



Evaluation of EU Budget Support to Rwanda (2011-2018)

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List of acronyms

| | |
|--------|---|
| AF | Agroforestry |
| AfDB | African Development Bank |
| AMIS | Agriculture Management Information System |
| APER | Agriculture Public Expenditure Review |
| ASCBP | Agriculture Sector Capacity Building Plan |
| ASIP | Agriculture Strategy Investment Plan |
| BADEA | Arab Bank for Economic Development in Africa |
| BNR | Banque Nationale de Rwanda (National Bank of Rwanda) |
| BS | Budget Support |
| CA | Community Association |
| CAADP | Comprehensive Africa Agriculture Development Programme |
| CARI | Consolidated Approach for Reporting Indicators of Food Security |
| CCI | Cross-cutting issues |
| CEF | Comprehensive Evaluation Framework |
| CEJP | Commission Episcopale Justice et Paix (CEJP) |
| CFSVA | Comprehensive Food Security and Vulnerability Analysis |
| CG | Central Government |
| CIP | Crop Intensification Programme |
| CM | Complementary Measure |
| COFOG | Classification of the Functions of Government |
| CPAF | Common Performance Assessment Framework |
| CSO | Civil Society Organisation |
| DAD | Development Assistance Database |
| DASI | District Agriculture Sector Inspectors |
| DFID | UK's Department for International Development |
| DHS | Demographic and Health Surveys |
| DiD | Difference-in-Difference |
| DIME | Development Impact Evaluation (of the World Bank) |
| DMFAS | Debt Management and Financial Analysis System |
| DoL | Division of Labour |
| DPAF | Donor Performance Assessment Framework |
| DPCG | Development Partners Coordination Group |
| DPs | Development Partners |
| DRC | Democratic Republic of Congo |
| EARP | Electricity Access Rollout Programme |
| EC | European Commission |
| ECD | Early Childhood Development |
| EDCL | Energy Development Corporation Limited |
| EDPRS | Economic Development and Poverty Reduction Strategy |
| EIA | Environmental Impact Assessment |
| EICV | Enquête Intégrale sur les Conditions de Vie des ménages (Integrated Household Living Conditions Survey) |
| ENABEL | Belgian development agency |
| ENRSP | Environment and Natural Resources Strategic Plan |
| EQ | Evaluation Question |
| ESSP | Energy Sector Strategic Plan |
| EU | European Union |
| EUCL | Energy Utility Corporation Limited |
| EUD | European Union Delegation |
| FA | Financing Agreement |
| FAO | Food and Agriculture Organization |
| FARG | Genocide Survivors Support and Assistance Fund |
| FCS-N | Food Consumption Score-Nutrition |
| FFS | Farmer Field School |

| | |
|-----------|---|
| FNSMS | Food and Nutrition Security Monitoring System |
| FP | Farmers Promoters |
| FSN | Food Security and Nutrition |
| GCCA | Global Climate Change Alliance |
| GBS | General Budget Support |
| GDP | Gross Domestic Product |
| GE | General Equilibrium |
| GoR | Government of Rwanda |
| Ha | Hectare |
| HH | Household |
| HLG | High Level Government |
| HLPD | High Level Policy Dialogue |
| HDDS | Household Dietary Diversity Score |
| ICS | Improved Cooking Stoves |
| IFAD | International Fund for Agricultural Development |
| IFMIS | Integrated Financial Management Information System |
| IMF | International Monetary Fund |
| IPAR | Institute of Policy Analysis and Research |
| IPPs | Independent Power Producers |
| IR | Inception Report |
| IRENA | International Renewable Energy Agency |
| JADF | Joint Action Development Forums |
| JSR | Joint Sector Reviews |
| KFAED | Kuwait Fund for Arab Economic Development |
| KOICA | Korea International Cooperation Agency |
| L3Y | Last three years |
| LG | Local Government |
| LPG | Liquefied petroleum gas |
| LUC | Land Consolidation Programme |
| LWH | Land Husbandry Water harvesting and Hillside Irrigation project |
| MFI | Micro-Finance Institutions |
| MIGEPROF | Ministry of Gender and Family Promotion |
| MINAGRI | Ministry of Agriculture and Animal Resources |
| MINALOC | Ministry of Administration and Local Government |
| MINECOFIN | Ministry of Economic Planning and Finance |
| MINICOM | Ministry of Trade and Industry |
| MININFRA | Ministry of Infrastructure |
| MINIRENA | Ministry of Environment and Natural Resources |
| MOE | Ministry of Environment |
| MT | Metric Tons |
| MTR | Mid-Term Review |
| NAEB | National Agricultural Export Development Board |
| NAO | National Authorizing Officer |
| NAP | National Agricultural Policy |
| NCST | National Council for Science and Technology |
| NDPR | National Development Planning and Research |
| NECDP | National Early Childhood Development Programme |
| NGO | Non-Governmental Organization |
| NIP | National Indicative Plan |
| NIRDA | National Industrial Research and Development Agency |
| NIRP | National Independent Review Panel |
| NSA | Non-state actors |
| NISR | National Institute of Statistics of Rwanda |
| NSEM | National Multisectoral strategy to eliminate malnutrition |
| NST | National Strategy for Transformation |
| O-B | Oaxaca-Blinder (decomposition) |
| ODA | Official Development Assistance |

| | |
|----------|---|
| OECD-DAC | Organization for Economic Co-operation and Development's Development Assistance Committee |
| OFID | OPEC Fund for International Development |
| OPEC | Organization of the Petroleum Exporting Countries |
| PEFA | Public Expenditure and Financial Accountability Assessment |
| PER | Public Expenditure Review |
| PETS | Public Expenditure Tracking Survey |
| PfR | Program for Results |
| PFM | Public Financial Management |
| PPP | Public-Private Partnership |
| PS | Permanent Secretary |
| PSI | Policy Support Instrument (of IMF) |
| PSTA | Strategic Plan for the Transformation of Agriculture |
| RAB | Rwanda Agriculture and Animal Resources Development Board |
| RALGA | Rwandan Association of Local Government Authorities |
| RCS | Rwanda Correctional Services |
| RDB | The Rwandan Development Board |
| RDRC | Rwanda Demobilisation and Reintegration Commission |
| REG | Rwanda Energy Group |
| REMA | Rwanda Environment Management Authority |
| RES | Rural Electrification Strategy |
| RESW | Rwanda Electronic Single Window |
| RFRDP | Rural Feeder Road Development Programme |
| RNRA | Rwanda National Resources Authority |
| RRA | Rwanda Revenue Authority |
| RSB | Rwanda Standards Board |
| RURA | Rwanda Utilities Regulatory Authority |
| RwF | Rwandan Francs |
| RWFA | Rwanda Water and Forestry Authority |
| SACCO | Savings and Credit Cooperative |
| SBS | Sector Budget Support |
| SDG | Sustainable Development Goal |
| SEA | Strategic Environmental Assessment |
| SFD | Saudi Fund for Development |
| SG | School Gardens |
| SHS | Solar House Systems |
| Sida | Swedish International Development Agency |
| SIIP | Strategic Issue Paper |
| SME | Small and Medium Enterprises |
| SPIU | Single Project Implementation Unit |
| SNV | Netherlands Development Organisation |
| SRC | Sector Reform Contract |
| SWAp | Sector-Wide Approach |
| SWG | Sector Working Groups |
| TA | Technical Assistance |
| TADAT | Tax Administration Diagnostic Assessment Tool |
| TCF | Technical Cooperation Facility |
| TECAN | Technical Assistance to enhance the GoR's capacities in the Agriculture sector for the sustainable use of land and water resources, value creation and nutrition security |
| TFP | Total Factor Productivity |
| TIR | Transparency International Rwanda |
| ToR | Terms of Reference |
| TS | Temporary Staff |
| TVET | Technical and Vocational Education and Training |
| TWC | Technical Working Groups |
| UK | United Kingdom |
| UN | United Nations |

| | |
|-------|---|
| USAID | United States Agency for International Development |
| US\$ | United States Dollar |
| VUP | Vision 2020 Umurenge Program (anti-poverty program) |
| WASAC | Water and Sanitation Corporation |
| WASH | Water, Sanitation and Hygiene Services |
| WB | World Bank |
| WFP | World Food Program |

ANNEX 1: EVIDENCE MATRIX

EQ 1. RELEVANCE

EQ1: To what extent was the design of the budget support programmes appropriate and relevant in view of the political, economic and social context in Rwanda, the GoR's policy framework, and the EU and other Development Partners' development strategies?

JUDGEMENT CRITERION 1.1

INDICATOR 1.1.1

| JC.1.1. The focus and design of budget support operations responded to the evolving GoR priorities and country context | | |
|--|---|---|
| I.1.1.1 | Degree of alignment of budget support operations' objectives with evolving GoR priorities and policies (incl. sector policies). | <ul style="list-style-type: none"> Objectives of budget support operations are in line with GoR national policies Objectives for complementary measures are in line with GoR priorities and needs Adaptation of budget support operations to the evolution of GoR needs, priorities and policies. Existence and use of a planning tool for technical assistance |

The inventory of budget support operations in Rwanda shows a strong alignment between the budget support objectives and national policies (see Table 1). The analysis of the strategic documents (i.e. financing agreements and national policies) shows that all budget support operations during the reference period correspond fully to the priorities of the GoR and objectives, being strongly aligned with the national policy framework (i.e. Economic Development and Poverty Reduction Strategy - EDPRS I (2008-2012) and EDPRS II (2013-2018) and sector policies as detailed in the table below. The support of current SRCs under implementation is also aligned with the SDG targets 2030, namely: No Poverty, Zero Hunger, Affordable and Clean Energy.

Table 1: Correspondence between EU budget support interventions in Rwanda and national policies

| Year of FA | budget support Operation | National Policies | Extent of the alignment of the EU interventions with national policies |
|------------|--|--|--|
| 3/2009 | D-21004 MDG contract GBS | Economic Development and Poverty Reduction Strategy EDPRS I. | The EU intervention is a GBS which supports the implementation of EDPRSI in general. |
| 12/2009 | D-21572 Decentralised Agriculture | National Agricultural Policy (NAP), PSTA 2 (indicators related to those for PSTA 2). | The BS intervention supports the overall implementation of the PSTA2. One important dimension addressed in PSTA 2 is the ongoing decentralisation process. BS D-21572 supports especially the decentralization policy. As such Indicators for release of variable tranches are related to the progress in the implementation of the decentralization policy (i.e. to the release of financial reports by districts for the year before). |
| 12/2009 | D- 21623 Sector Budget Support for Agricultural Inten- sification | EDPRS II Rural Development Pillar. National Agricultural Policy (NAP)/ PSTA1 and PSTA2. | The intervention supports the Rural Development Pillar of the Economic Development and Poverty Reduction Strategy (EDPRS), covering the period 2008 – 2012. The EDPRS is fully owned by the GoR. Furthermore, it is aligned with the National Agricultural Policy (NAP) which was developed in 2004 and translated into an operational plan through the Strategic Plan for Agricultural Transformation (PSTA 2) and now PSTA 2 (2009-2012). MINAGRI elaborated the new sector strategic plan (PSTA 2), fully in line with the EDPRS. |

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| | | | The BS intervention supports the Government's roll out of the crop intensification programme to improve the food security situation of the country. |
| 4/2010 | D-21553 GCCA (1) | Strategic Road Map for Land Reform (based on EDRSP). | Land registration is also complementary to Government's Vision 2020 Umurenge Programme (VUP), which is implemented at grass roots level and aimed at eradicating extreme poverty. EDPRS The first specific objective will be implemented through a programme of sustainable land management. To this effect, in 2008 a Strategic Road Map for Land Tenure Reform was developed based on extensive field consultations and numerous consultations within and between principal stakeholders, and following the orientation of the national comprehensive land policy that was elaborated in 2004. |
| 4/2010 | D-21680 JRLO (Reconciliation, Law and Order SBS) | JRLO Strategy (based on EDPRS). | The EU BS and the support of Belgium support the implementation of the JRLO Strategy; indicators aligned with JRLO Strategy |
| 2/2011 | D-22173 SBS Social Protection | Aligned with National Social Protection Strategy (NSPS) (based on EDPRS). | The indicators are taken from NSPS |
| 2013 | D-23259 Feeder Roads | Economic Development and Poverty Reduction Strategy (EDPRS2) and Vision 2020. | The Government of Rwanda aims to bring a motor-accessible road to within 2 km of all farms. The Rural Feeder Road Development Program (RFRDP) is an ambitious flagship program of the Government of Rwanda, in which four donor agencies - World Bank, USAID, EU, and the Netherlands - are coordinating to promote a major initiative to improve rural connectivity. |
| 12/2013 | D-24780 SBS Malnutrition | Support to Multi-sectoral Strategy to Eliminate Malnutrition (NSEM). | The programme supports Rwanda's alignment with Pillar 3 of the Comprehensive Africa Agriculture Development Programme (CAADP) - the African Union flagship program – which addresses agricultural transformation towards food- and nutrition security (FNS) in Africa. |
| 12/2014 | D-37416 GCCA (2) | Strategic Plan for Environment and Natural Resources. | The Environment and Natural Resources Strategic Plan (ENRSP) seeks to articulate the main priorities and strategies that will be undertaken by the ENR sector over the period 2009-2013, in order to contribute to the realization of the EDPRS goals. |
| 4/2016 | D-38107 SRC Energy | Economic Development and Poverty Reduction Strategy (EDPRS) II 2013-2018. Sustainable Energy for All (SE4All). National Energy Policy (NEP) revised 2015. Energy Sector Strategic Plan (ESSP) revised 2015. NST-1. | The SRC Energy supports the implementation of the Government's energy policy and strategy framework, thereby increasing the availability of sufficient, reliable and affordable energy supplies, promoting the rational and efficient use of energy and the establishment environmentally sound and sustainable systems of energy production, procurement, transportation, distribution and end-use. |
| 6/2016 | D-37486 SRC Agriculture | Economic Development and Poverty Reduction Strategy (EDPRS) II 2013-2018. National Agricultural Policy (NAP) which was translated in the operational plans (PSTA/PSTA 1) and (PSTA/PSTA 2); now it is PSTA 3 and 4. | The Action contributes to a structural change in Rwanda's agriculture sector from intensification to sustainable value creation and towards broad-based inclusive growth. The SRC tackles different sectors/subsectors and makes contributions to (a) the strengthening of public finance management (PFM) capacities in the agriculture sector, (b) an acceleration of fiscal decentralisation in the agricultural sector and (c) support to the government's efforts to es- |

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| | | | establish multi-sectoral accountability for the achievement of goals in cross-cutting domains (e.g. nutrition, Water-Sanitation-Hygiene (WaSH), sustainable use of land and water resources, value chain development) |
|--|--|--|---|

There were no accompanying measures provided in the Financing Agreement for the BS interventions financed during the period 2009-2011 (with the exception of small amounts for evaluation) and for intervention D-37416 (GCCA2). However, there existed the possibility to finance necessary measures through the TCF or EUD managed sources.

The complementary measures foreseen under BS interventions Feeder Roads, SRC Malnutrition, SRC Energy and SRC Agriculture are well aligned with the priorities and needs of the GoR. Technical Assistance is provided under indirect management that means that the National Authorizing Officer (MINECOFIN) plays a key role in the definition of the Terms of Reference and in contract adjudication. From interviews with GoR officials and EUD staff appears that the TA provided to different institutions under SCR Energy and Agriculture did not correspond fully to the needs and expectations of the individual concerned institutions.

Table 2: Correspondence of complementary measures with GoR priorities and needs

| Year of FA | budget support Operation | Complementary measures (as per FAs) ¹ | Correspondence to GoR priorities and needs |
|------------|--------------------------|--|---|
| 2012 | D-23259 Feeder Roads | € 4 M for technical assistance | <p>The complementary support was mainly provided for capacity building. ²The TORs were agreed between MINCOFIN represented by the NAO and EUD. As such it can be assumed that the TA was fully corresponding to GoR priorities and needs.</p> <ul style="list-style-type: none"> - Strengthening RTDA, MINAGRI and districts to support effectively feeder road rehabilitation and sustainable maintenance, through the establishment of a separate unit to manage the rural feeder roads. - Technical Assistance (TA) to prepare feeder road standards, rehabilitation and maintenance manual and procedures, and an appropriate monitoring framework. - Road inventory and condition assessment (RICA) of the seven districts and guidance for the elaboration of feeder road master plans in each of those districts. - Technical Assistance to establish an Induction and Continuing Education System for engineers involved in the feeder road sector and to provide training to the districts, RTDA and the private sector in rural road rehabilitation, project management and monitoring of cross-cutting issues. - Short term training on-the-job, day-today training of staff through skills transfer and practical demonstrations. |

¹ Please note that titles of complementary actions may have changed; furthermore, an amount assigned to complementary measures has often been split in several actions.

² TORs for Technical Assistance Services for Rural Feeder Roads, 2012.

| | | | |
|---------|-----------------------------|--|---|
| 12/2013 | D-24780 SBS Malnutrition | <ul style="list-style-type: none"> • Support to establishment of web-based multi-sectoral database to track progress against NSEM (Services). • Support to the introduction of regular country-wide height-for-age measurements of children aged 6-24 months. (Services+Supplies). • Support to establishment of model nutrition gardens in schools & vocational training centres (Services). • Support to improve the methodology for seasonal livestock assessments (Services). • Support to Comprehensive Food Security and Vulnerability Analysis & Nutrition Survey 2015 (Services). • Technical Assistance to support the Rwandan Government's efforts to improve the nutrition of mothers and children through innovative and cost-effective behaviour change approaches towards improved nutrition outcomes. | <p>The complementary measures are mostly related to the tracking/monitoring of achievements in implementation of the Multi-sectoral Strategy to Eliminate Malnutrition (NSEM).</p> <p>The support to the establishment of model nutrition gardens in schools and vocational training centres corresponds to national needs. (The Education Sector Strategic Plan 2010-2015 (ESSP) calls for All school improvement plans and school management and evaluation programmes to prioritise the promotion of nutrition along with health hygiene and sanitation services in schools.</p> <p>The TA for promoting behavioural change in order to improve nutrition of mothers and children was very relevant for achieving the objectives of this budget support.</p> |
| 4/2016 | D-38107 SRC Energy | <ul style="list-style-type: none"> • Capacity development for a number of key-institutions of the energy sector. (MININFRA, REG etc.) in order to enable the institutions to deliver their contributions to the successful implementation of the EESP and the NEP. • A budget is set-aside for larger important sector strategic studies. | <p>The TA needs -according to the FA- are identified by the GoR through the existing coordination platform and SWGs.</p> <p>The EU set beside an important budget for Studies/Short Term TA Funding for upcoming additional initiatives, which could not be identified at the moment of design of the BS intervention, but that might arise and be synergetic with the budget support programme (for example: geothermal exploration, hydropower feasibility studies) as well as studies far analytical work concerning the indicators of the programme.</p> |
| 6/2016 | D-37486 SRC Agriculture | <ul style="list-style-type: none"> • A TA component (long-term technical assistance and short-term expert pool) to enhance governmental policy-, strategic planning-, PFM- and monitoring and evaluation capacities in the sector; The TA is further expected to improve service delivery capacities in those (sub)-sectors. A total of 6 ministries (finance and economic planning, agriculture, health, local government, natural resources, trade and industry) and 10 sub-sector agencies/authorities were | <p>The technical assistance in general corresponds to the needs of the GoR. There were some challenges concerning the interpretation of the scope of the technical assistance to MINAGRI. As a result, almost the complete TA team had to be changed.</p> |

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|--|--|---|---|
| | | <p>identified as closely linked to the objectives of the Action.</p> <ul style="list-style-type: none"> Activities for sustainable food sector value chain development: <ul style="list-style-type: none"> - Strengthening of national food safety system - Support to horticultural high-value chains, SME and agribusiness development - Procurement of GIS/ remote sensing and ICT-based data supplies. | <p>Call for Proposals: for projects promoting the agricultural high value export chain, and the food security system. GoR plays a key role in selection of the projects to be financed. Contracts are not yet assigned.</p> <p>Supplies for the procurement of GIS/ remote sensing and ICT-based data supplies corresponds fully to the needs of benefited institutions.</p> <p>The Call for proposals and the supplies are done under indirect management – that means that the Republic of Rwanda will act as the contracting authority for the procurement and grant procedures.</p> <p>Interviews with both EUD staff and GoR officials confirm that GoR will not undertake any action which is not in line with its priorities.</p> |
| | | Support in the preparation of Rwanda's 3rd Agriculture Sector Investment Plan (ASIP-3). | <p>The specific objective of this support measure is to improve the impacts and outcomes of public spending on agriculture by the Rwandan government towards the achievement of the country's growth-, poverty reduction-, and economic transformation targets. The expected result would be a validated Agriculture Sector Investment Plan (ASIP-3) for the period 2018/19 - 2022/23 (direct grant FAO). However, the work slightly deviated from the initial design towards elaboration of PSTA4.</p> <p>Interviews with both EUD staff and GoR officials confirm that the complementary support provided corresponds to national priorities and needs.</p> |
| | | Support in establishing integrated agricultural household surveys and agricultural impact analysis. | <p>Direct grant WB</p> <p>Intervention corresponds to the need of the GoR to know the impact of its policy measures. Interviews with both EUD staff and GoR officials confirm that the complementary support corresponds to national priorities and needs.</p> |

As shown by the following Table 3, EU BS interventions were adapted to the evolution of GoR needs, priorities and policies.

Table 3: Adaptation of EU BS interventions to the evolution of GoR needs, priorities and policies

| Year of FA | budget support Operation | Adaption of BS operation | Comments/Explanations |
|------------|--|----------------------------|--|
| 3/2009 | D-21004 MDG contract GBS | Change in CPAF | Request of the GoR to adapt the CPAF to new national targets |
| 12/2009 | D-21572 Decentralised Agriculture | Change/increase of targets | Given that the GoR already achieved before time two targets related to performance indicators, the targets were adapted (based on a demand of MINCOFIN). |
| 12/2009 | D- 21623 Sector Budget Support for Agricultural Intensification | No adaption needed | The implementation period was of 22 months only. |
| 4/2010 | D-21553 GCCA (1) | No adaption needed | |

| | | | |
|---------|---|--|--|
| 4/2010 | D-21680 JRLO (Reconciliation, Law and Order SBS). | De-commitment of € 500,000. | MINCOFIN asked for de-commitment to used funds for other projects. ³ |
| 2/2011 | D-22173 SBS Social Protection | Targets are updated on a yearly basis as foreseen in the FA | |
| 2013 | D-23259 Feeder Roads | Reallocation of M€ 400,000 | Contingency funds were reallocated to cover additional costs of Technical Assis- tance |
| 12/2013 | D-24780 SBS Malnutrition | No adaption needed | |
| 12/2014 | D-37416 GCCA (2) | Adaption to tranche indica- tors/targets for variable tranche. | Formulation of indicators has been slightly changed to make them more measurable and to align them with the new LTR pro- gramme |
| 4/2016 | D-38107 SRC Energy | Unused funds under comple- mentary measures will be used for other activities. | The funds for important studies foreseen as complementary measure have not been used as GoR had lost interest in the studies or has received alternative sources for fi- nancing them. Thus, remaining funds will be used for financing other activities in the energy sector (formulation ongoing). |
| 6/2016 | D-37486 SRC Agriculture | There were 2 riders to the ad- dendum: they introduced <ul style="list-style-type: none"> • modifications and clarifi- cations of some Variable Tranche Indicators data and targets. • A modification of the cal- culation mode of Variable Tranches disbursements • An extension of the "End of Operational Implemen- tation period", the "End of Execution period", and the "Final Date for Con- tracting". • A reallocation of funds between budget lines to accommodate a request by the government of Rwanda to provide sup- port for their National Quality Infrastructures. <p>Unused funds under comple- mentary measures (TA) will be used together with other funds for other activities.</p> | The formulation of the intervention is on- going |

According to interviews undertaken with GoR officials and EUD staff, it exists no formal planning tool for technical assistance, however, the EUD has elaborated a table with interventions of DPs in the agricultural sector, USAID is actually elaborating a similar tool for the energy sector. Coordination of technical assistance is mainly done in SWGs.

In sum, the budget support operations' objectives were in line with evolving GoR priorities and policies (including sector policies) and were aligned with the evolving GoR priorities.

³ MINECOFIN, request 14.4.2013.

INDICATOR 1.1.2

| JC.1.1. | The focus and design of budget support operations responded to the evolving GoR priorities and country context | |
|----------------|--|---|
| I.1.1.2 | Quality (ownership, coverage, measurability and distribution of fixed and variable tranches) of budget support performance assessment frameworks (PAFs). | <ul style="list-style-type: none"> • Degree (%) to which indicators mentioned in budget support performance assessment frameworks are based on national policies. • Degree to which indicators are measurable and have a relevant coverage. • Distribution of fixed and variable tranches is in line with the EU guidelines for budget support. • Relation between process and output/outcome indicators is in line with country context and with EU guidelines for budget support. |

Rwanda demonstrates a strong leadership in the coordination of development aid, and therefore a strong ownership. Consequently, all development cooperation is in line with GoR priorities and policies. EU budget support programmes are discussed and agreed with MINECOFIN and the sector institutions.

Analysis of the Financial Agreements and interviews with EUD and Government of Rwanda officials suggest that quality of budget support performance assessment frameworks (PAF) is high. All interviewees agree that PAFs are the result of an intensive discussion and negotiation process between EUD and GoR officials. EUD staff confirmed that indicators and method of demonstrating achievement of indicators are explained in detail during the programme formulation process. However, there is a frequent staff turnover and not all officials read the documents in detail and are aware of how to measure them with adequate resources and time. MINECOFIN confirmed that performance indicators are good in nature and are pushing the GoR to deliver results.

Table 4: Degree to which indicators mentioned in budget support performance assessment frameworks are based on national policies

| | Indicators aligned with |
|---|---|
| D-21004 MDG | EDPRS: Indicators have been selected on a consultative process with GoR and budget support donors. Achievements are discussed in Joint Budget Support Reviews and targets for variable tranches related to next disbursements are fixed. |
| D-21572 Decentralised agriculture | Indicators have been extracted from PSTA2; they focus especially on decentralization and have been agreed with MINCOFIN. |
| D-21623 Agricultural Intensification | No variable tranche indicators. The programme is monitored against EDPRS from which a smaller Common Performance Assessment Framework (CPAF) matrix has been extracted. |
| D-21553 GCCA | The variable tranche will be disbursed following an assessment of one single performance indicator, "the number of plots of land which have been demarcated and adjudicated". The indicator is aligned with the Strategic Road Map for Land Tenure Reform. |
| D-21680 JRLO | The performance indicators underlying the disbursement of the variable tranche are developed from the JLRO Strategy. |
| D-22173 Social Protection | Three indicators extracted from the Social Protection strategy are identified as representative of progress made and of GoR investment in the Social Protection sector. |
| D-23259 Feeder Roads | FA and TAPs are missing (information will be completed). |
| D-24780 Nutrition | All indicators have been drawn or adapted from the National Multi-sectoral Strategy to Eliminate Malnutrition in Rwanda (NSEM) and correspond to its Specific Objectives N° 1 (Reduce malnutrition in children aged 6-59 months), N°2 (Reach 80 % of the population with effective mechanisms that prevent under nutrition through community-based nutrition interventions) and N° 3 (Reduce micronutrient deficiencies by 40 % among children aged under five years and pregnant and lactating mothers). |
| D-37416 GCCA | Indicators N° 1, 2, 3 and 4 have been drawn and adapted from the 5-Year Strategic Plan for the Environment and Natural Resources (ENR) Sector 2013-2018 but are |

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| | also part of the Monitoring and Evaluation Framework of the Land Sub-sector Strategic Plan 2013/14 – 2017/18 whereas Indicator N° 5 is exclusively mentioned in the aforementioned 5-years strategic plan for the ENR sector. |
| D-39107 SRC Energy | Performance indicators were taken from the strategic plan (ESSP). Even if the indicators were overambitious, they were used. However, with the definition of targets related to indicators EUD was more cautious, i.e. the official targets for off and on grid electricity were too ambitious. In other cases, the targets of the GoR were used, but the achievement was delayed for 2 years. In general, the policy targets are overambitious. |
| D-37486 SRC Agriculture and Nutrition | Targets for EU BS are flexible, reasonable and below national targets (PSTA 2). Negotiation for targets is done with the participation of MINECOFIN, NECDP (Ministry of Health), NISR and MINAGRI. |

The Financial Agreement for each budget support intervention defines a number of result indicators in its PAF. Result indicators are taken from the national policies. In the Financing Agreement for each indicator it is clearly indicated which targets should be achieved as well as the institution responsible for collecting the data and reporting. The method of calculation and the interpretation of result indicators are defined as well. The indicators can be process, policy, output, or outcome indicators. The EU provided additional support (in the form of complementary measures) to improve monitoring and evaluation, and statistics; and financed specific studies to support policy formulation. Interviews with EUD staff and government officials undertaken during the field mission suggest that targets defined in national policies are often ambitious; as PAF targets are aligned with national targets those are ambitious as well and are occasionally difficult to achieve within the foreseen time framework. However, other GoR officials (from sectors benefitting from SRCs) indicate that budget support indicators are flexible, reasonable and often below national targets. EUD staff often successfully advised GoR to lower the targets for the disbursement indicators as compared with the targets in the national plans.

Table 5: Degree to which (variable) indicators are measurable and have a relevant coverage

| | Indicators | Comments |
|--------------------------------------|--|--|
| D-21004 MDG | The PAF indicators are used. | |
| D-21572 Decentralized agriculture | <ol style="list-style-type: none"> 1) % of districts submitting a strategic issue paper. 2) % of districts submitting a performance report. 3) Area of arable land sustainably managed against soil erosion. 4) Production of food security crops. <p>After addendum:</p> <ul style="list-style-type: none"> • P2) Standards for Imihigo reporting harmonized with MINAGRI's revised M&E framework for the 3rd Plan for Strategic Plan for the Transformation of Agriculture in Rwanda (PSTA-3). • P3) Integration of performance-based criteria for the earmarked agricultural grant transfer to districts: Grant-allocation-formula for Districts with performance-based criteria approved by MINAGRI. • P4) Decentralised service delivery in the agricultural sector: Specific guidelines issued for • Provincial-, district- and sector-level functions. • A1) Area of cultivable land protected against soil erosion. | <p>Indicators relevant, clear and calculation is well explained, however there were difficulties related to the indicator 3) – as methodology used and quality of control of soil erosion was not in line with the expectations of EUD.⁴</p> <p>According to interviews with GoR officials there exist sometimes challenges to demonstrate achievement of indicator targets as district government are not reporting all in the correct format.</p> |

⁴ Disbursement Note dd-16.12.14.

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| | <ul style="list-style-type: none"> • A2) Proportion of households in each Umudugudu with an Akarima k'Igikoni (Kitchen Garden) practice. • A4) Accessibility and quality of data for GoR decision making in the areas of food security and sustainable agricultural development: "Quality Stamp" attached to Rwanda's dataset by the FAO Statistics Division. | |
| D-21623 Agricultural Intensification | No indicators for variable tranches. Release of tranches based on satisfactory progress in the sector policy, which is assessed on the basis of the conclusions of the Annual Joint Agricultural Sector Review. Specific attention is paid to progresses in the two following areas: fertilizer imports and production of key food security crops | |
| D-21553 GCCA | Number of plots demarcated and adjudicated | Indicator is relevant and measurable. |
| D-21680 JRLO | <ul style="list-style-type: none"> • Percentage of reported corruption cases processed by the Prosecution. • Total increase in number of cases processed by the courts in civil, penal (excl. genocide), and commercial cases. • Increase in number of cases submitted by the National Prosecution Authority to the courts • Reduction in average time minors stay in prison before trial. • Processing of remaining genocide cases: Gacaca. • Percentage of prisoners relative to actual jail capacity. • Cost of enforcing commercial contracts reduced. • Yearly monitoring reports from RNP, NPPA, Judiciary, Rwanda Prison Services and TIG, and reports of Ombudsman and NHRC are available. • Processing of remaining genocide cases: classical courts. • Percentage of genocide convicts (condemned to TIG) executing or having executed their TIG. • Agreement on a framework of collaboration between relevant state and non-state actors relative to activity 3.5 of the JRLO strategy (monitoring activities). • JRLO Public Expenditure Review. • Development JRLO perception survey. • JRLO M&E mechanisms are put in place. | Indicators are relevant and appear to be measurable; however, if data are not usually and systematically collected, they involve an important workload for the institutions reporting. |
| D-22173 Social Protec- tion | <ul style="list-style-type: none"> • Percentage of eligible households granted public works in VUP sectors. • Percentage of eligible households granted direct support in VUP sectors. <p>An additional indicator was added by addendum 1:</p> <ul style="list-style-type: none"> • Number of communities implementing priority projects (Ubudehe). | Indicators were relevant and measurable. |
| D-23259 Feeder Roads | Km of RFR rehabilitated according to standards Km of RFR maintained according to procedures | Indicators were relevant and measurable. |
| D-24780 Nutrition | <ul style="list-style-type: none"> • Prevalence of stunting among children aged 6-59 months (weight: 15%) • Prevalence of anaemia among children aged 6-59 months (weight: 10%) • Coverage of iron / folate supplementation during pregnancy (weight: 10%) | Indicators were relevant. However, surveys are not undertaken every year. There were some challenges with the quality of the annual progress reports. MINAGRI has asked the EUD to provide support for the review and improvement of the annual livestock |

| | | |
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| | <ul style="list-style-type: none"> • Coverage of vitamin A supplementation in children aged 6-59 months (weight: 15%) • Coverage of “height-for-age” measurements of children aged 6-24 months (weight: 15%) • % of households with acceptable Food Consumption Score (weight: 10%) • Proportion of livestock protein production in total of recommended “safe” protein consumption (in %); (weight: 10%). | survey and the review of current approaches for nutrition-sensitive livestock sector interventions. |
| D-37416 GCCA | <ul style="list-style-type: none"> • Number of clients is accessing the Land Administration and Information System (LAIS) through mobile application. • Number of staff employed at district and sector level in ... who have received training in at least 3 land administration modules. • Number of district officials using land surveying tablet or computer to update spatial data (GIS) in the LAIS. • Cumulative number of post Land Tenure Registration (LTR) transactions formally registered in the LAIS. | The indicators are practical; it was however necessary to change % to numbers in order to facilitate reporting. |
| D-39107 SRC Energy | <ul style="list-style-type: none"> • On-grid electricity access. • Off-grid electricity access. • Cooking stove efficiency. • Energy efficiency of the sector. • Share of generated electricity from renewable sources in the energy mix. • Sustainable biomass energy. • Sustainable Forestry. • Private Sector participation in supply of energy solutions. • Capacity Development. • Transparency. | Indicators have variable annual targets, implying that each indicator has one, two or three different annual targets for the in total six variable tranches. Some indicators were not or hardly under control of MININFRA, like the off-grid energy access, the sustainable biomass energy and forestry, the use of efficient cook stoves, and the increased use of renewable energy. See JC 7.1 and 7.5 for more analysis of these indicators. |
| D-37486 SRC Agriculture and Food | <p>The Programme has 8 focal areas each with different indicators for each year under implementation. During the first period the indicators of the programme focus on the design and implementation of the baseline surveys, i.e.</p> <ul style="list-style-type: none"> • Pilot to test nutrition-sensitive social transfer schemes fully ready for implementation in FY 2016/2017. • Status of Upgrade Agriculture Survey (modular, multi-year) • Percentage of agricultural households using irrigation systems compared to all agricultural Households. • Area under agro-forestry. • Status of 150 SACCOs. • N° of people employed in export- oriented agricultural value chains. • Assessment of public expenditures and Public Financial Management (PFM) capacities in the agriculture sector and adjacent (sub-) sectors (land, forestry, water, nutrition, SMEs). | Indicators have variable annual targets. Indicators and targets are relevant. The indicator related to the status of SACCOs (150 SACCOs automated) was not reached. The indicator related to the number of people employed in agro-processing industries was not measurable. For several other indicators, MINAGRI did not allocate sufficient resources for measuring them. The indicator on agroforestry was under control of another agency, not MINAGRI. |

Interpretation of indicators and how to measure/calculate them is clearly indicated in the Financial Agreements. EUD staff informed that specific workshops are organized in order to explain indicators

and how to measure them. Nevertheless, occasionally stakeholders faced some difficulties in correctly reporting achievement of results. In several cases, MINAGRI did not allocate sufficient attention and resources for measuring the indicators. Difficulties were related to lack of data or challenges in the transmission of data from the field level. For example, Ministry of Agriculture reports activities executed (hectares under reforestation) and does not take into account the survival rate of trees. Another challenge is that EUD cannot use administrative data to verify Budget Support Indicators, they need to get precise information from the field (i.e. GPS data) demonstrating where interventions have been realized.

National authorities indicated that the EU conducts the assessment of qualitative and quantitative result indicators itself, while other agencies, such as WB and AfDB, have the verification done by independent agents. At times, the appreciations of the EU were not in line with the reality as perceived by GoR.⁵

Distribution of fixed and variable tranches is in most cases in line with the EU guidelines for budget support.⁶ In fact, with most of the budget support programmes the variable tranches correspond to between 30% and 50% of funds provided as budget support; only in the case of the Agricultural Intensification Programme the total budget support was provided as a fixed tranche. Table 6 indicates the % of funds provided as variable tranches.

Table 6: Fixed and variable tranches in EU budget support contracts

| | Total M € | Fixed tranche M € | Variable Tranche M € | Variable tranche in % | Comments/ basis of distribution of tranches |
|---|-----------|-------------------|----------------------|-----------------------|---|
| D-21004 MDG | 175 | 122.5 | 52.5 | 30 | Gradual scaling up of tranches in line with increase absorption capacity. |
| D-21572 Decentralised agriculture | 19.8 | 12.8 | 7 | 35.35 | Distribution criteria not explained. The BS intervention profile will help the GoR to increase earmarked agricultural transfers to districts. |
| D-21623 Agricultural Intensification | 15.5 | 15.5 | 0 | 0 | Only 2 fix tranches and very short implementation period in order to give a quick response to the food price crisis. |
| D-21553 GCCA | 4.555 | 2.3 | 2.255 | 49.5 | No details on criteria for distribution, however the programme implementation period is very short. |
| D-21680 JRLO | 12 | 8 | 4 | 33.33 | Distribution criteria not explained. |
| D-22173 Social Protection | 20 | 13 | 7 | 35 | Distribution criteria not explained. |
| D-23259 Feeder Roads | 36 | n.a. | n.a. | n.a. | |
| D-24780 Nutrition | 28 | 16 | 12 | 42.8 | The rationale for the indicative disbursement profile follows 4 considerations: (1) equal size of annual budget support disbursements. (2) size of the Variable Tranche >40% of the Budget Support funds. |

⁵ Interviews with government officers of different ministries.

⁶ BS Guidelines 2017 indicate no clear rules regarding the appropriate share of fixed and variable tranches. They indicate that a balance needs to be struck between creating incentives and avoiding excessive unpredictability or volatility in disbursements. As starting point they recommend a fixed component of 60% and a variable component of 40%. However, the possibility of 100% fixed or 100% variable contracts remains open.

| | | | | | |
|---|-----|-----|-----|------|---|
| | | | | | (3) increase of the Variable Tranche with the availability of output data in 2014/15 and outcome and impact data in 2015/16; and (4) Complementary measures are implemented as soon as possible to ensure their repercussion on the performance targets. |
| D-37416 GCCA | 3.9 | 2 | 1.9 | 48.7 | (1) Similar size of annual budget support disbursements. (2) Size of the Variable Tranche >40% of the Budget Support funds and <50% of the projected total government expenditures required in these years to sustain land administration capacities at sub-national level; |
| D-39107 SRC Energy | 156 | 104 | 52 | 33.3 | The amount allocated for budget support is frontloaded (higher disbursements during the first years). The relatively high percentage of disbursements during the first year is related to the GoR need for investments in the sector. |
| D-37486 SRC Agriculture and Food | 203 | 105 | 97 | 47.8 | The disbursement profile foresees a belly curve for the total annual disbursements, allocating higher amounts to the years which have both fixed and variable tranches. A lower total allocation in the last year is meant to mitigate the financial sustainability risk after the end of the present Action. |

For Programme D-21623 Agricultural Intensification no variable tranches were foreseen. Precondition for the disbursement of the fixed tranches was only a satisfactory progress in the implementation of the sector policy. The assessment was done on the basis of the conclusions of the Annual Joint Agricultural Sector Review.

