survey conducted, report produced, and data uploaded on open data portal by June 2017	Annual	NISR	NISR
Intermediate Results Indicator 2: Annual labor market statistics collected and disseminated	<input checked="" type="checkbox"/>	n.a.	No comprehensive and systematic labor statistics	Establishment census conducted and database produced and disseminated by June 2015	Integrated business enterprise survey conducted and report produced and disseminated by June 2016	First national labor force survey conducted and report produced and disseminated by June 2017	Annual	NISR	NISR

Note: n.a. Not applicable

Annex Table 8-3: Detailed Results Framework by Program

1. PFM Component

(1) P1. Economic Planning and Budgeting

<i>Sub-Program</i>	<i>Baseline</i>	<i>Input / Activity</i>	<i>Output</i>	<i>Intermediate Outcome</i>	<i>Outcome / Results</i>	<i>Outcome Indicator</i>
1.1 National Development Planning (120702)	EDPRS 2 and SSPs formulated and operationalized in FY13	<ul style="list-style-type: none"> - Strengthen capacity of planners at both central and district level - Development and implementation of planning and M&E policy and manual - Develop Electronic M&E system - Conduct research and evaluation in priority areas linked to EDPRS 2 thematic and sector priorities - Develop Communication of development programs with focus on EDPRS2 - Reinforce data collection systems from below district to national level - EDPRS 2 implementation progress monitored 	<ul style="list-style-type: none"> - # of planners trained - Planning and M&E policy and manual - Electronic M&E system (FY15) - EDPRS 2 progress report - EDPRS evaluation by thematic and sector priorities 	<ul style="list-style-type: none"> - Strengthened planning capacity - Research and policy evaluation strengthened - Improved quality (amount, frequency) at national and subnational levels 	Improved national development planning capacity	
1.2 Economic Policy Formulation (120703)	N/A	<ul style="list-style-type: none"> - Technical Advisers on Macro economic and fiscal frameworks - Acquire macroeconomic projection software (E-views, Matlab and Stata) and train staff - Capacity building in: <ul style="list-style-type: none"> o Agriculture growth forecasting: adopt a model or a methodology of forecasting agriculture growth (by season) (MINAGRI (Ministry of Agriculture) and MINECOFIN); o Mining sector growth forecasting: adopt a model or a methodology of forecasting mining sector growth(MINERENA (Ministry of Natural Resources) , BNR (the Central Bank) and MINECOFIN); o PSF (private sector): conduct field visits to private companies together with PSF on specific issues that will enable the business environment if resolved and to collect information and to be used for economic forecasting) 	<ul style="list-style-type: none"> - Medium-term macroeconomic framework updated - Officials from MINAGRI and MINECOFIN trained in agriculture growth forecasting (thus for 4 trained) - Officials from MINIRENA, BNR and MINECOFIN trained in mining sector growth forecasting (thus far 4 trained) - Four field visits are conducted per year 	<ul style="list-style-type: none"> - Improved capacity in the selected sectors - Quality of macroeconomic framework improved 	Improved economic policy formulation capacity.	

<i>Sub-Program</i>	<i>Baseline</i>	<i>Input / Activity</i>	<i>Output</i>	<i>Intermediate Outcome</i>	<i>Outcome / Results</i>	<i>Outcome Indicator</i>
1.3 Public Investment Programming (120705)	National Investment Policy formulated in 2009; Investment Committee operationalized in 2013	<ul style="list-style-type: none"> - Develop a Strategic Investment Plan - Updating software for the Rwanda conversion factors - Acquire a specialized software for risk analysis - Carry out Annual training to 50 staff from local and central government on CBA, CEA and CUA - Carry out Annual post-evaluation report for closed projects - Operation and maintenance (O&M) costs for investment projects 	<ul style="list-style-type: none"> - Revised national investment policy - Strategic investment plan - Availability of the Rwanda conversion factors - Staff trained 	<ul style="list-style-type: none"> - Pilot ministries submit investment plans - Improved capacity - Application of the Rwanda conversion factors into investment plans. 	- Improved alignment between national investment and EDPRS 2	
1.4 Policy-based Budgeting (12090103)	MTEF operationalized in 2002	<ul style="list-style-type: none"> - Conduct research study to determine reasons for current MTEF deviations (for FY 2014/15 research on realistic MTEF ceilings will be conducted through forward estimates methodology; for FY 2015/16 research on strengthening outer MTEF years as indicative ceilings for the preparation of the following year's budget) - Developing a strategy to address identified reasons for deviation/challenges (the strategy will be informed by the above mentioned research and will be undertaken in FY 2015/16) - Assess 2013/14 Capacity building on developing medium-term expenditure projections (NBD staff & MDAs) 	<ul style="list-style-type: none"> - MTEF study - Strategy to address the MTEF deviation 	Realism of MTEF projections improved		<ul style="list-style-type: none"> - SSP Indicator 1 and the third year DLI 1: Deviation between MTEF projections and annual budget allocations (%) - Third year DLI 1

(2) P2. Resource Mobilization

<i>Sub-Program</i>	<i>Baseline</i>	<i>Input / Activity</i>	<i>Output</i>	<i>Intermediate Outcome</i>	<i>Outcome / Results</i>	<i>Outcome Indicator</i>
2.1 Tax Policy (12070304)	IMF TA on tax policy; Draft tax policy produced in 2014	<ul style="list-style-type: none"> - Revenue forecasting and Tax Policy Impact Assessments to develop and adopt a model of revenue Analysis and forecasting - Training in negotiation skills to train 7 tax policy experts in how to negotiate a double taxation avoidance agreement with a third country - Design tax regimes in specialized sectors especially extractive sector (mining, gas and oil): to conduct studies to inform and recommend new tax policies to be introduced. - Revise investment code - Modify the law on special economic zones - Amend the VAT law 	<ul style="list-style-type: none"> - Revised tax policy - Revised investment code - Modified law on special economic zones - Amended VAT law 	<ul style="list-style-type: none"> - Capacity in revenue forecasting, tax policy and negotiation skills built - Implementation of the revised tax policy 		SSP Indicator 2 and PDO Indicator 1: Taxes as a percent of GDP
2.2 Tax Administration (1203)	RRA medium-term strategy	<ul style="list-style-type: none"> - Taxation of multinational companies - Introduce and implement the Revenue forecasting model - Collection of local taxes - Implement additional modules for e-tax filing and payment - Enhancing the implementation electronic single window system to all Government Agencies - Rehabilitation of Customs Borders (One Stop Border Post - OSBP) - Implement the Electronic Cargo Tracking System - Implement the single customs territory - Implementation of the Authorized Economic Operators - Implementation of the Gold Card Scheme - Establish and operationalize the risk management system in domestic taxes - Implement the electronic tax devices - Implement the Automated Monitoring and Evaluation - Automation of performance Management - Relocation of RRA Training Institute - Introduction of the E-learning platform - Develop and implement the succession plan - Develop and implement the staff retention strategy - Develop a comprehensive Human Resources Development Strategy 	<ul style="list-style-type: none"> - Revenue forecasting model - Enhanced e-tax filing and payment system - Succession plan - Staff retention strategy - Human resources development strategy - Studies on tax base and tax gap - Simplified tax systems and availability of legal procedures - Communication strategy - # staff trained for specialized tax areas - Availability of ICT equipment 	<ul style="list-style-type: none"> - Improved capacity 	Internal revenue mobilization maximized	SSP Indicator 2 and PDO Indicator 1: Taxes as a percent of GDP

<i>Sub-Program</i>	<i>Baseline</i>	<i>Input / Activity</i>	<i>Output</i>	<i>Intermediate Outcome</i>	<i>Outcome / Results</i>	<i>Outcome Indicator</i>
		<ul style="list-style-type: none"> - Conduct studies to identify potential areas to widen the tax base and estimate the tax gap on MTEF basis - Increase surveillance, investigation and intelligence functions to reduce fraudulent activities and smuggling - Simplify tax systems and legal procedures - Develop and implement a comprehensive communication strategy to enhance taxpayers' education and sensitization - Build capacity in specialized tax areas - Provide ICT equipment to support RRA function 				
2.3 External Finance		<ul style="list-style-type: none"> - Conducting Development Partner Consultation Group (DPCG) - Produce aid effectiveness reports (DPAF and ODA reports) - Formulation of external resources mobilization strategy - Continue to mobilize grants and concessional loans from traditional donors - Identify and meet new potential development partners - Identify and tapping in new sources of financing from the existing development partners (including PPPs) - Issuance of sovereign bonds on international financial markets - Review of the strategy 	<ul style="list-style-type: none"> - External Resource Mobilization Strategy produced and implemented - DPCG conducted - Aid effectiveness report 	<ul style="list-style-type: none"> - Issuance of sovereign bonds 	<ul style="list-style-type: none"> - External resources mobilized to support development projects 	