In the case of SCR Energy fixed tranches are frontloaded and their volume reduces over time; variable tranches are paid from year 2 onward. This solution was based on a request of the Government of Rwanda to cover initial investment costs in the sector.

Table 7: Distribution of fixed and variable tranches per year

| Programme / Year | | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | Total M€ | |
|---|------------------|---|---------|---------|---------|---------|---------|---------|---------|----------|--------------|
| D-21004 MDG (no complete FA available) | Fixed tranche | 70% - No detailed information available | | | | | | | | 122.5 | 175 |
| | variable tranche | 30% - No detailed information available | | | | | | | | 52.5 | |
| D-21553 GCCA (1) Environment and Natural Resources | fixed tranche | | 2.3 | | | | | | | 2.3 | 4.555 |
| | variable tranche | | | 2.255 | | | | | | 2.255 | |
| D-21572 | fixed tranche | 4 | 5 | 3 | 2.6 | 3 | 2 | 1 | | 20.6 | 39.6 |

| | | | | | | | | | | | |
|--------------------------------------|------------------|-----|-----|-----|-----|----|---|-----|----|------|----------------|
| Decentralised Agriculture | variable tranche | 0 | 0 | 3.5 | 3.5 | 3 | 4 | 5 | | 19 | |
| D-21623 Agricultural Intensification | fixed tranche | 7.8 | 7.7 | | | | | | | 15.5 | 15.5 |
| | variable tranche | | | | | | | | | 0 | |
| D-21680 SBS for the JRLO Sector | fixed tranche | 3 | 3 | 1 | 1 | | | | | 8 | 12 |
| | variable tranche | | | 2 | 2 | | | | | 4 | |
| D-22173 SBS Social Protection | fixed tranche | | | 4 | 3 | 3 | 3 | | | 13 | 20 |
| | variable tranche | | | | 2 | 3 | 2 | | | 7 | |
| D-23259 Feeder Roads | Fixed tranche | | | | | | | | | 24 | 36 |
| | Variable tranche | | | | | 6 | 8 | 12 | 10 | 12 | |
| D-24780 SBS Nutrition | fixed tranche | | | | | 10 | 6 | | | 16 | 28 |
| | variable tranche | | | | | | 4 | 8 | | 12 | |
| D-37416 GCCA (2) | fixed tranche | | | | | | 2 | | | | 4 ⁷ |
| | variable tranche | | | | | | | 1.9 | | | |

Source: Financing Agreements and Addenda to Financial Agreements

Table 8: Distribution of fixed and variable tranches per year in the two on-going SRCs

| Programme / Year | | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2021/22 | Total M€ | |
|---------------------------------------|------------------|---------|---------|---------|---------|---------|---------|----------|-----|
| D-37486 Agriculture and Nutrition SRC | Fixed tranche | 20 | 25 | 15 | 15 | 10 | 0 | 105 | 202 |
| | Variable tranche | 0 | 0 | 20 | 25 | 25 | 27 | 97 | |
| D-38107 Energy SRC | Fixed tranche | 26 | 26 | 22 | 20 | 5 | 5 | 104 | 156 |
| | Variable tranche | 6 | 6 | 10 | 10 | 10 | 10 | 52 | |

Source: Financing Agreements and Addenda to Financial Agreements

In summary, the design of budget support interventions was good, and ownership of performance indicators was generally high. But sometimes there was an issue with measurability, and some targets were too ambitious. EU guidelines for budget support were respected.

INDICATOR 1.1.3

| JC.1.1. The focus and design of budget support operations responded to the evolving GoR priorities and country context | | |
|--|---|--|
| I.1.1.3 | Degree of adjustment of all budget support inputs and PAF to the evolutions in the country political, | <ul style="list-style-type: none"> Existence of addenda to budget support operations which permit adjustments to changed context. Degree to which complementary measures including TA, studies, and audit, evaluation and communication activities are adjusted to evolving context. |

⁷ Including M€ 0.1 visibility.

| | |
|------------------------------|--|
| economic and social context. | <ul style="list-style-type: none"> • Degree to which EU complementary projects are launched in response to evolving needs. • Changes in performance indicators, and reasons for changes. |
|------------------------------|--|

Most programmes financed as budget support received several addenda over their lifetime (see Table 9). Most frequent aspects tackled in addenda are related to an extension of the lifetime of the project, redefinition of the disbursement calendar and redefinition of indicators. In 2018, the GoR has requested amendments to the Financing Agreements of the on-going Sector Reform Contracts (SRC) in the agriculture and energy sectors. The amendment for the energy SRC mainly relates to an adjustment of the implementation modalities for the complementary measures, a revision of the methodology for calculating the variable tranche payment, the modification of some indicators not relevant anymore and an update of the targets for the indicators of the variable tranches. Amendments to the agriculture SRC mainly relate to extend the periods of contracting, implementation and execution of the Financing Agreement as well as a revision of the methodology for calculating the variable tranche payment, the modification of some indicators and an update of the targets for the indicators of the variable tranches.

Interviews with EUD staff and government officials undertaken during field visits confirm that the EU showed a high level of flexibility to adjust budget support inputs and PAF to the needs of GoR.

Table 9: Changes introduced by Addenda

| | |
|--|--|
| D-21004 MDG | Administrative Addendum: Defining the payment agent. Addendum 1: Defining the Exchange rate. Addendum 2: Common Performance Assessment Framework is changed. Addendum 3: Common Performance Assessment Framework is changed. |
| D-21572 Decentralized Agriculture | Several amendments Revision of the programme costs: <ul style="list-style-type: none"> - Total costs of the programme: from € 20,000,000 to € 40,000,000, extension by 3 years as well. - Budget support € 39,600,000. - Complementary support € 400,000 Execution period of the financing agreement shall commence with the signature of the financial agreement and end 92 months after this date. Significant changes in objectives, results and activities. |
| D 21623 Agriculture Intensification | No addenda |
| D-21553 GCCA (1) | No addenda |
| D-21680 JRLO | Addendum: <ul style="list-style-type: none"> • Increase of funding. • Additional donors (now) Belgium and the Netherlands. 2 paragraphs added related to “joint review”. |
| D-22173 SBS Social Protection | Addendum 1: changes in disbursement arrangements for variable tranches. |
| D-23259 Feeder Roads | Small budget reallocation (M€ 0.4) in order to increase funds for Technical Assistance. |
| D-24780 Nutrition | Addendum 1: Extension of timeline. Adjustment of indicators (formulation/ calculation method for the denominators). Addendum 2: Extension of implementation period. Adjustment of provision for TA. Adjustment of disbursement provision. |
| D-37416 GCCA (2) | Addendum: change in indicators corresponding to the variable tranche(s). |
| D-38107 Energy SRC | Addendum 1: Correction of Final Date of Implementation FDI. Addendum 2: |

| | |
|------------------------------------|--|
| | 2016 /375-269 Adjustment of several indicators of the variable tranches, and adjustment of the implementation modalities of the accompanying measures Correction of End date of Activities, the End Date of Activities must be earlier than the Final Date of Implementation of the Decision. |
| D-37486 Agriculture SRC | Addendum 1: Change of the exchange rate. Increase of the budget by M€ 4.045 Addendum 2: Modification of variable tranche indicators, targets. <ul style="list-style-type: none"> • Modification of variable tranche calculation. • Extension of operational implementation period from 72 to 96 months. • Extension of the execution period from 96 to 120 months. • Extension of the contracting period from 36 to 48 months. • Reallocation of funds between budget lines. |

EU showed flexibility in adapting the complementary measures to changing needs of the GoR.

Examples:

- D-23259 Feeder Roads: Increase/reallocation of funds to increase the contract for technical assistance.
- D-38107 Energy SRC: reallocation of funds foreseen for complementary measures (technical assistance) for financing other activities prioritised by the GoR; according to information received from EUD part of the available funds will be used to provide support to schools which are off grid (provision of solar systems). Furthermore a “clean cooking Programme” is under formulation (using unused funds from complementary measures “feasibility and other studies”).
- D-37486 Agriculture SRC reallocation of funds between budget lines to accommodate a request by the government of Rwanda to provide support for their National Quality Infrastructures.
- D-24780 Nutrition: The Complementary measure were extended when GoR asked for it.

INDICATOR 1.1.4

| | | |
|----------------|--|---|
| JC.1.1. | The focus and design of budget support operations responded to the evolving GoR priorities and country context | |
| I.1.1.4 | Existence of risk assessments (analysis of key contextual changes likely to affect effectiveness and efficiency of budget support documented and their implications), quality of these risk assessments and use to mitigate risks. | <ul style="list-style-type: none"> • Number and quality of risk assessments made by the EUD • Extent of use to mitigate risk. |

The EUD prepares comprehensive and detailed “Country risk profiles” risk assessment covering political risks (human rights, democracy, rule of law, insecurity and conflict), macroeconomic risks, and development risks (policies, government effectiveness, public finance management, corruption and fraud). These risk assessments are updated whenever necessary (at least annually).⁸ Risk assessments are elaborated/updated by the EUD during the programme preparation and are included in the Action Documents.⁹ Risk assessments are revised/updated at the moment of each tranche assessment. Elements of risk assessments are used in policy dialogue and in communications with EU HQ.

Risk assessments indicate major risks and possible negative consequences, mitigation measures, progress achieved in implementation of mitigation measures and variations in the risk situation since the last risk assessment. Further to the so-called “risk register” there exists a “risk management questionnaire”. More than 40 specific questions have to be answered by the EUD officials. Answers are open

⁸ As Country risk profiles are considered as highly sensitive, the evaluation team had access to the documents for 2017 and 2018 in the EUD only; furthermore, in the documentation made available to evaluators a complete risk profile of 9/2014 was included.

⁹ Source: Action documents. Action Documents are the first proposal for a new programme prepared by EU officials.

and clear and as such are covering aspects which may affect the implementation of the programmes (i.e. the risk assessments monitor the risk/limitations which hinder civil society and media in exercising their role in pluralism, oversight and accountability; or the risk that the country deviates from core international commitments).

INDICATOR 1.1.5

| JC.1.1. | The focus and design of budget support operations responded to the evolving GoR priorities and country context | |
|---------|--|---|
| I.1.1.5 | CSO, Private Sector and farmer organisations evolving needs are taken into account in the design (incl. later adjustments) of budget support operations. | <ul style="list-style-type: none"> • Degree to which interests of CSO, PS and farmers organizations are included in the financial proposals, financial decisions and TAPs. • Participation of civil society and private sector organizations in design of budget support operations • Mechanisms to collect/identify evolution of needs of CSO PS FO in place. |

Analysis of FAs gives some evidence that private sector and farmers' organization needs have been taken more and more into account and/or directly mentioned in the Financial Agreements of budget support operations (see Table 10). EUD gives specific attention to this aspect in policy dialogue.¹⁰ However, the achievements are incipient and there is a need to further strengthen participation of the private sector and civil society. The interventions financed are all supporting the implementation of the national EDPRS 1, 2 and other policy documents and strategies developed in this context.

Analysis of policy documents confirms that CSO, citizens, farmers and private sector organizations, have been consulted during the elaboration of the policy documents. Furthermore, the EUD has undertaken specific consultations during the elaboration of the NIPs for the 10th and 11th EDF.

Table 10: Consideration of CSO, Private and Farmers' Organisations needs in budget support interventions

| Programme | CSO, Private and Farmers Organizations mentioned in the Financing Agreements (objectives, results and activities) | Context Analysis – extent to which the needs of CSO and PFOs needs have been taken into consideration |
|--------------------------------------|--|---|
| D-21004 MDG | <ul style="list-style-type: none"> • Not directly benefitting farmers organizations and private sector | Supports EDPRS 1 (through GBS). As such it supports the 2 flagship programmes: (1) Sustainable Growth for Jobs and Exports, (high quality public investment programme aimed at systematically reducing the operational costs of business, increase the capacity to innovate, and widen and deepen the financial sector. (2) Vision 2020 Umurenge (Vision 2020 Umurenge is a highly decentralised integrated rural development programme designed to accelerate extreme poverty reduction in Rwanda). |
| D-21572 Decentralized Agriculture | <ul style="list-style-type: none"> • Support to professionalization of producers and promotion of commodity chains and the development of agribusiness is part of the objectives of the budget support. No information on whether the support provided corresponds to farmers' needs. | The intervention supports PSTA 2 (based on EDPRS1). The overriding policy objective for the sector is for rural household incomes to be increased in a sustainable manner and for the sources of income to be diversified while, at the same time, food security is to be strengthened. |

¹⁰ The inclusion of farmers Organizations (i.e.Imbaraga) in the consultation process of PSTA4 and ASWG, was a result of EU-MINAGRI policy dialogue. (Source: interviews with EUD).

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| D 21623 SBS Agriculture Intensification | <ul style="list-style-type: none"> On-farm training of farmer's representatives from various regions of the country. Private sector distribution system for fertilizers. | Needs of the private sector and farmers associations have been taken into consideration in the CPAF. |
| GCCA (1) D-21553 | <ul style="list-style-type: none"> Not tackling the private sector. | <p>Rwanda is the most densely populated country in Africa with a population density of over 350 inhabitants per square kilometre. High population density results in excessive pressure on land resources and has resulted in land fragmentation with average land size of 0.8 ha.</p> <p>The intervention supports the implementation of the Strategic Road Map for Land Tenure Reform that was developed based on extensive field consultations and numerous consultations within and between principal stakeholders, and following the orientation of the national comprehensive land policy that was elaborated in 2004.</p> <p>Land regulation corresponds directly to the needs of the farmers and farmers' organizations, as well as to needs of the private sector (as it is a precondition for doing investments or receiving financing).</p> |
| D-21680 SBS JRLO | <ul style="list-style-type: none"> Not tackling directly, the private sector. | The intervention supports the JRLO Strategy, which has the overall objective strengthen the rule of law to promote good governance and a culture of peace. The universal access to quality justice, rule of law, accountability safety, law and order correspond directly to the needs of the CSO, Private and Farmers' Organizations as they are a precondition for whatever progress in development. |
| D-22173 SBS Social Protection | <ul style="list-style-type: none"> Not tackling the private sector. | <p>Needs of rural population (especially the most vulnerable segments of the population have been taken into consideration).</p> <p>One of the indicators is: <i>Percentage of eligible households granted public works in sectors of the Vision 2020 Umurenge Programme (VUP)</i>¹¹ sectors.</p> |
| D-23259 Feeder Roads | <ul style="list-style-type: none"> Not directed directly towards the private sector (indirectly farmers and farmers associations are benefitting from a better road system). | Construction, rehabilitation and feeder roads are crucial for the development of the agricultural sector and the access of the population to basic services. |
| D-24780 SBS Nutrition | <ul style="list-style-type: none"> Not tackling the private sector. | <ul style="list-style-type: none"> Main challenges towards poverty reduction, food and nutrition security are indicated (especially at rural level). Only scarcely documented evidence about the consultation processes with civil society and local administrations to inform the sectoral- and multi-sectoral strategic and annual planning and performance review. It is envisaged to support increasingly the creation of associations for the poorest and landless. |

¹¹ The Vision 2020 Umurenge Programme is one of the 3 EDPRS flagship programmes and is aimed at eradicating extreme poverty by 2020. Vision 2020 is the title of Rwanda's long-term development strategy, while Umurenge is the Kinyarwanda word for sector, the lowest administrative unit in Rwanda's decentralisation structure. The title captures the intention of realising Vision 2020 goals in some of the poorest sectors in Rwanda within a short time span by concentrating efforts. The programme has three components: (1) public works to build community assets and create off-farm employment; (2) credit packages to tackle extreme poverty as well as to foster entrepreneurship and off-farm employment opportunities; and (3) direct support to improve access to social services or to provide for landless households with no members qualifying for public works or credit packages. The Social Protection Strategy rests heavily on the VUP programme but complements it in a number of important areas.

| | | |
|--|---|--|
| D-37416 GCCA (2) | <ul style="list-style-type: none"> • Not targeted directly towards the private sector (indirectly farmers benefit from land titling). | <p>The programme pretends to contribute to improvement of environment for sustainable investments in land through increased capacities at central and local government level for land administration and land use planning & monitoring.</p> <p>Especially the existence of a formal land registration system is crucial for the private sector and farmers cooperatives.</p> |
| D-37486 Agriculture SRC | <ul style="list-style-type: none"> • There is one indicator related to community-based Agriculture and Health workers. • Establishment of SACCO Bank (cooperative bank) <p>Complementary measures:</p> <ul style="list-style-type: none"> • sustainable value chain development. • support to horticulture/agricultural high value chains, SME- and agribusiness development. | <p>The needs of the private sector and farmers cooperatives has been taken into consideration. The intervention supports the implementation of PSTA 4 which is the Strategic Plan for the Agricultural Sector under Rwanda's EDPRS 3, covering the period 2018-2024. During formulation of PSTA4 various stakeholder consultations were held, including with private sector, farmer organizations and women groups, to get feedback and suggestion and to maximize the involvement of all stakeholders. Some of the strategic innovations of PSTA 4 include: strengthened focus on better land management, shift towards market orientation and farm profitability, strengthened private sector service delivery and investment, push for domestic market recapturing and high-value exports in value chains where Rwanda is naturally competitive, enhanced focus on diversified animal resources (e.g. fisheries, poultry, pork), and more emphasis and investment in research and skills development. In addition, PSTA 4 will prioritize food security and poverty reduction and will pay increased attention to ensuring that agricultural production is nutrition sensitive, sustainable, and resilient.</p> |
| D-38107 Energy SRC | <ul style="list-style-type: none"> • Aligned with National Electrification Policy which aims at private sector growth (as indicated in EDPRS2). • Indicator 8: private sector participation in supply of energy solutions | <p>The national policy framework is ensuring the availability of sufficient, reliable and affordable energy supplies for all Rwandans by the provision of on-grid and off-grid energy. As such it corresponds to farmers and farmers' associations' needs.</p> <p>The national policy framework foresees a direct involvement of the private sector in supply of energy solutions.</p> |

Examples of private sector or farmers mentioned in the indicators:

- D-21572 (Decentralized Agriculture) has as an indicator the satisfactory progress of implementation of PSTA 2 (Strategic Plan for the Transformation of Agriculture); which has among its objectives the promotion of cooperatives, the transformation of farmers associations to cooperatives and the training of farmers. PSTA 2 is also promoting the private sector (business and entrepreneurship development and market access).
- D-37486 Agriculture SRC has one Complementary Measure (Support to horticultural/agricultural High-value chains, SME and agribusiness development) that is directly benefitting the private sector and farmers organizations.
- MDG contract General Budget Support (D 021-004): From the addendum Feb.2010 it arises that there were indicators related to the index of business environment, amount of credit to the private sector (% of GDP); and proportion of arable land sustainably managed against soil erosion.
- Furthermore, contracts under the CSO-LA (Civil Society Organisations and Local Actors) call for proposals targeted issues that complemented BS interventions.

All in all, CSO, Private Sector and farmers organizations have been increasingly taken into account with sector policy formulation; recent SRCs address the private sector and SME-agrobusiness development through specific indicators and/or accompanying measures.

STRENGTH OF EVIDENCE: STRONG

Table 11: Overview of types of evidence for JC 1.1

| Evaluation Question (EQ) with its Judgment criterion (JC) and indicators (I) | Documents | Interviews | | | |
|--|--|------------|---|---|------------------------|
| | EU Documents | GoR | EU services (Delegation and Headquarters) | Government of Rwanda (at central level) | CSO and private sector |
| JC 1.1. | The focus and design of budget support operations responded to the evolving GoR priorities and country context | | | | |
| I.1.1.1 Degree of alignment of budget support operations' objectives with evolving GoR priorities and policies | X | X | X | X | |
| I.1.1.2. Quality (ownership, coverage, measurability and distribution of fixed and variable tranches) of budget support performance assessment frameworks. | X | | X | X | |
| I.1.1.3. Degree of adjustment of all budget support inputs and PAF to the evolutions in the country political, economic and social context. | X | | X | X | |
| I.1.1.4. Existence of risk assessments (analysis of key contextual changes likely to affect effectiveness and efficiency of budget support documented and their implications), quality of these risk assessments and use to mitigate risks. | X | | X | | |
| I.1.1.5. CSO, Private Sector and farmer organisations evolving needs are taken into account in the design (incl. later adjustments) of budget support operations. | X | | X | X | X |

JUDGEMENT CRITERION 1.2

INDICATOR 1.2.1

| | | |
|---------|---|---|
| JC1.2 | The design of EU budget support operations has been coherent with the evolution of EU and other DPs' strategic orientations at country and global level | |
| I.1.2.1 | Level of coherence of EU budget support in Rwanda with EU cooperation strategy in Rwanda. | <ul style="list-style-type: none"> Budget support cooperation is foreseen in the same amounts and the same sectors in the EU country road maps and NIPs. |

The EU budget support operations show a high level of coherence with the EU cooperation strategy and NIPs. Budget support cooperation was almost in the same amounts and sectors as indicated in the EU CSPs and NIPs.

10th EDF

- GBS (MDG Contract) M€ 175 The MDG contract amounting to M€ 175 was included in the NIP and signed as foreseen, however, due to initial problems in achieving the targets related to the education sector (variable tranches) the tranche was not fully disbursed and funds were reallocated after the mid-term review (MTR).
- Rural Development Sector M€ 40 (all contracted as BS and implemented). M€ 20 have been allocated from the 10th EDF A envelope to a sector budget support programme for social protection. A further M€ 20 has been allocated to a sector budget support programme for decentralised agriculture. After MTR a further allocation of M€ 40 was made for the SBS Rural Feeder Road.
- The NIP foresees under Sector Governance the financing of Programmes strengthening the rule of law (M€ 8.5); M€ 12.5 have been provided in form of a SBS for the Justice, Reconciliation, Law and Order sector (JRLO Sector).

Additional BS Financing outside the NIP:

- DCI-ENV/2009/21553 M€ 4.555 Sector Budget Support for Environment and Natural Resources" Global Climate Change Alliance".
- M€ 4 Sector Reform Contract (SRC) to promote climate-proof investments by farmers through improved land administration and land use monitoring capacities at central and local government level; CRIS Decision N°: DCI-ENV/2014/37416.
- M€ 15.5 Sector Budget Support for Agricultural Intensification Decision N°: Food/2009/21623 Agricultural Intensification.

11th EDF:**There is a high coherence between the CSP/NIP 2014-2020 and the budget support interventions contracted.**

- An amount of M€ 200 was foreseen for the Sustainable Energy Sector and an amount of M€ 156 has been provided under a SRC plus additional M€ 21 for complementary measures.
- An amount of M€ 200 was foreseen for Sustainable Agriculture and Food Security and an amount of M€ 182 has been contracted under a SRC plus additional M€ 6 for complementary measures.

INDICATOR 1.2.2

| | | |
|----------------|--|---|
| JC1.2 | The design of EU budget support operations has been coherent with the evolution of EU and other DPs' strategic orientations at country and global level | |
| I.1.2.2 | Level of consistency and coherence between EU budget support in Rwanda with EU global strategic orientations. | <ul style="list-style-type: none"> • EU Budget support cooperation is in line with EU global development strategies. |

All programme documents make systematically reference to EU global strategic orientations, namely

| | |
|------|--------------------------------------|
| 2011 | Agenda for Change ¹² |
| 2016 | UN Agenda 2030 ¹³ |
| 2017 | New European Consensus ¹⁴ |

EU budget support programmes to Rwanda are in line with the European Consensus on Development statement which underlines that developing countries bear the primary responsibility for their

¹² https://ec.europa.eu/europeaid/policies/european-development-policy/agenda-change_en

¹³ https://ec.europa.eu/europeaid/policies/european-development-policy/2030-agenda-sustainable-development_en

¹⁴ https://ec.europa.eu/europeaid/new-european-consensus-development-our-world-our-dignity-our-future_en

development and development cooperation should be based on national strategies and national procedures. All budget support programmes are based on national strategies (see under I.1.1.1) and most development support provided by EU is using national systems and procedures.

The Government of Rwanda assumes primary responsibility for its development and shows strong leadership in focusing development aid; in fact, priority sectors are assigned to each of the development partners based on their specific experiences and comparative advantages. EU had been assigned in the past the sectors transport and agricultural development, however recently transport was changed to the energy sector. Some of the sectors have still a rather high number of development partners (energy: 9, agricultural sector 11). A tendency of reduction of donors active in multiple sectors can be observed. However, during field visits, several stakeholders mentioned that in recent months GOR has been less strict with assignation of sectors to DPs, giving them more freedom to operate in the sectors they prefer. On the other hand, donors who want to move out of a certain sector need to convince the government on the appropriateness of their decision. (i.e. Belgium faced some challenges when they wanted to leave the energy sector).

Basic democratic values of Europe are mentioned in all Financing Agreements of budget support interventions.

The principles of differentiation, concentration, coordination, and coherence of the Agenda for Change have been applied with all BS programmes financed since 2011. The EU development cooperation with Rwanda is concentrated in 3 focal sectors only and the size of budget support interventions has increased significantly from the 10th to the 11th EDF. Coordination and coherence of development cooperation is looked for through joint programming with Development Partners and joint Forward and Backward Looking assessments.

Evolution of EU Cooperation Strategy

| | 10 th EDF CSP-NIP 2008-2013 | Cooperation Strategy CSP-NIP 2014-2020 11 th EDF |
|----------------------|---|---|
| Objectives | Poverty alleviation in the context of sustainable development, while according a high priority to human rights and good governance issues. | Poverty reduction and achievement of MDGs in line with target of achieving middle income country status by 2020. |
| Policy supported | EDPRS 1. | Second Economic Development and Poverty Reduction Strategy (EDPRS 2). EDPRS 2 is structured around the following four strategic thematic areas i.e. (i) Economic Transformation for Rapid Growth; (ii) Rural Development, (iii) Productivity and Youth Employment and (iv) Accountable Governance and foundational issues. |
| Focal Sectors | <ol style="list-style-type: none"> 1) General budget support linked to macroeconomic performance, public financial management and progress in social sectors (health, education). 2) Rural development. 3) Infrastructure for regional inter-connectivity. | <ol style="list-style-type: none"> 4) economic and democratic governance, 5) agriculture & rural development, 6) and energy. <p>Aside the general conditions linked to the two programmes, a support linked to macroeconomic performance and public financial management was foreseen under the "economic and democratic governance" focal sector.</p> |
| Form of intervention | GBS/SBS. | Budget Support/SRCs. |
| Further support | <ul style="list-style-type: none"> • Development of a competitive private sector through a conducive environment. • Involvement of non-state actors in all areas of intervention wherever possible. | Private sector, environment, gender are mentioned in several parts of the document. |

| | | |
|--|--|--|
| | <ul style="list-style-type: none"> • Good governance, gender balance, and the environment will be cross-cutting issues across the whole of the programme. | |
|--|--|--|

INDICATOR 1.2.3

| | | |
|----------------|--|--|
| JC1.2 | The design of EU budget support operations has been coherent with the evolution of EU and other DPs' strategic orientations at country and global level | |
| I.1.2.3 | Degree of synergies and complementarities between EU budget support and aid provided by other DPs (and in particular Member States) in the sectors covered by EU budget support. | <ul style="list-style-type: none"> • Degree to which the different inputs of EU budget support contribute to creating synergies with other donors' interventions. • Evidence of complementarities or missed opportunities between EU budget support and other DPs' interventions, in terms of funding, TA and policy dialogue. |

There exists a donor matrix¹⁵ annexed to the NIP 2014-2020, which gives a first idea on the sectors and interventions implemented by the different development partners. Development cooperation is provided by several institutions at bilateral level and through Non-State Actors (NSAs). MINECOFIN publishes an annual "external Development Finance Report". Most EU MS have suspended budget support operations and are implementing activities under project approach, using however in most cases national systems. Some of them did engage in SBS for a long time (E.g. Belgium) and several are engaged in flexible financing; they participate, for example, in the program for results of the World Bank.

Rwandan authorities were unable to provide a complete list of interventions of DPs in each sector over the evaluation period. Especially information on support provided by new development partners and NGOs is missing.

The key joint activity which shows complementarity and synergy of EU MS is the support to the PMF basket fund; EU is financing the PMF basket fund under the Accountable Economic Governance Support Programme; other DPs supporting the PMF basket fund are Germany (KfW), UK (stopped the support now in favour of earmarked support and technical assistance), while Belgium entered recently (for more details, see under EQ 4). Sweden discontinued direct financial aid to the Government of Rwanda including to the PFM basket already in 2012.

Table 12: Overview of Cooperation of EU MS¹⁶

| EU MS | Sector | Projects | Comments | Most recent development |
|----------------|--|---|---|--|
| France | Culture | No project active in the moment. | Cooperation was suspended during recent years. | France was not active during the evaluation period but plans to start with cultural cooperation in 2020 again (small amounts). |
| Germany | Energy, Infrastructure (KfW) TVET, Decentralization, PFM Basket Fund. | KfW: M US\$ 100 promotional loan for PTA Bank (KfW) KfW: Export financing M€ 8.5 million for the Development Bank of Rwanda. | The Division of Labour (DoL) allows Germany to be active in the Education (TVET), Decentralization, and Private Sector development, Silent in Financial | |

¹⁵ The donor matrix shows which donor is active in the different sectors.

¹⁶ Based on interviews with EU MS representatives.

| | | | | |
|----------------------|---|---|--|---|
| | | | Sector and provides support to the PFM basket fund. | |
| Great Britain | Agriculture, Education, Mining, Civil Society PFM | There are 21 active programmes financed by DFID in Rwanda. | All DFID programmes are implemented under project approach. | Until recently GB supported the PFM basket fund. There are 3 projects which are supporting the agricultural sector. |
| Sweden | Decentralization Good Governance. | Provision of support to UN programmes. | Stopped budget support in 2012/13. | |
| Belgium | Health, Agriculture, Urbanization, and for a long time: energy. | Belgium did SBS for health until 2017. They phased out from education due to Division of Labour. Participate in the Technical Working Group on PFM. | New cooperation program worth M€ 120, will cover the period 2019-2024 and intervene mainly in three sectors: Health (M€ 45), Agriculture (M€ 30) and urbanization (M€ 28). | Belgium supported the BS JRLO sector (Belgium contribution managed by EU). |
| Netherlands | Energy, Justice Sector, NGOs, agriculture (PfR) | | Have suspended budget support | |

Example: In the case of SBS Nutrition (FED/2013/024-780) there are several related programs and projects of other donors. The Embassy of the Netherland is providing M€ 10 program coordinated by UNICEF and involving non-state actors to address malnutrition at community-level. WFP increases “Access to appropriate food supplements for the most vulnerable to prevent stunting” and WHO supports “Enhanced information on dietary needs and nutritional status and improved knowledge in the management of Mother-, Infant- and Young Child nutrition. The Swiss cooperation supported from 2013 onwards a “One UN” programme to eliminate malnutrition in 2 selected Districts. USAID is financing nutrition education, counselling and growth monitoring in 14 districts. Its mission in the health sector includes building capacity of health services and community health workers on maternal-and child nutrition feeding practices.

These interventions are complementary to the EU BS support. The GoR assures coordination: Nutrition is a sub-sector of the health sector where the multi-stakeholder coordination is assumed by the Health Sector Cluster’s Group (HSCG), co-chaired by the Ministry of Health and the WHO. The HSCG is informed by various technical working groups, the Maternal Child Health Group (MCHG) being one of them. The Nutrition Technical Working Group reports to the MCHG and coordinates interventions of all UN agencies (UNICEF, WFP, WHO, FAO), NGOs, academic institutions, donors and private sector. It provides leadership on nutrition policy and strategies as well as technical analysis and guidance for nutrition-sensitive interventions. The Nutrition and Community Health Desk manages the implementation of nutrition-related interventions and reports to the Maternal Child Health Unit. UN agencies coordinate nutrition support through the REACH initiative. A Food Security and Nutrition Working Group - reporting to the Agriculture Sector Working Group - has been put in place to refine the agriculture sector’s contribution to the NSEM.

Following the 4th High Level Forum on Aid Effectiveness in Busan in 2011 the Government of Rwanda and the EU (including EU Member States) proposed joint planning/programming to reduce transaction costs and aid fragmentation and to promote harmonization. Multilateral financing institutions (African Development Bank and World Bank) and the "One UN" (UN agencies and programmer co-ordinated as a Country Team) have organised separate joint planning approaches.

Interviews with GoR officials, DPs and EU staff suggest that donor coordination is quite successful in the identification phase of priorities and interventions, however less successful at the moment of designing and implementation of the programmes. This is mainly related to the fact that many DPs are not using BS as an implementation method. In fact, most DPs use a project approach. DPs are informed about important interventions in the context of SWGs and TWGs. Interventions financed directly by the HQs of national Development Institutions without involvement of the Embassies are frequently not known at country level.

Table 13: Synergies and complementarities between EU budget support and aid provided by other DPs (and in particular Member States)

| Sector | EU Financing | Other EU Financing | Development Partners | Coordination/Complementarity |
|---------------------|---|--|---|--|
| Energy | 11 th EDF D-38107 SRC Energy | Prepaid Energy. Rent to own solar home systems (off-grid). Duration: June 2014 - December 2019. Total Cost: M€ 22.8 with EU contribution of M€ 6. | WB <ul style="list-style-type: none"> • 3Year Rwanda Energy Sector Development Policy Operation MUS\$ 375. • Improving the Efficiency and Sustainability of Charcoal and Wood fuel Value Chains. • Renewable Energy Fund, M US\$50. • Rwanda Improved Cookstoves Project • Sustainable Energy Development Project (GEF). • Rwanda Electricity Access Scale-up and Sector Wide Approach (SWAp) Development Project. • Rwanda Electricity Sector Strengthening Project. • Rwanda CFL Energy Efficiency Project. • Rwanda Third Rural Sector Support Project Additional Financing. • Rwanda Electricity Access additional Financing. | Coordination through SWG - no information on complementarities. |
| Agri-culture | 11 th EDF D-37486 SRC Agr. 10 th EDF D 21623 Food DCI- ENV/2009/21 553 DCI- ENV/2014/37 416 D-24780 Nutrition Sector Budget Support for Agricultural Intensification | EU support to the Scaling-up Nutrition (SUN) movement secretariat (SMS). Duration: December 2012 - December 2016. Total Cost: M€ 5. Strategic Environmental Assessment (SEA) of the Agriculture Sector in Rwanda. Duration: October 2011 - April 2012. Total Cost: €168,102.00 Renforcement de la participation des paysans vulnérables aux stratégies de lutte contre la malnutrition et de promotion de la sécurité alimentaire. Duration: June 2013 - November 2016. Total Cost: € 640,809.71 | IFAD <ul style="list-style-type: none"> • Rwanda Dairy Development Project 65M US\$. • Climate-Resilient Post-Harvest and Agribusiness Support Project 83M US\$. • Project for Rural Income through Exports 66M US\$. WB <ul style="list-style-type: none"> • Rwanda - Additional Financing for the Transformation of Agriculture Sector Program 4 Phase 2. • Sustainable Agricultural Intensification and Food Security Project. • Transformation of Agriculture Sector Program 4 Phase 2. • Empowering farmers at district level through social accountability to improve Performance Contracts (Imihigo) in Rwandan agriculture. • Transformation of Agriculture Sector Program Phase 3 Additional Financing • Rwanda Stunting Prevention and Reduction Project. | Coordination through SWG - no information on complementarities. GoR receives WB funds as loans and as such implements them according to their own procedures -along with EU BS financing. |

| | | | | |
|--------------------------------|--|---|---|--|
| | | <p>Technical assistance to support the country-wide establishment of model nutrition gardens in pre-primary, primary and secondary schools and vocational training centres in Rwanda. Duration: October 2014 - June 2015. Total Cost: €119,079.00</p> <p>Appui à la promotion du bambou pour la protection de l'environnement, la lutte contre la pauvreté et le changement climatique dans les zones du Parc National des Volcans (PNV) et du Marais de Rugezi au Nord du Rwanda. Duration: February 2012 - April 2015. Total Cost: € 473,820.00</p> | <ul style="list-style-type: none"> • Transformation of Agriculture Sector Program Phase 3. • Rwanda Pilot Program for Climate Resilience. • Landscape Approach to Forest Restoration and Conservation (LAFREC). • Land Husbandry, Water Harvesting and Hillside Irrigation. • Third Rural Sector Support Project. <p>DfID</p> <ul style="list-style-type: none"> • Result-Based Financing for low carbon energy access (RBF). • Advanced Coffee Crop Optimisation for Rural Development (ACCORD). • +IMSAR + support to land tenure regularisation programme. <p>ADB</p> <p>Belgium</p> <p>Netherlands</p> <p>WFP</p> | |
| Transport | Sector Budget Support Rural Feeder Roads | | <ul style="list-style-type: none"> • Rwanda Feeder Roads Development Project - Additional Finance. • Rwanda Transport Sector Support Project Additional Financing. • Rwanda Feeder Roads Development Project. | Good coordination and complementarity -other DPs have worked with a similar approach in other districts. |
| Social Protection | | | <ul style="list-style-type: none"> • Strengthening Social Protection Project Additional Financing. • Strengthening Social Protection Project • Third Social Protection System Support (SPS-3). • Second Social Protection System DPO (SPS-2). • Social Protection System Support. • Rwanda Third Support to the Social Protection System (SSPS-3) • RW-Support to Social Protection System. | GoR receives these funds as loans and as such implements them according to their own procedures -along with EU BS financing. |
| GBS/Governance | 10th EDF D-21004 MDG | | WB, many other donors. | |
| Human Rights/Governance | JRLO | <p>Improving the performance of the Criminal Justice system in Rwanda. Duration: December 2015 - November 2017. Total Cost: € 300,000.00</p> | <ul style="list-style-type: none"> • Netherlands also provided SBS to JRLO with co-financing of Belgium; later Belgium co-financed EU SBS for the sector. • Rwanda Public Finance Management Reform Project • Rwanda Public Sector Governance Program-For-Results • Rwanda - Governance & Competitiveness TA Project • Statistics for Result Facility | |

| | | | | |
|--|--|--|---|--|
| | | | • Eighth Poverty Reduction Support Financing. | |
|--|--|--|---|--|

Source: Own elaboration based on information available in Financial agreements, on the WEB and interviews with DPs. *Please note that data are incomplete. Unfortunately, the evaluation team did not succeed to get a full list of interventions from GoR or DPs.*

INDICATOR 1.2.4

| | | | |
|----------------|--|--|--|
| JC1.2 | The design of EU budget support operations has been coherent with the evolution of EU and other DPs' strategic orientations at country and global level | | |
| I.1.2.4 | Degree of value added of EU budget support as compared to support from MS (the subsidiarity principle) | • Evidence of added value of EU interventions as compared with interventions of the MS | |

The case study Rwanda on the evaluation of EU sustainable energy cooperation (2011-2016)¹⁷ indicates that EU support provided added value to the member states' support due to its scale and the use of the budget support modality. The scale of support and the fact that there was a large volume of budget support meant that the EU was able to present common Member State (MS) donor positions at a higher level and with more influence than the MSs were able to do by themselves.

MS representatives (several representatives of EU MS and EUD as well) indicated during interviews that there is still much more space to increase the voice/ presence of EU in policy dialogue; in fact by summing up EU and EU MS development assistance, EU should have the same importance as given to the WB.

In sum the design of EU budget support operations has been coherent with the evolution of EU and other DPs' strategic orientations at country and global level. There are some synergies and complementarities between EU budgets support and aid provided by other DPs in the sectors covered by EU budget support. Added value of EU BS is mainly related to the fact that there was a large volume of budget support, what meant that the EU has more voice in policy dialogue.