(3) P3. Budget Execution, Internal Control, Accounting & Reporting

<i>Sub-Program</i>	<i>Baseline</i>	<i>Input / Activity</i>	<i>Output</i>	<i>Intermediate Outcome</i>	<i>Outcome / Results</i>	<i>Outcome Indicator</i>
3.1 Budget Execution (12090104, 12090105)		<ul style="list-style-type: none"> - Implement a GRB training program for planning and budgeting officers in collaboration with SFB - Undertake annual evaluations of Gender Budget Statements - Implement the GRB communication strategy - The budget information simplified for the public to understand and be able to monitor budget outputs - Make the budget information accessible and usable by the public 	<ul style="list-style-type: none"> - Staff trained - Annual evaluation of gender budget statement - Simplified budget information - Availability of the budget - Budget Citizen Guide published annually 	<ul style="list-style-type: none"> - Reporting on externally financed projects improved - Improved Public awareness of the budget 		
3.2 Treasury Management (120902)		<ul style="list-style-type: none"> - Payments orders verified after registration - Upgrading the DMFAS - Interface of DMFAS with SmartFMS - Training on DMFAS - Attending short term courses and workshops and study tours 	<ul style="list-style-type: none"> - Enhanced recording and reporting of public debt and guarantees - Staff trained 	<ul style="list-style-type: none"> - Timely processing of payment from treasury - Capacity in treasury management operations and DMFAS built 	Improved cash management	
3.3 Internal Audit (120904)		<ul style="list-style-type: none"> - Disseminate code of ethics for internal auditors and train district audit committees annually - Produce audit report annually - Review of internal audit structure and implementation of revised structure - Co- sourcing and outsourcing audit of critical IT system, IFMIS, IPPS environments - Internal audit automation - External Quality Assurance review (FY15/16) - CIA, CISA and CFE professional training - Training on internal audit and risk management - International, regional and local conferences and secondment - TA capacity building - Audit Committee Training Workshop 	<ul style="list-style-type: none"> - Code of ethics for internal auditors - Annual audit report - Review report on internal audit structure - Review report on quality assurance - Staff trained on internal audit and risk management - Workshop held on Audit Committee - Results of pilot internal audit automation (FY14/15) 	<ul style="list-style-type: none"> - Compliance of Internal Auditors and code of ethics ensured - Internal audit structure enhanced - Improved internal audit skills 	Improved internal audit coverage and quality of internal audit function	

<i>Sub-Program</i>	<i>Baseline</i>	<i>Input / Activity</i>	<i>Output</i>	<i>Intermediate Outcome</i>	<i>Outcome / Results</i>	<i>Outcome Indicator</i>
3.4 Accounting & Reporting (1209301, 02, 03, 04, 05)		<ul style="list-style-type: none"> - Updated Financial Reporting Templates (FRTs) - Monitoring monthly financial reporting by budget agencies and quality assurance - Automation of PAU quality review process through electronic files such as TEAM MATE and annual license renewal fee - Consolidation of annual financial statements and submission to OAG within statutory deadline - Update the annual consolidation report in compliance with IPSAS - Supporting and monitoring MDAs to submit annual financial reports within statutory deadlines - Technical Assistance for reviewing and quality assuring (QA) the consolidated financial statements and preparation of management letter to encourage continuous improvement - Finalize the revision of the OBL and publish and disseminate - Update the Chart of Accounts and publish it - Finalize the revision of the Financial Policies and Procedures and publish and disseminate - Developing a roadmap for IPSAS compliance and TA on implementation of the roadmap - Establish an electronic filing library for filing financial statement submitted to PAU by MDAs and hosting of the chart of accounts - Establishing the government accounting policy for fixed assets - Training and dissemination of government accounting policy on fixed assets - TA for capacity building of PAU team - Conduct Professional Accountancy Certification courses - Professional Certificates on IPSAS and IFRS - Continuous Professional Development and other Professional attachments 	<ul style="list-style-type: none"> - Monthly financial statements by budget agencies prepared and submitted to PAU - Annual financial statements at budget agency level and consolidation level prepared - Updated FRTs - Updated annual consolidation report per IPSAS - Revised OBL - Updated CoA - Revised financial policies and procedures - IPSAS roadmap - Electronic filing library - Government accounting policy for fixed assets - # of staff trained - Professional Certificates on IPSAS and IFRS 	<ul style="list-style-type: none"> - Fixed asset register for government established - Capacity for the accounting cadre built and strengthened 		<p>SSP Indicator 3 and the third year DLI 6: Proportion of MDAs receiving unqualified audit opinion</p>

<i>Sub-Program</i>	<i>Baseline</i>	<i>Input / Activity</i>	<i>Output</i>	<i>Intermediate Outcome</i>	<i>Outcome / Results</i>	<i>Outcome Indicator</i>
3.5 Public Procurement (1204)		<ul style="list-style-type: none"> - Revise and disseminate procurement guidelines (Dec 2014) - Draft, revise and disseminate standard bidding documents (Dec 2014) - Train procurement officers (300), TC members (750), Members of Independent review panels (124), Bidders (1000), prosecutors (50), Auditors (100), CBMs (100) (Dec 2016) - Undertake certified procurement courses- - Establish the operating structures of Rwanda Association of Procurement Professionals (Dec 2015) - Seek international accreditation from International Federation of Purchasing and Supply Management (IFPSM) - Business Process Re-engineering/ISP (Mar 2015) - Construction of e-GP subsystem (Dec 2015) - Development Installation and configuration of SW and H/W (Mar 2016) - Network & Security Equipment, 1 Data Center Interior & Facility and System S/W (Jun 2016) - Training & knowledge Transfer (Dec 14- Jun 16) - Others (Detail Design, Supervision Technical support for local project management team etc.) (Mar 2015) 	<ul style="list-style-type: none"> - Procurement regulations revised and adopted - Standard framework agreement developed and approved (Dec 2015) - Public procurement officials and other stakeholders trained - Rwanda Association of Procurement Professionals established - International accreditation from IFPSM 	<ul style="list-style-type: none"> - Design and Implementation of e-Government Procurement System 	<ul style="list-style-type: none"> - Effective and efficient procurement - Cost saving from improved procurement (including e-procurement) 	SSP Indicator 4: Proportion of the value of procurement tendered competitively
3.6 Fiscal Risk Management in public enterprises (12090501, 02)		<ul style="list-style-type: none"> - Procure a software that will facilitate the GPMU to analyze financial statements of GBEs and training of GPMU staff on its utilization - Develop and publish a simplified booklet on financial management to guide board members in GBEs and government representatives in private enterprises - Study tour for GPMU to benchmark with best practices countries - Training of Director Generals, board members and government representatives in private enterprises where GoR has invested - Training of heads of finance and internal auditors in Public Enterprises - Drafting a law on public enterprise 	<ul style="list-style-type: none"> - Simplified booklet on financial management - Staff participated in the study tours - # of staff trained - Law on public enterprise 	<ul style="list-style-type: none"> - Improved corporate governance and risk management in public enterprises - Capacity of management and boards of GBEs built 		

(4) P4. External Oversight and Accountability

Sub-Program	Baseline	Input / Activity	Output	Intermediate Outcome	Outcome / Results	Outcome Indicator
4.1 External Audit (0301, 2304)	OAG strategic plan 2011/12-15/16	<ul style="list-style-type: none"> - Operationalize the Public Audit Law - Conduct an Institutional review (Oct 2014) - Implement the findings and recommendations of the institutional review - Enhance IT infrastructure - Automate and standardize Audit Processes and build capacity - Training on professional courses and other capacity building measures - Implement staff retention policy - Establish and strengthen a Professional Training Unit - Contract strategically and outsource some audits and build capacity for audits - Enhance communication with stakeholders - Build and strengthen relations with PAC and District Councils - Strategic Advisor and a dedicated financial officer for the OAG Sub-Fund - Conduct annual audits for the OAG Sub-Fund - Facilitate Peer Reviews - Conduct Mid Term review of the Strategic Plan - Conduct a final evaluation of the Strategic Plan - Secure technical assistance to assist each of the districts in implementing audit recommendations - Undertake trainings, workshops and study tours 	<ul style="list-style-type: none"> - Institutional review - Automated and standardized audit process - # of staff trained - Professional training unit established based in the Quality Assurance Department - Annual audits of OAG sub-fund - Mid-term review of the strategic plan - Final review of the strategic plan 	<ul style="list-style-type: none"> - Independence of the OAG enhanced - Institutional capacity Strengthened in line with the OAG mandate - Professional audit capacity built and strengthened - OAG's capacity to engage stakeholders effectively strengthened - Enhanced coordination, Implementation and monitoring of the OAG Sub Fund 	<ul style="list-style-type: none"> - Increased coverage of external audit 	<ul style="list-style-type: none"> - SSP Indicator 4: % of approved budget audited by OAG - Third year DLI 6
4.2 Legislative Oversight (030901)		<ul style="list-style-type: none"> - Purchase of computers and other office equipment - Recruit Technical Assistance to support the Secretariat - Study tours by Committee and Secretariat staff - Follow up on budget execution - Follow up on the implementation of resolutions adopted by the Plenary Assembly during the analysis of the report of the Auditor General of State Finances 	<ul style="list-style-type: none"> - Availability of computers etc - # of people participated in the study tours 	<ul style="list-style-type: none"> Matters related to Parliamentary committees are resolved 		

(5) P5. Electronic Service Delivery & IFMIS

Sub-Program	Baseline	Input / Activity	Output	Intermediate Outcome	Outcome / Results	Outcome Indicator
5.1 Integrated Financial Management System (IFMIS) (12090306, 07)	IFMIS operationalized in 275 sites	<ul style="list-style-type: none"> - Conduct Quality Assurance [QA] reviews - System enhancements, Maintenance and Support - Further rollout of the system to the remaining budget entities (171 sites) - Hosting of IFMIS solution with RDB Data center - IFMIS Project Management for current & Future IFMIS and system for the subsidiary entities - Functional & Technical Design document developed - Software acquisition/development - IFMIS implementation - Core Team Training - IFMIS Support - End user training 	<ul style="list-style-type: none"> - Review report on QA - Operationalization of additional 171 sites - Functional and technical design document - Staff trained 	<ul style="list-style-type: none"> - Current IFMIS Core modules implemented in all budget agencies and projects - Design and Implementation of a fully-fledged IFMIS system with appropriate interfaces with identified subsidiary systems of government - Enhanced staff capacity 	Improved effectiveness and efficiency of PFM	
5.2 Integrated Personnel and Payroll System (IPPIS)	IPPIS operationalized since 2009	<ul style="list-style-type: none"> - An independent evaluation of the implementation to assess whether it has met planned functionalities - Enhancing and Maintenance of IPPIS - Rolling out IPPIS to additional entities - Training of IPPIS users - Hosting of IPPIS solution with RDB Data center 	<ul style="list-style-type: none"> - Evaluation report - Increase in the number of entities connected to IPPIS - Staff trained 		- Improved payroll management	SSP Indicator 7: Number of qualifying public entities using IPPIS modules and functionalities

(6) P6. Fiscal Decentralization

Sub-Program	Baseline	Input / Activity	Output	Intermediate Outcome	Outcome / Results	Outcome Indicator
6.1 Resource Mobilization by Decentralized Entities (12090106, 07)	LGRPS completed in Nov 2013	<ul style="list-style-type: none"> - Implement the recommendations and road map of the Local Government Revenue Potential Study (LGRPS) - Identify, acquire and use the automatized software for revenue collection and management - Upgrade the communication infrastructure and acquire ICT equipment - Institutional strengthening, including capacity building for best practices in tax administration, to enable local revenue office to improve its procedures and skills - Conduct a feasibility study of the capacity of decentralized entities to access borrowing and investment - Develop procedural guidelines to access borrowing as well as investment and conduct capacity building of local administrative entities on the same - Identify and acquire a software and logistics to manage the debt for the decentralized entities - Introduce market creditworthiness of decentralized entities 	<ul style="list-style-type: none"> - Availability of automatized revenue collection software - Feasibility study of capacity of decentralized entities - Procedural guidelines to access borrowing and investment 	<ul style="list-style-type: none"> - Improved access to decentralized entities' borrowing and investment for financing local capital infrastructures and in getting dividends from investments in companies - Operationalized automated revenue collection software 	<ul style="list-style-type: none"> - Enhanced decentralized entities' revenue collection and administration performance 	Local tax, fees and charges as % of GDP
6.2 Facilitation of fiscal transfers (12090108,09)		<ul style="list-style-type: none"> - Undertake a status quo assessment of the assignment of functions between the different tiers of the government and within sectors - Develop and validate a new framework of functions between the different tiers of the government and within sectors considering the asymmetric attribution of functions - Produce Output based cost of the new framework of functions and validate the same - Develop the legislative framework for intergovernmental fiscal transfers - Develop institutional mechanism for improved intergovernmental fiscal relations and cooperation - Review the intergovernmental fiscal transfers formulae and mechanisms (LABSF, earmarked 	<ul style="list-style-type: none"> - Clarified and cost (output based) assignment of functions between the different tiers of the government and within sectors to enhance upwards and downwards accountability - Assessment of the assignment of functions between the different tiers of the government and within 	<ul style="list-style-type: none"> - Improved comprehensiveness and transparency of intergovernmental fiscal relations 		

Sub-Program	Baseline	Input / Activity	Output	Intermediate Outcome	Outcome / Results	Outcome Indicator
		<p>transfers and capital grant)</p> <ul style="list-style-type: none"> - Prime Minister Order to guide the line ministries in the implementation of sectoral decentralization - Revise the block grant allocation formula 	<p>sectors</p> <ul style="list-style-type: none"> - A new framework of functions between the different tiers of the government - Review report on the intergovernmental fiscal transfer - Prime minister order on sectoral decentralization - Revised block grant allocation formula 			
6.3 Strengthening PFM systems and capacity at Sub-National level (120901010, 11, 12, 13, 14, 15, 21)	SEAS being piloted since December 2013	<ul style="list-style-type: none"> - Review and develop decentralized entities finance, policy and regulatory framework - Revise decentralized entities' planning and budget calendar - Develop practical tools and guidelines for planning and budgeting alignment - Undertake capacity building initiatives in planning and budgeting for decentralized entities 'officials - Conduct an assessment of the current banks accounts balances, debt and arrears levels of decentralized entities - Introduce debt arrears management policy, guidelines for decentralized entities and control measures - Capacity building of decentralized entities' officials on banks accounts, debt and arrears management - Recruitment of more Local IT & Financial Management Support Staff - Conduct end user training - Core Team Training - Develop consolidated reporting procedures - Capacity building of local administrative entities' staff in reporting procedures - Modify IFMIS application to integrate narrative and financial reporting dimensions 	<ul style="list-style-type: none"> - Review report of decentralized entities finance, policy and regulatory framework - Tool and guidelines for planning and budgeting alignment - # of staff trained - Assessment of the current banks accounts balances, debt and arrears levels of decentralized entities - # of local IT and FM support staff - Consolidated reporting procedures - Consolidation procedures - Interface between IFMIS and SEAS - Subnational PEFA - Establishment of PFM training institutions - Updated PFM M&E 	<ul style="list-style-type: none"> - Improved participation of decentralized entities in budget preparation, in setting of policy priorities, and develop a bottom-up approach to the preparation of the budget submissions by decentralized entities - Enhanced predictability and control in budget execution of local administrative entities - Improved accounting and reporting of 	<ul style="list-style-type: none"> - Improved accountability of subsidiary entities through the development & implementation of a simplified accounting & financial reporting system - Improved PFM systems and capacities at decentralized and subsidiary entities levels - Improved PFM capacities' at decentralized entities' level 	SSP Indicator 8 and DLI 7: % of Subsidiary entities using a simplified accounting and financial reporting application

Sub-Program	Baseline	Input / Activity	Output	Intermediate Outcome	Outcome / Results	Outcome Indicator
		<ul style="list-style-type: none"> - Develop consolidation procedures - Capacity building of sector and decentralized entities' staff in PFM and consolidation procedures - Develop interface of the easy-to-use accounting and financial reporting system of subsidiary entities with IFMIS - Capacity building of users in IFMIS interface application - Undertake PEFA subnational to have a benchmark to assess PFM capacities reforms at decentralized level - Implement PEFA subnational recommendations - Promote partnerships with Education Institutions and professional bodies - Supporting setting up and operationalization of professional bodies and other specialized PFM training institutions - Establish a dedicated Education Financing Scheme for high performing students in PFM professional disciplines 	framework	<ul style="list-style-type: none"> decentralized entities - Improved accounting and reporting of decentralized entities - System aligned between IFMIS and SEAS 		

(7) P7. PFM Sector Coordination and Management

Sub-Program	Baseline	Input / Activity	Output	Intermediate Outcome	Outcome / Results	Outcome Indicator
7.1 Sector Coordination & Management (12091016, 17, 18)	PFM SSP has been operationalized	<ul style="list-style-type: none"> - Remuneration for SPIU Staff - Coordination and project monitoring - Operational costs for SPIU - Training and capacity building of SPIU staff - Short-term PFM Technical Assistance - Facilitation of SSC, TWGs and other stakeholder meetings and workshops - Facilitation of the bi-annual PFM Sector Working Group (SWG) meetings - Sector communication strategy developed - Number of IEC publications/articles disseminated - Out sourcing communication expertise 	<ul style="list-style-type: none"> - SPIU staff trained - PFM SWG meetings held 	<ul style="list-style-type: none"> - Well-functioning and strengthened SPIU - Improved coordination of PFM Development Partners and Stakeholders - Improved visibility of the PFM sector 	<ul style="list-style-type: none"> - Improved coordination of the PFM sector 	
7.2 Coordination of HR Training & Capacity Building (120901019, 20)		<ul style="list-style-type: none"> - Develop a PFM sector capacity building plan - Conduct a mid-term review of PFM sector capacity building plans and update the CB Plan - M&E of the training and capacity building Plan - Internship programme for University and College Graduates - Serving officers seconded to peer Governments and Institutions acquire practical skills in PFM areas 	<ul style="list-style-type: none"> - PFM consolidated Sector Capacity building plan developed and validated - Internship and secondment Program established - Mid-term review of PFM sector capacity building plan 		<ul style="list-style-type: none"> - Improved capacity of the PFM sector 	
7.3 Monitoring & Evaluation (120901022)	Quarterly reports, annual report have been produced; JSRs have been produced	<ul style="list-style-type: none"> - Update the PFM M&E framework - Preparation of quarterly and annual financial and activity reports on PFM SSP implementation - Carry out bi-annual (forward looking & backward looking) JSR - Conduct midterm review of PFM SSP 	<ul style="list-style-type: none"> - Updated PFM M&E framework - Quarterly and annual financial and activity reports on PFM SSP - JSR - Mid-term review of SSP 		<ul style="list-style-type: none"> - Improved PFM sector M&E 	