STRENGTH OF EVIDENCE: MORE THAN SATISFACTORY

Table 14: Overview of types of evidence for JC 1.2

| Evaluation Question (EQ) with its Judgment criterion (JC) and indicators (I) | Documents | | Interviews | | | |
|---|--------------|-----|---|---|-----|--------------|
| | EU Documents | GoR | EU services (Delegation and Headquarters) | Government of Rwanda (at central level) | CSO | Other donors |
| JC1.2: The design of EU budget support operations has been coherent with the evolution of EU and other DPs' strategic orientations at country and global level | | | | | | |
| I.1.2.1 Level of coherence of EU budget support in Rwanda with EU cooperation strategy in Rwanda. | X | | X | | X | |
| I.1.2.2. Level of consistency and coherence between EU budget support in Rwanda with EU global strategic orientations. | X | | X | | | |
| I.1.2.3. Degree of synergies and complementarities between EU budget support and aid provided by other DPs (and in | X | | X | X | | X |

¹⁷ https://ec.europa.eu/europeaid/file/download_en

| | | | | | | |
|---|--|--|---|---|--|---|
| particular Member States) in the sectors covered by EU budget support. | | | | | | |
| I. 1.2.4. Degree of value added of EU budget support as compared to support from MS (the subsidiarity principle). | | | X | X | | X |

JUDGEMENT CRITERION 1.3

INDICATOR 1.3.1

| | |
|----------------|---|
| JC1.3 | Cross-cutting issues (i.e. gender equality, jobs creation, youth, good governance, environmental sustainability, climate resilience, right-based approach, HIV/AIDS) have been addressed and mainstreamed in the design of budget support operations |
| I.1.3.1 | Degree to which gender equality and right-approach are mentioned in the objectives and performance assessment frameworks of budget support operations. |

The EU has made the commitment to ensure that 75% of its aid contributes to Gender Equality and Women Empowerment.¹⁸ The Financial Agreements of the sector contracts in energy and agriculture mention explicitly that a gender- mainstreamed and right-based approach is followed; the objective is to ensure that both men and women benefit equally and equitably from EU project and programme activities and to make it possible to measure progress in those sectors.

Analysis of programme documentation suggests that the importance given to gender aspects at the moment of design of the budget support interventions has increased during the last decade. In all action documents and Financial Agreements cross-cutting issues are systematically mentioned. The situation is different when it comes to performance indicators. The SRC Energy includes a performance indicator that is more important for women than for men, namely improved cooking stoves. For the on-going SRC agriculture and nutrition, it was attempted to include gender indicators, but it proved not possible as there were not sufficient gendered data available for measuring them.¹⁹

Yet, the National Gender Statistics Report²⁰ undertaken annually does provide some disaggregated information by gender that may be relevant for the SRCs. It includes, for example, gendered data on participation in subsistence versus market agriculture (since 2017), land ownership, and, by sex of household head, access to electricity and access to different agricultural extension services and to specific programs like Twigire Muhinzi, One cow per family, and kitchen gardens. Judging from the most recent numbers, female headed households are at a disadvantage in access to electricity, to Twigire Muhinzi and to kitchen gardens.

The European Consensus on Development commits the EU and its Member States to implementing a rights-based approach (RBA) to development cooperation, encompassing all human rights. RBA aims to align development cooperation policies to the human rights commitments of partner countries; it is key to ensuring that no one is left behind and helps address the multiple discriminations faced by people in vulnerable situations. A rights-based approach means that individuals and communities should know their rights. It also means that they should be fully supported to participate in the development of policy and practices which affect their lives, and to claim rights where necessary. This is a challenge in the political context of Rwanda.

¹⁸ EU Gender Action Plan II Gender Equality and Women's Empowerment: Transforming the Lives of Girls and Women through EU External Relations 2016-2020.

¹⁹ Interviews EUD officers. Unfortunately, we could not verify.

²⁰ <http://www.statistics.gov.rw/statistical-publications/subject/gender>

Implementation of a rights-based approach requires a more participatory approach and more participation of final stakeholders in decisions. This has hardly been applied in Budget Support programmes. The application of the RBA under the recent budget support programmes, and in particular in Agriculture, are the exception in the sense EUD has promoted the participation of farmers organizations and civil society in SWGs. Furthermore, concrete support related to RBA is provided under the project approach.

The Action Fiche for Sector Reform Contract (SRC) to Support Rwanda's National Multi-sectoral Strategy to Eliminate Malnutrition (NSEM); CRIS Decision N°:FED/2013/024-780 refers clearly to the right-based approach (chapter 2.2.2.) and especially to:

- Human Rights issues related to child- and maternal health
- Rule of Law issues related to poverty reduction, food- and nutrition security
- Limitations in property rights due to Rwanda's 2005 Land Reform which includes farmland consolidation to improve economies of scale and addresses the problem of land fragmentation.²¹

The programmes financed under the 11th EDF address these cross-cutting issues more than those financed under the 10th EDF.

INDICATOR 1.3.2

| | |
|----------------|---|
| JC1.3 | Cross-cutting issues (i.e. gender equality, jobs creation, youth, good governance, environmental sustainability, climate resilience, right-based approach, HIV/AIDS) have been addressed and mainstreamed in the design of budget support operations |
| I.1.3.2 | Integration of aspects related to job creation and youth in the objectives and performance assessment frameworks of budget support operations. Degree to which aspects related to job creation and youth are mentioned in the objectives and performance assessment frameworks of budget support operations. |

Job creation and youth is not mentioned systematically in all budget support operations, although this is one of the pillars of EDPRS II. Only a few specific indicators could be traced in PAFs.

- **SBS D- 37-486 (SRC)**; indicator for variable tranche: Total employment in export oriented agricultural supply chains.
- For the **GBS contract** outcome indicators are measured through the CPAF. No specific indicators related to job creation could be traced in the CPAF. However, the EDPRS mentions among its objectives the increase of coverage and quality of nine-year basic education, strengthening technical and vocational education and training and improving tertiary education (indicators: transition from basic to secondary education, % of employers satisfied with TVET graduates)
- **SBS Decentralized Agriculture D-021572 mentions** in Programme 3 (promotion of community chains and agribusiness development) as an indicator: number of young entrepreneurs trained, including women.
SBS Rural Feeder Roads D-23259 indicates in the Financial Agreement that Gender and Youth issues will be addressed mainly by helping women and young people realize new opportunities of work, involving them in road rehabilitation and maintenance.

²¹ The current land consolidation policy prohibits the division of land parcels below one hectare, but the average Rwandan household's land holding is indeed less than one hectare. As a result, Rwandans are forced to combine land with neighbours or relatives and fear a loss of their property. The Land Use Consolidation (LUC) process requires each district to produce a limited number of crops in order to increase regional specialization. An undesired side-effect of the regional specialization is that farmers with little bargaining power may be left with excess crops and no money to buy food.

However, the programme D-22173 SBS Social Protection is a very positive example as it supported activities (small and micro interventions) at community level and especially the provision of temporarily work to the most vulnerable segments of the population. One indicator was directly related to the creation of employment (indicator: Percentage of eligible households granted public works).

INDICATOR 1.3.3

| | |
|----------------|---|
| JC1.3 | Cross-cutting issues (i.e. gender equality, jobs creation, youth, good governance, environmental sustainability, climate resilience, right-based approach, HIV/AIDS) have been addressed and mainstreamed in the design of budget support operations |
| I.1.3.3 | <ul style="list-style-type: none"> • Integration of aspects related to good governance in the objectives and performance assessment frameworks of budget support operations. • Degree to which aspects related to good governance are mentioned in the objectives and performance assessment frameworks of budget support operations. |

Budget Support Guidelines (September 2017) have announced a strategic shift in EU development policy towards stronger conditionality on human rights, democracy and the rule of law, the role of civil society and other elements of good governance. They underline the need to provide incentives for results-oriented governance reforms and carry out programmes or projects that strengthen actors and processes at local, sector and national level.

Governance aspects are systematically covered by indicators for the release of fixed tranches of budget support interventions (in the form of PFM-related conditions).

Furthermore, through complementary measures and other projects EU supports the Government's objective of accountable governance by enhancing control and oversight capacity of public institutions, such as Parliament, Ombudsman, Office of the Auditor General, MINECOFIN and National Institute of Statistics of Rwanda (horizontal accountability) and enhancing civil oversight capacity and participation (vertical accountability). Furthermore, complementary measures to budget support operations supported governance-related activities such as drafting of PSTA4, TA to planning, monitoring, etc.

INDICATOR 1.3.4

| | |
|----------------|---|
| JC1.3 | Cross-cutting issues (i.e. gender equality, jobs creation, youth, good governance, environmental sustainability, climate resilience, right-based approach, HIV/AIDS) have been addressed and mainstreamed in the design of budget support operations |
| I.1.3.4 | Degree to which aspects related to environmental sustainability and climate resilience are mentioned in the objectives and performance assessment frameworks of budget support operations. |

The CSP/NIP 2014-2020 indicates that environmental assessments will – if necessary- be undertaken during the identification and formulation phases. EU financed a Strategic Environmental Assessment (SEA) of the Agriculture Sector in Rwanda (Safege 2011-2012);²² the study gives an overview of the key issues/challenges and provides a synthesis of the assessment conclusions. No further SEA was identified.

At programme level, there is evidence that environmental aspects are taken into consideration while there is room for improvement:

- **SBS D- 37-486 SRC Agriculture:** The Financial Agreement indicates that the programme pretends providing attention to climate change, however no specific indicator could be traced. An agriculture Social and Environmental Assessment was done (SEA).

²² The main objective of the Strategic Environmental Assessment was to ensure that environmental concerns are appropriately integrated in all agricultural sectors and subsector (rural, feeder, transport) decision-making, implementation and monitoring processes.

- **D38-107 SRC Energy:** one of the key results expected is the increase in the use of sustainable resources. Under the 4th variable tranche disbursement several indicators related to increase in use of sustainable resources are mentioned (and have not been achieved).
- **SBS 2009/021623 Sector Budget Support for Agricultural Intensification:** An indicator which can be directly related to environmental sustainability is “Proportion of arable land sustainably managed against soil erosion”
- The complementary measure **C-367786 Institutional Support to Feeder Road Rehabilitation and Maintenance** had an Environmental Impact Assessment (EIA) carried out during the design stage and environmental management plans were incorporated into the works contracts.²³

INDICATOR 1.3.5

| | |
|----------------|---|
| JC1.3 | Cross-cutting issues (i.e. gender equality, jobs creation, youth, good governance, environmental sustainability, climate resilience, right-based approach, HIV/AIDS) have been addressed and mainstreamed in the design of budget support operations |
| I.1.3.5 | Degree to which aspects related to HIV/AIDS in the objectives and performance assessment frameworks of budget support operations. |

A single budget support operation made reference to HIV/AIDS (Complementary measure C-367786 Institutional Support to Feeder Road Rehabilitation and Maintenance HIV/AIDS: awareness measures are built into the contract documents and Contractors are obliged to take out health insurance for their employees.)

The following Table 15 gives an overview of cross-cutting issues addressed in the design of EU budget support operations.

Table 15: Transversal aspects covered in objectives and PAFs (Indicator 1.3.1. -1.3.5) of budget support interventions

| | Gender/ Right Based | Job Creation/Youth | Governance | Environmental sustainability/climate resilience | HIV/AIDS |
|---|--|---|---|--|-----------------|
| D-37486 SRC Agriculture and Food | No (right based for nutrition)- but indicated as significant objective | Persons employed in export oriented agricultural supply chains. | PFM in agriculture | Indicator 3c-sustainable agricultural practices Indicator 5a -agroforestry Indicator 4b (updated irrigation plan) | No |
| D-38107 SRC Energy | One indicator important for women | no | Increased institutional capacity (Objective) | Increased share of renewable resources (Objective) Sustainable forestry (indicator) Sustainable biomass production | No |
| D 21623 SBS for Agricultural Intensification | No | No | No | No | No |
| D-21572 Decentralization | Indicator number of young entrepreneurs trained, including women (PSTA 2). ²⁴ | Indicator number of young entrepreneurs trained, including women (PSTA 2) | Yes (improve regulatory framework, Objective) Indicator: gender friendly crops adopted | Soil conservation (Objective) Indicator % of agricultural land managed against soil erosion | No |

²³ ROM Report C- C-367786 PE 3 Institutional Support for feeder roads rehabilitation and maintenance, 29.7.2016

²⁴ The indicator is mentioned in SPAT II -it is not an indicator for disbursement of variable tranches.

| | | | | | |
|--|--|---------------------------|---|---|------------------------------|
| D-23259 Feeder Roads | Gender Specialist (Objective). | Job creation (Objective). | Strengthening Capacities of Local Governments (Objective). | EAS, climate change in design (Objective). | Yes (in all works contracts) |
| D-21553 GCCA (1) | Yes (right based: Lot title registration); % of women owned land title registered. | No | Strengthening Capacities of Local Governments (Objective). | Climate change (Objective) Indicators: No of equipped laboratories providing soil analysis & agrochemical testing. % annual increase in land secured against erosion. | No |
| D-37416 GCCA (2) | No | No | % of land administration staff employed at district and sector level who have received job related training | Climate change (Objective). GIS-based district land use plans. | No |
| D-21680 JRLO | No (gender) Right based | No | No | No | No |
| D-21004 MDG | Ind. % of women using modern contraceptives Male/female completion rates | No | No | Soil conservation (Indicator). | No |
| D-24780 Nutrition | Right-based (Objective) approach children rights human rights land rights | No | No | No | No |
| D-22173 SBS Social Protection | Right based (Objective) No suitable indicator | Job creation (Objective) | Social Security Mechanism (Objective) | No | No |

In sum, cross-cutting issues (i.e. gender equality, jobs creation, youth, good governance, environmental sustainability, climate resilience, right-based approach, HIV/AIDS) have been addressed and mainstreamed in the design of budget support operations (action fiches and FAs) but were less reflected in Performance Assessment Frameworks.

STRENGTH OF EVIDENCE: STRONG

Table 16: Overview of types of evidence for JC 1.3

| Evaluation Question (EQ) with its Judgment criterion (JC) and indicators (I) | Documents | | Interviews | | | |
|--|-----------|-----|---|--------------|---|------------------------|
| | EU | GoR | EU services (Delegation and Headquarters) | Other donors | Government of Rwanda (at central level) | CSO and private sector |
| JC1.3: Cross-cutting issues (i.e. gender equality, jobs creation, youth, good governance, environmental sustainability, climate resilience, right-based approach, HIV/AIDS) have been addressed and mainstreamed in the design of budget support operations | | | | | | |
| I.1.3.1. Integration of aspects related to gender equality | X | | X | | X | X |

| | | | | | | |
|---|---|--|---|--|---|---|
| and to a right-based approach in the objectives and performance assessment frameworks of budget support operations. | | | | | | |
| I.1.3.2. Integration of aspects related to job creation and youth in the objectives and performance assessment frameworks of budget support operations. | X | | X | | X | X |
| I.1.3.3 Integration of aspects related to good governance in the objectives and performance assessment frameworks of budget support operations. | X | | X | | | |
| I.1.3.4 Integration of aspects related to environmental sustainability and climate resilience in the objectives and performance assessment frameworks of budget support operations. | X | | X | | X | |
| I.1.3.5 Integration of aspects related to HIV/AIDS in the objectives and performance assessment frameworks of budget support operations. | X | | X | | X | X |

EQ 2. DIRECT OUTPUTS

EQ2: To what extent have the financial and non-financial inputs of EU budget support contributed to creating new opportunities for the GoR and improved the aid framework? And which have been the determining factors?

JUDGEMENT CRITERION 2.1

INDICATOR 2.1.1

| JC2.1 | Increased size and share of budget available for discretionary spending, and improved predictability of aid flows | |
|---------|---|---|
| I.2.1.1 | Increased national budgets and sector budgets for agriculture and energy | <ul style="list-style-type: none"> Budget support transfers as a % of national budgets, tax revenue, deficit before grants and development expenditure, 2010/11-2018/19. Budget support annual transfers compared to total and per capita expenditure in sectors supported by budget support. Agriculture expenditures per district compared to total district budget. |

National budgets increased over time, at least in nominal terms (see Table 17). But it is not possible to conclude that this was due to total aid, or to GBS and SBS, let alone to EU budget support. Rising tax revenues are a more important explanation. Table 17 also shows that the relative importance of aid for the budget declined over time. EU budget support represents only a small share of total expenditure, tax revenues, the deficit or the expenditure excluding development (investment) expenditure.

After a dip in 2012/13, the share of EU transfers in total GoR expenditure and revenues first increased and then decreased again from around 2016/17 onwards. More or less the same trend is visible in the share of EU transfers in the deficit and in expenditure minus development (investment) expenditure.

Table 17: EU budget support compared with other aid and aggregate budget data, in M US\$.

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|---|---------|---------|---------|---------|---------|---------|---------|
| EU GBS + SBS | 69 | 56 | 69 | 78 | 82 | 84 | 69 |
| Total GBS, SBS, flexible finance ¹ | 395 | 255 | 457 | 278 | 388 | 433 | 480 |
| Total aid to public sector | 1,190 | 912 | 1,043 | 876 | 994 | 1,007 | 1,006 |
| Total expenditure | 2007 | 2,455 | 2,493 | 2,558 | 2,418 | 2,408 | 2,480 |
| Total tax revenues | 873 | 1,016 | 1,163 | 1,298 | 1,269 | 1,332 | 1,407 |
| Deficit before grants | 1,010 | 1,326 | 1,146 | 1,105 | 927 | 906 | 896 |
| Development expenditure | 785 | 989 | 1,127 | 1,142 | 1,038 | 958 | 917 |
| Total expenditure minus development expenditure | 1,222 | 1,465 | 1,365 | 1,416 | 1,380 | 1,449 | 1,563 |

Note: budget data based on revised budgets.

¹ Flexible finance is all aid money that can be flexibly spent by the government, including (WB) Development Policy Loans, and certain forms of Results Based Aid and Basket Funds

Source: for EU GBS and SBS: inventory disbursements excel file; for GBS, SBS, total aid: MINECOFIN aid reports; for budget data: MINECOFIN. For exchange rates: XE currency tables, <https://www.xe.com/currencytables/>. Accessed 30 July 2019.

At sector level, however, the EU transfers have a much larger weight. Seven out of the 10 budget supports contracts have focused on agriculture and nutrition: Agricultural intensification, Decentralised agriculture, GCCA, Rural feeder roads, Eliminate malnutrition, and Agriculture SRC. EU SBS has constituted between 4 and 39% of the total expenditure for agriculture (central and district combined, according to revised budget figures), with an average of 23%. The share of EU budget transfers for the sectors is roughly comparable between agriculture and energy (Table 18).

Table 18: Average share of EU budget transfers in expenditure agriculture and energy, in %

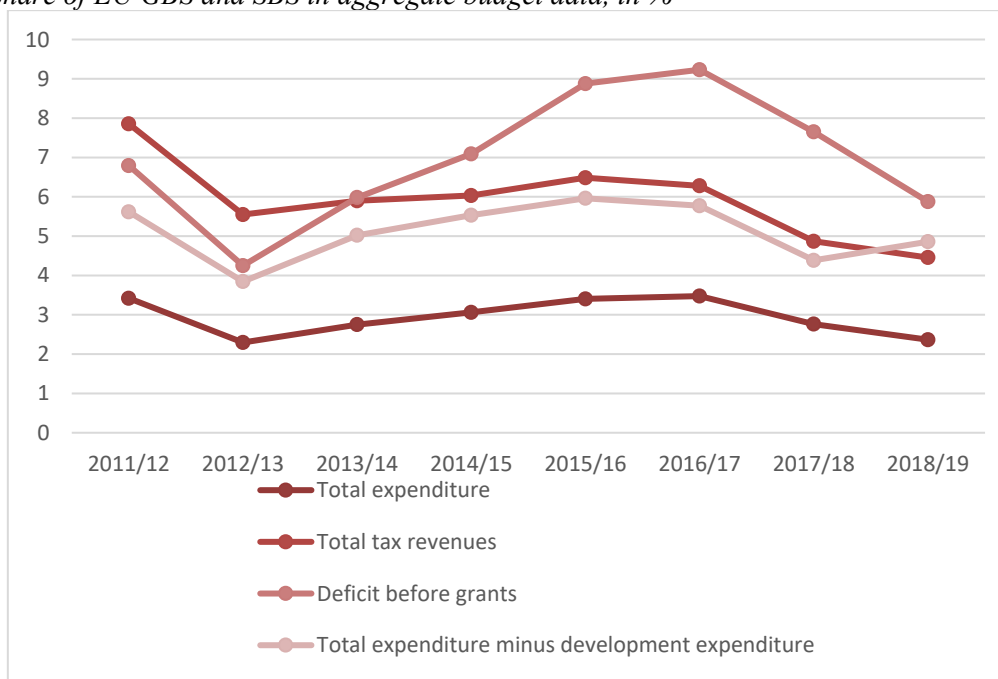
| | Agriculture | Energy |
|---|-------------|--------|
| Average share EU budget support in total budget ¹ | 23 | 22 |
| Average share EU budget support in relevant part of budget ² | 38 | 46 |

Notes to Table:

¹ For agriculture for the years 2010/11-2018/19, for energy 2015/16 to 2018/19.

² Relevant part of budget (see also text below): total expenditure minus externally financed development expenditure. For agriculture minus Feeder roads and for the years 2010/11 to 2017/18; for energy for 2015/16 to 2018/19.

Figure 1: Share of EU GBS and SBS in aggregate budget data, in %

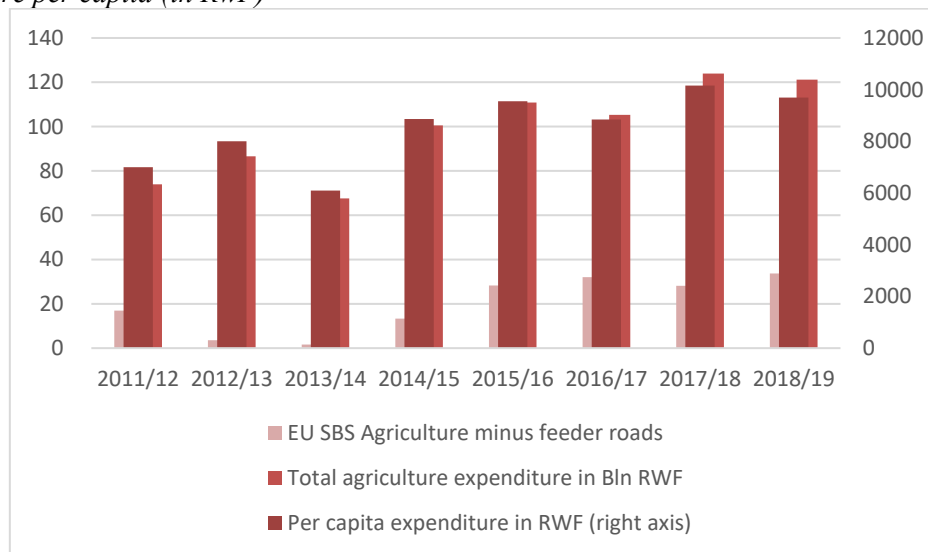


Sources: for EU transfers: file inventory disbursements;
for budget data: MINECOFIN (revised budgets).

Figure 2 shows, however, that there is a limited relationship between the volume of EU transfers and the size of the agriculture budget: except for the years 2014/15 and 2015/16, they do not move together. The same holds for agriculture expenditure per capita. Expenditure per capita follows the same trend as total expenditure, but seems to lose out slightly over time, meaning that agriculture expenditure growth is somewhat lower than population growth.

Total expenditure for agriculture, however, includes capital expenditure fully financed by project aid from donors. For this reason, it is more relevant to compare EU budget transfers for agriculture with total expenditure minus externally financed investment. In addition, the comparison becomes more meaningful when excluding the disbursements on the Feeder roads contract, as expenditure for feeder roads is not included in the organisational budget for agriculture. Figure 3 therefore compares EU budget support for agriculture minus the transfers for the Feeder roads contract, with total expenditure and with expenditure minus externally financed projects. For the four most recent years, there appears to be a relationship between EU budget support grants and the size of the relevant agriculture budget: both increase in 2014/15, 2015/16 and 2016/17 and decrease in 2017/18.

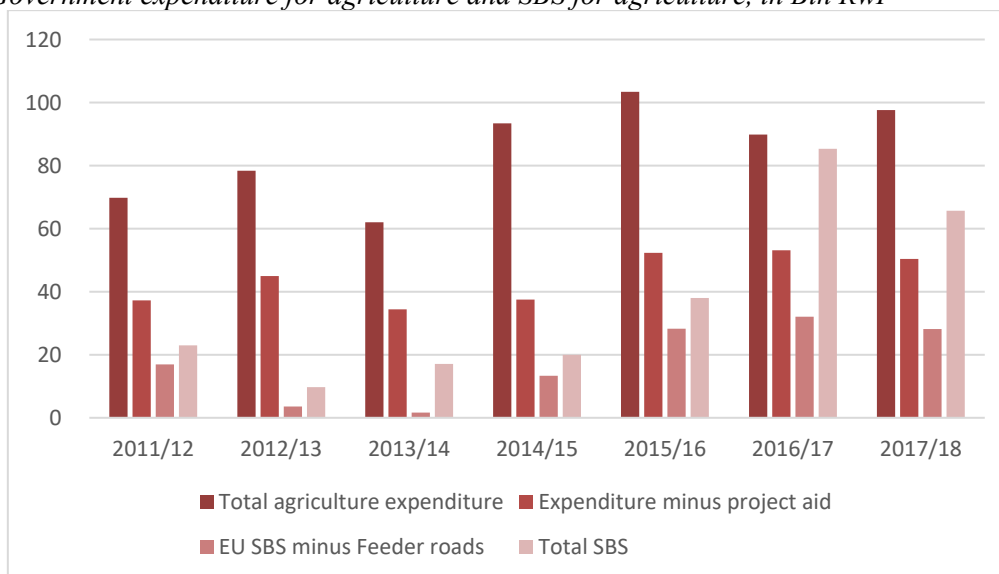
Figure 2: EU SBS for agriculture (in bln RwF), total agriculture expenditure (in bln RwF), and total agriculture expenditure per capita (in RwF)



Sources: for EU transfers: file inventory disbursements; for budget data: MINECOFIN (revised budgets, and organisational classification).

However, the EU is not the only donor providing SBS or flexible financing to the sector. According to the Development Assistance Database (DAD) of MINECOFIN, the UK has provided budget support for agriculture in 2011/12, 2012/13 and 2013/14. Furthermore, the World Bank started an agriculture “Program for Results” in 2016/17, and a SBS for support to PSTA 4 in 2017/18. Strangely enough, the DAD includes only the EU SBS for Decentralized Agriculture and for the SRC and does not seem to have registered the other EU SBS programmes for agriculture. For this reason, we use the EU figures for the EU budget support flows, and the MINECOFIN figures for the SBS from other donors. There is not much relationship between total SBS and flexible financing on the one hand, and the relevant agriculture budget on the other. In 2012/13 the budget increases while SBS decreases, and the next year it is the other way around. In 2014/15 and 2015/16 all numbers increase, but in the final two years the agriculture budget stagnates despite the huge additional flexible financing from the World Bank.

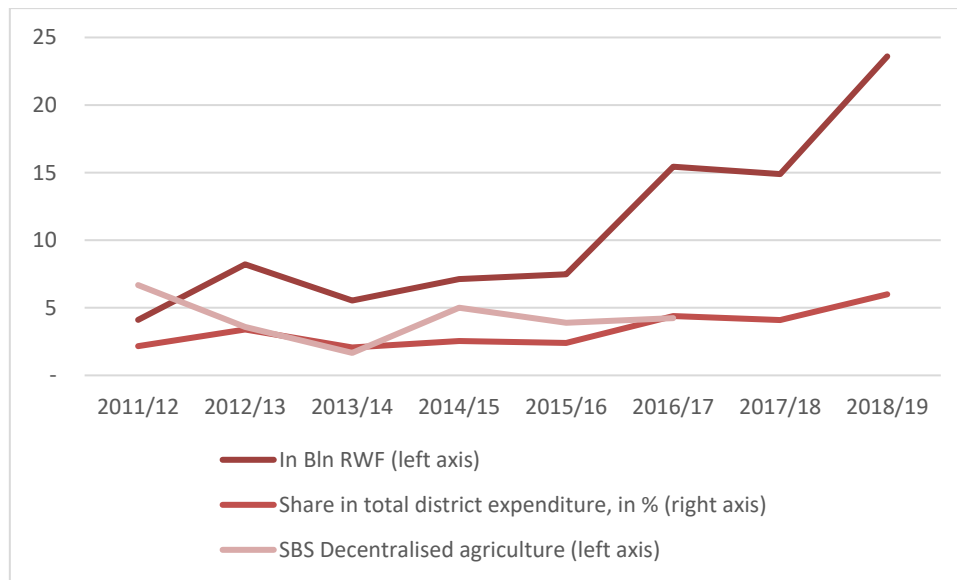
Figure 3: Government expenditure for agriculture and SBS for agriculture, in Bln RwF



Sources: For EU SBS, inventory disbursements, for SBS and flexible financing from other donors that is included “Total SBS”: information provided by MINECOFIN, and for budget data: file on budget analysis provided by EUD, tab “agri details”(organisational spending). Original budget data are from MINECOFIN.

Finally, agriculture expenditures at district level increased over time, especially after 2015/16, also in percent of total district expenditure Figure 4. During the fiscal years 2009/10 up to and including 2016/17, the government received grants under the EU SBS for Decentralized Agriculture of around 4 Bln RfW, on average, with a dip in 2013/14 due to not meeting the triggers fully (see under EQ 5). District level agriculture expenditure is in most years (except the first) higher than the EU grants, but there does not seem to be much relationship between the two (Figure 5).

Figure 4: District expenditure for Agriculture, in Bln RwF and in percent of total district expenditure, and SBS for Decentralised Agriculture, in Bln RwF



Note: These numbers do not include transfers for feeder roads, and as such they are different from those in the MINAGRI reports (see under EQ 5).

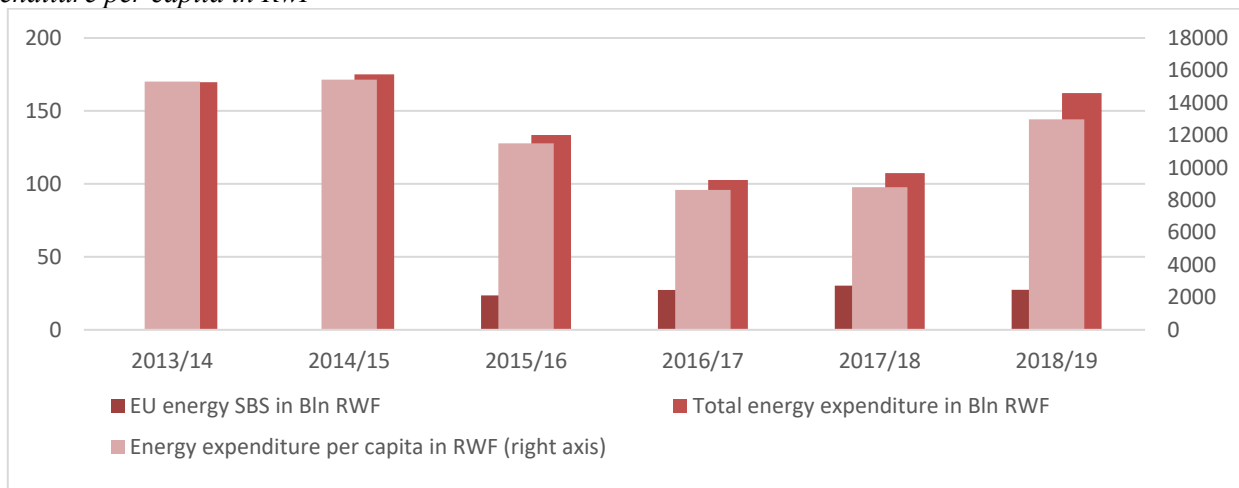
Source: File with MINECOFIN budget data provided by EUD. Data are based on revised budgets

For the energy sector, EU SBS from 2015/16 onward does not seem to have stopped the decline in expenditure until 2017/18, both in absolute terms and in expenditure per capita (Figure 5). So, when the EU started to supply SBS for the sector, the government budget **decreased**. Government officials explain this decrease from the fact that during these years, the government could shift part of the huge investment in energy generation capacity to the private sector. However, this can only be a partial explanation. The government could have used the extra resources for investing in transmission and distribution, in order to increase on-grid connections.²⁵

In 2018/19 the energy budgets recovered. When we exclude the externally financed capital expenditure, the recovery already began in 2017/18. But on the whole, there seems to be an opposite relationship with the flows of EU budget support to the sector: the first two years of EU budget support are accompanied by a fall in the relevant part of the energy budget, which is even larger than the budget support resources themselves (Figure 6). In the energy sector, the World Bank has provided flexible financing through a large Development Policy Loan in 2017/18 and 2018/19. Including this loan in total SBS, the flow of flexible financing proves to be larger than the total energy budget in 2017/18.

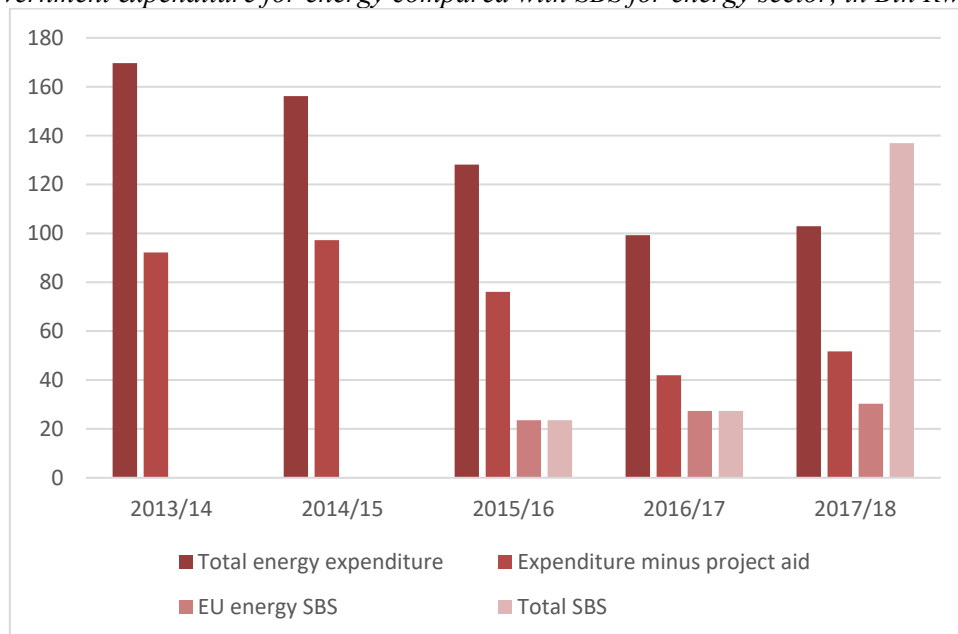
²⁵ One GoR official argued that this could not be done because generation capacity had to expand, first. However, under EQ 7 we show that there was overcapacity, so this argument does not seem to hold.

Figure 5: Comparison EU SBS energy with total expenditure for energy, both in Bln RwF, and energy expenditure per capita in RwF



Source: For EU SBS: inventory disbursements, and for budget data: file on budget analysis provided by EUD. Original budget data are from MINECOFIN.

Figure 6: Government expenditure for energy compared with SBS for energy sector, in Bln RwF



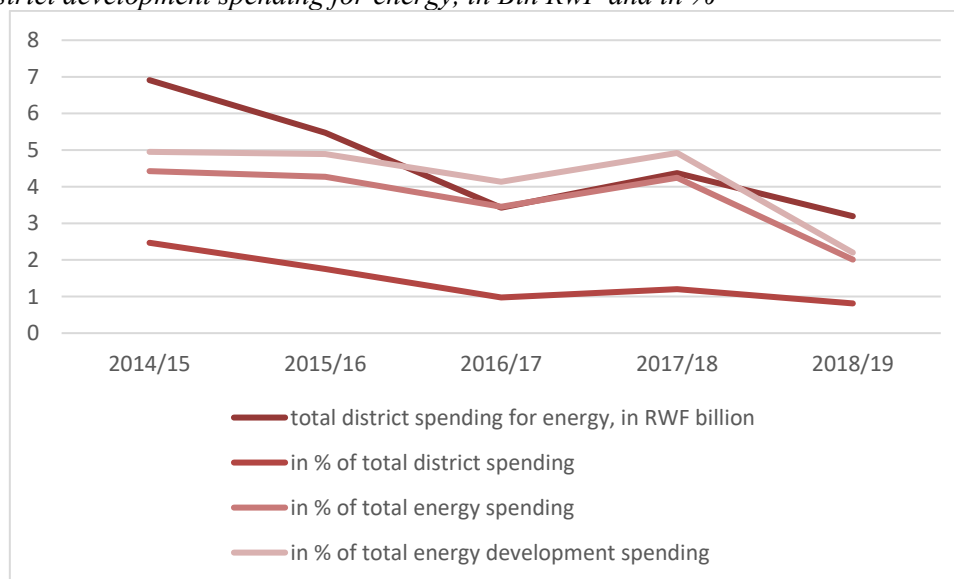
Sources: see Figure 5. For WB budget support: MINECOFIN Development Assistance Database.

Districts hardly play a role in the provision of energy services. However, some of the development (investment) budget is allocated to the districts – all districts except city of Kigali. Figure 7 shows that the investment budgets for the districts declined from 2014/15 onwards, both in absolute numbers and relative to total district spending, total energy spending and total energy development spending.

The conclusion that there is limited relationship between the EU budget support flows and the expenditure for the relevant sectors is in line with what we heard in interviews with government officials. They indicate that an increase in sector budget support does not automatically lead to an increase in the sector budget. The sector budgets are determined on the basis of the nationally defined priorities and performance indicators. sectoral absorption capacities are also taken into account. Given that the EU performance indicators are aligned with the national ones, this allocation policy guarantees that the EU indicators can be achieved as well.²⁶

²⁶ Interviews with MINECOFIN officers.

Figure 7: District development spending for energy, in Bln RwF and in %



Source: file on budget analysis provided by EUD, based on revised budgets. Original budget data are from MINECOFIN.

In many (previous) joint GBS frameworks in other countries, the Performance Assessment Matrix often included an indicator for the share of the budget for “pro-poor” or “priority” spending.²⁷ This allowed for some monitoring of the allocation priorities. One of the EU budget support contracts, that on Agriculture intensification, stipulated among the general eligibility criteria related to sector policy: “Satisfactory progress on implementation of the PSTA 2, including appropriate funding by GOR.”²⁸ But “appropriate funding” is of course not very specific, and it was part of a broader assessment of sector policies (which, in practice, was always assessed as satisfactory).

This means that the government really takes the sector budget support as flexible financing: the resources can be spent according to the discretion of the government. A high government officer indicated that, in fact, budget support resources were mostly used for investment (see under EQ 3).

INDICATOR 2.1.2

| JC2.1 | Increased size and share of budget available for discretionary spending, and improved predictability of aid flows | |
|---------|---|---|
| I.2.1.2 | Increased external aid alignment to the GoR budgeting processes. | <ul style="list-style-type: none"> Evolution of external aid aligned to the GoR budgeting processes. Evolution of aid provided as (sector) budget support and in other similar modalities: results-based aid, basket funds, and on-budget projects. |

During the last years an important increase in external aid alignment to the GoR budgeting policies and processes can be observed. First, there has been an increase in the provision of discretionary resources. In the period 2015/16 Sector budget support + flexible funding corresponded to 31.7% of disbursements, in 2016/2017 to 43% of disbursements and in 2017/2018 to 47% of disbursements.²⁹ The EU has certainly contributed to this. Although the EU budget support disbursements have fluctuated over the years, there is an increasing trend (Table 19).

²⁷ Dijkstra, G. Budget support, poverty and corruption: A review of the evidence. EBA Report 2018-04, Stockholm. <https://eba.se/en/rapporter/budget-support-poverty-and-corruption-a-review-of-the-evidence/8669/>

²⁸ Financing agreement SBS Agriculture intensification, 2009.

²⁹ Source: MINECOFIN Aid Report 2017/18.

Table 19: Annual disbursements on fixed and variable tranches, rounded to M€

| | Disbursements per fiscal year | | | | | | | | | | Total | Leftovers |
|-----------------------------|-------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|-----------|
| | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | | |
| Agriculture Intensification | | 8 | 8 | | | | | | | | 16 | 0 |
| Social protection | | | 4 | 5 | 6 | 5 | | | | | 20 | 0 |
| Decentralised Agriculture | 4 | 5 | 7 | 4 | 2 | 6 | 5 | 5 | | | 37 | 2 |
| GCCA 037-416 | | | | | | | 2 | 2 | | | 4 | 0 |
| GCCA 021-553 | | 2 | 2 | | | | | | | | 5 | 0 |
| MDG GBS | 11 | 26 | 30 | 30 | 33 | 36 | | | | | 166 | 9 |
| JRLO | 3 | 3 | 3 | 3 | 3 | | | | | | 14 | 1 |
| Eliminate Malnutrition | | | | | | 10 | 8 | 6 | | | 24 | 4 |
| Rural Feeder Roads | | | | | 6 | 8 | 12 | 10 | | | 36 | 0 |
| Energy SRC | | | | | | | 29 | 32 | 30 | 27 | 117 | 9 |
| Agriculture SRC | | | | | | | 20 | 25 | 28 | 33 | 105 | 17 |
| Total | 18 | 44 | 53 | 43 | 50 | 65 | 76 | 80 | 57 | 60 | 544 | 42 |

Source: Own elaboration of data provided in file "Inventory disbursements vs. 3".

Note: in red: lower disbursements than planned

Second, and with respect to the weaker form of alignment, so the share of aid (including project aid) that is on-budget, the European Commission is an excellent performer in 2017-2018: 100% of its official development aid to the **Rwandan public sector** is delivered through Government Agencies.³⁰ See Table 20.

Table 20: ODA for the public sector in US\$ and share of this ODA delivered through GoR agencies in 2017/18, in %, by donor

| Funding Source | Disbursements delivered through GoR agencies (1st level implementer = Government agency) | Total Disbursements to GoR | % of disbursements delivered through GoR agencies |
|-------------------|--|----------------------------|---|
| European Union | 88,483,453 | 88,483,453 | 100.0 |
| Global Fund | 94,979,237 | 94,979,237 | 100.0 |
| Netherlands | 20,017,669 | 20,017,669 | 100.0 |
| Sweden | 6,242,515 | 6,242,515 | 100.0 |
| AfDB Group | 87,360,257 | 87,939,026 | 99.3 |
| World Bank | 293,556,324 | 298,826,324 | 98.2 |
| United Kingdom | 33,656,118 | 41,961,862 | 80.2 |
| Belgium | 19,148,762 | 24,495,984 | 78.2 |
| United Nations | 58,400,376 | 87,227,507 | 67.0 |
| Republic of Korea | 6,935,208 | 19,378,975 | 35.8 |
| Germany | 10,598,134 | 32,827,142 | 32.3 |
| United States | 23,969,825 | 136,892,613 | 17.5 |
| Japan | 101,837 | 4,934,450 | 2.1 |
| Switzerland | 17,266 | 8,731,487 | 0.2 |
| Total | 743,466,982 | 952,938,244 | 78.0 |

Source: MINISTRY OF FINANCE AND ECONOMIC PLANNING, External Development Finance Report 2017-2018, p. 19.

INDICATOR 2.1.3

| JC2.1 | Increased size and share of budget available for discretionary spending, and improved predictability of aid flows | |
|---------|---|--|
| 1.2.1.3 | Budget Support funds committed by EU are actually disbursed timely and are more predictable. | <ul style="list-style-type: none"> • Comparison between committed and disbursed budget support financial transfers. • Comparison of planned disbursement dates with actual disbursement dates. • Reasons for late or non- disbursement. |

In general, the predictability of aid-flows is rather high, delays in disbursements are few months only.

The disbursements of Budget Support transfers committed by the EU are sometimes delayed. This is usually due to insufficient legal evidence on achievement of indicators in the request for disbursement. For example, in SRC Agriculture and Nutrition the EUD had to ask the National Authorizing Officer (NAO) in several occasions to improve presentation of the claim for disbursement and to provide suitable evidence of achieving the indicators.

In other cases, not the full variable tranches were released. Whilst most of the budget support achieved most of the indicators for variable tranches, or only missed them in one year,³¹ BS interventions under the 11th EDF (SRC Energy and SRC Agriculture and Nutrition) face some more problems in achieving the targets or in giving evidence of achieving the targets for the indicators for variable tranches.

³⁰ Please note that EU is also providing support to the Rwandan Public Sector in form of accompanying measures implemented by the UN system and WB; evidently MINECOFIN considers this aid as UN and WB support.

³¹ MDG-GBS, Decentralized agriculture and JRLO faced difficulties with some indicators.

Rwandan stakeholders indicated that due to staff turnover there is not always a full understanding of how to demonstrate the achievement of the indicators for tranche releases among staff in sector ministries.³² Whilst sector ministries often rely on administrative data, those are considered as insufficient by EU. Another constraint is that sector ministries also have to achieve (short-term) Imihigo targets, and this tends to get priority in decision-making processes and in efforts.

The EUD is in permanent dialogue with GOR to advice on possible risks for disbursement and on how to overcome possible challenges in achieving the targets of indicators in order to improve predictability. During HLPD and other meetings between EUD staff and GoR officials possible risks and challenges of non-achieving the targets of indicators are mentioned to give GoR the time to prepare the evidence on targets achieved in time.

Table 21: Disbursement schedule and timing of actual disbursements for SRC Energy

| | Year | Planned disbursements M€ | Date planned for disbursement | Disbursement claimed by NAO | Disbursement made | Comments |
|---------------------------|---------|--------------------------|-------------------------------|--|-------------------|---|
| 1. Tranche (fixed) | 2015/16 | 26 | 5/2016 | 11/05/2016 | 03/06/2016 | Not all documents needed have been presented with the disbursement request. Actually, paid M€ 29. Disallowance M€ 1.5. Postponed M€ 1.5 (new revision of the not achieved indicators under tranche 2 evaluation). |
| (variable) | 2015/16 | 6 | | | | |
| 2. Tranche (fixed) | 2015/16 | 26 | 9/2016 | 02/02/2017 Revisions: 23/02/2017 27/03/2017 | 16/06/2016 | Actually, paid M€ 32. Disallowance M€ 1.5 from tranche 2 Paid postponement M€ 1.5 from tranche 1. |
| (variable) | 2015/16 | 6 | | | | |
| 3. Tranche (fixed) | 2015/16 | 22 | 9/2017 | 21/09/2017 | 28/12/2017 | Actually, paid M€ 29.6 Disallowance M€ 2.4 not all indicators achieved. |
| (variable) | 2015/16 | 10 | | | | |
| 4. Tranche (fixed) | 2016/17 | 20 | 9/2018 | | 19/12/2018 | Actually, paid M€ 26.7 Disallowance M€ 3.3 (not all indicators achieved). |
| (variable) | | 10 | | | | |
| 5. Tranche (fixed) | 2017/18 | 5 | 9/2019 | | | |
| (variable) | | 10 | | | | |
| 6. Tranche (fixed) | 2018/19 | 5 | 9/2020 | | | |
| (variable) | | 10 | | | | |

Source: Based on disbursement decisions.

³² Based on interviews with government officials and EUD staff.

Table 22: Disbursement schedule and timing of actual disbursements for SRC Agriculture and Nutrition

| | Year | Planned disbursements, M€ | Date planned for disbursement | Disbursement claimed by NAO | Disbursement made | Comments |
|---------------------------|------|---------------------------|-------------------------------|----------------------------------|-------------------|--|
| 1. Tranche (fixed) | 2016 | 20 | 23/06/2016 | 23/06/2016 | n.d. | Actually paid, M€ 20. NAO already claimed disbursement in April, but the supporting documentation was not sufficient |
| (variable) | | 0 | | | | |
| 2. Tranche (fixed) | 2017 | 25 | 12/2017 | 02/02/2017 Rev. 27/03/2017 | 23/06/2017 | Actually paid, M€ 25. Documentation presented needed improvement. |
| (variable) | | 0 | | 06/04/2017 | | |
| 3. Tranche (fixed) | 2018 | 15 | 25/09/2017 | 25/09/2017 | 03/01/2018 | Problems with documentation. Not all targets achieved. Actually paid, M€ 27. |
| (variable) | | 20 | | | | |
| 4. Tranche (fixed) | 2019 | 15 | | 28/09/ 2018 | 21/12/2018 | Paid M€ 32.8. Not all targets achieved. |
| (variable) | | 25 | | | | |
| 5. Tranche (fixed) | 2020 | 10 | | | | |
| (variable) | | 25 | | | | |
| 6. Tranche (fixed) | 2021 | 0 | | | | |
| (variable) | | 27 | | | | |

Source: Based on disbursement decisions.

In sum, although there have been some delays in disbursements and not all variable tranches have been released fully, overall predictability of disbursements is good. National institutions sometimes had difficulties in understanding how to present achievement of indicators for tranche releases.

STRENGTH OF EVIDENCE: MORE THAN SATISFACTORY

Table 23: Overview of types of evidence for JC 2.1

| EQ2 – Direct Outputs | Documents and statistics | | | Interviews | | |
|--|--------------------------|------------|-------|---|---|---------------------|
| | EU | Government | Other | EU services (Delegation and Headquarters) | Government of Rwanda (at central level) | CSO, private sector |
| JC.2.1: Increased size and share of budget available for discretionary spending, and improved predictability of aid flows | | | | | | |
| I.2.1.1 Increased national budgets and sector budgets for agriculture and energy | .X | X | | X | X | |
| I.2.1.2 Increased external aid alignment to the GoR budgeting processes. | X | X | | X | X | |
| I.2.1.3 Budget Support funds committed by EU have been actually disbursed timely and have been more predictable | .X | | | X | X | |

JUDGEMENT CRITERION 2.2

INDICATOR 2.2.1

| JC2.2 | Frameworks for policy dialogue with the GoR have been strengthened and cover both performance assessments and broader policy issues | |
|---------|--|---|
| I.2.2.1 | Formalised frameworks for policy dialogue have been established at national, sectorial (agriculture and energy) and (where appropriate) thematic levels and are functioning; and a specific policy dialogue framework for EU budget support in agriculture and energy has been established and is functioning. | <ul style="list-style-type: none"> • Number of planned and actually held meetings for national, sectorial and thematic policy dialogue for a. • Clear mandate defined for each policy dialogue. |

A formalized policy dialogue framework has been established and is functioning. The Government of Rwanda and all its major development partners are signatories to the Paris Declaration on Aid Effectiveness (2005).³³ This means both government and donors adhere to the principles of ownership, alignment to national policies and systems, harmonization, a focus on results and mutual accountability. As compared to other countries, the Government of Rwanda has a high level of ownership and takes the lead in managing the aid process.³⁴ In 2006, Rwanda has presented its Aid Policy that stated what the Government would do to increase effectiveness of aid and to ensure that aid is spent in a manner that has maximum impact on economic development and poverty reduction in Rwanda. In 2010, government and donors agreed to a Division of Labour (DoL), according to which donors would provide aid to only three sectors based on their comparative advantage. This DoL, revised in October 2013, was largely implemented, with an average of number of sectors per donor of 3.5 and donors providing at least 70% of their aid to the three most important sectors.

The aid coordination structure consists of a series of development forums, sector-working groups, mutual accountability principles based on clear guiding documents. In the following the main coordination structure is presented:

- **The Development Partners Coordination Group (DPCG)** is composed of GoR Permanent Secretaries, heads of bilateral and multilateral donor agencies, representatives of civil society and private sector. The objectives are to serve as a forum for dialogue in the coordination of development aid to Rwanda; monitor the implementation of EDPRS/NST, harmonize the Development Partners' programmes, projects, and budget support; and review progress by donors against international commitments.
- **Annual Development Partners Retreat:** During an annual retreat, the Donor Performance Assessment Framework (DPAF) is presented and discussed. The DPAF is a mutual review process designed to strengthen mutual accountability at the country level, drawn from international and national agreements on the quality of development assistance to Rwanda. The DPAF reviews the performance of bilateral and multilateral donors against a set of established indicators on the quality and volume of development assistance to Rwanda.
- **GoR's Development Assistance Database (DAD)**, maintained by MINECOFIN, provides full information on external resources.
- **Sector Working Groups (SWG).** They exist for many sectors, among which agriculture and energy.

³³High Level Forum. (2005). Paris Declaration on Aid Effectiveness. Paris: OECD-DAC.

³⁴OECD-DAC (Organization for Economic Co-operation and Development's Development Assistance Committee) (2011). Survey on Monitoring the Paris Declaration - Country Chapter Rwanda. Retrieved from: <http://www.oecd.org/dac/effectiveness/2011surveyonmonitoringtheparisdeclaration-countrychapters.htm>.

- **Agriculture:** In the Agriculture sector, the Sector-Wide Approach (SWAp) has been the basis of the dialogue process between the Government of Rwanda and the Development Partners (DPs) to ensure coordination, efficiency and effectiveness in the use of resources in the sector. Stakeholders of the ASWG in Rwanda include development partners (DPs), non-Government organisations (NGOs), the private sector, civil society, farmers' organisations, financial institutions, and Government Institutions. The ASWG is chaired by the Permanent Secretary (PS) of the Ministry of Agriculture and Animal Resources (MINAGRI) and co-chaired by the Delegation of the European Union to the Republic of Rwanda (EUD) as a representative of DPs and lead donor agency.

The Sector Working Group (SWG) meets usually twice annually for Forward- and Backward-looking Joint Sector Reviews (JSR), and usually meets more often during the year. Next to this there are sub- SWG and TWGs that also meet several times a year to discuss other issues as they emerge as part of the joint sector planning and consultative process. The Agriculture Sector-Wide Approach (SWAp) was not very active in the past, but recently became a new priority of the Agriculture Minister to push the implementation of the PSTA 4. As SWG and TWGs showed some weaknesses in performance in the past³⁵ EU provided under the framework contract³⁶ a specific support to the ASWG for better coordination, monitoring and evaluation of the sector programme, as one of the Complementary Measures to the budget support.³⁷

- **Energy:** In the energy sector, the Energy Sector-Wide Approach (eSWAp) was launched in 2008 to ensure proper coordination, efficiency and effectiveness in the use of resources in the Rwandan energy sector. The Government of Rwanda and the sector stakeholders, including Development Partners (DPs) participate in this dialogue process. The eSWAp is anchored within the Ministry of Infrastructure (MININFRA), and led by the eSWAp secretariat, which receives support from donors, among which Belgium and the EU. The Permanent Secretary of MININFRA chairs the Energy Sector Working Group (ESWG) and the lead-donor (i.e. the World Bank) is co-chair. The SWG meets at least twice annually for Joint Sector Reviews (JSR). Apparently, by 2015 the ESWG was not working so well yet, because the EU SRC included a condition that MININFRA should develop Backward and Forward Looking JSR.³⁸ This condition was complied with. The consultative meetings through ESWG and Energy Technical working groups is done with the participation of private sector; there are virtually no NGOs in this sector
- **PFM:** In 2012, when GBS ended, the Donor Harmonization Group for the General Budget Support was dismantled. The government then set up a donor coordination forum around PFM, to which all donors were invited. At the highest level there is the PFM Coordination Forum which is now called the PFM Consultative Forum. This forum in principle meets twice a year³⁹ and does the Forward and Backward Looking Reviews on PFM. Then there is the PFM Technical Working Group (TWG) that meets quarterly and more often if needed. The TWG discusses the content and progress of Sector Strategic Plans (SSP) and aims to coordinate donor support to PFM.

³⁵ Source: Analysis of the Performance of Sector Working Groups in Rwanda commissioned by the Ministry of Finance and Economic Planning (MINECOFIN) and done by Mr. Graham Stegmann and Gasana Charles in May 2015.

³⁶ There exist different framework contracts for recruiting consultant services in a simplified way; the framework contracts are managed by the EU (central level and EUD).

³⁷ Europaid/132633/C/SER/multi, specific contract 2017/388739, Final Report May 2019. Evaluation of Rwanda Strategic Management Support for the Agriculture Sector Working Group; better coordination, Monitoring and Evaluation of Sector Programme.

³⁸ See p. 18 of FA SCR Energy.

³⁹ However, there were no meetings of this Forum between 2017 and end-2019 (interview EUD staff).

- **Specific dialogue between GoR and the EU on budget support.**
 - **HLPD for each Sector Budget Support Contract.** After the coming to an end of the multi-donor General Budget Support, in 2012, the EU has maintained separate policy dialogues with GoR for its budget support contracts. Dialogues take place at different levels. There is a high-level dialogue, at level of ambassador – Minister for each Sector Budget Support contract. These meetings take place twice a year.⁴⁰ It is a formal exercise, in which the Performance Assessment Frameworks and the progress on the indicators are discussed. MINECOFIN is present as well as the relevant ministries and agencies for the sector. Document review shows that High Level Policy Dialogue (HLPD) Meetings for the Energy and Agricultural Sector are realized once a year.⁴¹
 - Next to this there are **informal dialogues and meetings.** The EUD has regular meetings with MINECOFIN and with the Permanent Secretaries of MINAGRI and MININFRA. In addition, there are contacts with the DGs Planning of these ministries up to four times per month. Another example of a more informal meeting is a high-level field visit, which is done once or twice a year in agriculture. During these visits a real dialogue takes place.
 - Before 2017, the EU and the GoR held a “**portfolio review**” every six months. This covered all EU support to the government, of which the sector budget support programmes were most important. It also meant that many government ministries and agencies were present. However, it was considered somewhat less effective due to limited follow-up to what was agreed. The policy dialogue now takes place per subject/sector.
 - There are also **meetings in the context of Article 8** once a year. In this meeting general political and policy issues may be discussed. The Chargé d’affaires accompanied by other staff of the EUD conducts the high-level discussions in the context of art. 8.⁴² Other EU Members States also participate.
 - Sometimes **EU headquarters is also involved in the policy dialogue on budget support.** The Budget Support Strategic Committee (BSSC) meets in Brussels to discuss the disbursement requests. This sometimes leads to concrete requests to GoR. For example, two years ago, there was a letter from DEVCO asking for more information on food security, and in a similar way audit reports of RAB and NAEB were asked.

In sum, frameworks for policy dialogue have been established at national and sectoral levels (for energy and agriculture) and are functioning well.

INDICATOR 2.2.2

| | | |
|----------------|---|--|
| JC2.2 | Frameworks for policy dialogue with the GoR have been strengthened and cover both performance assessments and broader policy issues | |
| I.2.2.2 | The different frameworks for policy dialogue involve relevant DPs and national stakeholders, from Government, the private sector and civil society. | <ul style="list-style-type: none"> • Evidence of active participation of all DPs involved in the sector regardless of the aid modality used and the amount of their assistance • Evidence of active participation of all relevant national stakeholders • Evidence of active participation of relevant GoR services |

⁴⁰ In agriculture, one of the HLPD meetings was replaced by a smaller meeting though still at high level in the last two years.

⁴¹ The Minutes for the period 2015-2018 are available for Energy and Agricultural Sector.

⁴² Article 8 of the Cotonou Partnership Agreements outlines the specific modalities for a regular, comprehensive, balanced and deep political dialogue. ... Article 8 further stipulates that representatives of Civil Society Organisations shall be associated to this political dialogue between both parties.

The Development Partners Coordination Group (DPCG): is composed of GoR Permanent Secretaries, Heads of bilateral and multilateral donor agencies plus other staff from each agency, as well as representatives of civil society and the private sector. More broadly, the DPs coordination is led by MINECOFIN.

High Level Policy Dialogue

- **HLPD Agriculture and Nutrition:** according to the meeting notes available in this HLPD participated the Minister of Agriculture and Animal Resources, the management staff of several other ministries (DG planning of MINALOC, the PS MINEALF, the DG of NISR, MINECOFIN, and the head of the Early Childhood Programme to which the National Food and Nutrition Coordination Secretariat has been transferred) and the EU Ambassador and other staff from EU.
- **HLPD Energy Sector:** according to the meeting notes available participants include MINECOFIN, MININFRA, and other involved government agencies on the government side, and the EU other staff from EU, plus the Belgian Embassy on the donor side.

In the HLPD meetings there is no participation of private sector and civil society.

Sector Working Groups

In the **SWG Agriculture and SWG Energy**, participants come from:

- Government of Rwanda (Office of the President, Prime Minister's Office, Ministries and Affiliated Agencies)
- Development Partners (Multi-lateral and Bilateral Organisations) regardless the aid modality they are using
- Private Sector Institutions and Individuals
- Civil Society Organisations
- National Non-Government Organisations
- International Non-Governmental Organisations

In the case of SWG Agriculture Farmers' Representatives (Federation, Associations and Cooperatives) are participating as well.

In the case of SWG Energy NGOs active in the Energy Sector are participating, as well as private sector representatives. Currently 4 technical working groups are operative (biomass, electricity access, electricity generation, electricity efficiency).

DPs that have been active in the Energy SWG include the EU, the WB, the African Development Bank (AfDB), the Governments of Belgium (Enabel, but phasing out), Germany (GIZ/KfW) and Japan (JICA), among others. In ASWG, DPs include the EU, the WB, the African Development Bank (AfDB), the Governments of Belgium (Enabel), Japan (JICA), the Netherlands (+SNV), United Kingdom (DFID), United States (USAID), Korea (KOICA) and some United Nation agencies (FAO, IFAD, WFP).

As regards PFM, donors providing technical assistance for PFM (World Bank, EU, KfW, GIZ, and DiFD) are the most frequent participants in the PFM TWG and the PFM Consultative Forum, but other donors participate as well. The EU has participated from the beginning and was the co-chair between end-2016 and end-2018. There is no participation of civil society in these fora, although according to the government the Rwanda Civil Society Platform is invited.

In general participation from private sector and civil society is increasing. Interviews with EUD staff, DPs and civil society during the field mission and direct observation (participation as an observer in

an ASWG meeting) suggest that still not all stakeholders are efficiently involved in policy dialogue, however the situation is improving continuously.

According to interviews made during the field mission, policies are developed in participatory manner through TWGs (generation & transmission, access, biomass and Energy efficiency) and SWG. CSOs and private sector are participating in policy development processes mostly in the phase of validation process, but the number of CSOs active or interested in energy sector is limited.

The documentation available does not allow to qualify the participation of the different stakeholders (more or less active) or to have an idea of the dynamics in the different groups. Minutes of meetings available inform about issues tackled and decisions/agreements made, but do not provide any information related to the dynamics of the sessions. The evaluation team participated in one meeting of the SWG agriculture and had the following observations: (1) there exists an agenda prepared beforehand by the Chair and Vice-Chair.⁴³ (2) the Chair and Vice-Chair make a presentation and inform about issues aroused since the last meeting; (3) the EU as vice-chair presented the comments on behalf of all donors, as prepared beforehand (4) The government presents the results achieved (5) There is the possibility to ask questions and it appeared that civil society representatives did so; however there is no space for a real discussion or entering in technical or specific issues.

INDICATOR 2.2.3

| | | |
|----------------|---|--|
| JC2.2 | Frameworks for policy dialogue with the GoR have been strengthened and cover both performance assessments and broader policy issues | |
| 1.2.2.3 | The different dialogues cover both performance assessment and broader policy issues are supported by reporting requirements (joint monitoring of the implementation). | <ul style="list-style-type: none"> • Evidence of policy dialogue covering both performance assessment and broader policy issues. • Reporting requirements are clearly defined. • Evidence of use of performance reports in the policy dialogue. |

HLPD meetings (EU specific dialogue related to SRCs)

High Level Policy Dialogue (HLPD) meetings between GoR and EUD are the result of a longer preparation process with an established agenda; revision of the agendas and minutes of the meetings give evidence that High-level Policy Dialogue is covering performance assessment and broader policy issues; minutes of HLPDs are existing and available. Possible challenges in achieving target indicators are discussed as well. Meeting notes are prepared and signed by the Chair, Co-chair and Minutes-taker. From the meeting notes, the importance of the HLPD meetings as a platform for discussing policy objectives, achievements and challenges for the sectors is clear (see Table 24 and Table 25).⁴⁴

Table 24: Topics covered in HLPD for the Agriculture sector

| Year | Participants | Topics in the agenda | Comments and Recommendations (taken from meeting notes) |
|------|---|--|--|
| 2016 | MINAGRI (8 persons) - Minister. - Permanent Secretary. - Advisor. - DG Planning and Program Coordination. - DG Agriculture Development. - DG Animal Resources. - CEO/National Agriculture Export Board. | Review of the agriculture policy: process, consultations. | <ul style="list-style-type: none"> - The Ministry presented the ongoing consultations that were held with all stakeholders: DPs, CSOs and Farmer Organisations, Private Sector and Districts. In particular they mentioned 2 points learned from them: the need to protect agriculture land and the willingness of farmer organisations to create a Farmer Forum in order to facilitate interactions with partners. - Then it was discussed how the policy framework can focus more on the Household Food security versus National Food Security. It was asked |

⁴³ EUD officials informed us that this is done in a preparatory meeting organized by the Sub SWG on planning, in which officials representing the vice-Chair and DG planning participate.

⁴⁴ We have not traced the Minutes of HLPD meetings before 2016.

| | | | |
|------|--|---|--|
| | <p>- DG Rwanda Agriculture Board.</p> <p>MINECOFIN</p> <p>- Director of External Finance Unit.</p> <p>- External Resources Mobilisation Officer.</p> <p>Ministry of Natural Resources (MINIRENA) (1 person)</p> <p>Rwanda Natural Resources Authority (RNRA): DDG, Head of Lands and Mapping Department.</p> <p>EU Delegation (5persons)</p> <p>- Head of Delegation.</p> <p>- Head of Cooperation.</p> <p>- Team Leader Rural Development.</p> <p>- Programme Managers (3).</p> | | <p>whether farmers were sometimes dictated what they have to grow. The government indicated first that consultations were happening to determine with the cooperatives or farmers which crops to grow according to agro-economic considerations.</p> <ul style="list-style-type: none"> - Then the discussions touched upon the new distribution scheme for subsidized seeds and fertilizer. The Minister explained that to avoid issues in the distribution of fertilizers, the reserve forces have been mobilised (through a new company (named APTC) currently, owned by the Ministry of Defence) between importers and agro dealers to control the system and avoid fraud. It was clarified by the Ministry that these reserve forces were demobilised and that APTC was not getting any money directly from the government but was paid for their services by the importers who do receive the subsidies from the government. - Some dysfunctions of the current system were mentioned: low margins for agro dealers, delays in distribution of fertilisers and seeds, lack of capacities. The government indicated that it is normal in a transition period, that APTC needs some more time to get fully organized, that new agro dealers will come on the mark. - Community participation and involvement of the farmers in setting up the Imihigos (performance contracts) for the districts was then discussed. The government ensured that consultations were held at all levels and that the Joint Action Development Forum at district level was inclusive. They indicated that Imihigos should be looked at more carefully and that they should reflect on priority crops. - EU budget support: Two indicators are still lagging far behind: the one on Agri-Finance and the one on Agroforestry. DG RAB indicated that he will pay attention on the progresses on Agroforestry and a meeting should be organized in the coming days to better coordinate activities on this subject. - The point was also made by EU that without adequate budgeting at the present time it will be difficult to reach the targets. - It was recalled the Budget Support was also dependent on the General Conditions and continued progress on the eligibility criteria (verifiable PFM progress report, Macro-eco stability, Transparency). The minister was invited to have a closer look at this aspect as this could have an important impact for the sector financing if the Budget Support was to be blocked / delayed because of this. |
| 2017 | <p>MINAGRI (persons)</p> <ul style="list-style-type: none"> - Minister. - Permanent Secretary. - Advisor. - Strategic Planning and Programmes Coordination. - DG Animal Resources. | <ul style="list-style-type: none"> • Review of the agriculture policy and strategy. • Participation of farmers and private sector. • Progress in EU BS implementation. | <ul style="list-style-type: none"> - Presentation was made by MINAGRI on the progress of PSTA 4 that will be covering the period of 2018-2024. - The EU Delegation recalled the observations of the Auditor General in his letter dated on 2nd June 2017 with regards to role of military in agricultural activities (the Audit report showed the contracts between MINAGRI and MINADEF |

| | | | |
|------|---|--|---|
| | <ul style="list-style-type: none"> - CEO/NAEB. <p>EU (4 persons)</p> <ul style="list-style-type: none"> - Head of Delegation. - Head of Cooperation. - Team leader Rural Development. - Programme Manager. | | <p>valuing two million EURO), food security situation and voice of the farmers. The MINAGRI expressed that the military's mission statement involves being a player in economic development of the Country. They also explained that, often the Reserve Forces are confused with military; though they are still under MINADEF's watch-over, they are demobilized and have their companies as other normal private entities and the rule of competition is enforced in all tenders.</p> <ul style="list-style-type: none"> - Regarding farmers' voice, MINAGRI expressed the space that is given to farmers; while drafting PSTA4, they have been consulted three times and from the village the space for expressing their voice are set, at least each month. Through the community work, Extension groups and other platforms at different levels, the farmers' voice are conducted to National level platforms. - EU remark: delay in maize seed availability at farm level, unavailability of certified multiplied seeds of Irish potato, cassava and banana, inappropriate fertilizers which do not respond to crop needs. - The EU Delegation stated that in the dialogue with civil society, their wish was a coordinated planning and implementation. - The EU presented progresses made by the GoR in achieving the indicators for variable tranches of Budget Support. |
| 2018 | <p>MINAGRI (9 persons)</p> <ul style="list-style-type: none"> - Minister. - Minister of State. - Permanent Secretary - Advisor. - DG strategic Planning and Programmes Coordination. - DG Agriculture Development. - DG Animal Resources - CEO/National Agriculture Export Board. - Acting DG/RAB. <p>NISR (1 person)</p> <ul style="list-style-type: none"> - Director General. <p>MINECOFIN (1 person)</p> <ul style="list-style-type: none"> - Permanent Secretary. <p>MINIRENA (1 person)</p> <ul style="list-style-type: none"> - DG Prime – MINILAF. <p>European Union (2 persons)</p> <ul style="list-style-type: none"> - Ambassador. - Program Officer. | <ul style="list-style-type: none"> • Private sector support – European External Investment Plan (EIP). • Progress regarding the Budget Support operation. • AoB. • Follow-up on the DPs letter on Food Security. | <ul style="list-style-type: none"> - Necessity to have a joint approach to work on the next disbursement. - EU appreciated how innovation is on top of the agenda, but deep analysis is needed to identify areas of intervention and investment. - EU now is assessing tools to address the issue of private funding of Agriculture. - EU (European Investment Bank) to identify bankable projects. - Private sector support – European External Investment Plan (EIP) is not focus on big companies but more on SMEs. - MINAGRI/NISR said that the targets for the 2020 disbursement are too high and should be reconsidered. - On food security indicator, the NISR representative indicates that the -7% and -14% expected on 2019 and 2020 disbursement are far too high. |

For the Energy sector, discussions cover policy issues, as well as performance assessments and broader policy issues. There exist minutes of the HLDP prepared by MININFRA and signed by the Minister of Infrastructure as a Chairperson, the EU Ambassador as a Co-chairperson and the Energy Division Manager as a Minutes Taker.

Table 25: Key Issues Discussed in HLPD for the Energy Sector

| Energy | Participants | Topics | Comments and Recommendations (taken from meeting notes) ⁴⁵ |
|----------|---|---|---|
| HLD 2015 | <ul style="list-style-type: none"> - Ministry of Infrastructure, represented by minister, PS and other staff. - Ministry of State for Energy and Water. - Ambassador Rwanda Belgium. - Counsellor Embassy Belgium. - MININFRA (5 persons). - Ambassador EU. - DEU Resp. Infrastructures. | <ul style="list-style-type: none"> - Institutional Reform. - E-SWAP Secretariat. - Staffing. - Biomass. - EU Budget support. | <ul style="list-style-type: none"> - It was agreed that the functional review would serve as a key study for the Ministry's capacity development. - Belgium expressed interest to support the E-SWAP Secretariat. - It was agreed that the indicators to be developed for EU budget support will be focused on strategic indicators which are within the control of the Ministry. - MININFRA asked the EU Ambassador that the budget support disbursement plan would be frontloaded to finance already identified energy projects. |
| HLD 2016 | <ul style="list-style-type: none"> - Ministry of Infrastructure. - Ministry of State for Energy and Water. - Ambassador Rwanda Belgium. - Counsellor Embassy Belgium. - MININFRA. - ESWAp. - Ambassador EU. - DEU Resp. Infrastructures. | <ul style="list-style-type: none"> - Update on NEP and ESSP implementation. - Unfilled positions in the Energy division. - Policy dialogue. - State of play EU budget support (progress in achieving the targets of the indicators for variable tranches)- red and yellow flags. - EU informed that 2 important envelopes of M€ 10 + M€ 10 for studies and technical assistance are available. | <ul style="list-style-type: none"> - EU Head of Cooperation asked Ministers review about the role of the civil society and private sector in the energy development. - Share TORs for Power Master Plan Study 2016-2030 undertaken by Israel Electrical Cooperation and involve development partners in validation of the study. - Create a task force within the Technical Working Group to discuss and present the implementation plan of the rural electrification strategy. - Give more emphasis on the promotion of biogas alternatives; make LPG available in collaboration with civil society. - A plan how to use remaining EU funding for capacity building has to be presented for the next meeting. - The E-SWAP Imihigo can be shared with the Belgium Embassy on demand. - The creation of a sharing platform between E-SWAP and Belgium should be envisaged. - Red and yellow flags for 2nd and 3rd disbursement requirements EU budget support. - Revision of indicator targets is possible but only with good justification. |
| HLD 2017 | <ul style="list-style-type: none"> - Different representatives from MININFRA. - Advisor to Ministry of State of Energy and Water. - EU Delegation and Belgium Embassy. | Update on NEP and ESSP implementation | <ul style="list-style-type: none"> - Ambassador of Belgium highlights the contribution of the private sector to the development of the energy sector. - Ministry to develop an awareness package for citizens and stakeholders on Programme 1 implementation (i.e. off-grid access). - LCPDP⁴⁶ and Power Master plan reports to be shared with all stakeholders after completion. - State of play of EU budget support. - Ensure recruitment of an EU budget support consultant. - Ensure that process of reviewing the SBS indicators is completed by September 2017. |

⁴⁵ Please note that not all recommendations have been cited

⁴⁶ Least Cost Power Development Plans.

| | | | |
|-------------|---|-----------------------------------|--|
| | | | - EU underlines that resources for complementary measures are available and could be used. |
| HLD 2018 | <ul style="list-style-type: none"> - Different representatives from MININFRA. - Ministry of Energy and Water. - Ministry of Finance, - EU Delegation and Belgium Embassy. | - Reduction of biomass dependency | <ul style="list-style-type: none"> - Set Imihigo target related to the promotion of biomass alternatives - MININFRA, REG and EU to discuss possible support to biogas sector to be financed through budget support measures (M€ 17 complementary measures) or other sources. - MININFRA, REG and EU to organize a sector performance workshop |
| | | - Off grid subsector | <ul style="list-style-type: none"> - Ministerial Guidelines on Minimum Standard requirements have negative effects on private players. - Disposal of solar panel and batteries; it was discussed how the used solar panels and batteries (waste) shall be recycled or deposited. |
| | | - On-grid generation | - EU will be updated on progress in discussion on development of Ruzizi III hydro-power plant. |

HLPD and informal communications are reported to be a valuable instrument for communication between EUD and the sector ministries. From interviews with stakeholders from EUD and GoR arises that although the HLPD is of great importance, and policy issues are on the agenda, it is not always possible to have a real discussion on these issues. Sometimes key political decisions are made at the level of the President of Rwanda (who does not have a direct dialogue with the EUD Ambassador). As such it depends on the sector ministers to transmit information to the President.

Analysis of minutes of HLPD meetings also shows that performance indicators are discussed; for example, there was a discussion on the definition of realistic targets. During interviews GOR staff confirmed that targets are set willingly in an ambitious way, and this makes revisions sometimes necessary.

PFM TWG and Consultative Forum

The PFM Consultative Forum is supposed to discuss broader policy issues, but it did not meet between 2017 and end 2020. In practice, discussions in the PFM Consultative Forum and TWG are more related to operational issues, such as the provision of technical assistance, than to broader policy issues. A basket fund for PFM technical assistance was set up in 2012. However, from the start some donors (World Bank, GIZ) preferred to channel their TA outside the basket fund. And in recent years, more donors left the basket fund or decided to provide support for earmarked activities only (more information under JC 4.3). This increasing donor fragmentation has further weakened the quality of the policy dialogue.

SWG Agriculture

The Agricultural Sector Working Group (ASWG) of Rwanda is a technical working forum in which the Government of Rwanda and the agricultural sector stakeholders meet to discuss sector and cross-sector planning and prioritization according to strategic plans (originally PSTA 3, now PSTA 4) and development programmes. The ASWG serves as a mechanism through which to create mutual accountability and transparency in governance.

Sector working groups are based on an established agenda prepared by MINAGRI in coordination with the co-chair. The agenda and the documents to be discussed are shared between the main stakeholders beforehand. During the SWG, progress in achieving policy targets is reported. EUD, as vice-

chair, makes sure that participants receive the reports well in time before the meeting. It regularly happens that the documents are not ready in time, and then the meeting is rescheduled.⁴⁷ Participants have the possibility to comment and to ask questions during the meetings.

At the first and third quarter of the fiscal year, the ASWG convenes as the Joint Sector Review (JSR) forum. At other times, the MINAGRI convenes ASWG at least once a quarter to review progress on activities. Forward-looking JSRs (FLJSR) are conducted annually around May-June and aim to ensure that the monitoring and implementation frameworks are designed for policy actions and priorities for the year n+1, and it reviews the related budget allocations. The forward-looking JSRs include the development of the implementation plan, as well as the definition and planning on how to do monitoring and evaluation. Backward-looking JSRs (BLJSR) are conducted annually every September or October in order to monitor progress against targets, on the basis of an Agriculture Sector Performance Report.

In 2018 four Cluster Working Groups were formed, and each of these clusters have been assigned a Chair from MINAGRI and a Co-Chair from one of the Development Partners. The details on the clusters are the following:

- Crop Development Cluster, Chaired by DG Agriculture Development and Co-chaired by FAO Country Representative.
- Agribusiness, Markets & Export Development Cluster, Chaired by Deputy CEO NAEB and Co-chaired by Deputy Director of Economic Growth USAID.
- Animal Resources Development Cluster, Chaired by DG Livestock Dev. and Co-chaired by Country Representative IFAD.
- Planning and Budget Cluster, Chaired by Planning and Budget and Co-chaired by DFID.

CSOs and private sector are participating in TWGs as well as SWGs. The selection of private sector is done through PSF/Agri chamber, while the CSOs are selected through RGB registration. According to interviews with GoR officials the private sector is more involved in TWGs. The interests of farmers are represented by farmer's organisations either directly or through the Rwanda Civil Society Platform.⁴⁸ There was an assessment of PSTA 4 by RCSB, the assessment was sent to MINAGR. Related to PSTA4, they gave an opinion on indicators and how they should be reflected.

The sector working group faced in the past some difficulties in understanding their functions and key deliverables. EU recognized these weaknesses and provided (as mentioned before) in 2018 a specific support to the ASWG through a management support. This consultancy supported the definition of the function of the chairs/co-chairs and technical working groups and helped them understand their functions and roles as reflected in annual performance contracts and key deliverables. The expert team prepared a large list of recommendations, including the establishment of an ASWG secretariat and specific TORs for technical and sub-working groups, guidelines on meeting organizations and dynamics to improve efficiency. Furthermore, it prepared a document for effective farmers' participation in the preparation of PSTA 4 and a mapping of stakeholders and updated mailing list for active stakeholders; finally it prepared an electronic Document Management System for participants in SWGs,⁴⁹ which, however, is not accessible to the public at large. The final report related to this consultancy was presented in May 2019 only, thus recommendations have not yet been fully implemented at the moment of the field phase of this evaluation.