2. Statistics Component

(1) Strategic Objective 1: Strengthen civil registration system, administrative records, surveys & censuses and other sources of data

Strategies	Baseline	Activities	Outputs	Intermediate Outcome	Outcome / Results	Outcome Indicator
1.1: Strengthened vital statistics		- Enhancing tools, building capacity for staff and establishing coordination mechanisms within NSS	Vital statistics produced routinely			
1.2: Strengthened administrative records		- Improve business registries - Strengthen information systems in Education, Health, Justice, Infrastructure, Youth and Labor sectors - Maintain the Gender statistics framework - Develop data warehouse of macro-economic statistics	- Improved business registries - Strengthened information system - Data warehouse of macroeconomic statistics	Availability of statistics on registered businesses and statistics from management information systems available for sector policy and management, and for EDPRS2 monitoring		
1.3: Strengthened surveys, censuses and other sources of data		- Conduct NISR survey program including: EICV and DHS surveys every three years, annual Labor Force surveys (starting from 2016/2017), three-yearly - Establishment Census, annual Integrated Business Enterprise Survey, Seasonal National Agriculture Probability Survey, Inter-Census population survey (2017/18) - Maintain and develop other statistical systems, including: Consumer Prices, Producer Prices, National Accounts, Balance of Payments surveys - Rebase GDP from supply-use tables for 2014 and 2017 - Rebase Price Statistics - Develop data across NSS, including a database of Ubudehe and, e.g. CPAF survey	- EICV and DHS surveys - Annual labor force surveys - Establishment Census, annual Integrated Business Enterprise Survey, Seasonal National Agriculture Probability Survey, Inter-Census population survey - Consumer Prices, Producer Prices, National Accounts, Balance of Payments surveys - Rebased GDP and price statistics	Up-to-date statistics and reports available from major surveys, rebased national accounts and price indices, and all other key statistics available in a timely fashion and fit for purpose		
1.4: Strengthened processes concerning data capture and production		- Use mobile devices for data collection, reinforce data storage and use GIS for data capture and production	- Reduced time lag between collection and dissemination of data	IT systems effective in disaster recovery situation and reports produced based on GIS		

(2) Strategic Objective 2: Improve quality and dissemination of statistics and public statistical literacy

Strategies	Baseline	Activities	Outputs	Intermediate Outcome	Outcome / Results	Outcome Indicator
2.1: Improved quality of statistical data		<ul style="list-style-type: none"> - Metadata handbook produced and used across NSS - Data Quality Assessment Framework applied and regular statistical audits - International Merchandise Trade System adopted for trade statistics 	<ul style="list-style-type: none"> - Metadata handbook - Statistical audit report 	Better quality data available across the NSS		
2.2: Improved dissemination of statistics and public statistical literacy		<ul style="list-style-type: none"> - Use of mass media and open data channels - Disseminate survey results and other official statistics in appropriate forms - Strengthen the One Stop Center at NISR 	<ul style="list-style-type: none"> - Number of datasets available on National Open Data Archive 	More accessible statistics disseminated widely and reported in the media. Public awareness and understanding improved		

(3) Strategic Objective 3: Improve Statistical Advocacy and Integrate Use of Statistics In Decision Making

Strategies	Baseline	Activities	Outputs	Intermediate Outcome	Outcome / Results	Outcome Indicator
3.1: Policy and decision makers engaged in setting the statistical agenda		<ul style="list-style-type: none"> - Advocacy strategy implemented - NISR participating in international and national high level forums 	<ul style="list-style-type: none"> - High level forums participated by NISR 		Decision-makers better informed and supportive of the needs for statistics and their use, and supportive of implementation of NSDS2	
3.2: Strengthened engagements with data users		<ul style="list-style-type: none"> - Regular user-producer dialogues through events and workshops (e.g. African Statistical Day, statistical competitions, etc.) 	<ul style="list-style-type: none"> - Training and outreach sessions for students and journalists 		Stakeholders in NSS engaged and supportive of statistical activities, including using more statistics and better use of statistics	

(4) Strategic Objective 4: Develop Capacities within NSS

Strategies	Baseline	Activities	Outputs	Intermediate Outcome	Outcome / Results	Outcome Indicator
4.1: Strengthened human resource management in NISR		Improve NISR organizational structure and development strategy, and develop performance systems	<ul style="list-style-type: none"> - New organizational structure - Development strategy - Performance systems 		More efficient and effective NISR with full complement of skilled staff	
4.2: Human resources development within NSS		<ul style="list-style-type: none"> - Skills development and training 	<ul style="list-style-type: none"> - Staff trained 		Staff capacity built across NSS	
4.3: Strengthened IT infrastructure for NISR and NSS		<ul style="list-style-type: none"> - Build and renew hardware and software, and develop IT systems 	<ul style="list-style-type: none"> - Renewed hardware and software 	Efficient and effective IT systems in place supported by appropriate hardware and software		
4.4: Strengthened Physical assets of NISR		<ul style="list-style-type: none"> - Revamp NISR's fleet of vehicles - Refurbish NISR's office building - Construct and equip a training center, including a library 	<ul style="list-style-type: none"> - Operational fleet of vehicles and refurbished offices with a functional training room and library 			
4.5: Strengthened knowledge management within NSS		<ul style="list-style-type: none"> - Strengthen information management system for learning and sharing knowledge - Organize regular learning sessions for NSS staff 	<ul style="list-style-type: none"> - Staff trained 	NSS staff engaged in learning and sharing knowledge supported by Knowledge management system		
4.6: Efficient implementation of NSDS2		<ul style="list-style-type: none"> - Operational logistics and utilities NSDS2 reviews and evaluation - User satisfaction survey every two years 	<ul style="list-style-type: none"> - NSDS 2 reviews - User satisfaction survey 	Sufficient resources available to support NSDS2 implementation, which is continuously evaluated. Extent of user satisfaction is known and tested regularly	<ul style="list-style-type: none"> - Effective implementation of NSDS 2 - Increased user satisfaction 	Results of user satisfaction

Annex 9: DLI Matrix: Descriptions of DLIs

Disbursement-Linked Indicator	Total financing allocated to DLI (US\$ millions)	Percent of total financing	DLI baseline	Indicative timeline for DLI achievement		
				DLI in year 1	DLI in year 2	DLI in year 3
DLI 1: Number of pilot ministries submitting investment plan in which feasibility studies are conducted for new projects exceeding US\$1 million have, per instructions in budget call circular			0	1	3	5
Allocated amount	12.5	12.5	n.a.	5.0	4.5	3.0
DLI 2: Number of districts using automated local government revenue management system			0	3	6	11
Allocated amount	12.5	12.5	n.a.	5.0	4.0	3.5
DLI 3: Implementation of e-procurement			No e-procurement system implemented	Approval of (i) technical proposal and financial proposals and (ii) roadmap for e-procurement system by the Minister of MINECOFIN	Functioning of IFMIS and E-Procurement interface protocols	Use of e-Tendering and application of IFMIS and E-procurement interface protocols for 5 pilot budget entities
Allocated amount	12.5	12.5	n.a.	5.0	3.5	4.0
DLI 4: Percent of MDAs receiving unqualified audit opinion			32 (FY2012/13)	37	42	47
Allocated amount	13.0	13.0	n.a.	5.0	4.0	4.0
DLI 5: Percent of sub-districts using simplified accounting and financial reporting application			21 percent (as of April 2014)	30	60	80
Allocated amount	12.5	12.5	n.a.	5.0	4.0	3.5
DLI 6: Number of Government sponsored			294 (as of Sep 2014; full professional (20),	350	400	450

Disbursement-Linked Indicator	Total financing allocated to DLI (US\$ millions)	Percent of total financing	DLI baseline	Indicative timeline for DLI achievement		
				DLI in year 1	DLI in year 2	DLI in year 3
PFM staff with at least foundation-level professional finance qualifications			intermediate level (182), and foundation level (92)			
Allocated amount	12.5	12.5	n.a.	5.0	4.0	3.5
DLI 7: Increased production of economic statistics and dissemination in time for strategic planning and decision making			Last comprehensive agricultural survey dates from 2008 (experimental agricultural survey was conducted in 2013); no systematic program of business or labor statistics, GDP with base year 2011.	Full national agricultural survey conducted based on lessons learned from experimental survey and report produced and disseminated	Integrated business enterprise survey conducted and report produced and disseminated	GDP estimates rebased with base year updated to 2014, and results disseminated
Allocated amount	12.5	12.5	n.a.	5.0	4.5	3.0
DLI 8: Open Data initiative extended to progressively include more surveys and administrative sources of data			National Data Archive (NADA), from which survey microdata can be downloaded by anyone free of charge, established in 2010; no access to administrative data produced by line ministries	Microdata of experimental agricultural survey (2012/13) and at least 5 percent of data of the population and housing census (2012) released on NADA	Microdata of EICV4 poverty survey (2013/14) released on NADA	Microdata of 2014/15 Demographic and Health Survey released on NADA by June 2017; Open Data initiative extended to administrative data collected by one of main data-producing line ministries (Ministry of Health or Ministry of Education)
Allocated amount	12.0	12.0	n.a.	5.0	3.5	3.5
Total financing allocated	100	100	n.a.	40	32	28