⁴⁷ Interview with the EUD.

⁴⁸ RCSP is regrouping a big number of ONGs. During elaboration of PSTA4 they presented some position papers. Furthermore, they participate in sector working groups and have developed simplified guides and has transmitted them to farmers.

⁴⁹ <http://psta4dev.minagri.gov.rw/aswg/index.php?id=187>

There is evidence from interviews with GoR officials, EUD staff, DPs that dialogues in ASWG cover both performance assessment and broader policy issues and are supported by reporting requirements. However, time constraints (there are many points on the agenda and the time available is limited), the large number of participants (more than 50) and the form of organization of the events give little space for an in-depth discussion.

SWG Energy

The Sector Working Group is functioning well. An E-SWAP Secretariat exists since 2008 and its main role is to ensure efficient coordination of all sector stakeholders, mobilization of funds, supporting in formulation of sector policies and strategies.

There is evidence⁵⁰ that a consultative approach for the preparation of the Joint Sector Reviews was applied and SWG Energy and technical sub-working groups were actively participating in the review. Policies are developed in participatory manner through TWGs (generation & transmission, access, biomass and Energy efficiency) and SWG. GoR officials indicate that sector policies reflect the interest of CSOs and private sector.

All in all, the existing frameworks cover both performance assessment and broader policy issues and are supported by reporting requirements. The dialogue frameworks have had a positive development during recent years and operate now in a more structured way.

INDICATOR 2.2.4

| JC2.2 | Frameworks for policy dialogue with the GoR have been strengthened and cover both performance assessments and broader policy issues | |
|-----------------|--|---|
| 1.2.2.4. | Evidence that the two parties (GoR and EU/DPs) share a common understanding and interest to foster policy dialogue at both overall and sectoral levels and deploy appropriate resources at the different levels to feed the policy dialogue. | <ul style="list-style-type: none"> • Existence of specific studies, committed by any of the two parties, to inform policy dialogue. • Level of participation on both sides. |

Analysis of the Minutes of HLPD suggests that there is interest to foster policy dialogue at sectoral level. However, the sector ministries are understaffed; this may lead to limited time available for preparation of policy dialogues at different levels.⁵¹

Both partners are committed to policy dialogue. Serious discussions have been held on the engagement of the private sector and CSOs in the formulation and implementation of sector policies, and on the role of reserve forces in distributing seeds and fertilizers to the farmers. However, EUD staff sometimes feels that there are limits to the possibility of tackling in the dialogue certain challenges that need to be addressed.⁵²

All partners are also interested in having a policy dialogue in the DPCG and in the SWGs and TWGs. Government officers indicate that they benefit from hearing the ideas, suggestions and comments from development partners and other stakeholders in these fora (“otherwise we would not organize them”). Development partners, however, feel that sometimes these fora are too big to have a substantial and frank dialogue. In addition, as also mentioned above, it is sometimes felt that decisions have already been made at a higher level, and that the dialogue is not able to accomplish much.⁵³

EU has financed several studies and specific technical assistance under complementary measures and under TCF Instrument (Table 26). There exists some evidence from interviews with EUD staff and

⁵⁰ Based on JSR 2016 and 2017.

⁵¹ Mentioned in several meeting notes.

⁵² Interviews with EUD staff.

⁵³ Interviews with EUD staff and other development partners.

government officials that the results of these studies have provided input to different levels of policy dialogue and for the development of Rwandan national policies. I.e. a service contract financed under 2009/21572 SBS Decentralized Agriculture (Review of decentralization, soil protection and non-traditional value chain development in Rwanda's agriculture sector) was used to inform the sector strategy 2013-17.

Table 26: Examples of Studies provided as Accompanying Measures and under the TCF (incomplete list)

| | |
|----|---|
| 1 | Rwanda - Technical Assistance for Energy Policy and Utility Management in the framework of 'Sustainable Energy for All'. |
| 2 | Technical assistance to mainstream decentralization in the agricultural sector in Rwanda. |
| 3 | Technical Assistance for the Response Strategy to EDPRS II and the EDF 11 National Indicative Programme. |
| 4 | Joint Governance Assessment (JGA) Monitoring Framework. |
| 5 | Sector diagnostic and identification of EU interventions to support sustainable agriculture and food security in Rwanda under the 11 th EDF. |
| 6 | Baseline survey of horticultural cooperatives and other producer organisations and groups in Rwanda. |
| 7 | Preparation of a revised M&E Framework and Agriculture Sector Investment Plan (ASIP) for the Strategic Plan for the Transformation of Agriculture in Rwanda 2013-2018 (PSTA 3). |
| 8 | Strategic Environmental Assessment of the Energy Sector Policy in Rwanda. |
| 9 | Development of a National Horticulture Policy and Strategy for pro-poor growth in Rwanda. |
| 10 | Technical Assistance for indicators formulation under the Energy Sector Budget Support. |
| 11 | Support in the description of indicators, baseline values, targets, tools and procedures to operationalise the monitoring and evaluation framework of Rwanda's Strategic Plan for the Transformation of Agriculture (PSTA-3). |
| 12 | Study in support of developing geothermal resources at Rubavu-Kalisimbi. |
| 13 | Technical Assistance to upgrade the Rwanda Agriculture Survey. |
| 14 | Technical Assistance in the Mid-Term Review of the Strategic Plan for Agricultural Transformation in Rwanda (PSTA 3). |
| 15 | Technical assistance in the establishment of a baseline of employment in Rwanda's export-oriented agricultural value chains. |
| 16 | Technical assistance in the establishment of a baseline of beneficiaries of public investments in irrigation infrastructure. |
| 17 | Technical assistance in the preparation of agriculture public investment projects (Rwanda). |
| 18 | Institutional Support for Feeder Roads Rehabilitation and Maintenance and Impact Assessment. |
| 19 | Mid Term Evaluation of Project "Prepaid Energy - Rent to own solar home systems (off-grid)". |
| 20 | The 2018 Comprehensive Food and Security Vulnerability Analysis (CFSVA). |
| 21 | Technical assistance to support NAEB's capacity to upgrade the specialised export quality infrastructures. |

Source: List provided by the evaluation manager.

STRENGTH OF EVIDENCE: MORE THAN SATISFACTORY

Table 27: Overview of types of evidence for JC2.2

| | Documents | | | | Interviews | | | |
|--|-----------|------------|---------------|---------------------|---|---|---------------------|--------------|
| | EU | Government | Other reports | Minutes of Meetings | EU services (Delegation and Headquarters) | Government of Rwanda (at central level) | CSO, private sector | Other donors |
| JC.2.2: Frameworks for policy dialogue with the GoR have been strengthened and cover both performance assessments and broader policy issues | | | | | | | | |
| I.2.2.1 | | | | | | | | |
| Formalised frameworks for policy dialogue have been established at national, sectorial (agriculture and energy) and (where appropriate) thematic levels and are functioning; and a specific policy dialogue framework for EU budget support in agriculture and energy has been established and is functioning. | X | X | | X | X | X | X | X |

| | | | | | | | | |
|--|---|---|--|---|---|---|---|---|
| I.2.2.2 The different frameworks for policy dialogue involve relevant DPs and national stakeholders, from Government, the private sector and civil society. | X | | | X | X | X | X | X |
| I.2.2.3 The different dialogues cover both performance assessment and broader policy issues and are supported by reporting requirements (joint monitoring of the implementation). | X | X | | X | X | X | X | X |
| I.2.2.4 Evidence that the two parties (GoR and EU/DPs) share a common understanding and interest to foster policy dialogue at both overall and sectoral levels and deploy appropriate resources at the different levels to feed the policy dialogue. | X | | | X | X | X | | |

JUDGEMENT CRITERION 2.3

INDICATOR 2.3.1

| JC2.3 | Accompanying measures have strengthened the areas targeted by Budget Support | |
|----------------|---|--|
| I.2.3.1 | Adequacy of complementary measures provided within the budget support package (technical assistance, studies, and communication activities) | <ul style="list-style-type: none"> • Clear rationale for TA and studies requests. • Adequacy of other complementary measures (evaluations, audits and communication activities) in view of strengthening budget support programmes and increasing EU visibility. |

Analysis of Financial Agreements and list of complementary measures under implementation or already closed gives evidence that complementary measures are closely linked to the objectives of the budget support and adequate for supporting the achievement of targets of sector policies and for promoting the achievements of indicators for variable tranches of SRCs. There is a clear rationale for the complementary measures given in the Financing Agreement and Financing Decisions.

Examples:

- Support to the Government of Rwanda in the formulation of the 4th Strategic Plan for Agricultural Transformation (PSTA-IV) and the 3rd Agriculture Sector Investment Plan (ASIP-3) (implementation by FAO).
- Support to the Government of Rwanda in the design, testing and implementation of a household survey, annual panel surveys and rigorous agricultural impact analysis (implementation by WB).
- Supply of ArcGIS licenses and satellite images to the National Institute of Statistics of Rwanda (NISR) for agriculture surveys.
- Supply of equipment to the National Institute of Statistics of Rwanda (NISR) for the collection, storage and management of agriculture survey data (Lot 1) and (Lot2).
- Implementation of a Call for Proposals for Agricultural high-value export chains, Food safety system projects implemented under indirect management by the GoR.

However, based on interviews with the GoR officials and EUD staff, the capacity building measures foreseen as a complementary measure to the SRC Energy do not completely correspond to the necessities. According to discussions with different stakeholders of the sector MININFRA is more interested in specialized punctual support than in long-term technical assistance. As such it will be decided to reallocate funds (by an addendum) to provide schools which are off grid with a solar system and modern cooking equipment.⁵⁴

⁵⁴ Based on interviews with EUD staff.

The following Table 28 gives an overview of the complementary measures for SRC Agriculture.

Table 28: Complementary Measures and contracts related to SRC Agriculture and Nutrition

| Complementary measures according to the Financing Agreement | Adequacy/rational |
|---|--|
| Technical assistance to enhance the Government of Rwanda's capacities in the agriculture sector for the sustainable use of land and water resources, value creation and nutrition security. | During the design phase of the SRC several capacity building needs of ministries sub-sector agencies/authorities were identified as closely linked to the objectives of the Action. |
| Activities for sustainable food sector value chain development | EU is providing funding to the GOR for launching pilot interventions in key sectors of interest. |
| Strengthening of national food safety system | |
| Support to horticultural high-value chains, SME and agribusiness development | |
| Supply of ArcGIS licenses and satellite images to the National Institute of Statistics of Rwanda (NISR) for agriculture surveys | NISR confirmed the importance of the support received and the necessity to count with the equipment and systems. |
| Supply of equipment to the National Institute of Statistics of Rwanda (NISR) for the collection, storage and management of agriculture survey data (Lot 1+ Lot2). | |
| Support to the Government of Rwanda in the formulation of the 4th Strategic Plan for Agricultural Transformation (PSTA-IV) and the 3rd Agriculture Sector Investment Plan (ASIP-3) FAO | The support helped the preparation of PSTA 4 and ASIP-3. It was implemented by FAO as this institution has a specific experience in the elaboration of this type of documents. |
| Support in establishing integrated agricultural household surveys and agricultural impact analysis | The support is necessary as it permits the GoR and DPs to have access to appropriate data for the agricultural sector. The results of the surveys are needed for the formulation of policy actions |
| Strategic management support of the ASWG; better coordination, Monitoring and evaluation of Sector Program | The support strengthened the capacities of SWG |

In the case of SRC Energy specific complementary support is provided for capacity building and technical assistance. This includes the implementation of the Functional Review and action plan for the Energy Division of the Ministry of Infrastructures, Rwanda (see Table 29).

Table 29: Accompanying Measures and contracts related to SRC Energy

| Complementary measures | Adequacy/rational |
|---|---|
| Planned according to FA M€ 10 Capacity Development Complementary support focus mainly on capacity development for a number of key-institutions of the energy sector (MININFRA, REG etc.) in order to enable the institutions to deliver their contributions to the successful implementation of the EESP and the NEP. Implemented: <ul style="list-style-type: none"> • Technical Assistance Services to MININFRA • Implementation of the Functional Review and action plan for the Energy Division of the Ministry of Infrastructures, Rwanda. | During the design phase certain weaknesses of sector institutions were identified. |
| (Planned according to FA M€ 10 Studies A budget is set-aside for larger important sector strategic studies (costly assessment of feasibility in the field of hydro or geothermal for instance), which cannot be covered by the TA facility or other instruments. The budget included some Technical Assistance services | During the design phase of the SRC it was not possible to identify exactly the studies which would be needed. For this purpose, a rather high volume of funding was provided. |

| | |
|--|--|
| Implemented: support to the revision process of the management prescriptions of Lake Kivu methane gas extraction | This included as well eventual services for undertaking of analytical work, including data collection and verification of indicators in the framework of this SRC. |
| (3) M€ 0.5 Visibility | Visibility: M€ 0.4 |

Complementary measures to programmes financed under 10th EDF: Closed contracts, related to programmes implemented under 10th EDF were reported as adequate (Table 30).

Table 30: Adequacy of Complementary Measures under 10th EDF

| Budget support Operation | Adequacy/rational |
|---|---|
| D-23259 Feeder Roads | Several contracts for institutional support and capacity building were needed to support the elaboration of standards for the construction of feeder roads and to increase the capacities of the institutions and local actors involved. |
| D-24780 SBS Malnutrition | <ul style="list-style-type: none"> - The complementary measures were needed for the tracking/monitoring of achievements in implementation of the Multi-sectoral Strategy to Eliminate Malnutrition (NSEM); as such they strengthened the capacity of the GoR to monitor the achievements. - A big TA contract aimed to support GoR efforts to improve nutrition of mothers and children through innovative and cost-effective behaviour change approaches. - Different service contracts were related to Monitoring and the implementation of a Management Information System. |
| 2009/21572 SBS Decentralized Agriculture | A service contract (Review of decentralization, soil protection and non-traditional value chain development in Rwanda's agriculture sector to inform the sector strategy 2013-17) |

As mentioned before, the EU has provided the Government of Rwanda with the **Technical Cooperation Facility (TCF)**. The TCF is managed under a project approach by MINECOFIN (as a National Authorizing Officer); additional technical assistance services and studies (not foreseen under complementary measures) can be contracted by using these funds. There exists also the possibility to contract additional technical assistance and studies under framework contracts managed by the EUD.⁵⁵

Visibility of budget support interventions

Provision for visibility activities is made available as complementary measures under the SRCs.

Table 31: Funds allocated to visibility under current Sector Reform Contracts

| | |
|------------------------|-------------------------------|
| SRC Agriculture | Visibility activities: M€ 0.5 |
| SRC Energy | Visibility activities: M€ 0.5 |

The EU thinks it is important to increase the visibility of its activities in Rwanda, and in particular to show results. On the one hand, this may increase support among taxpayers in Europe, and on the other it will enhance investment interest, which is beneficial for the government. As GoR does little to credit the EU with these results, not even with project aid - for example the renovation of power stations around Kigali which reduced power cuts significantly - EU has to take this on itself.⁵⁶ Since most of the aid is provided in the form of budget support, it is even more difficult to show the EU contribution.

The allocation of funds for visibility activities is programme specific, but EUD has opted to use funds available under different programmes and projects for the financing of a common visibility plan.⁵⁷ As such the EUD is implementing an important service contract of M€ 1.4 (originally M€ 0.9). The

⁵⁵ There exist different framework contracts for recruiting consultant services in a simplified way; the framework contracts are managed by the EU (central level and EUD).

⁵⁶ Interview with EUD staff member.

⁵⁷ Interviews with EUD staff.

funds foreseen for visibility actions under the budget support interventions are used/are contributing to finance the overall visibility of actions of the EUD. Under the service contract different groups of activities are financed:

- general activities and annual events (i.e. street fair for the Day of Europe, exhibitions, a road truck travelling to different districts providing information on EU, concerts or films with European artists). I.e. in 2018 the road truck went to Bugasera district, as several feeder roads financed under the budget support Feeder Roads have been completed.
- Specific events: football events, sponsoring of food fair, opera, hip-hop festival, film festival. participation of businesses to the Agri-show with and EU village.
- Sponsoring of a big event aiming to promote the use of improved cook stoves.

Furthermore, under the service contract several articles have been written (for Guardian and Devex), small films have been prepared and are presented on the internet (Facebook, Instagram); furthermore the boosting of messages is financed (i.e. on kitchen gardens and coffee production).

INDICATOR 2.3.2

| JC2.3 | Accompanying measures have strengthened the areas targeted by Budget Support | |
|---------|---|--|
| 1.2.3.2 | Degree of coordination of capacity building activities provided by different stakeholders in the sectors covered by budget support. | <ul style="list-style-type: none"> • Evidence of identification of existing capacity building activities in the sectors before launching a new TA • Existence and use of a (formal or informal) planning tool for technical assistance |

There exists no **formal** coordination of capacity building activities by the Rwandan Development Board (RDB) nor a common planning tool.⁵⁸ Coordination of development partners is done in the context of the sector working groups. Interviews with EU staff and DPs undertaken during the field mission indicate that EUD and traditional development partners inform in the SWGs, technical working groups and the Development Partners Coordination Group (DPCG) on activities foreseen or under implementation. The coordination of the TA is mainly done by the DPs themselves.

The EU Delegation shared with the evaluation team a very complete overview technical assistance provided by the Delegation on the basis of information provided by the development partners⁵⁹ in different subsectors related to the agricultural sectors⁶⁰ (see Table 32). Further to the information presented in the table below, the overview shared among DPs also contains information on the partner institution benefiting of the technical assistance, a short description of the technical assistance and the level of operation (national or at district level). These permits verifying the existence of possible overlap before launching a new TA.

Table 32: Overview of TA provided to the Agricultural Sector (latest update May 2018)

| Subsector receiving the TA | Number of interventions | Development Partners |
|---|-------------------------|---|
| <i>Value chains</i> | 18 | FAO, Netherlands Embassy, EU, FAO, USAID, WFP, DFID, JICA |
| Delivery Systems | 5 | DFID, UN, EU, USAID, WFP |
| Strategic planning, financing, coordination | 9 | EU, JICA, DFID, FAO USAID |
| Institutional reforms | 3 | DFID, USAID |
| Monitoring & Evaluation | 7 | DFID, USAID, EU |
| Cross-cutting | | |
| - Climate change | 5 | DFID, FAO, USAID |
| - Gender | 2 | FAO |

⁵⁸ Interviews with Government officials, EUD staff and DPs.

⁵⁹ We have no information on whether the mapping is shared with all DPs.

⁶⁰ Mapping of Technical Assistance in Agricultural Sector provided by Development Partners (14 May 2018).

| | | |
|--|----|--|
| - Nutrition and Food Security | 8 | EU, FAO, USAID, WFP |
| Research and Extension | 3 | EU, JICA, USAID |
| Land husbandry (irrigation, terracing, agroforestry) | 10 | EU, JICA, Netherlands Embassy, USAID |
| Enabling Environment | | |
| - Exports | 8 | DFID, EU, Netherlands Embassy, FAO |
| - Finance | 5 | DFID, Netherlands Embassy, FAO, USAID, WFP |
| - Investments | 2 | DFID, USAID |
| - Market Systems Development | 4 | DFID, FAO, USAID |

During the field mission it was mentioned that a similar overview of technical assistance provided by the different DPs in the energy sector is currently under preparation (done by Power Africa/USAID⁶¹).

Before launching a new TA, the EUD identifies the existing capacity building activities in the sectors. I.e., at the moment of preparing the action fiches and Financing Agreement the EUD identifies the stakeholders active in the different sectors and discusses the need for AT in the SWG, for example:

- The FA related to the SRC Agriculture and Nutrition indicates: “*The technical assistance will be identified, following the needs identified by the Government of Rwanda in particular through existing coordination platform like Technical working groups and the Sector Working group, where a number of stakeholders (including EU) participate and contribute.*”

In summary, the coordination of donors’ capacity building activities is mainly done by DPs themselves and planned capacity building activities are discussed in SWGs.

INDICATOR 2.3.3

| JC 2.3 | Accompanying measures have strengthened the areas targeted by Budget Support | |
|---------|--|---|
| I.2.3.3 | Effective and efficient use of complementary measures of EU budget support programmes (e.g. timely production of analytical work, use to inform policy dialogue or to improve implementation). | <ul style="list-style-type: none"> • Extent to which contracted capacity building and technical assistance have been actually implemented. • Improvements in policies and/or implementation due to technical assistance. • Extent to which complementary measures in the form of studies have been produced timely and used in policy dialogue and/or to improve policies. |

A significant part of the contracted capacity building and technical assistance measures have been implemented as foreseen and ownership is high⁶² :

Table 33: Complementary Measures and contracts related to D-37486 SRC Agriculture

| Complementary measures according to the Financing Agreement | Contracted services/supplies | Extent to which complementary measures strengthened BS |
|---|---|---|
| TA component (long-term technical assistance and short-term expert pool) to enhance governmental policy-, strategic planning-, PFM- and monitoring and evaluation capacities in the sector; The TA is further expected to improve service delivery capacities in those (sub)-sectors. A total of 6 ministries (finance and economic planning, agriculture, health, local government, natural resources, trade and industry) and 10 sub- | Technical assistance to enhance the Government of Rwanda's capacities in the agriculture sector for the sustainable use of land and water resources, value creation and nutrition security. EGIS INTERNATIONAL | The TA strengthens the implementation of the BS operation, even if there are actually some challenges: A major part of the funds has not been absorbed by now and there exist challenges between the TA provider (TECAN) and MINAGRI in the definition of the functions and the scope of this technical assistance. |

⁶¹ Information given by EUD staff.

⁶² Interviews with GoR officials, EUD staff and document review.

| | | |
|---|--|---|
| sector agencies/authorities were identified as closely linked to the objectives of the Action. | Strategic management support of the ASWG; better coordination, Monitoring and evaluation of Sector Program CARDNO EMERGING MARKETS (UK) LTD | The Strategic Management Support for the ASWG has been implemented as foreseen |
| Activities for sustainable food sector value chain development | They are pilot activities. | The foreseen Calls for Proposal for Agricultural high-value export chains, Food safety system projects was ongoing at the time of the evaluation and contracts are now signed |
| Strengthening of national food safety system | | |
| Support to horticultural high-value chains, SME and agribusiness development | | |
| Procurement of GIS/ remote sensing and ICT-based data supplies. | Supply of ArcGIS licenses and satellite images to the National Institute of Statistics of Rwanda (NISR) for agriculture surveys ESRI RWANDA LTD | Rwanda National Institute of Statistics confirmed the high quality and importance of the support provided by EU as a complementary measure. Further to the provision of equipment, NISR received support to upgrade the Rwanda Agricultural Survey. |
| | Supply of equipment to the National Institute of Statistics of Rwanda (NISR) for the collection, storage and management of agriculture survey data (Lot 1) AFTEC LTD | |
| | Supply of equipment to the National Institute of Statistics of Rwanda (NISR) for the collection, storage and management of agriculture survey data (Lot 2) Q & T SPA | |
| Support in the preparation of Rwanda's PSTA 4 and the 3rd Agriculture Sector Investment Plan (ASIP-3) | Support to the Government of Rwanda in the formulation of the 4th Strategic Plan for Agricultural Transformation (PSTA-4) and the 3rd Agriculture Sector Investment Plan (ASIP-3) THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS | MINAGRI has used an important share of funds for improvement of its information and communication technology and geographic information systems, to support the preparation of PSTA 4. |
| Support in establishing integrated agricultural household surveys and agricultural impact analysis | Support to the Government of Rwanda in the design, testing, implementation and dissemination of rigorous agricultural impact evaluation INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | The Grant support provided through WB "Support to the Government of Rwanda in the design, testing and implementation of a household survey, annual panel surveys and rigorous agricultural impact analysis" is under implementation. |
| Visibility activities: € 500,000 | Support for Visibility and Communication activities for the EU Delegation to the Republic of Rwanda BUSINESS AND STRATEGIES IN EUROPE | |

Related to SRC Agriculture the EUD financed a technical assistance to strengthen the work of the ASWG. This support was without doubt effective: i.e. the following results were achieved: the ASWG Secretariat established and staffed, TORs were elaborated in a participatory way for the different working groups, sub-working groups, technical working groups and cluster working groups

were elaborated, CSO and private sector representatives were identified and a mailing list of invitations was established. However, the supported was completed in May 2019 only, thus it is premature to validate whether the achieved results will be sustainable over time.

In the case of SRC Energy specific complementary support is provided for capacity building and technical assistance. This includes the implementation of the Functional Review and action plan for the Energy Division of the Ministry of Infrastructures, Rwanda (see Table 34).

Table 34: Complementary Measures and contracts related to SRC Energy

| D-38107 SRC Energy | | |
|---|---|---|
| Complementary measures according to the Financing Agreement | Contracted services/supplies | Extent to which complementary measures strengthened BS |
| 1) M€ 10 Capacity Development. Complementary support will focus mainly on capacity development for a number of key-institutions of the energy sector (MININFRA, REG etc.) in order to enable the institutions to deliver their contributions to the successful implementation of the EESP and the NEP. Following a mid-term review, the Government of Rwanda may decide to utilise budget support funds to support capacity building activities through the National Capacity Building Secretariat (NCBS) thereby using national procedures. | 4 ongoing TA contracts which seem all directly related to the SRC Energy. | Not all funds available for technical assistance. As such they will be used under an addendum for provision of solar panels to schools with actually are off grid. Although not all funds will be used as originally foreseen the complementary measures strengthen the sector. |
| (2) M€ 10 Studies. A budget is set-aside for larger important sector strategic studies (costly assessment of feasibility in the field of hydro or geothermal for instance), which cannot be covered by the TA facility or other instruments. Technical Assistance services are to be procured under the same budget line for undertaking of analytical work, including data collection and verification of indicators in the framework of this SRC. | <ul style="list-style-type: none"> Study Support to the Revision Process of the Management Prescriptions of Lake Kivu Methane Gas Extraction (M€ 0.224). Implementation of the Functional Review and action plan for the Energy Division of the Ministry of Infrastructures, Rwanda (M€ 2.75). Technical Assistance contract M€ 0.465. | Only a limited volume of the funds available for complementary measures (studies) has been used, as the GoR changed priorities/or undertook the studies with other DP's financing. As mentioned before unused funds will reallocated for a new programme in the energy sector. Although not all funds will be used as originally foreseen the complementary measures strengthen the sector. |
| (3) M€ 0.5 Visibility | | Visibility: (M€ 0.4) |

In the case of the SRC Energy **only a small part of the available funds for complementary measures has been committed and/or executed.**

- The case study Rwanda on the evaluation of EU sustainable energy cooperation (2011-2016)⁶³ indicates that some of the technical assistance offered was not demand-led or partner-owned. A few interventions of the Technical Assistance Facility (TAF)⁶⁴ have been driven by the need to support the EU in the definition of result indicators and procedures for their measurement (Rwanda Sector diagnostic, identification and formulation of an EU Energy programme under the 11th EDF; Technical Assistance for indicators formulation under the Energy Sector Budget Support; Increase performance of Rwanda's energy sector and develop the corresponding institutional capacities ; Rwanda - Technical Assistance for Energy Policy and Utility Management in the framework of 'Sustainable Energy for All').

⁶³ https://ec.europa.eu/europeaid/external-evaluation-eus-sustainable-energy-cooperation-2011-2016_en

⁶⁴ However, the TAF(TCF?) is somewhat different from accompanying measures.

- There seem to exist some challenges related to the “*Implementation of the Functional Review of and action plan for the Energy Division of the Ministry of Infrastructures, Rwanda*”, as the level of consumption of funds under the contract seems still relatively low. The proportion of Technical Assistance (TA) foreseen in the 11th EDF envelope for Rwanda to complement budget support implementation was high and appeared to be one reason for the government’s reluctance to agree to the use of funds for this purpose.⁶⁵ Capacity development managed by third parties was perceived as introducing high overhead and transaction costs. Government partners appeared reluctant to accept additional capacity building and part of the committed EU support has not yet been used.⁶⁶
- Accompanying measures related to studies for geothermic and hydropower were not used by GoR, due to change in priorities of GoR and/or available financing from other sources.⁶⁷

As such during the field visit it was reported that a mayor part of the M€ 10 foreseen for studies under the Energy budget support have not been used and remaining funds will be reallocated.

Complementary measures to programmes financed under 10th EDF: Closed contracts, related to programmes implemented under 10th EDF were reported as adequate:

Table 35: Complementary measures financed under the 10th EDF related to Agriculture

| Budget support Operation | Complementary measures | Extent to which complementary measures strengthened BS |
|---|---|---|
| D-23259 Feeder Roads | M€ 4 for technical assistance | 8 contracts for institutional support and capacity building. They contributed to the elaboration of standards for the construction of feeder roads and to increase the capacities of the institutions and local actors involved. However not all complementary measures have given the expected results, and this was usually due to changes in the priorities of the GoR. For example, the four complementary measures linked to the SBS for Feeder Roads to strengthen the capacity for feeder roads rehabilitation and maintenance were unsuccessful. The objective was the creation of a feeder road division with Ministry of Agriculture in coordination with the Road Authority and Local Governments. However, the GoR lost interest and the unit was closed with the completion of the budget support programme (the staff employed was not part of MINAGRI). |
| D-24780 SBS Malnutrition | <ul style="list-style-type: none"> • Support to establishment of web-based multi-sectoral database to track progress against NSEM (Services) • Support to the introduction of regular country-wide height-for-age measurements of children aged 6-24 months. (Services + Supplies) • Support to establishment of model nutrition gardens in schools & vocational training centres. (Services) • Support to improve the methodology for seasonal livestock assessments. (Services) | <p>The complementary measures were mostly related to the tracking/monitoring of achievements in implementation of the Multi-sectoral Strategy to Eliminate Malnutrition (NSEM); as such they strengthened the capacity of the GoR to monitor the achievements.</p> <p>Different service contracts were related to Monitoring and the implementation of a Management Information System.</p> <p>Several of the studies were undertaken after a specific demand of the GoR to the EUD.</p> |

⁶⁵ According to interviews with service providers the GoR would prefer to use TA funds for investments.

⁶⁶ Based on PEM Evaluation of EU’s sustainable Energy Cooperation (2011-2016), Case Study Rwanda, page 5.

⁶⁷ Based on interviews with EUD staff.

| | | |
|---|--|--|
| | <ul style="list-style-type: none"> Support to Comprehensive Food Security and Vulnerability Analysis & Nutrition Survey 2015. (Services). Support to GoR's efforts to improve the nutrition of mothers and children through innovative and cost-effective behaviour change approaches. | The support for behaviour changes on nutrition were very effective. |
| GCCA | Only a small contract for visibility. | |
| 2009/21572 SBS Decentralized Agriculture | A service contract (Review of decentralization, soil protection and non-traditional value chain development in Rwanda's agriculture sector to inform the sector strategy 2013-17). | High ownership as the document was used as an input for the sector strategy 2013-17. |

Visibility

As mentioned before, a major part of funds foreseen for visibility actions of the EUD has been used and is contributing to increasing the visibility of the EUD in Rwanda.

All in all, most technical Assistance financed under SCRs for the provision of capacity building in agricultural and energy sectors have been contracted as foreseen, but Technical Assistance for both sectors faces some difficulties. However other complementary measures have been very successful and strengthened the areas target by BS. EUD has implemented an innovative approach to visibility, which has increased EU visibility. But it remains difficult to make the effects of budget support visible due to the nature of this aid modality.

STRENGTH OF EVIDENCE: STRONG

Table 36: Overview of types of evidence for JC 2.3

| Evaluation Question (EQ) with its Judgment criterion (JC) and indicators (I) | Documents | | Interviews | | | | |
|--|-----------|-----|--|---|--------------|---|-------------------------|
| | EU | GoR | Other documents: studies, evaluations etc. | EU services (Delegation and Headquarters) | Other donors | Government of Rwanda (at central level) | CSOs and private sector |
| JC.2.3: Accompanying measures have strengthened the areas targeted by Budget Support | | | | | | | |
| I.2.3.1 Adequacy of complementary measures provided within the budget support package (technical assistance, studies and communication activities) | X | | X | X | | X | |
| I.2.3.2 Degree of coordination of capacity building activities provided by different stakeholders in the sectors covered by budget support. | X | X | | X | | X | |
| I.2.3.3 Effective and efficient use of complementary measures of EU budget support programmes (e.g. timely production of analytical work, use to inform policy dialogue or to improve implementation). | X | X | X | X | | X | |

JUDGEMENT CRITERION 2.4

INDICATOR 2.4.1

| JC2.4 | EU budget support has contributed to the increase of the overall level of donor coordination and the decrease of transaction costs | |
|---------|---|---|
| I.2.4.1 | Evidence of strengthened coordination mechanisms managed by GoR and increased level of donor coordination (at the design and the implementation levels) facilitated by the use of budget support by the EU. | <ul style="list-style-type: none"> Evolution of the division of labour |

The coordination mechanism managed by GOR and the level of donor coordination has improved during recent years. This is partly related to direct initiatives of EUD (i.e. the mapping of the TA in the agricultural sector, or the support provided for strengthening the ASWG).

The EU is an active actor in the different coordination panels, and there is some evidence of a positive effect of EU budget support operations on donor coordination:

- The case study Rwanda on the evaluation of EU sustainable energy cooperation (2011-2016)⁶⁸ indicates that EU support enhanced donor coordination with MS by presenting common donor positions at a higher level and with more influence than the MSs were able to do by themselves. This is also confirmed in an interview with one of the MS in May.
- EU's involvement in donor coordination and joint sector reviews and other papers is appreciated by the other donors and by private sector, the EU responses and comments to key sector papers is found useful by other actors.⁶⁹
- EU leadership was important in formulation of a common position of DPs related to the definition of standards for solar panels.⁷⁰ Furthermore, EU support increased the attention to biomass and cooking.
- EU leadership was important as well in the formulation of a common position of DPs related to the National Feeder Roads Policy and Strategy.

INDICATOR 2.4.2

| JC 2.4 | EU budget support has contributed to the increase of the overall level of donor coordination and the decrease of transaction costs | |
|---------|--|---|
| I.2.4.2 | Decreased transaction costs per unit of EU external aid. | <ul style="list-style-type: none"> % of interviewees that consider that transaction costs have diminished compared to project approach. Comparison transaction costs (time spent by sector and EU stakeholders) per unit of aid between EU budget support and EU other support. Comparison transaction costs (time spent by government and EU/other DP stakeholders) per unit of aid between EU budget support and aid modalities applied by other donors in agriculture and energy. |

Both GoR officials and EUD staff confirmed that transaction costs involved in managing budget support are lower than for managing project aid. EUD respondents on the one hand laid out the extensive work related to the preparation and management of SRCs, but on the other hand they confirmed that it would be impossible to manage the same amount of development resources (as implemented through SRCs) by using a project approach; an important increase of the number of project managers (and of office space) would be necessary.

They also confirmed that the significantly bigger size of budget support interventions (under the 11th EDF) has reduced workload compared to small budget support interventions (under the 10th EDF).⁷¹

⁶⁸ PEM Evaluation of EU's sustainable Energy Cooperation (2011-2016), Case Study Rwanda.

⁶⁹ Interviews with DPs, private sector organizations, GoR officials.

⁷⁰ Interviews with EUD staff and DPs. MININFRA- Minister of State and Energy –imposed unrealistic standards for solar systems: In repose there was a very strong policy dialogue of EU with US, WB, Belgium; - this decision triggered a joint effort to impose workshops and discuss. Finally, the DPs succeeded, and standards were changed.

⁷¹ The MDG – GBS under the 10th EFD was of course also a very big operation.

They added that budget support programmes imply a different workload distribution in the EUD with more workload on expat staff (in particular management and middle management), and less on local and finance and contract staff.

An analysis of the volume of documentation related to budget support interventions (Table 37 and Table 38) suggests, that the workload for the EUD related to the preparation of budget support programmes, disbursement of tranches and participation in working groups is considerable. On the other hand, the significantly bigger size of budget support interventions (under the 11th EDF) has reduced workload compared to small budget support interventions (under the 10th EDF) and project approach.

Table 37: Workload for EUD in SRC Agriculture and Nutrition

| FA | Management of the Budget Support Component | Additional Workload |
|-----------------------|---|--|
| Addenda | 2 | <ul style="list-style-type: none"> Grant Contract with WB. Grant Contract with FAO. 6 contracts (indirect management ex-ante). Preparation of HLPD. Participation in HLPD. Participation in Sector Working Groups. Follow up of additional studies related to the SRC financed under TCF or Framework Contract. |
| Disbursement 1 | About 20 annexes (to be collected or written). Different sets of documents have been sent by NAO; different notes had to be sent to NAO and HQ. | |
| Disbursement 2 | About 36 annexes. Different set of documents have been sent by NAO; different notes had to be sent to NAO and HQ. | |
| Disbursement 3 | About 23 annexes; different notes had to be sent to NAO and HQ. | |
| Disbursement 4 | About 65 annexes + Annexes Economic and Governance Section (3); Exchange of notes with NAO and HQ Brussels. | |

Table 38: Workload for EUD in SRC Energy

| FA | Management of the Budget Support Component | Additional Workload |
|-----------------------|--|---|
| Addenda | 2 | <ul style="list-style-type: none"> Technical Assistance contract Study Support to the Revision Process of the Management Prescriptions of Lake Kivu Methane Gas Extraction Implementation of the Functional Review and action plan for the Energy Division of the Ministry of Infrastructures, Rwanda Visibility Contract Preparation of HLPD Participation in HLPD Participation in Sector Working Groups Follow up of additional studies related to the SRC financed under TCF or Framework Contract. |
| Disbursement 1 | 44 Annexes, several explanation letters. Exchange of notes with NAO and HQ Brussels. | |
| Disbursement 2 | 60 Annexes + Annexes Economic and Governance Section (3) + multiple other annexes; Exchange of notes with NAO and HQ Brussels. | |
| Disbursement 3 | 60 Annexes + Annexes Economic and Governance Section (3) + multiple other annexes; Exchange of notes with NAO and HQ Brussels. | |
| Disbursement 4 | n.d. ⁷² + Annexes Economic and Governance Section; Exchange of notes with NAO and HQ Brussels. | |

The evaluators have made an approximate estimation of the transaction costs for EU for budget support and project approach. The calculation is mainly based on interviews with EUD staff during the field visits (Table 39), general information known about BS programmes, analysis of documentation prepared related to tranche releases, experiences of the evaluators related to reporting needs for interventions under project approach .

The exercise shows clearly that project approach (with projects of an average size of M€ 20) has more than double the transaction costs of a SRC. In case the average size of the projects increases transaction costs of that approach increase as well.

The Assumptions for these calculations are:

⁷² Not all documentation was available.

- 1) It has been assumed that both – the interventions implemented as budget support and the interventions implemented under a project approach have an implementation period of 5 years.
- 2) An average SRC corresponds to at least 10 -20 interventions under project approach (in volume of funding).
- 3) For reason of simplification it will not be considered that budget support interventions involve principally staff at the level of Head of Cooperation and Head of Sector.
- 4) If the size of projects is smaller, a project manager can manage more projects.
- 5) Additional costs related to increased number of project managers (i.e. office space) is not considered.

Table 39: Estimation of transaction costs (time spent by EU staff) per unit of aid for EU budget support and EU projects

| SBS Intervention, M€ 200 | | | |
|---|--|--|---|
| | Number of persons involved in management | Time consumption for management of budget support, in % of total | Annual Costs in full-time equivalents (FTE) |
| TL Energy | 1 | 80% | 0.8 |
| Project Managers for complementary measures | 4 | 10% | 0.4 |
| Brussels | 4 | 10% | 0.4 |
| Total | | | 1.8 |
| Project Approach 10 interventions, M€ 20 each | | | |
| TL Energy | 1 | 20% | 0.2 |
| Project Managers for complementary measures | 3 | 90% | 2.7 |
| Brussels | 1 | 5% | 0.05 |
| Total | | | 2.95 |
| Project Approach 20 interventions, M€ 10 each⁷³ | | | |
| TL Energy | 1 | 20% | 0.2 |
| Project Managers for complementary measures | 5 | 90% | 4.5 |
| Brussels | 1 | 5% | 0.05 |
| Total | | | 4.75 |

Budget Support interventions are highly appreciated by MINECOFIN for the reason that it provides flexible financing to the budget. For MINECOFIN, budget support involves participation in HLPD and preparation by NAO of many documents for the disbursement requests – which imply relatively low transaction costs.

But the burden on sector officials is higher. Sectors must make efforts to meet the general eligibility requirement (good sector policies) and must achieve the specific triggers for the variable tranches – without necessarily getting additional resources, as shown above. In addition, they must engage in an intensive policy dialogue with EUD: the formal HLPD but also many informal dialogues with EU officials. The situation under a project approach is very different: projects usually include the establishment of a well-staffed and well-equipped management unit permitting it to work under considerably easier conditions on the achievement of specific results for targeted beneficiaries. Yet, due to the fact that resources are used through the government's own budgeting, procurement and implementation systems, and since indicators are, in principle, aligned with GoR own targets, overall transaction costs for budget support are much lower than for project aid, also for the government

All in all, transaction costs for both EU and GoR in are considerably lower with budget support than with project aid.

⁷³ The Energy Division mentioned that average projects would have a size of M€ 5 only, thus that transaction costs for implementation of a budget of M€ 200 with project approach would still be higher than mentioned above.

STRENGTH OF EVIDENCE: STRONG

Table 40: Overview of types of evidence for JC 2.4

| Evaluation Question (EQ) with its Judgment criterion (JC) and indicators (I) | Documents | | | Interviews | | | |
|---|-----------|-----|--|---|--------------|---|-------------------------|
| | EU | GoR | Other documents: studies, evaluations etc. | EU services (Delegation and Headquarters) | Other donors | Government of Rwanda (at central level) | CSOs and private sector |
| JC.2.4: EU budget support has contributed to the increase of the overall level of donor coordination and the decrease of transaction costs | | | | | | | |
| I.2.4.1 Evidence of strengthened coordination mechanisms managed by GoR and increased level of donor coordination (at the design and the implementation levels) facilitated by the use of budget support by the EU. | X | | | X | X | X | X |
| I.2.4.2 Decreased transaction costs per unit of EU external aid | X | X | | X | X | X | |

EQ 3. MACRO-ECONOMIC MANAGEMENT AND OUTCOMES

EQ3: To what extent and through which mechanisms (funds, dialogue and TA) has budget support contributed to improving the quality of macroeconomic management and to the effectiveness of domestic revenue mobilization?

JUDGEMENT CRITERION 3.1**INDICATOR 3.1.1**

| JC 3.1 | Fiscal policy and domestic revenue mobilization have improved | Indicators, all for FY 2010/11 to 2018/19 |
|---------|---|--|
| I.3.1.1 | Increased domestic revenue mobilization. | <ul style="list-style-type: none"> Tax revenues and total domestic revenues in RwF and in % of GDP. |

There has been a huge increase in domestic revenue mobilization, but especially between 2011/12 and 2014/15: from 13.0 to 17.7% of GDP (Table 41). Tax revenues increased from 12.4 to 15.8% of GDP in the same period. After that, the growth of both tax revenues and total domestic revenues stagnated somewhat, while there was again an increase in 2018/19. The increases are due to major improvements in tax legislation and in tax administration and these efforts have been supported by donors.⁷⁴ The IMF also attributes the increase in the first part of the decade to improved performance of the Rwanda Revenue Authority (RRA). Relative to other low income countries, the Personal Income Tax has been particularly successful, due to progressive nominal tax brackets that have been held constant over the years.⁷⁵ Recently, further improvements have been accomplished by introducing electronic billing machines and by more adequately taxing international companies. These efforts have also been supported by donors.⁷⁶

Table 41: Tax revenues and total revenues in RwF Bln and in % of GDP, based on revised budgets

| | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|-------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Tax revenues | 449 | 520 | 641 | 782 | 895 | 949 | 1081 | 1200 | 1373 |
| Non-tax revenues | 22 | 73 | 72 | 124 | 107 | 166 | 137 | 151 | 207 |

⁷⁴ EUD macro-economic assessment, September 2015.

⁷⁵ IMF, July 2019, Staff report for the 2019 art. IV consultation and request for a three-year Policy Coordination Instrument. p. 14.

⁷⁶ Interviews with government officials and donor representatives.

| | | | | | | | | | |
|-----------------------------------|------|------|------|------|------|------|------|------|------|
| Total revenues | 471 | 593 | 713 | 906 | 1001 | 1115 | 1219 | 1351 | 1580 |
| Tax revenues in % of GDP | 12.4 | 12.3 | 13.5 | 15.1 | 15.8 | 15.0 | 15.2 | 15.2 | 16.0 |
| Total revenues in % of GDP | 13.0 | 14.0 | 15.0 | 17.5 | 17.7 | 17.6 | 17.1 | 17.1 | 18.4 |

Source: MINECOFIN, revised budgets. And for GDP: NISR.

The common view, both from reports and from interviews, is that it becomes increasingly difficult for Rwanda to further raise tax income. This is mainly due to the low tax base as a result of the large informal economy – in particular the huge number of people working in subsistence agriculture. But among IMF, World Bank and other donors there are also concerns on the large amount of tax exemptions from which large domestic and international companies benefit. Providing tax cuts on imported inputs in strategic sectors is considered an instrument for the “Made in Rwanda” campaign, the attempt to substitute domestic production for imported goods. The new (2015) Investment Code has better streamlined these incentives, but did not reduce them.⁷⁷ The cost of these exemptions is estimated at 3.3 percent of GDP in 2016.⁷⁸ The World Bank recommends to target these incentives better, for example by giving priority to export promotion rather than import substitution, by linking them to performance and by introducing sunset clauses.⁷⁹

INDICATOR 3.1.2

| | | |
|----------------|--|---|
| JC 3.1 | Fiscal policy and domestic revenue mobilization have improved | |
| I.3.1.2 | Improved respect for aggregate expenditure, revenue and deficit targets. | <ul style="list-style-type: none"> Aggregate expenditure, revenues and deficit in RwF and in % of GDP. |

The deficit (before grants) has gradually decreased from almost 15% of GDP in 2010/11 to 10% in 2017/18 (Figure 8). It increased again to 11.7% in 2018/19. The deficit after grants also first decreased to around 5 to 6% of GDP but then increased to 7% in the most recent year. For the government, this relatively high deficit is necessary given the high growth ambition and the low tax base. Some donors agree but some other donors express concerns about the size of this deficit, in particular as grants are decreasing (see also under 2.3).⁸⁰

Although Figure 8 shows an increase in expenditure between 2011/12 and 2012/13, actual expenditure decreased as a result of budget support suspensions from July 2012 onward. According to the IMF, actual expenditure was 28% of GDP in 2012/13.⁸¹ The government economized in that year by lower recruitment and by prioritizing within capital spending.⁸²

⁷⁷ EUD macro-economic assessments September 2015 and August 2017. World Bank (2018), Future Drivers of Growth.

⁷⁸ Bode, M. V. Steenberg and J. Lohmann (2017), “Attracting investments while raising tax revenue: Recommendations for reviewing Rwanda’s tax incentives”, IGC Policy note, International Growth Centre, Kigali, cited in World Bank (2018), Rwanda: Future Drivers of Growth, p. 131.

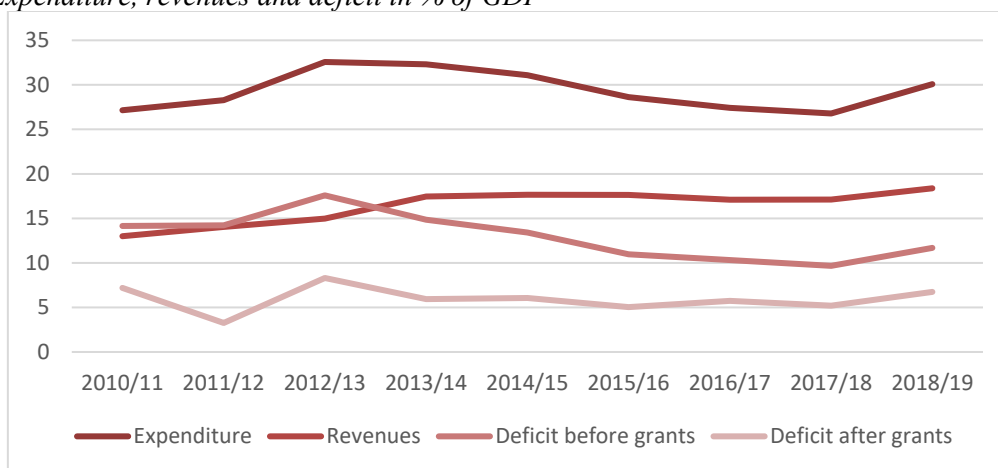
⁷⁹ World Bank (2018), p. 186-187.

⁸⁰ Interviews with government officials and donors’ representatives.

⁸¹ IMF, Fourth review under the Policy Support Instrument, January 2016.

⁸² EUD, macro-economic assessment, November 2013.

Figure 8: Expenditure, revenues and deficit in % of GDP



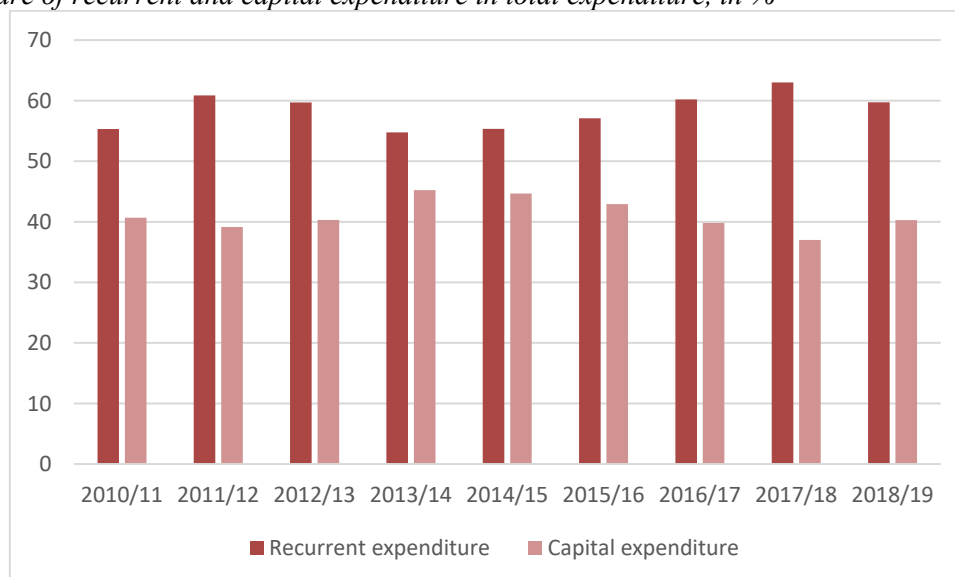
Source: MINECOFIN, based on revised budgets. For GDP: NISR.

INDICATOR 3.1.3

| | | |
|----------------|---|--|
| JC 3.1 | Fiscal policy and domestic revenue mobilization have improved | |
| I.3.1.3 | Greater allocative efficiency in the composition of public spending and increased and improved pro-poor spending. | <ul style="list-style-type: none"> • Capital and recurrent expenditure as % of total expenditure. • Pro-poor spending as % of total spending. • Pro-poor spending per capita. |

There is no clear trend in the share of capital expenditure or, the complement, recurrent expenditure (Figure 9). The share of capital expenditure in total expenditure fluctuates between 39 and 45%. This is relatively high, and higher than most East African countries.⁸³ In 2018/19, government capital spending amounted to 12% of GDP.⁸⁴ This high public investment is in line with the government’s ambitious growth targets, but there are some concerns that recurrent spending, and especially that for wages, may not be sufficient.⁸⁵

Figure 9: Share of recurrent and capital expenditure in total expenditure, in %



Source: MINECOFIN, based on revised budgets.

There are also some concerns about the allocation within government capital expenditure. The World Bank recently lowered Rwanda’s score for “efficiency of public resource allocation” in its Country

⁸³ EUD, macro-economic assessment, November 2013, p. 6.

⁸⁴ To this we can add investment by state owned enterprises, which is estimated at around 6% of GDP. (interview with donor).

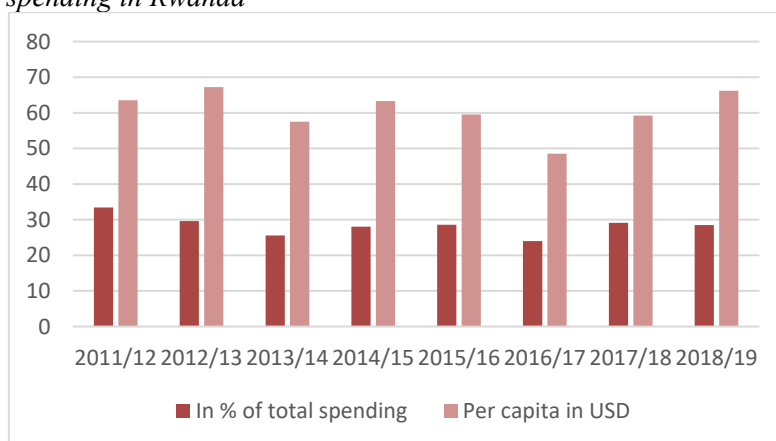
⁸⁵ World Bank (2016), Agriculture Public Expenditure Review, p. 11 and one interview.

Policy and Institutional Assessment (CPIA), due to insufficient public investment in education and health and a worsening sectoral allocation.⁸⁶ For example, the share of total investment going to the agricultural sector (less than 10%), which employs 70% of the population, is worrying.⁸⁷ Furthermore, there are concerns about the increasing share of the government budget for the Ministry of Finance. This is not for covering the costs of the Ministry itself but includes subsidies for state-owned companies and in particular Rwandair, for export promotion activities, for pre-financing Peacekeeping missions abroad, and for servicing the debt.⁸⁸

Another aspect of allocative efficiency of government spending are the subsidies provided to the energy sector. A World Bank study compares the costs of energy supply (including both operational and capital costs) with the cash collected through billing. In Rwanda, in the year 2013, the cash collected was only slightly more than half of the total costs of energy supply per kWh billed. Rwanda was among 20 African countries in which the cash collected did not even cover operational costs. The costs involved amounted to 1% of GDP.⁸⁹ In these calculations, capital costs only include depreciation of existing generating capacity, not the costs of expansion. In addition, after 2013 the government has increased subsidies to commercial users of electricity, leading to a tariff of only US\$ 0.10 per kWh.⁹⁰ Arguably, an even larger fiscal issue is created by excess supply of power, in combination with agreements guaranteeing high prices for these suppliers regardless of actual demand.⁹¹ In 2018/19, the fiscal transfers to energy amounted to 1.9% of GDP. With unchanged policies to increase supply, they were projected to reach 4.5% in 2020/21.⁹²

In Rwanda, there is no standing definition of pro-poor spending that is used in the policy dialogue or in registration of government performance. We computed pro-poor spending by adding the expenditure for Agriculture, Forestry, Fishing and hunting, Environmental protection, Community development, Water supply, Health, Pre-primary and primary education, Secondary education, Post-secondary non-tertiary education, and Social protection.⁹³ Figure 10 shows that pro-poor spending has fluctuated a bit from year to year but the overall trend, both in % of total spending and in US\$ per capita, is quite stable. But there has not been an increase during the evaluation period. On average, annual pro-poor spending was 28% of total spending, and 61 US\$ per capita.

Figure 10: Pro-poor spending in Rwanda



Source: Own calculations based on data from MINECOFIN, revised budgets. For population: <https://tradingeconomics.com/rwanda/population>.

⁸⁶ Interview with World Bank representative.

⁸⁷ World Bank (2018), Rwanda: Future Drivers of Growth, p. 185.

⁸⁸ EUD, Annual Macroeconomic Report, October 2018, p. 15.

⁸⁹ Kojima, M and C Trimble (2016), Making power affordable for Africa and viable for its utilities. World Bank, AFREA and ESMAP.

⁹⁰ World Bank (2019), Rwanda: Systematic Country Diagnostic, p. 43.

⁹¹ World Bank (2019), Rwanda: Systematic Country Diagnostic, p. 56.

⁹² World Bank, 2019, Program document for a development policy credit to GoR for a Third Rwanda Energy Sector Development Policy Financing, p. 7.

⁹³ Although the choice of sectors is always somewhat arbitrary, we believe this choice gives a fair reflection of pro-poor expenditure.

In most other countries receiving budget support, spending for priority sectors or poverty-reduction expenditure has increased over the period in which these countries received budget support, with the exception of Ghana and Uganda (Table 42). The exact numbers do not tell much as the definitions of priority spending are different in each country.

Table 42: Evolution of pro-poor spending or spending for priority sectors as % of total expenditure in selected countries

| | Burundi 2006-12 | Burkina Faso 2007-14 | Ghana 2005-15 | Mali 2003-9 | Mozam- bique 2005-12 | Rwanda 2011/12- 18/19 | Sierra Le- one 2002-14 ¹ | Tanzania 2005/6- 11/12 | Zambia 2005-10 | Uganda 2004/5- 12/13 ² |
|------------|--------------------|----------------------------|------------------|----------------|----------------------------|-----------------------------|---|------------------------------|-------------------|---|
| First year | 32 | 25 | 45 | 39 | 61 | 64 | 28 | 40 | 35 | 33 |
| Last year | 51 | 26 | 22 | 54 | 67 | 66 | 39 | 53 | 45 | 20 |

Source for the other countries: G. Dijkstra, Budget support, poverty and corruption: A review of the Evidence. EBA Report 2018-04, Stockholm. <https://eba.se/en/rapporter/budget-support-poverty-and-corruption-a-review-of-the-evidence/8669/>

¹ Total expenditure excludes local council spending.

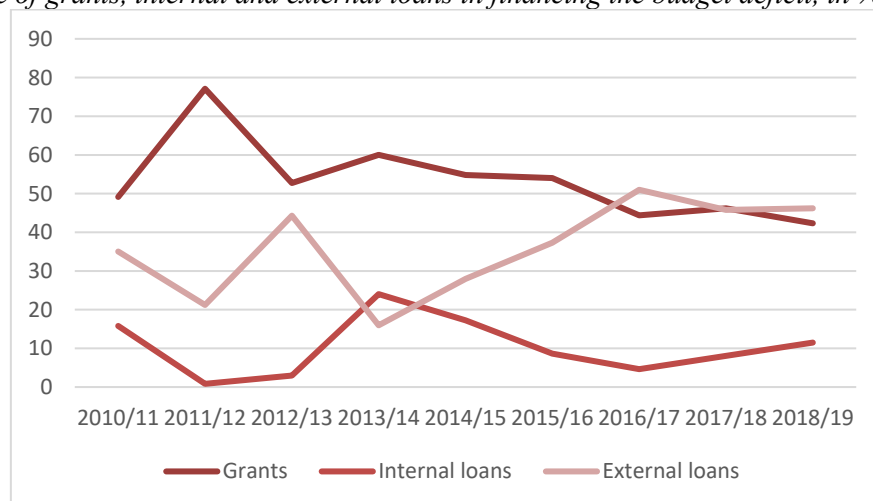
² In Uganda as share of discretionary expenditure, so expenditure excluding interest payments, taxes and arrears. In this country, there was a rise in pro-poor spending between 2001/2 and 2004/5.

INDICATOR 3.1.4

| JC3.1 | Fiscal policy and domestic revenue mobilization have improved | |
|---------|---|---|
| I.3.1.4 | Improved cautiousness in financing deficits, taking debt sustainability into account. | <ul style="list-style-type: none"> Types of financing of public deficit: share of grants, share of internal and external loans, share of bonds, and conditions of loans and bonds. |

Grants have been the most important source of financing the deficit, but in recent years external loans have become equally important (Figure 11). External loans were also high in 2012/13. In that year, the government guaranteed the issue of Eurobonds for a total of 400 M US\$ for the financing of the Kigali Convention Centre, Rwandair expansion plans and the Nyabarongo hydro power project.⁹⁴ Interest rates on these bonds was originally 8%, but has decreased to around 5.8% early 2019.⁹⁵ Internal loans are a relatively small source of financing, except for the year 2013/14.

Figure 11: Share of grants, internal and external loans in financing the budget deficit, in %



Source: MINECOFIN, revised budgets.

Interest rates on internal loans are on average much higher than on external loans. Most external loans are concessional with interest rates of between 0.75 and 2.00 %, while internal loans have interest rates of 8% or more. The external evaluation of the PFM Sector Strategic Plan 2013-2018 assesses that there are some weaknesses in the capacities to “effectively assess the trade-offs, opportunities

⁹⁴ MINECOFIN (2018), Medium-Term Debt Strategy FY 2018/19 -FY 2020/21.

⁹⁵ IMF (2019). Debt sustainability Analysis. July.

and risks” involved in different financing possibilities.⁹⁶ In fiscal year 2017-2018, debt management was strengthened by technical assistance from the PFM basket fund. This technical assistance aimed at developing a methodology for analysing borrowing proposals and at improving the understanding of effective interest rates and the costs and risks of loans.⁹⁷ Judging from MINECOFIN’s recently developed medium-term debt strategy, the government carefully monitors the debt situation and clearly aims to maintain its low rate of debt distress.⁹⁸ Actual debt sustainability is further analysed below, under I.3.2.3.

STRENGTH OF EVIDENCE: STRONG

Table 43: Overview of types of evidence for JC 3.1.

| | Documents | | | | Interviews | | |
|---|--------------|------------------------------------|-----------------------|---------------------|------------|--------------|------------|
| | EU documents | Reports and studies IMF World Bank | Government statistics | Independent studies | EU | Other donors | Government |
| JC3.1: Fiscal policy and domestic revenue mobilization have improved | | | | | | | |
| I.3.1.1 Increased domestic revenue mobilization. | X | X | X | | X | X | X |
| I.3.1.2 Improved respect for aggregate expenditure, revenue and deficit targets. | X | X | X | | X | X | X |
| I.3.1.3 Greater allocative efficiency in the composition of public spending and increased and improved pro-poor spending. | X | X | X | | X | X | X |
| I.3.1.4 Improved cautiousness in financing deficits, taking debt sustainability into account. | X | X | X | X | X | X | X |

JUDGEMENT CRITERION 3.2

INDICATOR 3.2.1

| JC3.2 | Macro-economic stability has improved | Indicators, all for 2010-2018 |
|---------|---------------------------------------|---|
| I.3.2.1 | Maintenance of low inflation rates. | <ul style="list-style-type: none"> Annual change in consumer prices, in %. |

Inflation rates have fluctuated over the years (Table 44). Inflation was highest in 2012 with 10.3%, and also relatively high in 2016 and 2017, but was much lower in the other years. It was even negative in 2018. The inflation rate is mainly determined by domestic food prices, which were high in 2016 and early 2017, and then dropped. In 2019, inflation has picked up again, but it is expected to stabilize at around 5% in the coming years.⁹⁹ In general, inflation in Rwanda can be considered low given the high growth rate.

Table 44: Inflation and lending rates, 2010-2018, in %

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|------|------|------|------|------|------|------|------|------|
| Inflation, change in consumer prices | -0.2 | 3.1 | 10.3 | 5.9 | 2.4 | 2.5 | 7.2 | 8.3 | -0.3 |
| Nominal lending rate | 17.0 | 16.7 | 16.7 | 17.3 | 17.3 | 17.3 | 17.3 | 17.2 | 16.9 |
| Real interest rate | 13.7 | 7.6 | 11.0 | 12.3 | 13.8 | 17.0 | 11.2 | 9.2 | 17.9 |
| Interest rate spread | 10.2 | 8.9 | 7.9 | 7.4 | 9.0 | 9.1 | 9.4 | 11.2 | 11.6 |

⁹⁶ ODI and Government of Rwanda: Public Financial Management Sector Strategic Plan (SSP) 2013 -2018 Evaluative Review, p. 26.

⁹⁷ EUD PFM and Transparency assessment Report, April 2018.

⁹⁸ See, for example, MINECOFIN 2018, Medium-Term Debt Strategy FY 2018/19 – FY 2020/21.

⁹⁹ IMF, End-of-mission Press release, 13 November 2019.

| | | | | | | | | | |
|------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| T-bill rate (average) | 7.8 | 7.1 | 9.9 | 9.6 | 5.6 | 4.7 | 7.6 | 8.4 | 6.1 |
|------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|

Sources: World Bank. World Development Indicators (WDI) and for T-bill rate: BNR.

INDICATOR 3.2.2

| | | |
|----------------|--|--|
| JC3.2 | Macro-economic stability has improved | |
| I.3.2.2 | Reduced domestic interest rates. | <ul style="list-style-type: none"> Average nominal and real interest rates on loans to private sector and on T-bills. |

The nominal domestic lending rate was quite stable at around 16 or 17% (Table 44). The annual variation in inflation implies that real lending rates have fluctuated a lot from year to year. They vary between 7.6% in 2011 and 17.9% in 2018. We cannot conclude that real interest rates have decreased, and they are high. They are also considered high by many entrepreneurs in Rwanda.¹⁰⁰ The spread between lending and deposit rates was also very high at around 10%, and it did not decrease over time. This high spread is said to be due to a relatively large share of non-performing loans, to high operating costs (low efficiency) of the banks, and to limited possibilities to invest in long-term assets due to the short-term nature of bank liabilities.¹⁰¹ Although domestic credit to the private increased from around 11% of GDP in 2010 to 10% in 2014, it has stagnated since then.¹⁰² Bank lending to productive sectors is very low: only around 10% of commercial lending is directed to manufacturing, mining and agriculture, and the share for agriculture is only 2%.¹⁰³ Although banks have more than sufficient capital adequacy ratios, they fear the risks involved in lending to productive sectors, and prefer to invest in government bonds.¹⁰⁴ With support from DfID and the World Bank, the government is working on lowering the risk of lending to agriculture by providing crop insurance schemes.¹⁰⁵

The average T-bill rate has fluctuated as well, with higher numbers in 2012 and 2013 probably due to the larger demand as a result of budget support suspensions from July 2012 onward. The average over 2010-2018 was 7.4%.

INDICATOR 3.2.3

| | | |
|----------------|--|---|
| JC3.2 | Macro-economic stability has improved | |
| I.3.2.3 | Improved debt sustainability | <ul style="list-style-type: none"> Public internal and external debt as % of GDP, public debt service as % of GDP and of public expenditure. |

As written above, most debt is external and most external debt is concessional. According to figures of June 2018, the share of external debt in total debt is 83%, and 74% of external debt is concessional.¹⁰⁶ The average interest rate on new external loans is low, but was somewhat higher in 2013 due to the issuance of Eurobonds in that year (Table 45). However, the share of concessional debt in total external debt has decreased from 83% in 2010 to 72% in 2017 (Table 45). This is also reflected in gradually increasing debt service on public debt, both in Bln RwF and in percent of expenditure (Figure 12). Debt service on domestic debt has usually been higher than that on external debt, reflecting the lower average interest rates on external debt.

Table 45: External debt indicators, 2010-2018

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|------|------|------|------|------|------|------|------|------|
| Concessional debt in % of total external debt | 83 | 79 | 82 | 68 | 71 | 76 | 70 | 72 | |

¹⁰⁰ World Bank (2019): Rwanda Country Diagnostic Assessment.

¹⁰¹ World Bank (2019): Rwanda Country Diagnostic Assessment, p. 41, EUD macro-economic assessment, September 2015.

¹⁰² World Bank (2019).

¹⁰³ Agriculture takes only 2%. EUD macro-economic assessment, March 2017, p. 14.

¹⁰⁴ Interviews government and donor.

¹⁰⁵ Interviews and World Bank (2019).

¹⁰⁶ Figures at June 2018. MINECOFIN, Medium-Term Debt Strategy FY 2018/19 – FY 2020/21.

| | | | | | | | | | |
|--|-----|-----|-----|-----|-----|-----|-----|-----|----|
| Average interest on new external debt commitments (%) | 1.2 | 0.8 | 1.2 | 4.0 | 0.7 | 0.9 | 1.0 | 1.1 | |
| External debt in % of GDP | 13 | 15 | 14 | 20 | 22 | 25 | 28 | 31 | 35 |

Source: WDI

Figure 12: Share of debt service on domestic and external debt in total public expenditure, in %



Source: MINECOFIN.

Yet, the ratio of external debt to GDP has more than doubled between 2011 and 2018, from 15 to 35% (Table 46). By June 2018, the total debt/GDP ratio (so including domestic debt) has risen to 52%. However, due to the large share of concessional debt, the ratio of the net present value of debt to GDP is still 38% (Table 46).

Table 46: Debt stocks and weighted average interest rates at end June 2018

| | External | Domestic | Total |
|--|----------|----------|-------|
| Debt stock in M US\$ | 3992 | 799 | 4791 |
| Nominal debt as % of GDP | 43 | 9 | 52 |
| Present value of debt as % of GDP | 29 | 9 | 38 |
| Weighted average interest rate | 3.1 | 7.8 | 3.9 |

Source: MINECOFIN, Medium-Term Debt Strategy FY 2018/19 – FY 2020/21.

The levels of debt and debt service are still considered sustainable according to the latest Debt Sustainability Analysis (DSA).¹⁰⁷ In 2023, when the Eurobonds mature, one indicator, namely the debt-service-to-revenues ratio, is expected to breach the target.¹⁰⁸ Some critical assumptions for this DSA include that annual GDP growth will remain at 7.5%, that domestic revenues and exports continue to increase, and that the reliance on external borrowing will decline due to the development of local bond markets and increased exports. It remains to be seen whether these assumptions are justified, and in particular whether the high government investments in recent years (Rwandair, Kigali Convention Center) will indeed translate into continued growth and rising exports. Among interviewees, some think that the debt situation continues to be manageable while others are more concerned about rising debt levels, and these opinions are about equally divided.

Table 47: Public debt indicators, in RwF billion and in %, 2010/11 to 2018/19

| | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|-------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Interest payment | 14 | 16 | 28 | 37 | 43 | 59 | 68 | 94 | 103 |
| Domestic debt | 9 | 10 | 10 | 11 | 16 | 26 | 31 | 53 | 55 |
| External debt | 5 | 6 | 18 | 26 | 27 | 32 | 38 | 41 | 48 |

¹⁰⁷ IMF June 2019, Debt Sustainability Analysis.

¹⁰⁸ Ibidem, p. 5.

| | | | | | | | | | |
|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Reimbursement of Public debt | 23 | 49 | 27 | 37 | 48 | 47 | 57 | 61 | 78 |
| Domestic debt | 15 | 38 | 12 | 24 | 33 | 30 | 34 | 36 | 50 |
| External debt | 8 | 11 | 15 | 13 | 15 | 17 | 23 | 25 | 29 |
| Total domestic debt service | 24 | 48 | 23 | 35 | 49 | 56 | 65 | 89 | 105 |
| Total external debt service | 13 | 17 | 33 | 39 | 42 | 49 | 61 | 67 | 76 |
| Total debt service | 37 | 65 | 56 | 75 | 91 | 105 | 125 | 155 | 181 |
| Domestic debt service as % of expenditure | 2.4 | 4.0 | 1.5 | 2.1 | 2.8 | 3.1 | 3.3 | 4.2 | 4.1 |
| External debt service as % of expenditure | 1.3 | 1.4 | 2.1 | 2.3 | 2.4 | 2.7 | 3.1 | 3.1 | 2.9 |
| Total debt service as % of total expenditure | 3.8 | 5.4 | 3.6 | 4.5 | 5.2 | 5.8 | 6.4 | 7.3 | 7.0 |
| Debt service as % of GDP | 1.0 | 1.5 | 1.2 | 1.4 | 1.6 | 1.7 | 1.8 | 2.0 | 2.1 |

Source: MINECOFIN.

INDICATOR 3.2.4

| | | |
|----------------|--|---|
| JC3.2 | Macro-economic stability has improved | |
| I.3.2.4 | Improved exchange rate stability. | • Annual change in exchange rate RwF –US\$. |

The exchange rate has depreciated each year somewhat as compared to the US dollar, but not at a very high rate (Table 48). At the start of the evaluation period, EUD expressed concern on the erosion of international competitiveness due to too limited depreciation.¹⁰⁹ Since then however, the authorities have gradually moved to a more market-based exchange rate. This was in line with IMF advice.¹¹⁰ The IMF estimated that the real effective exchange rate has been broadly in line with macro-economic fundamentals in recent years.¹¹¹ Interviews confirm that the management of the exchange rate has improved. The Central Bank does not want the exchange rate to be overvalued again, and maintaining a flexible rate helps to that aim. But in 2018 and 2019 the low-price level also contributed.¹¹²

Table 48: Exchange rates and annual depreciation, 2010-2019

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|------|------|------|------|------|------|------|------|------|------|
| Exchange rate (RwF per US\$), 1 January | 571 | 585 | 595 | 631 | 673 | 689 | 748 | 812 | 853 | 890 |
| Annual depreciation of RwF | 2.4 | 1.7 | 5.8 | 6.2 | 2.3 | 7.9 | 7.8 | 4.8 | 4.1 | |

Sources: Elaboration of exchange rate data from <https://www.xe.com/currencytables/?from=RwF&date=2019-01-01>

INDICATOR 3.2.5

| | | |
|----------------|--|--|
| JC3.2 | Macro-economic stability has improved | |
| I.3.2.5 | Reduced trade and current account deficits on the balance of payments. | • Trade and current account deficits in RwF and in % of GDP. |

Exports of goods and services have increased a lot between 2010 and 2017, but so have imports (Figure 13 and Table 49). In 2017 exports increased due to a high US\$ 424 million of gold, but given Rwanda's small-scale gold-mining sector, this was most likely based on gold coming from neighbouring countries.¹¹³ Export growth stagnated in 2018. In 2016 the trade deficit was very large, but it was lower in 2017 and 2018. Erratic rainfall in that year reduced agricultural exports and made large food imports necessary.

¹⁰⁹ EUD, macro-economic assessment March 2012.

¹¹⁰ EUD Macro-economic assessment November 2013, EUD, macro-economic assessment September 2015.

¹¹¹ IMF, July 2019. Annex 4: External sector assessment, p. 48.

¹¹² Interview with a donor representative.

¹¹³ EUD, macro-economic assessment, October 2018.

The (negative) trade balance as percent of GDP has remained more or less stable at around 15-19%, with a peak in 2015 of 24% of GDP (Table 49). The current account deficit has been around 10 percentage point lower than the trade deficit in most years. However, in the more recent years the difference between the two is smaller. This is probably due to the relatively smaller volume of current transfers (= donor grants), the largest component of the difference between trade and current account balance. This also shows that it becomes gradually more difficult for Rwanda to finance its deficits – in this case, the trade deficit. The “Made in Rwanda” initiative is expected to reduce imports, but in the short term it is more likely to increase them as it leads to higher imports of inputs for domestic factories, also due to the tax incentives.

Table 49: Indicator 3.2.5. Current account and trade deficits, in US\$ millions and in % of GDP

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Exports of goods and services | 684 | 978 | 1106 | 1278 | 1315 | 1500 | 1561 | 2048 | 2035 |
| Imports of goods and services | 1641 | 2187 | 2383 | 2444 | 2661 | 3009 | 3125 | 2950 | 3110 |
| Trade balance | -956 | -1209 | -1277 | -1165 | -1346 | -1509 | -1564 | -901 | -1075 |
| Trade balance (% of GDP) | -17.9 | -16.6 | -19.0 | -17.8 | -18.2 | -24.1 | -18.2 | -14.5 | -11.3 |
| Current account balance | -427 | -469 | -747 | -556 | -943 | -1201 | -1336 | -628 | -751 |
| Current account balance (% of GDP) | -7.4 | -7.1 | -10.2 | -7.3 | -11.8 | -14.5 | -15.8 | -6.9 | -7.9 |

Sources: WDI and for 2018 (preliminary figures): IMF. July 2019.

Figure 13: Exports, imports and trade balance in US\$ million



Sources: For 2010-2017: WDI, and for 2018 (preliminary figures) IMF June 2019.

STRENGTH OF EVIDENCE: STRONG

Table 50: Overview of evidence for JC 3.2

| | Documents | | | | Interviews | | |
|---|--------------|----------------------------|-----------------------|--------------------------------------|------------|--------|------------|
| | EU documents | IMF and World Bank reports | Government statistics | World Bank, IMF and other statistics | EU | Donors | Government |
| JC3.2: Macro-economic stability has improved | | | | | | | |
| I.3.2.1 Maintenance of low inflation rates. | | | | X | X | X | |
| I.3.2.2 Reduced domestic interest rates. | X | X | X | X | X | X | X |

| | | | | | | | |
|--|---|---|---|---|---|---|---|
| I.3.2.3 Improved debt sustainability. | X | X | X | X | X | X | X |
| I.3.2.4 Improved exchange rate stability. | X | X | | X | | X | |
| I.3.2.5 Reduced trade and current account deficits on the balance of payments. | X | X | | X | | | |

JUDGEMENT CRITERION 3.3

INDICATOR 3.3.1

| | | |
|----------------|---|---|
| JC3.3 | Budget support has contributed (directly or indirectly) to the observed changes in ways which could not have occurred through alternative aid modalities | |
| I.3.3.1 | Evidence of direct or indirect causal links with the different budget support inputs (in interactions or not with other effects generated by GoR). | <ul style="list-style-type: none"> Direct or indirect links with the different budget support inputs will be examined for all of the indicators above. |
| I.3.3.2 | Comparative analysis between budget support and other forms of aid. | <ul style="list-style-type: none"> Perception of key stakeholders regarding the comparative value of budget support against other modalities Extent to which budget support was the best modality to achieve the above outcomes (if any) in comparison with other aid modalities. |

The budget support *resources* may have contributed to increased expenditure, a lower deficit after grants, or a combination of the two. Given the government's ambition to spend as much as possible and the constraints to domestic revenues, most budget support resources have probably helped to increase spending. This is confirmed by a government officer, who stated that the EU grants have helped to increase investment.¹¹⁴ This implies that there is most likely no effect on the size of the deficit. Yet, the greater flexibility involved in the use budget support as compared to project aid may enhance macro-economic stability in the future. Similarly, although there is no evidence that allocative efficiency has improved over the evaluation period, budget support resources by definition may enhance this efficiency – provided the government makes the right allocative choices.

It is unlikely that budget support *resources* have influenced revenue mobilization, cautiousness in financing deficits, debt sustainability or any of the other macro-economic indicators. There is one exception: by definition, budget support grants contribute to the external account as well. They may help to increase imports, increased reserves, higher debt payments, or decrease exports, decrease other capital inflows, or lead to capital flight.¹¹⁵ Most likely, in the case of Rwanda, they allowed for a combination of an increase in imports (to the extent necessary for the investment) and for reducing the need of capital inflows (loans) for financing the current account deficit.

In sum, in the resources' main effect, namely expanding the resource envelop for the government, there is little difference between project grants and budget support transfers. However, due to their flexible use, budget support resources may have fostered allocative efficiency and may enhance macro-economic stability in case this would become necessary in the future – and in these areas there is a difference with project aid.

The other two relevant budget support inputs for this Evaluation Question are the *policy dialogue* and the *entry conditions*, in the form of the annual EUD macro-economic assessments. The government

¹¹⁴ Interview with relevant government officer.

¹¹⁵ See G. Dijkstra, A. De Kemp and D. Bergkamp, Budget Support: Conditional Results, IOB evaluation No 369, The Hague, Ministry of Foreign Affairs The Netherlands, 2012, p. 96; in turn based on H. White and G. Dijkstra, Programme Aid and Development: beyond conditionality. Routledge, 2003.

understands that macro-economic stability is a condition for the EU budget support and is also aware that these assessments are annually made. But the government is not worried about them. It has an intensive dialogue with the IMF in which the IMF usually approves the policies and considers that “the IMF represents the donors”.