Annex 10: DLI Matrix: Financing Table

	Allocated Amount (US\$ million)	Share in total	DLI in Year 1	DLI in Year 2	DLI in Year 3
PFM Component	75.5	75.5%	30	24	21.5
DLI 1: Improved public investment management	12.5	12.5%	5.0*	4.5	3.0
DLI 2: Centralization of subnational revenue collections	12.5	12.5%	5.0*	4.0	3.5
DLI 3: E-Procurement implemented	12.5	12.5%	5.0**	3.5	4.0
DLI 4: Unqualified audit	13.0	13.0%	5.0*	4.0	4.0
DLI 5: % of Subsidiary entities using a simplified accounting and financial reporting application	12.5	12.5%	5.0*	4.0	3.5
DLI 6: Capacity Building	12.5	12.5%	5.0	4.0	3.5
Statistics Component	24.5	24.5%	10.0	8.0	6.5
DLI 7: Increased production of economic statistics and dissemination in time for strategic planning and decision-making	12.5	12.5%	5.0	4.5	3.0
DLI 8: Open Data initiative extended to progressively include more surveys and administrative sources of data	12.0	12.0%	5.0*	3.5	3.5
Grand Total	100	100.0%	40.0	32.0	28.0

Note: (*) for advance, (**) for prior results

Annex 11: DLI Verification Protocol

Number	DLI	Definition/description of achievement	Scalability	Protocol to evaluate achievement of DLI and data/result verification		
				Data source/agency	Verification entity	Procedure
1	Number of pilot ministries submitting investment plan in which feasibility studies are conducted for new projects exceeding US\$1 million have, per instructions in budget call circular	Budget call circular for FY2014/15 budget requests feasibility study (including both technical and financial) for new projects exceeding US\$1 million.	Yes	MINECOFIN	OAG	MINECOFIN counts number of pilot ministries satisfying the DLI criteria and sends official letter (including detailed list of new projects) to OAG and the Bank.
2	Number of districts using automated local government revenue management system	Using is defined as functioning of the registration and filing module of the system	Yes	RRA	OAG	RRA will report to MINECOFIN on the progress of roll-out of the system. MINECOFIN will submit the report to the Bank and OAG. OAG will conduct onsite visits of various collection centers
3.1	Approval of (i) technical proposal and financial proposals and (ii) roadmap for e-procurement system by the Minister of MINECOFIN	In order to construct an e-procurement system, RPPA will formulate a roadmap (including timeframe till operationalization). As the first step to implement the roadmap, a project team will be established.	No	RPPA	OAG	MINECOFIN will submit a copy of the technical proposal, the financial proposal and the roadmap for e-Procurement implementation from the selected provider together with an official copy of the approval by the Minister of MINECOFIN to OAG and the Bank.
3.2	Functioning of IFMIS and E-Procurement interface protocols	The interface protocols will provide the functionality of blocking the budget release for a contract which was not published in the e-Procurement system in accordance with the legislation. This can be achieved through the IFMIS system which would run a cross-check in the e-Procurement system to verify	No	RPPA	OAG	MINECOFIN will produce a report on the test results which demonstrate the interface protocols are functioning as designed. The report will be submitted to the Bank and OAG. OAG will conduct on-site check of selected pilot budget entities.

Number	DLI	Definition/description of achievement	Scalability	Protocol to evaluate achievement of DLI and data/result verification		
				Data source/agency	Verification entity	Procedure
		<p>the required advertising of the contract prior to releasing the budget for this contract. If the contract was not advertised in the e-Procurement system, the IFMIS system would block the processing of the payment request.</p> <p>To this end, in year 2, project management teams of IFMIS and E-Procurement will jointly design the interface protocols to be approved by the chair (Accountant General) of the Project Management Team. Afterwards, IFMIS and E-Procurement teams will customize their software. To make sure that the internet protocols functions as designed, the teams conduct test-runs.</p>				
3.3	Use of e-Tendering and application of IFMIS and E-procurement interface protocols for 5 pilot budget entities	Selected pilot entities will use the e-Procurement system for e-Tendering including the distribution of electronic bidding documents and the submission of electronic bids	Yes	RPPA	OAG	OAG will check e-procurement system used by the pilot entities whether bidding procedure including the distribution of electronic bidding documents and the submission of electronic bids is done by using the e-procurement system.
4	Percent of MDAs receiving unqualified audit opinion	Percent of MDAs including other central government agencies, boards, government business enterprises, ministries, districts and city of Kigali, provinces and government projects receiving	Yes	OAG	External consultant	OAG will submit a list of audit results, and an external consultant will conduct onsite visit OAG for sample checking.

Number	DLI	Definition/description of achievement	Scalability	Protocol to evaluate achievement of DLI and data/result verification		
				Data source/agency	Verification entity	Procedure
		unqualified audit opinion.				
5	Percent of sub-districts using simplified accounting and financial reporting application	Using is defined as processing, accounting transactions, reconcile accounts and generate both monthly and financial statements	Yes	MINECOFIN	OAG	MINECOFIN will produce a report describing status of operationalization of SEAS in each sector approved by the Accountant General. The report will be submitted to OAG and the Bank. OAG and the Bank will conduct onsite visit.
6	Number of Government sponsored PFM staff with at least foundation-level professional finance qualifications	PFM staff includes (i) external auditors, (ii) internal auditors; (iii) accountants; (iv) directors of administration and finance; and (v) directors/director generals/heads of institutions in both the central and subnational governments. Foundational level professional finance qualification is 3 papers of the professional stream of ACCA and foundation level 1 of CPA Rwanda or Kenya; the IPSAS/IFRS certificate offered by CIPFA and other organizations recognized by IFAC on top of the Foundational level 1 of CPA and Knowledge level of ACCA	Yes	MINECOFIN	OAG	MINECOFIN prepares for the list of staff profile (the same format as table 12 of the fiduciary assessment) and submit to the Bank and OAG. OAG will verify it.
7.1	Full national agricultural survey conducted based on lessons learned from experimental survey and report produced and	NISR completes fieldwork for national agricultural survey, completes data entry and analysis, and produces and publishes survey report by end of May 2015.	No	NISR	OAG	Upon launch/publication of the survey report, NISR, through MINECOFIN SPIU, will address an official letter to OAG and the Bank attesting the publication of the agricultural survey report on NISR's

Number	DLI	Definition/description of achievement	Scalability	Protocol to evaluate achievement of DLI and data/result verification		
				Data source/agency	Verification entity	Procedure
	disseminated					website.
7.2	Integrated business enterprise survey conducted and report produced and disseminated	NISR completes fieldwork for the integrated business enterprise survey, completes data entry and analysis, and produces and publishes survey report on its website by end of May 2016.	No	NISR	OAG	Upon launch/publication of the survey report, NISR, through MINECOFIN SPIU, will address an official letter to OAG and the Bank attesting the publication of the agricultural survey report on NISR's website.
7.3	GDP estimates rebased with base year updated to 2014, and results disseminated	NISR updates base year of national accounts from 2011 to 2014 and publishes new GDP data by end of April 2017 (tentative timeline).	No	NISR	OAG	Upon launch/publication of the survey report, NISR, through MINECOFIN SPIU, will address an official letter to OAG and the Bank attesting the publication of the agricultural survey report on NISR's website.
8.1	Microdata of experimental survey agricultural survey (2012/13) and at least 5 percent of data of the population and housing census (2012) released on NADA	NISR publishes anonymized microdata from 2013 agricultural survey on its website (through NADA) by June 2015 and uploads at least 5 percent (data on at least 121,245 households – 5 percent of the total of 2,424,898 households enumerated during the census).of anonymized microdata from 2012 population and housing census to its website (through NADA) by June 2015 (to protect confidentiality of respondents and following international best practice, only a sample of census data can be made available for public use).	No	NISR	OAG	Upon publication of the micro-data of both surveys on NADA, NISR, through MINECOFIN SPIU, will address an official letter to OAG and the Bank attesting (i) the publication of the micro-data of the 2013 Agricultural Survey on NADA, and (ii) the publication of at least 5 percent of the micro-data of the 2012 Population and Housing Census (data on at least 121,245 households) on NADA. OAG will verify if the data is effectively available and ready for downloading and whether at least 5 percent of the census data is available (data on at least 121,245 households).
8.2	Microdata of EICV4	NISR publishes anonymized	No	NISR	OAG	Upon publication of the micro-data

Number	DLI	Definition/description of achievement	Scalability	Protocol to evaluate achievement of DLI and data/result verification		
				Data source/agency	Verification entity	Procedure
	poverty survey (2013/14) released on NADA	microdata from 2013/14 EICV4 poverty survey on its website (through NADA) by end of June 2016.				of the EICV4 on NADA, NISR, through MINECOFIN SPIU, will address an official letter to OAG and the Bank attesting the publication of the micro-data of the EICV4 on NADA. OAG will verify if the data is effectively available and ready for downloading.
8.3	Open Data initiative extended to administrative data collected by one of main data-producing line ministries (Ministry of Health or Ministry of Education)	NISR extends Open Data agenda to administrative data collected by a main data-producing line ministry (the Ministry of Health or Ministry of Education). Administrative data collected through management information system of selected ministry for at least five development indicators must be freely accessed and downloaded by public through ministry' website by June 2017.	Yes	NISR	OAG	Upon making the non-confidential data of the Management Information System of the selected Ministry publicly accessible, NISR, through MINECOFIN SPIU, will address an official letter to OAG and the Bank attesting the expansion of the open data initiative to the administrative data produced by the selected Ministry. OAG will verify if the data is effectively available and ready for downloading.