In its annual macro-economic assessments, the EU makes a careful evaluation of the macro-economic situation and of macro-economic policies. IMF reports and assessments are an important source, but the EU also makes its own analysis, for example on the composition of government spending. While these assessments at times have been critical of some aspects of government policies, the overall evaluation of macro-economic stability has always been positive.¹¹⁶

With respect to the policy dialogue a distinction must be made between the early period when the EU and many other donors still provided general budget support, and the period since 2012 when most donors moved to sector budget support, project aid, or no aid to the government at all.¹¹⁷ In the early period all donors providing GBS were involved in a policy dialogue with MINECOFIN on macro-economic themes. According to a donor representative involved at the time, it was a real dialogue. A government officer recalls that there was a lot of discussion on indicators, and less so on policies. But in any case, there was a platform for dialogue with the most important actor in macro-economic policies, MINECOFIN.

After the end of GBS, the government strengthened the sector dialogues by setting up the Sector Working Groups and establishing the Forward and Backward Looking Reviews by sector. According to the same government officer there is more discussion on policies in these SWGs. But this of course concerns sector policies, not macro-economic policies.

For the government, the Development Partners Coordination Group (DPCG) is the forum that allows for a policy dialogue on macro-economic issues. This group meets at least quarterly, and Permanent Secretaries of all ministries are present. One of these meetings is the annual Development Partners Retreat of several days. The government appreciates hearing the opinions of the donors on the wide variety of topics that is discussed in these meetings. The donors can propose topics for discussion via the two co-chairs: one for the multilateral and one for the bilateral donors. So, they can ensure that macro-economic policies are part of the agenda. In the spring of 2019, the budget proposal for the next fiscal year was presented and discussed.¹¹⁸

For the donors, however, the DPCG (or the DP retreat) is not a suitable platform for a dialogue on economic policies.¹¹⁹ A first reason is that it is too big: all donors participate and not just the donors providing budget support or flexible financing, and on the government side all PSEs are present, and not just MINECOFIN. It is difficult to have a real dialogue in such a big group. Secondly, the group includes donors with much less interest in and/or legitimacy for raising macro-economic concerns. And thirdly, donors are represented by heads of delegation plus one other person, and these two do not necessarily have macro-economic expertise.

In principle, the EU and EU member states may also use the annual Article 8 consultations with the government to discuss macro-economic issues. However, this forum suffers from similar limitations as the DPCG. First, it includes donors that do not provide budget support, and second, representatives on the donor side usually lack economic expertise. Furthermore, when it was tried to bring up a

¹¹⁶ EUD macro-economic assessments.

¹¹⁷ Although the EU continued to disburse on its GBS until 2014/15, the policy dialogue architecture around general budget support disappeared earlier.

¹¹⁸ Interviews with government officers.

¹¹⁹ Interviews with donors.

macro-economic concern, it was felt that the government was not really willing to discuss this in this context.¹²⁰

In sum, the donors are of the view that they lost a seat on the table for macro-economic topics after the end of the GBS architecture. The main dialogue on macro-economic issues is conducted between the government and the IMF. During almost the full evaluation period, the IMF had a programme with Rwanda. At the moment this is a “Policy Coordination Programme”, a programme without resources but with an agreement on intended policies that are then monitored by the IMF twice a year. So far, the IMF has always concluded that Rwanda is on the right track. The IMF meets with all the donors at the beginning and at the end of each monitoring mission. The donors can raise their concerns in these meetings. Opinions vary among the donors whether this channel of having the main dialogue through the IMF is sufficient. Some of them clearly regret that there is no longer the possibility to engage directly and more intensively with the government on these issues, while others are happy to leave this dialogue to the IMF.¹²¹

EUD clearly belongs to the former group. In its letter of 19 March 2019 on the fourth disbursement on the SRC Agriculture, and under the heading “looking forward the following must be pursued”, it urges the government to have “regular exchanges on the macroeconomic environment under Article 8 dialogue or in a dedicated working group with Development Partners, in particular regarding debt sustainability.” So far, this has not materialized.

All in all, the contribution of the EU entry conditions and of the policy dialogue on macro-economic policies is limited, and that of the latter is far more limited than during the period of GBS. This also means that there is only limited added value of providing sector budget support as compared to project aid. However, the context for this conclusion is important: the government closely cooperates with the IMF and the IMF and the government are usually (broadly) in agreement on macro-economic policies. As a result, there is less reason for the government to worry about donors’ views and less reason for (most) donors to try and influence policies.

STRENGTH OF EVIDENCE: MORE THAN SATISFACTORY

Table 51: Overview of types of evidence for JC 3.3

| | Interviews | | |
|--|------------|--------|------------|
| | EU | Donors | Government |
| JC3.3: Budget support has contributed (directly or indirectly) to the observed changes in ways which could not have occurred through alternative aid modalities | | | |
| I.3.3.1 Evidence of direct or indirect causal links with the different budget support inputs (in interactions or not with other effects generated by GoR). | X | X | X |
| I.3.3.2 Comparative analysis between budget support and other forms of aid. | X | X | |

EQ 4. PUBLIC FINANCE MANAGEMENT

EQ 4: To what extent and through which mechanisms (funds, dialogue and TA) has budget support contributed to improving the quality of Public Finance Management?

JUDGEMENT CRITERION 4.1

INDICATOR 4.1.1

| JC 4.1 | The budget has become more credible and transparent | |
|----------------|--|--|
| I.4.1.1 | Improved aggregate budget performance. | Variance (in %) in budget aggregate expenditure outturn as compared to budget. |

¹²⁰ Interviews with EUD staff.

¹²¹ Interviews with donors.

The PEFA (2016) score for aggregate budget performance was a C, as deviations between original expenditure and outturns were more than 10% in two out of three examined years 2011/12, 2012/13 and 2013/14 (Table 52). Outturns proved to be more than 10% higher than original budgets. The PEFA (2016) report lists several causes for this, such as a limited relationship between agencies' actions plans and budgets. According to more recent figures from MINECOFIN, during 2015/16, 2016/17 and 2017/18 outturns are more than 10% lower than original budgets.

The reason for these different results may be that the budget figures in Table 52 come from different sources: PEFA adds up spending by different organizations, while we used a functional classification. Since we have data for the first three years on original budgets for both sources, we observe that the totals are not the same: the figures from MINECOFIN on total spending are higher. It may be the case that organisational spending does not cover all spending. This may be the reason that actual expenditure according to the PEFA was higher than originally budgeted, while it was the other way around in the last three years based on the functional classification. However, the variance is of about the same magnitude, so there does not seem to be an improvement over time – although the last available year has a slightly better score than the two years before. Some relevant government officials argue that the budget planning process has improved since the last PEFA.

Table 52: Aggregate expenditure in RwF billions, and variance, in %

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|-------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Original | 682 | 789 | 1037 | 1753 | 1768 | 1949 | 2095 | 2444 |
| Revised | | | | 1762 | 1809 | 1954 | 2115 | 2585 |
| Outturn | 749 | 884 | 1150 | | 1492 | 1644 | 1851 | |
| Revised/original, in % | | | | 101 | 102 | 100 | 101 | 106 |
| Outturn/revised, in % | | | | | 82 | 84 | 87 | |
| Outturn/original, in % | 110 | 112 | 111 | | 84 | 84 | 88 | |

Source: PEFA 2016 for the first 3 years, data provided by EUD (based on MINECOFIN) for last 4 years.

INDICATOR 4.1.2

| JC 4.1 | The budget has become more credible and transparent | |
|---------|---|--|
| I.4.1.2 | Improved maintenance of fiscal targets for different types of revenues and different categories of expenditure. | <ul style="list-style-type: none"> Variance (in %) in expenditure composition outturn as compared to budgeted allocation, by function and economic classification. Variance (in %) in aggregate revenue outturn as compared to budget, and also by type of revenue. Variance (in %) in budget outturn for energy and agriculture sectors against the GoR budget allocation. |

The PEFA classifies budget performance on the revenue side as good (PI-3, rated 'B+'). The variation between aggregate planned revenues and actual revenues was less than 10%, and the variation between planned and actual revenue components was less than 5% over the fiscal years 2011/12, 2012/13 and 2013/14.

The Agriculture PER found that there were large deviations between original/revised budgets on the one hand and actual spending on the other in agriculture over the years 2011/12 to 2015/16. Actual spending was always far below the original budget, and the deviation increased over time, especially between PSTA 2 and PSTA 3.¹²² These increasing deviations are considered serious and are said to point to increasingly overoptimistic planning with respect to capacities and outputs.¹²³ The lower outturns than budgets also indicate an underutilization of available resources. Potential causes may lie on the planning side, due to late donor pledging of funds, poor costing of activities due to insufficient

¹²² PEFA assessment for Rwanda, 2016.

¹²³ Ministry of Agriculture, Agriculture Public Expenditure Review, 2016, p. 76.

human and technical capacity and weak links between M&E and planning, and/or on the implementation side, for example inadequate human capacity and technical knowhow, e.g. in relation to project supervision and public procurement.¹²⁴

However, a closer look at all functional categories of spending for the last three years for which data are available gives another impression. Table 53 compares annual outturns with original budgets and with revised budgets for different functional categories of expenditure. Most deviations are large, but there are also large differences between functional categories. General public services (MINECOFIN and other agencies and services, among which Peace Keeping Operations), Defence, and Public order and Safety register much smaller deviations, and outturns for these functions often prove larger than original or revised budgets. On the other hand, outturns for Health, Social Protection, Economic affairs in general, and its subcategories Agriculture, Forestry, Fishing and hunting, Fuel and energy, and Transport are much lower than original or revised budgets – with one exception for Agriculture in 2016/17.¹²⁵ The outturns for Environmental protection prove to be much lower than original and revised budgets.

While the Agriculture PER explains the deviations from weak planning and monitoring capacities in the sector, another explanation for the discrepancies may be a different sectoral prioritization during the fiscal year. And this prioritization does not seem to benefit the sectors for which the EU provides budget support. From Table 53, it cannot be concluded that there has been an improvement over the last three fiscal years.

Table 53: Budget outturns compared to original and revised budgets, in %, by functional category

| | 2015/16 | | 2016/17 | | 2017/18 | |
|---|-------------------|------------------|-------------------|------------------|-------------------|------------------|
| | Out-turn/original | Out-turn/revised | Out-turn/original | Out-turn/revised | Out-turn/original | Out-turn/revised |
| General public services | 100 | 99 | 98 | 103 | 107 | 107 |
| Defence | 112 | 100 | 110 | 100 | 108 | 105 |
| Public order and safety | 96 | 96 | 102 | 98 | 101 | 99 |
| Economic affairs | 60 | 60 | 56 | 55 | 64 | 63 |
| Agriculture, forestry, fishing and hunting | 61 | 62 | 350 | 344 | 60 | 55 |
| Fuel and energy | 42 | 42 | 27 | 27 | 61 | 55 |
| Transport | 61 | 61 | 38 | 36 | 45 | 49 |
| Environmental protection | 31 | 24 | 46 | 39 | 23 | 26 |
| Housing and community amenities | 76 | 83 | 94 | 79 | 84 | 79 |
| Health | 85 | 75 | 77 | 77 | 86 | 84 |
| Recreation, culture and religion | 114 | 97 | 96 | 94 | 88 | 92 |
| Education | 94 | 93 | 97 | 97 | 92 | 92 |
| Social protection | 81 | 82 | 77 | 75 | 70 | 73 |
| Total budget | 84 | 82 | 84 | 84 | 88 | 87 |

¹²⁴ Ministry of Agriculture, Agriculture Public Expenditure Review, 2016, p. 76.

¹²⁵ The actual expenditure in that year proved to be more than 3 times as large as the budgets, which is hard to explain. Actual spending in 2016/17 was about double that of 2015/16, so perhaps donor disbursements came late during the fiscal year.

INDICATOR 4.1.3

| | | |
|----------------|--|--|
| JC 4.1 | The budget has become more credible and transparent | |
| I.4.1.3 | Improved strategic planning and budgeting | <ul style="list-style-type: none"> • Existence and quality of Medium-Term Expenditure Framework • Correspondence of MTEF with annual budgets |

A Medium-Term Expenditure Framework (MTEF) exists and meets formal requirements according to the PEFA. In Rwanda the MTEF is implemented through the Budget Framework Paper (BFP) which is a 3-year budget plan of which the first year is the next budget and the second and third year are indicative budgets. However, the PEFA 2016 also concludes that budgets are not consistent with the estimates of previous years. This is said to be the result of weak forecasting, weak planning and limited consultation processes. In a 2015 report, it was shown that planned spending for the Energy Sector Strategic Plan was not consistent with the energy budgets in the MTEF.¹²⁶

A 2018 World Bank report also confirms that the MTEF is hardly used in the annual budget process. And the “government’s focus on annual budgeting rather than medium-term budgeting hinder strategic planning, fiscal adjustment and spending agencies’ ability to align their medium-term objectives and plans with resources available.”¹²⁷ This also holds at district level.¹²⁸ The report examined the difference between the MTEF and the budget of the following year for three ministries, including MININFRA, and found that it is more than 20%.¹²⁹

Government respondents explained the use of the MTEF. When MINECOFIN sends out its first draft of the budget in the form of the Budget Call Circular, it bases the ceilings on the second year of the BFP of the previous year. They also take into account possibly revised revenue projections. Agencies may then propose differences and these are discussed in the Planning and Budget Consultations, taking into account, among other things, the outcomes of the Joint Sector Reviews of the SWGs.¹³⁰ However, they indicated that the second year of the BFP has always been indicative. When there are good reasons to deviate, deviations will be made, and this has always been the case. Nevertheless, it seems there are some improvements in this area. For the overall budget, the difference between the second year MTEF and the budget was 23% in 2015/16 and 18% in 2016/17, but has since come down to around 5%.¹³¹ The Chamber of Deputies informed us that they analyse all three years of the MTEF and examine the consistency with annual budgets.¹³²

INDICATOR 4.1.4

| | | |
|----------------|--|---|
| JC 4.1 | The budget has become more credible and transparent | |
| I.4.1.4 | Improved budget transparency including budget comprehensiveness. | <ul style="list-style-type: none"> • Adequacy of budget classification, in general and in view of possibility to compare with sector budget support funding. • Transparency, comprehensiveness and user friendliness of budget information. |

According to the PEFA 2016, the budget classification is consistent with GFS and COFOG standards and receives an “A”. The score on budget documentation is a “B”: all basic elements are present but some additional elements are missing, notably information on the debt stock at the beginning of the

¹²⁶ P. 19. Europe Aid/MWH, Technical assistance facility for the sustainable energy for all initiative West and Central Africa, Rwanda – eligibility assessment, 2015.

¹²⁷ World Bank/IDA, Project appraisal document on a proposed credit for the Rwanda PFM Reform project, 1 October 2018, p. 7.

¹²⁸ Op cit, p. 9.

¹²⁹ Op cit., p. 10.

¹³⁰ Interviews with government officers.

¹³¹ EUD letter to MINECOFIN on the 4th disbursement on the SRC Agriculture, March 2019.

¹³² Interview with representatives of Chamber of Deputies.

year,¹³³ on fiscal risks related to e.g. guarantees or public-private partnerships (PPPs) and on tax expenditures.

However, from the viewpoint of tracing EU budget support for agriculture, which includes seven different contracts since 2011, the budget presentation suffers from some deficiencies. For example, it is difficult to establish a relationship between the budget support for Rural feeder roads and any component in the MINECOFIN budgets. MINAGRI includes transfers for feeder roads to districts in its performance reports to the ASWG, but expenditure for feeder roads is not included in the agriculture budget (organisational nor functional).¹³⁴

With respect to public access to budget information, the country's OBI score improved from 11 in 2010 to 36 in 2015, but then decreased to 22 in 2017. While in 2015 eight budget documents were made available to the public, in 2017 three of them were produced for internal use only: the Executive budget proposal, the Mid-Year review, and the Year-end report.¹³⁵ However, it seems that some of the findings of the OBI can be questioned, both on the more positive assessment in 2015 and on the more negative assessment in 2017. According to the EUD, not much has changed between 2015 and 2017.¹³⁶

Compared with 2010, there have been some improvements in public access to key budget information. One of the improvements concerns the publication of a Citizen's budget since 2010, although with some delay: it appears about three months after budget approval. The PEFA 2016 has a B for public access to budget information. It reports that in-year budget execution reports are not available to the public, but all other "basic elements" are.¹³⁷ Since 2014/15, in-year budget execution reports are published. However, fiscal transparency on the whole can still be improved. For example, although a Year-end report on budget execution is published, it does not provide the same level of detail as the budget proposal. The same holds for in-year execution reports. The Office of the Auditor General produces annual reports, but only the executive summaries of these reports are made public.¹³⁸

Improving fiscal transparency is not included in the PFM Sector Strategic Plans (SSPs) 2013-2018 and 2018-2024, despite repeated requests by donors, in particular the EU, to do so.¹³⁹ Given that PFM and budget transparency are among the general conditions for EU budget support, the EU has its own dialogue on these issues with sector ministries. However, according to EUD, this dialogue is not very effective due to the lack of participation of relevant government stakeholders.¹⁴⁰

In 2019, the IMF carried out a Fiscal Transparency Evaluation in 2019 and made specific recommendations to the government on improving transparency. This evaluation will provide inputs for the next IMF programme.¹⁴¹ Although many respondents told us that the report is ready, it is not (yet) publicly available. A government official informed us that the IMF recommended to be more open on some fiscal information, for example on non-tax revenues and on fiscal risks.¹⁴² After the field mission we received an internal MINECOFIN document in which the main recommendations are summarized. Rwanda scores relatively well on fiscal reporting and on fiscal forecasting and budgeting, but less so on fiscal risks analysis. The IMF recommends to publish medium-term sensitivity analysis for fiscal variables and to do more analysis on risks involved in government assets and liabilities – apart from

¹³³ The publication of the medium-term debt strategy by MINECOFIN in 2018 shows that there has been an improvement on this issue.

¹³⁴ Formally, feeder roads are the responsibility of Rwanda Transport Agency under MININFRA.

¹³⁵ <https://www.internationalbudget.org/wp-content/uploads/rwanda-open-budget-survey-2017-summary-english.pdf>

¹³⁶ EUD, Transparency and oversight of the budget, March 2017.

¹³⁷ PEFA 2016 p. 35.

¹³⁸ EUD, Public Finance Management and Transparency Assessment Report Rwanda, October 2018. The EU did receive the audit reports of MINAGRI, NAEB, RAB and REG on condition of confidentiality, in the context of the ongoing Sector Reform Contracts.

¹³⁹ Interviews with EUD staff.

¹⁴⁰ EUD, Public Finance Management and Transparency Assessment Rwanda, October 2018, p. 26.

¹⁴¹ Op. cit, p. 30.

¹⁴² Interview MINECOFIN officer.

public debts which are already well analysed.¹⁴³ The government already started to implement these recommendations, among other things by involving the IMF for technical assistance on the analysis of fiscal risks.

The government is also working on improving Rwanda's score on the OBI. The EUD representative in the TWG PFM has requested several times to discuss the OBI report and its methodology in a session of this TWG, but so far this has always been postponed.¹⁴⁴ Nevertheless, the government developed a specific action plan for this purpose, and according to the same MINECOFIN document some progress can be observed already, in particular in publication of an indicative budget ceiling together with the budget call circular, the publication of the BFP two months in advance of the fiscal year, and the earlier publication of the Citizen Guide to the Budget, the revised budgets and annual and mid-year budget execution reports.¹⁴⁵ According to MINECOFIN officials, the BFP itself was improved and is published together with the planned budget allocation with all details, which allows comments by the citizens and CSOs.

Although the original and revised budgets are published in full, they are not very user-friendly as they are in pdf. Anyone who want to analyse the budget numbers will first have to copy the numbers to a worksheet.

The Government of Rwanda has political commitment for fighting corruption, manifested through the implementation of zero tolerance policy against corruption and incompetence.¹⁴⁶ Its score on the Transparency International Corruption index is quite high and has slightly improved over time. Rwanda ranks as the 4th Sub-Saharan African country in terms of fighting corruption.¹⁴⁷ Yet, the 2017 Transparency International Bribery Index shows that the share of people saying that they have encountered bribery has increased from 13% in 2012 to 24% in 2017. Local governments, the Rwanda National Police, the Judiciary, the RRA, business regulatory services and utility services (water and electricity) were mentioned most in connection with bribes. According to this same Transparency International Bribery Index report, as cited in the 2018 EUD PFM and Transparency Assessment, a high-level official of EDCL, one of the sub-companies of REG, was arrested being accused of illegally awarding public tenders.¹⁴⁸

Institutions involved in the fight against corruption include the Rwanda Public Procurement Authority (and the National Tender Board), the Office of the Ombudsman, the Rwanda National Police, the National Prosecutor General Authority, the OAG, the RRA (and its special anti-corruption unit), MINIJUST and the Parliamentary Accounts Committee (PAC). The government implements a zero-tolerance policy when it discovers petty corruption. Convicted persons are published on a website of the Office of the Ombudsman.¹⁴⁹ There is also evidence that grand corruption is harshly punished.¹⁵⁰ However, it is not always clear whether corruption is the real reason for high-level officials falling in disgrace or being punished. Political opponents tend to accuse each other of corruption.¹⁵¹ So it may

¹⁴³ MINECOFIN, Summary findings and recommendations from Fiscal Transparency Evaluation and OBI action plan status, 21 October 2019.

¹⁴⁴ Minutes of TWG PFM.

¹⁴⁵ MINECOFIN, op. cit.

¹⁴⁶ EU Delegation to Rwanda, Transparency and oversight of the budget, March 2017.

¹⁴⁷ <https://www.transparency.org/country/RWA>

¹⁴⁸ EUD, PFM and Transparency Assessment April 2018 p. 16.

¹⁴⁹ <https://ombudsman.gov.rw/en/?corruption-convicts-2013>

¹⁵⁰ D. Booth and F. Golooba-Mutebi, 2012, 'Development Patrimonialism: The case of Rwanda', African Affairs 111.444, 379-403.

¹⁵¹ P. Behuria, 2016, "Centralising rents and dispersing power while pursuing development? Exploring the strategic uses of military firms in Rwanda", Review of African Political Economy. <http://dx.doi.org/10.1080/03056244.2015.1128407>, p. 4.

also be the case that GoR uses an accusation of corruption to remove political opponents from office.¹⁵² It is difficult to get to know the exact incidence of grand corruption and the response of the government to it, as the OAG and the Office of the Ombudsman only publish summary reports.¹⁵³

STRENGTH OF EVIDENCE: STRONG

Table 54: Overview of types of evidence for JC 4.1

| | Documents and statistics | | | | | Interviews | | |
|---|--------------------------|-----------------|------------|----------------|---------------------|------------|--------------|------------|
| | EU | World Bank, IMF | Government | PEFA, PER, OBI | Academic literature | EU | Other donors | Government |
| JC4.1: The budget has become more credible and transparent | | | | | | | | |
| I.4.1.1 Improved aggregate budget performance. | | | X | X | | X | | X |
| I.4.1.2 Improved maintenance of fiscal targets for different types of revenues and different categories of expenditure. | | | X | X | | X | | X |
| I.4.1.3 Improved strategic planning and budgeting. | X | X | X | X | | X | | X |
| I.4.1.4 Improved budget transparency including budget comprehensiveness. | X | | X | X | X | X | | X |

JUDGEMENT CRITERION 4.2

INDICATOR 4.2.1

| JC 4.2 | Improved predictability, control and reporting in budget execution (PEFA Pillars 5 and 6) | |
|----------------|---|---|
| I.4.2.1 | Improved revenue administration and accounting for revenue. | <ul style="list-style-type: none"> Timely, easy access and accurate information on tax obligations and payments. Extent of revenue arrears monitoring |

The Rwanda Revenue Authority (RRA) was established in 2009. Since 2010, there have been many reforms in tax laws and improvements in the tax administration. The latter include the introduction of an e-tax filing system and the establishment of the Rwanda Electronic Single Window (RESW) at Customs for paying import duties, among many others.¹⁵⁴

RRA provides timely, easy access and accurate information on tax obligations and payments. RRA publishes all 23 tax laws, ministerial orders and commissioner general rules in a book and on its website. The information is clear and comprehensive, and is translated in three languages, Kinyarwanda, English and French.¹⁵⁵ In addition, the government is engaged in tax education on print and electronic media and in town hall meetings, and carries out taxpayer education campaigns throughout the fiscal year. The RRA has a Taxpayer Service Department that provides both basic and sophisticated service. RRA also has a functional administrative tax appeals system for addressing taxpayer complaints.

¹⁵² P. Behuria, 2015, "Between party capitalism and market reforms: understanding sector differences in Rwanda". Journal of Modern African Studies, 53, 3, pp. 415-450.

¹⁵³ EUD, PFM and Transparency Assessment April 2018 p. 16.

¹⁵⁴ PEFA Report 2016, p. 54 and 55.

¹⁵⁵ PEFA report (2016).

The Tax Administration Diagnostic Assessment Tool (TADAT) of 2015 recognizes that the RRA is strong in ensuring voluntary compliance. However, it also observes some weaknesses in the tax administration, such as the lack of an accurate taxpayer database and related taxpayer accounts, which hamper successful tax collection. In addition, there are inconsistencies between RRA and the Rwanda Development Board (RDB) in classifying businesses, which has consequences for defining the tax exemptions for private sector investors.¹⁵⁶

Significant improvements have been made in revenue accounting, and the PEFA score is a B+. The country receives A's for the information on revenue collection and for revenue accounts reconciliation. The country performs relatively poorly on the monitoring of revenue arrears. In 2013/14, the stock of arrears was 13% of total revenues, and 82% of arrears was more than a year old. It is not known whether this has improved.

However, in general, respondents concur that performance of the RRA has improved a lot over time, and this is also due to the technical assistance received: from the IMF, from the PFM basket fund and the special sub-fund for RRA, and from additional technical assistance from donors (placing experts within RRA, for example done by EU and DfID).¹⁵⁷

INDICATOR 4.2.2

| JC 4.2 | Improved predictability, control and reporting in budget execution (PEFA Pillars 5 and 6) | |
|---------|---|---|
| I.4.2.2 | Reduced stocks of arrears. | <ul style="list-style-type: none"> • Stock of expenditure arrears. • Monitoring of expenditure arrears. |

As compared to previous PEFA's the stock of payment arrears has been reduced and monitoring has improved. Between 2011/12 and 2013/14, the stock of arrears declined from 1.8% of total expenditure to 1.2%. The PEFA rating is an A. As to monitoring of arrears, Ministries, Departments and Agencies (MDAs) report on them only at the end of the fiscal year. Other public entities do not report them at all. And the reports do not include an age profile of the arrears. The rating is a C. According to the World Bank, monitoring of arrears is still deficient.¹⁵⁸

INDICATOR 4.2.3

| JC 4.2 | Improved predictability, control and reporting in budget execution (PEFA Pillars 5 and 6) | |
|---------|---|---|
| I.4.2.3 | Improved procurement rules, procedures, and practice. | <ul style="list-style-type: none"> • Procurement methods. • Procurement monitoring. • Public access to procurement information. • Procurement and complaint management. |

Government of Rwanda has made remarkable progress in the procurement component of PFM. The Rwanda Public Procurement Authority (RPPA) and public procurement legislation have been strengthened. Procurement has been decentralized and competitive bidding has become the rule.¹⁵⁹ All MDAs and district must submit both annual procurement plans and individual procurement requests to RPPA. Restricted tendering is only permitted in special cases where it is deemed to be in the public interest, and after approval from both RPPA and the responsible Ministry.¹⁶⁰ In 2013/14, 81.9% of procurement (in terms of contracts) was conducted by open bidding,¹⁶¹ and this percentage rose further to 84.2% in 2017/18.¹⁶² However, the Agriculture PER lists several procurement related

¹⁵⁶ Republic of Rwanda and Zake et al., Tax Administration Diagnostic Assessment Tool (TADAT), August 2015.

¹⁵⁷ Interviews with several donors, and some minutes of Programme Management Committee of the RRA PFM sub-fund.

¹⁵⁸ World Bank/IDA, Project appraisal document on a proposed credit for the Rwanda PFM Reform project, 1 October 2018, p. 7.

¹⁵⁹ ODI and Government of Rwanda, Evaluation of the PFM SSP 2013-2018.

¹⁶⁰ Article 17 of N° 05/2013 of 13/02/2013 Law on Public Procurement sets the conditions of use of restricted tendering.

¹⁶¹ PEFA report 2016.

¹⁶² EUD, PFM and Transparency Assessment Report Agriculture, October 2018, p. 6. We don't know however whether inter-agency contracting is included in the denominator for these percentages.

weaknesses in Rwanda Agriculture Board (RAB) based on the RAB audit report. This includes the failure to award 20 tenders after starting them, the award of nine tenders outside of the annual procurement plan, and noncompliance with procurement regulations.¹⁶³ During the SSP 2013-2018, further improvements in procurement have been pursued by introducing an e-procurement system.

With respect to access of procurement information to the public, the PEFA observes that country only met part of the requirements. There is full public access to procurement laws and regulations, to procurement plans and to bidding opportunities. But only 15.5% of public entities published information on the awards, and were no annual procurement statistics or information on procurement complaints and how they were resolved.¹⁶⁴ This led to a score of C. Agriculture PER (2016) found that MINAGRI and RAB did not update and post current procurement information for public use.¹⁶⁵

Since the implementation of Electronic Procurement System in FY 2016/2017, annual procurement plans are done in the E-procurement system and are only published centrally. Tenders are published and accessible on the RPPA website to the potential bidders with prior registration in the E-procurement system.¹⁶⁶ Bidders submit their offers online and the evaluation process is also done online. According to the World Bank, through the e-procurement system the public can access on a single online portal information on procurement opportunities, learn about the procurement process, and obtain documents including technical specifications, user friendly templates, and the terms and conditions for all types of public contracts. For the case of Rwanda, availability of information on public tenders increased, as the public can visit the government's procurement website to see details on transactions, including the bidders, bid prices, contracts, and evaluation reports. The single platform also helped the government to create a consolidated nationwide procurement report.¹⁶⁷

Finally, an independent administrative procurement complaint mechanism exists and meets all PEFA criteria. The reports of the Independent Review Panel are publicly available. In the 2016 PEFA, the country received the maximum score for this component, an A. Appeals to procurement entities are now also done through the E-procurement system.

According to the ODI evaluation of SSP 2013-2018, the electronic procurement system has reduced paperwork and improved transparency but does not work optimally yet. In particular, it suffers from low registration rates, weak change management, and weak communication with the private sector. In general, there are still limitations with respect to capacities of procurement staff. And despite the improvements in procurement procedures, it is not clear whether the maximum value for money is achieved.¹⁶⁸

INDICATOR 4.2.4

| JC 4.2 | Improved predictability, control and reporting in budget execution (PEFA Pillars 5 and 6) | |
|---------|---|---|
| 1.4.2.4 | Improved internal controls on budget execution. | <ul style="list-style-type: none"> • Coverage and nature of internal audits. • Response to internal audits. |

Internal controls on budget execution have also improved. All government entities have staff for the internal audit function. The staff of the Government Principal Internal Audit Unit has increased from nine to seventeen between the 2010 and 2016 PEFA assessments. There are 160 auditors at central government level, and in 2015 the number of audit staff in districts was expected to increase from

¹⁶³ MINAGRI PER Agriculture 2016. p. 92

¹⁶⁴ PEFA report 2016.

¹⁶⁵ MINAGRI, Public Expenditure Review Agriculture.

¹⁶⁶ <http://www.umucyo.gov.rw/>

¹⁶⁷ World Bank (2018); Improving Public Sector Performance through Innovation and Inter-Agency Coordination. Case Study. Rwanda: Pioneering e-Procurement in Africa.

¹⁶⁸ ODI and Government of Rwanda, Evaluation of the PFM SSP 2013-2018.

two to three.¹⁶⁹ The auditors follow manuals and procedures. However, the PEFA observes that independence of these auditors was not fully guaranteed yet. Most, but not all, programmed audits were completed.¹⁷⁰ The ODI-GOR evaluation of the PFM SSP 2013-2018 concludes that standards for accounting, and the internal audit function in general, have improved over that period. The roll-out of IFMIS also contributed to improved accounting standards. One weakness is that audit plans are still annual instead of based on a three-year plan, while the latter was a target for the SSP.¹⁷¹

The percentage of internal audit recommendations that are implemented has increased over time, from 60% in 2006 to 73% in 2011 and 79% in 2013.¹⁷² However, while in 2014/15 still more than 60% of the recommendations was fully implemented, in 2017/18 this was 48%.¹⁷³ The ODI-GoR assessment notes that not all recommendations need to be implemented, and that the decrease can be explained by the fact that the “easier” recommendations have been dealt with while the remaining recommendations involve more complex issues. The same source observes that in some entities, and in particular at district level, managers sometimes have doubts on the usefulness of internal auditors, because they see them as watch dogs. Another concern is the weak capacity of district councils to follow up on internal audit findings.¹⁷⁴

INDICATOR 4.2.5

| JC4.2 Improved predictability, control and reporting in budget execution (PEFA Pillars 5 and 6) | |
|---|---|
| I.4.2.5 | Improved accounting, recording and reporting. <ul style="list-style-type: none"> Comprehensiveness, accuracy, and timeliness of information on budget execution. |

All public entities are obliged by the Law to provide quarterly budget execution reports. But according to the PEFA 2016, these reports did not exist. However, these reports are published since 2015, and their timeliness has improved since 2016.¹⁷⁵ They are now published within 45 days after the end of the period.¹⁷⁶ MINECOFIN also produces mid-year budget execution reports but they are not public. According to the PEFA, and based on viewing a sample on-line, the mid-year budget execution reports allow for a comparison with the budget. The 2016 PEFA also concludes that in-year budget reports are not always accurate. We can expect this to have improved with the rollout of IFMIS.

The evaluation of PFM SSP mentions that 95% of public entities (both central level and districts) present budget execution reports to MINECOFIN, and that this is a clear improvement as compared to the beginning of the SSP (2013). Annual financial reports are published within the required 45 days after the end of the fiscal year. But as mentioned above, the published annual financial reports cannot be compared in the details with budgets. According to government officials, the same level of detail as in the budgets is available but it is not necessary to publish it.¹⁷⁷

The roll-out of IFMIS, capacity building and stronger oversight of financial management have led to an increase in the proportion of MDAs and districts that receives an unqualified audit opinion from OAG. This percentage stood at 36% in 2012/13.¹⁷⁸ In 2015/16, 60% of MDAs received an unqualified opinion, including all ministries and the city of Kigali. However, this percentage fell to 50% in the next year, and the share of districts receiving an unqualified opinion is much lower.¹⁷⁹ For the fiscal

¹⁶⁹ As will be shown under EQ 5, this has indeed happened.

¹⁷⁰ PEFA report 2016, p. 74.

¹⁷¹ ODI and GoR 2018, Evaluation of PFM SSP 2013-2018.

¹⁷² PEFA 2016.

¹⁷³ MINECOFIN, PFM Annual performance reports 2014/15 and 2017/18.

¹⁷⁴ ODI and GoR 2018, Evaluation of PFM SSP 2013-2018, p. 29.

¹⁷⁵ EUD, PFM and Transparency Assessment, April 2018.

¹⁷⁶ MINECOFIN Summary findings and recommendations from Fiscal Transparency Evaluation and OBI action plan status, 21 October 2019.

¹⁷⁷ Interview with MINECOFIN officer.

¹⁷⁸ PEFA 2016

¹⁷⁹ EUD PFM and Transparency Assessment April 2018, p. 11.

year 2017/18, this was raised again to 57%, but there was only one district with an unqualified opinion.¹⁸⁰ REG, EUCL and EDCL continuously had adverse opinions on their financial statements in the past three years, and the same holds for RAB, while NAEB had qualified opinions over the past three years.

By 2017/18, IFMIS was implemented in all districts and in 416 sectors,¹⁸¹ so this will probably lead to improved financial statements of districts. During the field work, IFMIS proved to have been implemented also in hospitals and pharmacies. However, subsidiary entities such as schools, health centres, administrative sectors and pharmacies continue to face accounting and reporting difficulties. Similarly, the quality of financial reporting of the Government Business Enterprises is said to vary, and most of them do not receive unqualified opinions from the OAG.¹⁸²

All in all, there have been clear improvements in financial recording, reporting and accounting. There are more and better reports on budget execution, and they are published timely. However, the level of detail of budget execution reports is not the same as that of budgets. And although the share of public entities receiving an unqualified opinion from OAG has increased, the OAG still finds problems at district and sub-district level, and in the financial reports of Government Business Enterprises.

STRENGTH OF EVIDENCE: STRONG

Table 55: Overview of types of evidence for JC 4.2

| | Documents and statistics | | | | Interviews | | | |
|--|--------------------------|---------|------------|-----------------------------|------------|--------|------------|-----|
| | EUD | WB, IMF | Government | PEFA PER TADAT ODI | EUD | Donors | Government | CSO |
| JC4.2: Improved predictability, control and reporting in budget execution | | | | | | | | |
| I.4.2.1 Improved revenue administration and accounting for revenue. | | | | X | X | X | X | |
| I.4.2.2 Reduced stocks of arrears. | | X | | X | | | | |
| I.4.2.3 Improved procurement rules, procedures, and practice. | X | X | X | X | X | | X | X |
| I.4.2.4 Improved internal controls on budget execution. | | | | X | | | | |
| I.4.2.5 Improved accounting, recording and reporting | X | | X | X | | | X | |

JUDGEMENT CRITERION 4.3

INDICATOR 4.3.1

| JC 4.3 | Oversight activities have become more effective | |
|----------------|---|--|
| I.4.3.1 | Improved legislative scrutiny of budgets. | <ul style="list-style-type: none"> Changes in the scope and procedures for legislative scrutiny of the annual budget. |

There are established procedures for budget scrutiny. Parliament has about two months for reviewing the budget proposals. The members of the parliamentary standing committee on National Budget and Patrimony in the Chamber of Deputies of Parliament scrutinize the proposal. They have the right to invite ministers for detailed discussions. This usually leads to a revision of the draft budget. The

¹⁸⁰ OAG Annual Report 2018 – Executive Summary.

¹⁸¹ EUD PFM and Transparency Assessment October 2018, p. 13.

¹⁸² ODI and GoR Evaluation of PFM SSP 2013-2018.

budget must be approved by the full Parliament on or before 30 June. The PEFA concludes that all these procedures are adhered to.¹⁸³

According to representatives of the Chamber of Deputies, their performance in scrutinizing the budget has improved. First, the institutional format of the budget consultation has improved as now more and smaller entities of ministries as well as other agencies are involved in these consultations. Second, members of the Parliamentary Budget Committee (PBC) engage in more field visits so that they are better informed about the needs at sub-national levels.¹⁸⁴ The Senate also analyses the budgets and holds consultations with staff of the ministries as well. It does not have the right to approve the budget, however, and provides its recommendations to the Chamber of Deputies. Senate members are in general not so well qualified for this task, and there has not been any improvement over the past years.¹⁸⁵

INDICATOR 4.3.2

| JC 4.3 Oversight activities have become more effective | |
|--|--|
| I.4.3.2 | <p>Improved scope and quality of external audits.</p> <ul style="list-style-type: none"> Financial reports including revenue, expenditure, assets, and liabilities of all central government entities have been audited using ISSAIs or consistent national auditing standards. The extent of independence of the OAG. |

In fiscal year 2013/14, the OAG audited 81% of government expenditure. This included all MDAs and districts, and the number of other state entities and GBEs was growing. OAG uses international standards for this auditing.¹⁸⁶ This percentage was raised to 87% for fiscal year 2017/18. The OAG has also started to do value for money (VFM) audits and in May 2016 it was granted the AFROSAI award for the best VFM audit report in Africa.¹⁸⁷

It has become more difficult over time to increase the coverage of audits, as this requires auditing ever smaller units. While OAG audits in the latest year covered all districts and 26 district hospitals, there was no coverage of sectors, schools or pharmacies.¹⁸⁸ The Auditor General explained that OAG does not have the capacity to audit these smaller entities. Instead, it examines the consolidated statements of these entities made by the districts. But then OAG must qualify its opinion on these statements, because it cannot verify whether they are a true presentation of the finances of these entities.¹⁸⁹

Several respondents confirmed that OAG's performance has improved a lot over the past years, although the number of staff available for carrying out performance audits could still be increased. Concerns are also raised, for example, on the fact that OAG cannot audit all smaller units at below district level, or on the fact that only the executive summary of the Annual Reports are public.¹⁹⁰

According to the Constitution, the OAG is an independent public institution. In November 2013, a law was approved to enhance independence and autonomy of the OAG, in particular to allow the institution to meet level 3 of international (ISSAI) standards. In 2014, AFROSAI-E also assessed the quality and independence of the OAG. It concludes that the OAG is not fully independent because the executive is able to intervene in the appointment of the Auditor General, in staff remuneration and in staff rules and regulations. In addition, the office space of the OAG is provided by the executive outside of the OAG's regular budget that is approved by Parliament.¹⁹¹ However, there have been

¹⁸³ PEFA 2016.