Annex 12: Program Action Plan

<i>Component/action</i>	<i>Criteria^a</i>	<i>DLI^b</i>	<i>Covenant^b</i>	<i>Due date</i>	<i>Responsible party</i>	<i>Completion measurement</i>
<i>1. PFM</i>						
<i>P1. Economic planning and budgeting</i>						
P1-(1) Planning and M&E policy and manual / results-based management policy	1	<input type="checkbox"/>	<input type="checkbox"/>	June 15	Planning Department of MINECOFIN	Publication on MINECOFIN website
P1-(2) Revised national investment policy	1	<input type="checkbox"/>	<input type="checkbox"/>	June 15	Planning Department of MINECOFIN	Publication on MINECOFIN website
P1-(3) A draft consolidated program template to assist FY2015/16 budget preparation and monitoring and evaluation processes in identified pilot MDA	1	<input type="checkbox"/>	<input type="checkbox"/>	June 15	Budget Department of MINECOFIN	MINECOFIN will share program template with the Bank.
<i>P2. Resource mobilization</i>						
P2-(1) Submission of Amended tax code on VAT exemptions to cabinet	1	<input type="checkbox"/>	<input type="checkbox"/>	June 15	RRA	Publication on RRA website
P2-(2) Staff retention strategy	2	<input type="checkbox"/>	<input type="checkbox"/>	June 15	RRA	RRA will share the strategy with the Bank.
P2-(3) Action plan to improve VAT revenues	2, 3	<input type="checkbox"/>	<input type="checkbox"/>	June 16	RRA	Official letter from MINECOFIN
<i>P3. Budget execution, accounting, and reporting</i>						
P3-(1) IPSAS roadmap which includes Government accounting policy for fixed assets)	1	<input type="checkbox"/>	<input type="checkbox"/>	June 16	Accountant General of MINECOFIN	Official letter from MINECOFIN
P3-(2) Revised and adopted procurement regulations	1	<input type="checkbox"/>	<input type="checkbox"/>	June 15	RPPA	Publication on RPPA website
P3-(3) Submission of annual activity report on how plans for gender balance have been implemented (as stipulated in Article 68 of the 2013 Organic Budget Law)	1, 2	<input type="checkbox"/>	<input type="checkbox"/>	June 15	Budget department of MINECOFIN	Official letter from MINECOFIN accompanied by annual activity report
P3-(4) Creation of an internal audit cadre	3	<input type="checkbox"/>	<input type="checkbox"/>	June 15	OGCIA, MINECOFIN	Official letter from MINECOFIN
P3-(5) Dissemination of Financial Policies and Procedures	1			Jun 16	Accountant General, MINECOFIN	Submit the updated financial policies and procedures to the Bank and disseminate it publicly.
<i>P5. Electronic service delivery and IFMIS</i>						
P5-(1) Roll out of current version of SmartFMS to remaining entities	3	<input type="checkbox"/>	<input type="checkbox"/>	Jul 15	Accountant General of MINECOFIN	Official letter from MINECOFIN

P5-(2) Development of skills transfer policy from IFMIS vendors to staff	2	<input type="checkbox"/>	<input type="checkbox"/>	June 17	Accountant General Office of MINECOFIN	Official letter from MINECOFIN
<i>P6. Fiscal decentralization</i>						
P6-(1) Development of consolidated reporting procedures	1	<input type="checkbox"/>	<input type="checkbox"/>	Sep 15	Accountant General Office of MINECOFIN	Official letter from MINECOFIN with supporting materials
P6-(2) Placement of key staff with suggested profile for SEAS ^d	3	<input type="checkbox"/>	<input type="checkbox"/>	June 17	Accountant General Office of MINECOFIN	Official letter from MINECOFIN including names, roles, and compliance with Annex 7.
<i>P7. PFM sector coordination and management</i>						
P7-(1) PFM learning and development strategy developed	2, 3	<input type="checkbox"/>	<input type="checkbox"/>	June 15	Accountant General Office, MINECOFIN	Official letter from MINECOFIN
2 Rwandan educational institutions accredited to provide professional training under ICPAR, ACCA, AAT	2, 3	<input type="checkbox"/>	<input type="checkbox"/>	Jun 16	Accountant General Office, MINECOFIN	MINECOFIN prepares evidence that a Rwandan education institution is accredited
<i>2. Statistics</i>						
SO4: Development of capacities within NSS						
SO4-(1) Human resources strategy	2	<input type="checkbox"/>	<input type="checkbox"/>	Dec 14	NISR	NISR will share the strategy.

Notes:

- a. The PforR guidance includes three criteria: (1) changes to the technical dimensions of the Program and to the formal rules and procedures governing the organization and management of the systems used to implement the Program; (2) actions to enhance the capacity and performance of the agencies involved; and (3) risk mitigating measures to increase the potential for the Program to achieve its results and to address fiduciary, social, and environmental concerns.
- b. This column should indicate the reference, if any, to a Program DLI, legal covenant, or both, as appropriate.
- c. This column should indicate the agreed upon basis for determining whether the action has been satisfactorily completed.
- d. Please see Annex 7 of the Fiduciary Assessment.

Annex 13: World Bank Support to PFM Reforms in Rwanda

		2008	2009	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	
Gov't		2008-12 Public Financial Management Reform Strategy (PFMRS)							PFM SSP 2013/14 to 2017/18			
		<i>Second PRSF series</i>				<i>Third PRSF series</i>		<i>Quality of Decentralized Services Delivery DPO</i>	<i>Public Sector Governance PforR</i>			
World Bank Group	DPO	<ul style="list-style-type: none"> ✓ STRENGTHENING PUBLIC FINANCIAL MANAGEMENT SYSTEM - (PRSG-4) Application of a software program (Budget Master) in each of the Districts designed to assist in the management of District Budgets - (PRSG-5) Complete development of Public Books software - (PRSG-6) Payroll Module (subsystem) of the integrated personnel payment information system installed in central government ministries - (PRSG-7) Completion of the piloting of the IFMIS in central government and integrate it with the IPPS. ✓ STRENGTHENING CAPACITY AND TRANSPARENCY OF PROCUREMENT SYSTEM - (PRSG-4) Regulations, Standards and Bidding Documents adopted and available on NTB website - (PRSG-5) Publish the independent review (appeal) panel report (2008) - (PRSG-6) At least 80% of all procurement agencies submit a procurement plan that in consistency with their allocated budget, to MINECOFIN, and RPPA publishes at least 60 % of such plans on its website - (PRSG-7) Cabinet approval of the bill to amend the Procurement Law to increase efficiency and transparency of public procurement ✓ STRENGTHENING FISCAL DECENTRALIZATION - (PRSG-4) District Budget Execution Reports for January to June 2007 published on Government website, together with evaluation of Imihigo performance contracts 				<ul style="list-style-type: none"> ✓ ENHANCED PUBLIC FINANCIAL MANAGEMENT - (PRSF-8) Development and integration of a Medium-Term Expenditure Framework into the budgeting process across all sectors to improve medium-term macroeconomic and fiscal projections - (PRSF-8) Adoption of a regulatory framework for the establishment of internal Audit Committees in public entities and at Local Government level to oversee the auditing of public finances ✓ IMPROVED PUBLIC ACCOUNTABILITY - (PRSF-8) Integration of appropriate Human Resources and payroll subsystems into the IPPIS to improve payroll accuracy and transparency in the management of public finances - (PRSF-9) Deployment of an IPPIS in all the Recipient's ministries and agencies and development of an action plan for its roll-out in the Districts 		<ul style="list-style-type: none"> ✓ ENHANCED LOCAL GOVERNMENT FISCAL AUTONOMY AND FIDUCIARY ACCOUNTABILITY - The Recipient has reviewed 25 district Audit Committee reports of 2012 and issued communication to the districts on the main areas for follow up ✓ STRENGTHENED POLICY FRAMEWORK FOR DECENTRALIZATION - The Recipient has published in the Official Gazette the Presidential Order establishing the list of fees and other charges levied by decentralized entities and the applicable thresholds ✓ CAPACITY DEVELOPMENT FOR QUALITY SERVICE DELIVERY AT THE LOCAL LEVEL - The Recipient has adopted 28 District capacity building plans approved by the District Councils 	<ul style="list-style-type: none"> - Improving Multi-year Fiscal Management - Enhanced national and subnational revenue collection - Modernization of budget planning and execution - Strengthening accounting and financial reporting at the national and subnational levels - Enhanced efforts by national and subnational authorities to meet audit standards - Better statistics for policy making and public finance management. 			
	Others	<ul style="list-style-type: none"> ✓ IDF GRANT FOR CAPACITY BUILDING IN ECONOMIC AND FINANCIAL ANALYSIS - Strengthening economic and financial analysis of project at central and decentralized levels; Audit 							TECHNICAL ASSISTANCE {Co-chairing the PFM Sector Working Group}			
		PUBLIC EXPENDITURE REVIEWS										

Annex 14: List of Reporting Entities on PDO Indicator 2

Annex Table 14-1: Central Government Entities

Ref	Code	Full name of the Ministry or Agency
1	100	PRESIREP
2	102	NSS- GENERAL SECRETARIAT
3	103	National Unity & Reconciliation Commission (NURC)
4	103	NSS- EXTERNAL
5	104	NSS- INTERNAL SECURITY
6	105	NSS-IMMIGRATION & EMIGRATION
7	106	Office of the Ombudsman
8	108	Rwanda Development Board (RDB)
9	200	SENETE
10	300	CHAMBER OF DEPUTIES
11	301	Office Of the Auditor General
12	302	PUBLIC SERVICE COMMISSION
13	303	National Commission for Human Rights
14	400	Office of the Prime Minister
15	405	National Commission for Children
16	407	Office of the Government Spoke Persons
17	500	Supreme Court
18	600	Ministry of Defense
19	601	RWANDA MILITARY HOSPITAL
20	700	Ministry of Internal Security
21	701	Rwanda National Police
22	702	Rwanda Correctional Service
23	800	Ministry of Foreign Affairs and Cooperation
24	801	EMBASSY OF RWANDA- ADDIS ABABA
25	802	RWANDAN EMBASSY IN BEIJING
26	803	Embassy of Berlin
27	804	Embassy of Rwanda- Brussels
28	805	RWANDA EMBASSY - BUJUMBURA
29	806	Nairobi EMBASSY
30	807	EMBASSY OF RWANDA- GENEVA
31	808	Rwanda High Commission Kampala
32	809	Embassy of Rwanda - Khartoum
33	810	Rwanda High Commission in London
34	811	RWANDAN EMBASSY IN HAGUE
35	813	RWANDA HIGH COMMISSION - New Delhi
36	814	Permanent Mission to UN-New York
37	815	Embassy of Rwanda - Pretoria
38	816	Embassy of Rwanda- Sweden
39	817	Embassy of Rwanda in Washington
40	818	Embassy of Rwanda in Tokyo
41	819	RWANDAN EMBASSY IN PARIS
42	820	EMBASSY OF RWANDA- OTTAWA
43	821	Embassy of Rwanda in Seoul
44	822	Embassy of Rwanda - Singapore
45	823	Embassy of Rwanda-Dar es salaam
46	823	KINSHASHA
47	823	MIGEPROF
48	825	Embassy of Abuja

Ref	Code	Full name of the Ministry or Agency
49	826	Embassy of Dakar
50	827	Embassy of Russia
51	827	Embassy of Rwanda -Turkey
52	900	MINAGRI
53	901	Rwanda Agricultural Board
54	902	National Agriculture Export Board (NAEB)
55	1000	Ministry of Trade and Industry
56	1000	Rwanda Bureau of Standards
57	1002	Rwanda Cooperative Agency
58	1200	MINECOFIN
59	1202	National Institute of Statistics of Rwanda
60	1203	Rwanda Revenue Authority (RRA)
61	1204	Rwanda Public Procurement Authority
62	1207	Capital Market Authority (CMA)
63	1208	PUBLIC SECTOR CAPACITY BUILDING SECRETARIAT (PSCBS)
64	1300	Ministry of Justice
65	1302	Institute of Legal Practice Development (ILPD)
66	1303	National Law Reform Commission (NLRC)
67	1400	MINISTRY OF EDUCATION
68	1401	NATIONAL COMMISSION FOR UNESCO
69	1402	NATIONAL COUNCIL FOR HIGHER EDUCATION
70	1403	IRST
71	1404	NATIONAL UNIVERSITY OF RWANDA
72	1405	KIGALI INSTITUTE OF TECHNOLOGY
73	1406	KIE
74	1407	Higher Institute of Agriculture and Animal
75	1408	School of Finance and Banking
76	1409	RUKARA COLLEGE OF EDUCATION
77	1410	Kavumu College of Education
78	1411	Umutara Polytechnic
79	1412	GISHALI INTEGRATED POLYTECHNIC
80	1412	INTEGRATED POLYTECHNIC REGIONAL CENTER KIGALI
81	1412	IPRC EAST
82	1412	IPRC NORTH
83	1412	IPRC SOUTH
84	1412	IPRC WEST
85	1412	Kavumu Vocational Training Centre
86	1412	WORK FORCE DEVELOPMENT AUTHORITY
87	1413	RWANDA EDUCATION BOARD
88	1415	Kigali Health Institute NO
89	1500	Ministry of Sports and Culture (MINISPOC)
90	1501	National Commission for the Fight against Genocide
91	1502	Rwanda National Museums
92	1503	Chancellery for Heroes, National Orders and Decorations of Honour
93	1505	Rwanda Academy of Language and Culture
94	1600	Ministry of Health
95	1601	Kigali University Teaching Hospital (CHUK)
96	1602	Butare University Teaching Hospital (CHUB)
97	1603	NDERA HOSPITAL
98	1604	Kacyiru Police Hospital

Ref	Code	Full name of the Ministry or Agency
99	1605	RWANDA BIOMEDICAL CENTER
100	1700	National Public Prosecution Authority
101	1800	MININFRA
102	1801	Road Maintenance Fund (RMF)
103	1802	Rwanda Transport Development Agency (RTDA)
104	1803	Energy Water and Sanitation Authority(EWSA)
105	1804	Rwanda Housing Authority
106	1805	RWANDA METEOROLOGICAL AGENCY (RMA)
107	1900	Ministry of Youth and ICT(MYICT)
108	1902	Rwanda National Youth Council
109	2000	Ministry of Public Service and Labor
110	2001	Rwanda Institute of Administration and Management (RIAM)
111	2100	Ministry of East African Community (MINEAC)
112	2200	Ministry Of Natural Resources
113	2201	Rwanda Environment Management Authority (REMA)
114	2202	Rwanda Natural Resources Authority
115	2203	Rwanda Environment & Climate Change Fund (FONERWA)
116	2300	Ministry of Local Government
117	2301	NATIONAL ELECTORAL COMMISSION
118	2303	FARG
119	2304	Rwanda Governance Board
120	2305	RWANDA LOCAL DEVELOPMENT SUPPORT FUND
121	2306	NATIONAL COMMISSION FOR DEMOBILISATION AND REINTEGRATION
122	2307	EASTERN PROVINCE
123	2308	Southern Province
124	2309	Western Province
125	2310	Northern Province
126	2312	National Forum for Political Organization (PPF)
127	2313	National ID Agency
128	2314	National Council of Persons with Disability
129	2315	Rwanda Broadcasting Agency
130	2316	Media High Council (MHC)
131	2317	ITORERO
132	2500	Ministry of Disaster Management and Refugee Affairs
133	2601	National Women Council

Annex Table 15-2: Development Projects

	Name of the Project	Name of the Parent Ministry
1	MIDIMAR Disaster Management project (SPIU Midimar)	MIDIMAR
2	Midimar Assistance Aux Refugies Project	MIDIMAR
3	Public Sector Umbrella in the Fight Against AIDS (USPLS)	MIFOTRA
4	MIDA Great Lakes Programme	MINAFFET
5	Support Project to the Strategic Plan for Agriculture Transformation (PAPSTA)	MINAGRI
6	Bugesera Rural Infrastructure Support Project (PAIRB)	MINAGRI
7	Land Husbandry Water Harvesting & Hillside Irrigation (LWH) Project	MINAGRI
8	Water Sanitation and Hygiene Promotion Project (WASH)	MINAGRI
9	The Cash and Exports Crops Development (PDCRE)	MINAGRI
10	PASNVA/CICA	MINAGRI
11	National Sericulture Center	MINAGRI
12	Post-Harvest Handling and Storage Task Force	MINAGRI
13	Rural Sector Support Project (RSSP III)	MINAGRI
14	National Domestic Biogaz Project	MINAGRI
15	Inland Lakes Integrated and Management Support Project (PAIGELAC)	MINAGRI
16	APEL	MINAGRI
17	Task force for Irrigation and Mechanization	MINAGRI
18	SPATII	MINAGRI
19	Kirehe Community- Based Watershed Management Project	MINAGRI
20	Preparation Advance for Rwanda Feeder Roads Development project	MINAGRI
21	PROJET DAPPUI AU DEVELOPMENT AGRICOLE DE BUGESERA (PADAB)	MINAGRI
22	PAFOR	MINALOC
23	National Capacity Building for Disaster Risk Reduction Programme	MINALOC
24	AGI	MINALOC
25	JADF	MINALOC
26	SPIU MINALOC	MINALOC
27	SUPPORT PROJECT FOR RWANDA DEVELOPMENT INITIATIVE	MINALOC
28	PADEBL	MINALOC
29	PAFP	MINALOC
30	LEAST DEVELOPED COUNTRIES FUND (LDCF)	MINALOC
31	GELD	MINECOFIN
32	Support to the EDF National Authorizing Office	MINECOFIN
33	Public Finance Management Reform-Basket Fund	MINECOFIN
34	Gender Responsive Budgeting Programme	MINECOFIN
35	Aid Coordination, Harmonization and Alignment Project	MINECOFIN
36	Building Inclusive Financial Sector in Rwanda	MINECOFIN
37	Strengthening Evidence-Based Policy, Planning, Analysis and Monitoring and Evaluation Project	MINECOFIN
38	IDF Grant for capacity Building in Economic and Financial Analysis to Support Rwanda Investment Program	MINECOFIN
39	SPIU-MINECOFIN	MINECOFIN
40	SKILLS DEVELOPMENT IN SCIENCE AND TECHNOLOGY	MINEDUC
41	EDUCATION III	MINEDUC
42	SKILLS DEVELOPMENT PROJECT	MINEDUC
43	Urban Forum Project (UNHABITAT)	MINENFRA
44	SPIU/ REMA	MINERANA
45	Climate Change Project	MINERANA
46	Poverty Environment Initiative (PEI) OK	MINEREMA
47	Lake Victoria Environment Management Project Phase IV OK	MINEREMA
48	Decentralization Environment Management Phase (DEMP II)	MINEREMA

	Name of the Project	Name of the Parent Ministry
49	PAREF 2 BE	MINERENA
50	Nation Biodiversity Strategic Action Plan for Rwanda (NBSAP)	MINERENA
51	Ozone project	MINERENA
52	Support to Participation Forest Management Project-PAREF NL2	MINERENA
53	Rainwater Harvesting Promotion Program Project	MINERENA
54	Rwanda Environment Management Authority(SWAP)	MINERENA
55	Biosafety Support Framework (NBF)	MINERENA
56	ACP/REMA	MINERENA
57	PCPs	MINERENA
58	Afforestation Support Program (PAREF)	MINERENA
59	Competitiveness and Enterprise Development Project (CEDP)	MINICOM
60	SPIU MINICOM	MINICOM
61	Enhanced Integrated Framework (EIF)	MINICOM
62	Support to Small and Medium Enterprises (SMEs) Development	MINICOM
63	Governance for Competitiveness (G4C TAP)	MINICOM
64	Rural Small and Micro enterprises Promotion Project (PPMER II)	MINICOM
65	Rwanda Investment Climate Project	MINICOM
66	Program for Drinking Water and Sanitation in the Southern Province (PEPAPS)	MININFRA
67	LAKE VICTORIA ENVIRONMENT MANAGEMENT PROJECT PHASE TWO (LVEMPII)	MININFRA
68	ACCES TO ELECTRICITY FOR THE RURAL POPULATION BY UTILIZATION OF REWABLE ENERGY (EPRER) PROJECT	MININFRA
69	ROAD INFRASTRUCTURE	MININFRA
70	NATIONAL RURAL WATER SUPPLY AND SANITATION PROGRAM (PNEAR)	MININFRA
71	AMENAGEMENT et ASPHALTAGE de la ROUTE MAYANGE- NEMBA	MININFRA
72	THREE HYDROELECTRIQUE POWER PLANTS REHABILITATION PROJECT(R3CHE)	MININFRA
73	INCREASE RURAL ENERGY ACCESS IN RWANDA THROUGH PUBLIC PRIVATE PARTNERSHIPS (IREARPPP) PROJECT	MININFRA
74	Rwanda Electricity Access Programme_ Dutch Funds	MININFRA
75	Bugesera Project (UN-HABITAT)	MININFRA
76	Rubavu Project (UN-HABITAT)	MININFRA
77	Urban Solid Waste Management	MININFRA
78	Interconnection of Electrical Grids of Nile Equatorial lakes Countries Project	MININFRA
79	AQUPO PROJECT	MININFRA
80	RURAL WATER SUPPLY AND SANITATION PROJECT	MININFRA
81	Water and Sanitation Fund (FEA)	MININFRA
82	Isaka -Kigali Railway Project I	MININFRA
83	Isaka -Kigali Railway Project II	MININFRA
84	Rehabilitation de la Route Gitarama - Ngororero	MININFRA
85	Transport Sector Development Project -PDST	MININFRA
86	Water for African Cities EVA II	MININFRA
87	East Africa Trade and Transport Facilitation - EATTFP	MININFRA
88	Rwanda Road Infrastructure Support Programme-RRISP	MININFRA
89	NGORORERO-MUKAMIRA ROAD PROJECT	MININFRA
90	MULTINATIONAL BUJUMBURA-GISENYI(Nyamitanga-Ruhwa-Ntendezi-Mwityazo)	MININFRA
91	BUTARE-KITABI-NTENDEZI ROAD PROJECT	MININFRA
92	Electricity Access Scale-up and Sector-wide approach development project (EASSDP)	MININFRA
93	Sustainable Energy Development project	MININFRA

	Name of the Project	Name of the Parent Ministry
94	Electricity Access roll out Programme (EARP)-AFD Financing	MININFRA
95	Kitabi-Crete-Congo Nil Project.	MININFRA
96	Mugina-Mabanda-Nyanza Lake & Rubavu Gisiza	MININFRA
97	Institution Support to RTDA Program Estimate NO: 1	MININFRA
98	Technical Support Program of the republic of Rwanda on Climate and Hydrology (TSPCHR)	MINIRENA
99	Integrated Management of Critical Ecosystems Project (IMCE)	MINIRENA
100	Appui Institutionnel au MINISANTE PHASE IV	MINISANTE
101	Strengthening Public Health in Karongi and Rutsiro	MINISANTE
102	E - HEALTH Project	MINISANTE
103	CDC CoAgs Management	MINISANTE
104	POPs Project	MINISANTE
105	SIDA SUPPORT	MINISANTE
106	Health Sector Capacity Building project (CDPF)	MINISANTE
107	Global Alliance for Vaccines and Immunization (GAVI)	MINISANTE
108	East Africa Public Health Laboratory Networking Project	MINISANTE
109	Rwanda National Tuberculosis Control Strategic Plan	MINISANTE
110	Scaling up access to HIV/AIDS services with focus on prevention in Rwanda SSF-HIV	MINISANTE
111	Global Fund Rwanda Malaria Grants Consolidated	MINISANTE
112	MOH SPIU/12+ Programme203639	MINISANTE
113	MOH MALARIA ELIMINATION PROGRAMM FOR RUHUHA	MINISANTE
114	Multisectoral AIDS Project (MAP)	MINISANTE
115	Joint Youth Programme	MYICT
116	Single Stream Funding (SSF) HIV/VCT	MYICT
117	AEIN/African Environment Information Network	MYICT
118	INLUSSIVE PERTICIPATION IN GOVERNMENT PROGRAM	SENATE
119	SUPPORT TO PARLIAMENT	SENATE
120	PROGRAM 4 INSTITUTIONAL DEVELOPMENT FOR MINAGRI	MINAGRI

Annex Table 15-3: Local Government

Ref	Code	Full name of the Ministry or Agency
1	4000	NGOMA DISTRICT
2	4100	BUGESERA DISTRICT
3	4200	GATSIBO DISTRICT
4	4300	KAYONZA DISTRICT
5	4400	KIREHE DISTRICT
6	4500	NYAGATARE DISTRICT
7	4600	RWAMAGANA DISTRICT
8	4700	HUYE DISTRICT
9	4800	NYAMAGABE DISTRICT
10	4900	GISAGARA DISTRICT
11	5000	MUHANGA DISTRICT
12	5100	KAMONYI DISTRICT
13	5200	NYANZA DISTRICT
14	5300	NYARUGURU DISTRICT
15	5400	RUSIZI DISTRICT
16	5500	NYABIHU DISTRICT
17	5600	RUBAVU DISTRICT
18	5700	KARONGI DISTRICT
19	5800	NGORORERO DISTRICT
20	5900	NYAMASHEKE DISTRICT
21	6000	RUTSIRO DISTRICT
22	6100	BURERA DISTRICT
23	6200	GICUMBI DISTRICT
24	6300	MUSANZE DISTRICT
25	6400	RULINDO DISTRICT
26	6500	GAKENKE DISTRICT
27	6600	RUHANGO DISTRICT
28	6700	NYARUGENGE DISTRICT
29	6800	KICUKIRO DISTRICT
30	6900	GASABO DISTRICT
31	7000	CITY OF KIGALI