¹⁸⁴ Interview with representatives of Chamber of Deputies.

¹⁸⁵ Interview with representatives of the Senate.

¹⁸⁶ PEFA.

¹⁸⁷ <http://intosaijournal.org/rwanda-oag-receives-best-performance-audit-report-award/>

¹⁸⁸ OAG Annual Audit Report 2018, executive summary, p. 18.

¹⁸⁹ Interview with Auditor General.

¹⁹⁰ Interviews with donors and civil society representative.

¹⁹¹ Husebo Schoyen, O. H. McGregor and M. Mutondo (2014) for AFROSAI: Quality Assurance Review, Office of the Auditor General Rwanda.

improvements since then. Since February 2017, the OAG has required independence in staffing (Recruitment, promotion and dismissal).¹⁹² In the view of the Auditor General, there are no problems with its autonomy. Although the President nominates the Auditor General, the Senate may accept or reject this nomination.¹⁹³

INDICATOR 4.3.3

| JC 4.3 | Oversight activities have become more effective | |
|---------|--|--|
| 1.4.3.3 | Improved capacity of parliament to discuss audits and to follow up on recommendations. | <ul style="list-style-type: none"> • Timeliness of audit report scrutiny by Parliament. • The Public Accounts Committee of Parliament makes recommendations and monitors whether these are executed. |

The Parliamentary Accounts Committee (PAC) was established in 2011. Its role is to scrutinize the reports by the OAG and to ensure that its recommendations are implemented. The PEFA (2016) reports that the timeliness of PAC scrutiny of audit reports has improved, from within 12 months to within 8 months, but this is still quite a long period.

The PAC organizes hearings for which ministers are invited, especially those responsible for ministries or agencies with issues mentioned in the OAG report. The PAC makes its own recommendations and keeps track of follow-up actions, if needed by conducting field visits. However, by 2015, these recommendations were not always implemented. The activities of the PAC are said to have enhanced the follow-up on OAG recommendations.¹⁹⁴ The evaluation of the PFM SSP 2013-2018 concludes that the activities of OAG and PAC have contributed to improving financial management in MDAs.¹⁹⁵

This is confirmed by our interviews. The PAC has become increasingly more competent and has also increased the number of its field visits. The public hearings of the PAC are feared among staff of all government entities. The in-depth hearings and proceedings in the committee are broadcasted on the parliamentary radio station and are sometimes also covered on television. The Ombudsman and the Rwanda Investigation Bureau are present at those hearings, and it often happens that government officials are summoned for a criminal procedure, and convicted, after being questioned in the PAC hearings. For example, the former director of the Water and Sanitation Corporation (WASAC) was prosecuted (and later released), and the head of the National Investment Bank is in jail.¹⁹⁶ After the hearings, the PAC writes and presents a report to the Prime Minister (PM) and the PM is obliged to report back within six months.¹⁹⁷ Despite these formal procedures and an increasingly active PAC, there is no clear trend in the share of OAG recommendations that is implemented. It decreased from 58% in 2014 to 44% in 2017, and then rose a bit to 49% in 2018.¹⁹⁸

INDICATOR 4.3.4

| JC 4.3 | Oversight activities have become more effective | |
|---------|---|--|
| 1.4.3.4 | Increased use of budget information and audit reports by civil society and evidence that this feeds back into policy dialogue with GoR. | <ul style="list-style-type: none"> • Extent of use of budget information and OAG reports by civil society. • Civil society uses this information in policy dialogue, in particular in PFM, energy and agriculture. |

Until recently, the full information on the budget proposal was not available to the public, and civil society only had access to the budget once it had been approved by parliament.¹⁹⁹ This did not allow

¹⁹² Presidential Order No 38/01 of. 22/02/ 2017 (Official Gazette No Special of 23/02/2017).

¹⁹³ Interview Auditor General.

¹⁹⁴ EUD, PFM Monitoring report, September 2015, p.12.

¹⁹⁵ ODI and GoR Evaluation of PFM SSP 2013-2018.

¹⁹⁶ Interviews with government officers, donors, and CSOs.

¹⁹⁷ Interview with Auditor General.

¹⁹⁸ OAG Annual Audit Report 2018, p. 27.

¹⁹⁹ EUD, Transparency and Oversight of the Budget, March 2017, p. 7.

for active engagement of civil society. The Citizen Guide to the Budget was usually published a few months after the budget was approved (see above). As part of the Action plan for improving performance on the OBI, the government has now published the BFP and some of the annexes (including macro-indicators, fiscal projections, and transfers to local government) two months before the fiscal year begins. The government also attempts to publish the Citizen Guide to the Budget within two months after the approval of the budget.²⁰⁰ Representatives of Rwandan civil society organizations receive the Budget Framework Paper and can provide recommendations. They are also invited, along with private sector representatives, to the discussions of the Parliamentary Budget Committee.²⁰¹

Civil society organizations can also be present at the hearings of the PAC, and some of them do so. It depends on the topic. Transparency International Rwanda makes its own analysis of the OAG reports and focuses in particular on improving financial management in the districts. It organizes provincial dialogues on recurrent problems in district financial reports, and attempts to engage the public.²⁰² There are some other NGOs active in expenditure tracking, notably Cladho and CCOAIB.²⁰³ Both receive support from the EU through the project Strengthening Civil Society Capacity in Promoting Sustainable Agricultural Policies and Citizens Participatory Budgeting (SCAB). Although these NGOs can be at times critical, there are certain limits to an independent civil society in the political climate in Rwanda.²⁰⁴

STRENGTH OF EVIDENCE: STRONG

Table 56: Overview of the types of evidence for JC 4.3

| | Documents and statistics | | | | Interviews | | | |
|---|--------------------------|----------------|------------|------------------|------------|--------|------------|------|
| | EUD | IMF World Bank | Government | PEFA ODI AFROSAI | EUD | Donors | Government | CSOs |
| JC 4.3: Oversight activities have become more effective | | | | | | | | |
| I.4.3.1 Improved legislative scrutiny of budgets. | | | | X | | | X | |
| I.4.3.2 Improved scope and quality of external audits. | | | X | X | X | X | X | X |
| I.4.3.3 Improved capacity of parliament to discuss audits and to follow up on recommendations. | X | | X | X | X | X | X | X |
| I.4.3.4 Increased use of budget information and audit reports by civil society and evidence that this feeds back into policy dialogue with GoR. | X | | X | | X | X | | X |

²⁰⁰ MINECOFIN Summary findings and recommendations from Fiscal Transparency Evaluation and OBI action plan status, 21 October 2019.

²⁰¹ Interview with civil society representative, Chamber of Deputies and government officer.

²⁰² Interview with representatives of Transparency International Rwanda.

²⁰³ Interviews with donors.

²⁰⁴ Beswick, D. (2010). Managing dissent in a post-genocide environment: the challenge of political space in Rwanda. *Development and Change*, 41(2), pp. 225-251. Ingelaere, B. (2014). What's on a peasant's mind? Experiencing RPF state reach and overreach in post-genocide Rwanda (2000–10). *Journal of Eastern African Studies*, 8(2), 214-230.

Interviews with donors and EUD,

JUDGEMENT CRITERION 4.4

INDICATOR 4.4.1

| | |
|----------------|---|
| JC4.4 | Budget support has contributed (directly or indirectly) to the observed changes in ways which could not have occurred through alternative aid modalities |
| I.4.4.1 | Evidence of direct or indirect causal links with the different budget support inputs (in interactions or not with other effects generated by GoR) |
| I.4.4.2 | Comparative analysis between budget support and other forms of aid. |

In order to assess this JC, we analyse the developments and trends in the different budget support inputs and their possible contributions to PFM performance. The most relevant inputs for this EQ are the general eligibility criteria, the specific performance conditions, the policy dialogue, and complementary measures. The resources play a role in so far as they provide part of the justification for engaging in Public Finance Management (PFM), and for the government the resources give the EU some legitimacy for doing so.²⁰⁵

Most of the EU budget support contracts stipulate as one of the general eligibility criteria “Satisfactory progress in the implementation of the programme to improve public financial management”. The two most recent (and biggest) Sector Reform contracts, for Agriculture and Energy, actually have two eligibility criteria in the (broad) PFM area. They also assess “Budget Transparency”, or the “Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.” So far, these general eligibility criteria have always been assessed positively, although the assessments listed criticisms as well.²⁰⁶

Some of the budget support contracts also have *specific* conditions on PFM and transparency issues for the release of the variable tranches. The Decentralized Agriculture contract (originally 2010-2013, but later extended to 2016) had several specific conditions on local government planning and reporting. This will be analysed under EQ 5.

The disbursements on the Agriculture SRC (2015-2022) started to have variable tranches from 2017/18 onward. Out of the eight indicators for the disbursement on variable tranches for the four remaining years, there was one related to PFM/ transparency each year (See Table 57). EUD demanded government to carry out two Agriculture Public Expenditure Reviews, one Agriculture Public Expenditure Tracking Survey and two sub-sector performance audits. One of the reasons for including these indicators was the fact that the OAG gave adverse opinions to the most important spending agency in agriculture, RAB, while most districts also had adverse or qualified opinions. Although Table 57 shows that these specific indicators were not or partially met at the moment of the disbursement decision, the government has carried out the requested analyses, and the reports are now in the public domain. This can be considered a success of the budget support, and in particular of the input “performance indicators”.

Table 57: PFM/transparency related indicators for variable tranches of the SRC Agriculture, and assessment

| Year | PFM indicator for variables tranche | Result at the moment of assessment (and later) |
|---------|--|--|
| 2017/18 | Public Expenditure Review Agriculture, Environment and Nutrition made according to World Bank guidelines, ready and shared | Not met. A draft report became available with delays in June 2017 but did not have a sufficient level of disaggregation and the components on environment and nutrition were not shared yet. (A full report that met all requirements was shared later.) |
| 2018/19 | Agriculture Expenditure Tracking Survey, made according to World Bank Guidelines, ready and shared on 30 June 2017 | Partially met: a draft report was ready in September 2018, but it did not fully meet |

²⁰⁵ This was confirmed in interviews with EUD and with government.

²⁰⁶ EUD assessments of PFM and Transparency.

| | | |
|---------|--|--|
| | | World Bank guidelines. (A full report that met all requirements was shared later.) |
| 2019/20 | Sector performance audits done on environment protection mainstreaming and nutrition mainstreaming in agriculture sector | |
| 2020/21 | Public Expenditure Review Agriculture, Environment and Nutrition made according to World Bank guidelines, ready and shared | |

Source: Original FA and Addendum No 2 to Financing Agreement on SRC Agriculture RW/FED/037-486, 27 July 2018; EUD letters to MINECOFIN on 3d and 4th disbursements.

The general eligibility conditions for the Energy SRC are the same as for the Agriculture SRC and were also assessed in the same (positive) way. From the first year onward, variable tranches were part of the disbursement. For the first two disbursements, both during 2015/16 and 2016/17 (the latter frontloaded to September of that year), there were in total four indicators related to Budget Transparency (Table 58). Each had a weight of 25% in the variable tranche of M€ 6 for those years.

Table 58: PFM/transparency related indicators for variable tranches of the SRC Energy, and assessment

| Disbursement date | Indicator | Assessment |
|-------------------|--|---|
| May 2016 | Publication of mid-year budget review within 3 months of end of period | Met |
| May 2016 | MININFRA makes available disaggregated sector budget execution reports on request | Not met; level of disaggregation of budget execution in energy was insufficient |
| September 2016 | Publication on website of quarterly in-year budget execution reports within 45 days of end of period | Met |
| September 2016 | Publication on website of MINAGRI/REG of latest audit report from OAG | Not met; OAG audit reports were not on the website |

Source: EUD documents.

Two of these indicators were met. Improving the timeliness of quarterly and mid-year budget execution reports was probably helped by the introduction of IFMIS. In addition, timeliness of publication of these reports is one of the indicators for the OBI, so the government had an additional incentive to comply with them. The government did not comply with making available sector budget execution reports at sufficient level of disaggregation. We do not know whether these figures have been provided to EUD after the assessment date. MINECOFIN officials indicate that disaggregated budget execution figures are made, but that it is not necessary to provide this level of detail to the public.²⁰⁷ The OAG reports of MININFRA and REG are still not published on the websites of these institutions, but they are now provided to EUD.²⁰⁸ This can be considered a (small) achievement of including this indicator.

There are several channels of policy dialogue relevant for this EQ. First there is the specific EU – GoR High Level Policy Dialogue (HLPD). And second, there is the sector dialogue on PFM in the PFM Consultative Forum, the PFM Technical Working Group (TWG) and the two sub-groups, for RRA and OAG.

By end 2015, the specific EU-GoR dialogue had not yet included any PFM issue.²⁰⁹ This has changed with the introduction of PFM and Transparency related indicators in the two on-going SRCs. The minutes of the HLPD Energy are not sufficiently detailed to know whether the PFM/Transparency-related indicators were explicitly discussed. We only read that “key areas for attention...” in relation to the next disbursements “...were highlighted”, without specification of the indicator(s) concerned.²¹⁰

²⁰⁷ Interview government officials.

²⁰⁸ Nevertheless, this process has not always been automatic: in the HLPD meeting of September 2018, EUD had to ask for OAG report of REG for 2015/16 and for MININFRA of 2016/17. (Source: minutes of HLPD energy September 2018).

²⁰⁹ EUD, PFM Monitoring Report, September 2015, p. 17.

²¹⁰ Minutes HLPD Energy, October 2016.

As for agriculture, the PFM indicators were discussed. EUD points out to the government that missing all four of them may result in a loss of M€10. The EUD also makes clear that, although the indicator on the PETS was not (fully) achieved, completing it would be very useful for the sector.²¹¹ The effectiveness of discussing these PFM topics in the sector dialogues is questioned by EUD in one of its PFM and Transparency assessments, pointing to the fact that the responsible officials on the government side are not participating in these dialogues.²¹² Nevertheless, the inclusion of some of these specific indicators has had some success in increasing transparency of reporting on expenditure that would otherwise probably not have come about.

When GBS ended, the Donor Harmonization Group for the General Budget Support was dismantled. The government then set up a donor coordination forum around PFM, to which all donors were invited. At the highest level there is the PFM Coordination Forum which is now called the PFM Consultative Forum. This forum in principle meets twice a year and does the Forward and Backward Looking Reviews on PFM. Then there is the PFM Technical Working Group (TWG) that meets quarterly and more often if needed. The TWG discusses the content and progress of Sector Strategic Plans (SSP) and aims to coordinate donor support to PFM. Donors providing technical assistance for PFM are the most frequent participants in the TWG and the Consultative Forum, but other donors participate as well. The EU has participated from the beginning and also provided TA.

In 2012 a PFM basket fund for technical assistance was established, with a separate sub-fund for OAG. The PFM basket fund was originally supported by DfID, KfW, and the EU. The World Bank provided its TA separately. GIZ supported fiscal decentralization outside the basket fund as well.²¹³ There was a separate Steering Committee for the Basket Fund. In practice, the same persons attended the meetings of all three groups and the dialogue often just involved an exchange of information. According to the EUD, there was no in-depth discussion of strategic issues.²¹⁴

In 2014, DfID and KfW signed a new MoU with GoR for a new basket fund, but the EU opted to wait until ratification of the 11th EDF by all member states.²¹⁵ The new Basket Fund also included a separate fund for the RRA, next to the one for the OAG. For both sub-funds there were separate working groups. The fact that the EU temporarily did not support the PFM basket fund weakened its position in these dialogues. The dialogue was further weakened when the World Bank started its US\$ 100 million Program for Results loan for PFM which was kept outside of the PFM basket fund.²¹⁶

The EU joined the new MoU in November 2016, as part of a financing agreement for the medium-term programme to support Accountable Economic Governance in Rwanda.²¹⁷ The EU contributed to this basket fund with an amount of 10 M EUR. Between November 2016 and November 2018, the EU was the co-chair for the PFM Consultative Forum and the PFM Technical Working Group. DfID and KfW co-chaired the coordination forums for OAG and RRA, respectively. Recently there have been more changes. DfID does no longer support the main basket fund or the sub-funds. It still provides technical assistance to RRA, and technical and financial assistance to OAG. It considers this specific support more effective than contributions to the basket funds.²¹⁸ In addition, DfID started a new program to support PFM systems in all 30 districts. KfW withdrew from the RRA sub-fund, but continues to support OAG and MINECOFIN, albeit in the latter case with some earmarked activities. Enabel (Belgium) will support the main PFM basket, but it is not clear yet whether it will support the sub-funds as well. The World Bank PFM Programme for Results is financing some activities that

²¹¹ Minutes of HLPD agriculture, September 2017.

²¹² EUD PFM and Transparency Assessment October 2018, p. 18.

²¹³ EUD, Assessment of PFM eligibility, 2012.

²¹⁴ EUD, Annual Monitoring Report PFM, November 2014.

²¹⁵ MINECOFIN, 2013/14 PFM Annual Performance Report.

²¹⁶ EUD, PFM Monitoring Report April 2016, p. 22.

²¹⁷ EUD, PFM Monitoring Report, March 2017.

²¹⁸ Interview DFID representative.

used to be financed from the basket.²¹⁹ All this led to donor fragmentation and it weakened to some extent the quality of the policy dialogue.

By 2016, donors were not very satisfied with the quality of the policy dialogue on PFM. Meetings were delayed, and performance reports were of poor quality. As co-chair the EU attempted to improve quality of the information and the timeliness of the meetings themselves, but the results, according to EUD itself, were mixed.²²⁰ However, other donors and the government are more positive about these efforts and think that the EU has contributed to more and better structured meetings, to bringing back more substance on the agenda, and to achieving more coordination among donors in pushing for certain reforms.²²¹ However, by October 2019, the PFM Coordination Forum had not met for more than two years.

Several donors commented that when the EU was co-chair, there were, for example, good discussions on the review of the past SSP and on the future SSP. Donors, and in particular the EU delegation, attempted to include transparency issues in the activities of the basket fund and in the new SSP, but this was not successful.²²² The government lamented the delays these discussions caused, and also regretted that that only few donors remain in the basket fund, which is their preferred modality. On the other hand, they can now go ahead and ask support for intended activities, even if they are not approved by the full group of donors.²²³ In practice, as described above, the government does proceed with transparency issues but on its own terms (improving on *some* indicators of the OBI as shown above) and outside the policy dialogue framework, for example, in direct discussions with the IMF.

Nevertheless, the policy dialogue has had some successes. Several respondents, both donors and government, indicate that changes have come about when donors have pushed for and then commissioned and financed, diagnostic assessments (TADAT, DEMPA, PEFA, etc.). Once these assessments showed weaknesses, the government took the lead in planning for changes, and donors contributed with technical assistance. Both donors and government say that there is mutual trust, and a willingness to work together in the PFM TWG.²²⁴ In the area of transparency, continuous push from EUD has contributed to the more timely publication of, for example, in-year budget execution reports. However, these efforts have not been successful in publication of the budget proposal, detailed budget execution reports or the full OAG report.

In the list of Complementary Measures for the different budget support contracts,²²⁵ we did not find any activities specifically dedicated to improving PFM. In the project activities of EUD,²²⁶ two are listed namely technical assistance to RRA on transfer pricing (€ 217,000), and the support to the PFM basket fund in 2017, of M€ 9.8. We know that there has also been support to the basket fund between 2012 and 2014, but the amount is not known. The support to the RRA is ongoing and is well-appreciated by the government.²²⁷

The EU support through the PFM basket fund may have contributed to many of the improvements mentioned under JC 4.1, 4.2 and 4.3. The basket fund activities included:²²⁸

- Support to planning in MINECOFIN for the NST.
- Debt management.

²¹⁹ EUD, draft PFM and Transparency report, 2019.

²²⁰ EUD, PFM and Transparency Report, October 2018 and interviews with EUD staff.

²²¹ Interviews donors and government.

²²² EUD, PFM and Transparency Report, October 2018, p. 18 and interviews with EUD staff.

²²³ Interview with government official.

²²⁴ Interviews with government and donors.

²²⁵ GDSI, Evaluation of EU Budget Support to Nicaragua (2011-2018), Inception Report, Annex 2.

²²⁶ File: "Other EU interventions", received from evaluation manager.

²²⁷ Interview government official.

²²⁸ Several EUD PFM and Transparency assessments.

- Gender responsive budgeting.
- 125 internal auditors 139 district audit committees were trained.
- Electronic working paper system so that 98% of public entities timely report monthly financial statements.
- Roll-out of e-procurement and training of users, Rwandan institute of procurement launched in 2017/18 to regulate procurement profession.
- Strengthening government portfolio management unit to improve corporate governance and risk assessments of public enterprise.
- ICPAR, training accountancy profession in Rwanda.
- OAG to increase coverage and undertake complex and special audits also strengthening independence of OAG and building professional capacity.
- IFMIS running costs and development activities.
- Rollout of E-procurement.

As overall conclusion, we can say that the different budget support inputs, and in particular the general eligibility criteria, the policy dialogues (PFM and agriculture), and some of the specific conditions for the variable tranches of the Agriculture SRC, and, to a lesser extent, the Energy SRC, have contributed to the registered improvements in PFM and transparency. The budget support resources have supplied the justification and legitimacy for using these other inputs.

Of course, this contribution could only have been achieved with the willingness and efforts of the government of Rwanda itself to improve its PFM systems and transparency, while technical assistance from the EU-supported PFM basket fund but also from other donors and supplied in other ways, was also very important. Finally, it must be concluded that the government of Rwanda did not implement the full EU agenda as reflected in the specific conditions and in recommendations in the policy dialogue.

With other forms of aid, so just providing technical assistance, the EU would also have contributed to the (technical) improvements in PFM systems. However, in the area of transparency (such as publication of in-year budget execution reports, of Agriculture Public Expenditure Review and Public Expenditure Tracking Surveys) achievements would have been far more difficult if not impossible.

STRENGTH OF EVIDENCE: STRONG

Table 59: Overview of the types of evidence for JC 4.3

| | Documents | | | Interviews | | |
|--|-----------|----------------|------------|------------|--------|------------|
| | EU | IMF World Bank | Government | EU | Donors | Government |
| JC4.4: Budget support has contributed (directly or indirectly) to the observed changes in ways which could not have occurred through alternative aid modalities | | | | | | |
| I.4.4.1 Evidence of direct or indirect causal links with the different budget support inputs (in interactions or not with other effects generated by GoR. | X | | X | X | X | X |
| I.4.4.2 Comparative analysis between budget support and other forms of aid. | | | | X | | X |

EQ 5. LOCAL GOVERNANCE

EQ 5: To what extent and through which mechanisms (funds, dialogue and TA) has budget support contributed to strengthening local governance?

JUDGEMENT CRITERION 5.1

INDICATOR 5.1.1

| JC 5.1 | Fiscal framework for decentralisation strengthened | |
|---------|--|---|
| I.5.1.1 | Improved policy and legal framework for fiscal decentralisation. | <ul style="list-style-type: none"> • Changes in laws on decentralisation • Changes in presidential and ministerial orders and regulations on fiscal decentralisation. |

GoR has identified decentralisation as a key focus of the efforts to strengthen national unity and reconciliation, promote greater government accountability to citizens and enhance service delivery. This is reflected in Rwanda's long-term Vision 2020 and in the second Economic Development and Poverty Reduction strategy designed and approved in 2013 as an implementation strategy for the Vision 2020. The EDPRS II (2013-2018) outlined an overarching priority on strengthening accountable governance through promoting citizen participation in government and enhancing the quality of decentralised public service delivery. In 2013, the government adopted a new decentralisation policy that was aimed to consolidate achievements and support further increases in local autonomy.

Strengthening revenue mobilisation at the sub-national levels was a core objective of the government.²²⁹ In 2011, the Local government revenue law was revised.²³⁰ It established the sources of revenue and property of decentralised entities and governed their management. This was implemented by a ministerial order as well as a new presidential order (n°25/01) that included 18 fees and charges to be collected by districts, such as fees charged on land lease, land used for agriculture and livestock activities, and provision of land and plot related services.

In 2012, MINECOFIN commissioned a study to identify and assess the revenue potentialities available in districts. The reason was grounds that there were insufficient transfers from central government and local revenues to support districts - with the exception of districts in Kigali city - to carry out their mandated functions and responsibilities. This Local Government Revenue Potential Study identified that the capacity of districts to collect taxes and fees was inadequate.²³¹ It led to a policy decision to transfer full responsibility for collection of District taxes and fees to the Rwanda Revenue Authority (Law n°59). In March 2014 RRA signed a MoU with all districts for the implementation of phase 1 of the project, which started with RRA opening tax bank accounts for all the 30 districts.²³²

The second MoU was signed in 2015. Initially, there was some resistance to this change among district councils.²³³ Although the districts remain the owners of the revenues, the sudden removal of district revenue collection authority created risks of disengagement. RRA collects on district behalf but retains a service fee.²³⁴ RRA has signed agreements with some private companies to collect local revenues in the markets and in taxi parks. By now the system is well established and own revenues of districts have increased (see below I.5.1.2).²³⁵ All in all, policies and legal framework for fiscal decentralisation have been strengthened.

²²⁹ 3rd Fiscal and Financial Decentralisation Policy, 2005, p.8.

²³⁰ Law N° 59/2011 of 31/12/2011.

²³¹ MINECOFIN, Local Government Revenue Potential Study, 2012.

²³² Ministry of Local Government and GIZ (2015), Stocktaking of Current public Financial Management Systems in local governments

²³³ ODI, GOR Public Financial Management Strategy 2013-2018 Evaluation, 2018.

²³⁴ GIZ (2016), Review of the 3rd Fiscal and Financial Decentralisation Policy and Strategy, 2011-2015.

²³⁵ ODI and GOR, Public Financial Management Strategy 2013-2018 Evaluation, 2018.

INDICATOR 5.1.2

| JC 5.1 | Fiscal framework for decentralisation strengthened | |
|----------------|---|---|
| 1.5.1.2 | Increased transfers to districts and increased district revenue mobilization. | <ul style="list-style-type: none"> • Earmarked transfers to districts, especially for agriculture. • Block grants to districts. • District Revenues. |

The fiscal transfers from central government (CG) to districts include block grants (unconditional grants, generally used for salaries and some operational costs), earmarked grants or transfers (for delivery of specific services, and operated through the budget of a particular line ministry) and development funds (for investment projects). There are transparent formulae for each of them. For example, the formula used for development projects includes:²³⁶

- Population size, 40% (based on National Census and Habitat data).
- Area: 20%.
- Poverty level: 40% (based on EICV data).

For the earmarked grants from the line ministries, PEFA only stipulates that according to the “Fiscal and Financial decentralization Policy and the Fiscal Decentralization Strategy” there should be objective formulae approved by ministerial decree, and that this condition was satisfied for all transfers in fiscal year 2014/15. The fact that these formulae must be approved by ministerial decree implies that they can be different for each line ministry and that they may change every year.

There were significant increases in total fiscal transfers from CG to districts, at least in nominal terms (Table 60). The transfers to districts more or less kept up with the increase in the overall (national) budget, as its share in the total budget remained more or less constant.

Table 60: Evolution District Resources on the basis of revised budgets, 2011/12-2017/18, in Bln RwF and in percent

| Designation | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total LG Budget | 265 | 339 | 346 | 374 | 401 | 445 | 440 |
| LG own revenues (taxes & fees) | 28 | 31 | 37 | 40 | 46 | 50 | 52 |
| Transfer from CG | 190 | 242 | 247 | 271 | 285 | 304 | 365 |
| External grants | 23 | 38 | 30 | 24 | 28 | 44 | 24 |
| Share of own revenues in LG budget | 10.6% | 9.0% | 10.7% | 10.7% | 11.4% | 11.2% | 11.7% |
| Share of CG transfers in LG budget | 71.5% | 71.4% | 71.3% | 72.4% | 71.0% | 68.5% | 82.9% |
| Share of CG transfers in Total National Budget | 17.0% | 15.6% | 14.7% | 15.4% | 15.7% | 15.6% | 17.4% |

Note: CG=Central Government, LG=local government (districts)

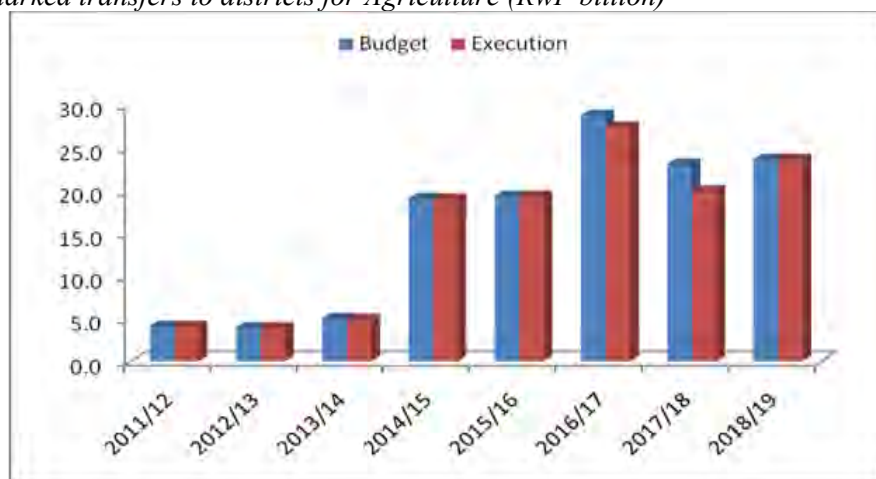
Source: Ministry of Finance and Economic Planning.

The transfers from MINAGRI to Local Governments have increased from 4.1 Bln RwF to 23.6 Bln RwF between 2011/12 and 2018/19 (Figure 14).²³⁷ Most of the allocated resources have indeed been used. The average budget execution rate was 96%.

²³⁶ PEFA Report 2016.

²³⁷ These figures are different from those listed under EQ 2, because they are from another source. EUD staff explained to us that these MINAGRI numbers, at least until 2017/18, include expenditure for feeder roads, while the MINECOFIN data used for EQ 2 do not. Without feeder roads, agriculture spending was stable until 2015/16 and then increased steeply.

Figure 14: Earmarked transfers to districts for Agriculture (RwF billion)



Sources: MINAGRI Annual reports 2011/12 to 2018/19.

The trend in the allocation of earmarked transfers for energy (in fact, this only includes budgets for energy investment) is presented under I 2.1.1.

Districts' own revenues include three decentralized taxes that are collected by RRA and used by local government (fixed asset tax, trading license tax and rental income tax) and fees collected by decentralized entities. District own revenues almost doubled in nominal terms since 2011/12. However, the share of own revenues in total district revenues hardly increased over time and is still rather low (Table 60). Several of our respondents confirmed that making RRA responsible for local revenue collection led to higher local tax income. However, one of them added that from a longer term perspective, and in particular from a local democratic accountability perspective, it would be better to make local authorities responsible.²³⁸ In a similar vein, the recent "Assessment of the impact of decentralisation policy implementation" in Rwanda, 2001-2017" argues that the transfer to RRA did not solve some structural problems linked to raising local revenues. These include the structure of local economies causing a low tax base, and the lack of institutional capacity for local revenue planning and tax administration. In the view of this report, the MoUs with RRA should have included agreements on local capacity building.

The fiscal transfers from central government are earmarked, making it hard for districts to respond to local needs and to engage in strategic policy-making.²³⁹ The insufficient mobilization of local resources therefore has the following negative consequences: (1) It constrains districts' negotiating power vis-à-vis the central government and (2) limits LG to use resources to meet locally defined needs.

INDICATOR 5.1.3

| JC 5.1 | Fiscal framework for decentralisation strengthened | |
|---------|--|--|
| 1.5.1.3 | Improved reliability (actual allocations/budget) and timeliness of transfers | <ul style="list-style-type: none"> In-year timeliness of transfers from HLG (compliance with timetable for in-year distribution of disbursements agreed within one month of the start of the district fiscal year.) |

According to the local government PEFA (2015), districts did not experience disbursement delays in HLG transfers. The report explains that the transfers are more virtual than real. Once MINECOFIN has approved a quarterly cash plan for the district, this plan is locked in IFMIS and transfers come forward automatically so that districts can make payments according to this plan. In line with this, all eight districts receive the highest scores for in-year timeliness of HLG transfers. On the other hand,

²³⁸ Interview with government officials and several donors.

²³⁹ GoR, 2015 Local Government PEFA PFM Performance Assessment.

districts sometimes received lower (total) HLG transfers than originally estimated amount. This happened in seven out of eight districts in one of the previous three years (and in one district it happened in two years). The deviation was more than 10% and, in some cases, more than 15% in one or two of the examined years. The PEFA report adds that the different deviations reflect the different district capacities for using the resources released by the central government.²⁴⁰

The Agriculture Public Expenditure Tracking Survey mentions a few cases in which money for certain programs that the districts were supposed to be carrying out came with delays. This was in 2017. For the small-scale irrigation programme, for example, funds arrived one to four months after being requested. For the small livestock programme this happened as well but delays in transfers from RAB were sometimes covered by LODA, so that there were no negative effects on beneficiaries.²⁴¹

Delays in payment *by* districts to beneficiaries, schools, suppliers, contractors, participants in public works was raised by RPPA and OAG reports.²⁴² Transparency International-Rwanda investigated this further, and reported “in focus group discussions, district staff attributed delayed payments to issues in the late disbursement of funds from MINECOFIN and other stakeholders”.²⁴³ The recent assessment of Decentralisation in Rwanda also points out that (insufficient and) delayed disbursements from CG, and in particular from sector ministries, make it difficult for local governments to plan and implement.²⁴⁴

Nevertheless, officials from the four districts visited for this evaluation indicated that they receive high level government transfers on time. When the revised budget is approved in January, the committed budget will be transferred to districts according to their cash request on a quarterly basis in the system and there are no delays in the transfers.²⁴⁵

All in all, we conclude that at least most transfers are received on time.

STRENGTH OF EVIDENCE: MORE THAN SATISFACTORY

Table 61: Overview of types of evidence for JC 5.1

| | Documents | | | | Interviews | | | |
|--|-----------|--------------|------------|------|------------|--------------|------------|---------------------|
| | EU | Other donors | Government | PEFA | EU | Other donors | Government | CSO, private sector |
| JC5.1: Fiscal framework for decentralisation strengthened | | | | | | | | |
| I.5.1.1 Improved policy and legal framework for fiscal decentralisation. | | X | X | | | | X | |
| I.5.1.2 Increased transfers to districts and increased district revenue mobilization. | | X | X | X | | X | X | |
| I.5.1.3 Improved reliability (actual allocations/ budget) and timeliness of transfers. | | | X | X | | | X | X |

²⁴⁰ GoR, 2015 Local Government PEFA for eight sampled districts: Bugesera, Gakenke, kamonyi, Kicukiro, Nyamagabe, Ruhango, Rulindo and Kamonyi.

²⁴¹ IPAR, 2019 Agriculture Public Expenditure Tracking Survey, p. 26 and p.33.

²⁴² RPPA Annual reports and OAG Annual reports, interview with Transparency International Rwanda.

²⁴³ TIR, 2018, Analysis of the Auditor General’s Reports of the Decentralised Entities for the Fiscal Year that Ended 30th June 2017.

²⁴⁴ Ministry of Local Government (2019), “Assessment of the impact of decentralisation policy implementation in Rwanda, 2001-2017.

²⁴⁵ Interviews staff in the four districts visited.

JUDGEMENT CRITERION 5.2

INDICATOR 5.2.1

| JC5.2 | Local government capacities and local accountability improved | |
|---------|--|---|
| I.5.2.1 | Improved capacities for service delivery at district level, in particular for the agriculture sector | <ul style="list-style-type: none"> Perception of changes in staff skills at district level, in particular for the agriculture sector |

Officials from the visited districts suggest that service delivery has improved and that more services are reaching the communities at grassroots level. Since 2014, the number of staff at sector and cell level has increased.²⁴⁶ Capacity at decentralized entities to implement policies and projects has also improved according to a donor and to CSOs active in the districts.²⁴⁷

Formally, the staff of rural districts has increased from 44 positions in 2010 to 84 positions in 2017. But on average only 68% of positions is filled, with a large variation between districts. Although the situation has improved over time, local governments still suffer from low resources and limited skilled staff, also at sector and cell level.²⁴⁸

In one of the districts visited, staff in the Agriculture and natural resources unit has increased now comprises 7 staff. This includes director, agriculture officer, cash crop officer, environment officer, officer in charge of forests & natural resources, irrigation officer and animal resources officer. Recently the MINAGRI appointed Agriculture Inspectors,²⁴⁹ which makes eight.²⁵⁰ These staff are serving as focal points of several institutions of central level including Ministry of the Environment, REMA (environment), RWFA (Rwanda Water and Forestry Authority), MINAGRI, RAB (Agronomist, irrigation, animal resources), NAEB (cash crop), and these institutions conducted initiatives to support them through trainings and providing M&E systems²⁵¹ such as MIS. Farmers in all visited districts confirm that agronomists are now more visible so that service delivery has increased.²⁵²

In our interviews with district staff we learned that districts recently appointed one “energy maintenance officer”. This is an engineer who inspects the quality of new wires and looks at the sustainability of the wires.

INDICATOR 5.2.2

| JC5.2 | Local government capacities and local accountability improved | |
|---------|---|---|
| I.5.2.2 | Improved local government planning and budgeting capacities. | <ul style="list-style-type: none"> Extent of comprehensiveness of district budgets. Extent to which districts apply multiyear perspective for revenues and expenditure. % of districts submitting a Strategic Issues Paper for the coming budget year. |

District budget preparation and reporting applies the chart of accounts and reporting which is defined at the central level. District budget preparation follows administrative (programmes) and economic classifications mapped to COFOG functions and sub functions (divisions and subdivisions). As a result, the budget classification is good. However, districts score less well on comprehensiveness of information included in budget documentation, and on public access to budget information (transparency, dealt with under I.5.2.4). For example, when local governments submit budget proposals to the district councils, they do not present budget out-turns of a previous year and only a

²⁴⁶ Interview in districts and MINECOFIN.

²⁴⁷ Several interviews.

²⁴⁸ Ministry of Local Government (2019), “Assessment of the impact of decentralisation policy implementation in Rwanda, 2001-2017”.

²⁴⁹ Interview PS MINAGRI and Rubavu district.

²⁵⁰ <https://rulindo.gov.rw/index.php?id=182> visited on 26 October 2019 confirmed during interviews in Rulindo.

²⁵¹ Interview in NAEB.

²⁵² Interview in Nyagatare, Ruhango, Rubavu and Rulindo.

minority of the districts examined attaches information on the current budget, or budget implications of new policy initiatives.²⁵³

With respect to the multi-year perspective, the 2015 Local Government PEFA explains that districts do not have separate planning and budgeting systems from the national level. They follow the budget cycle as defined by the law and applied by MINECOFIN.²⁵⁴ According to the law, districts must make a MTEF. In practice, however, they do not make their own forecasts, as the central government (MINECOFIN) does so for national and local governments in its Budget Framework Paper.²⁵⁵ The BFP contains the following annexes related to districts as required by the law:

- Guidelines on earmarked transfers to decentralized entities,
- Consolidated summaries of revenues and expenditures of decentralized entities, including districts.

District councils are allowed to provide inputs to the BFP once it is provided, as are other decentralized budget entities and the Chamber of Deputies, but they do not approve the BFP. The BFP is approved by cabinet only.²⁵⁶

MINECOFIN, LODA and line ministries support districts during the planning and budgeting process by providing guidelines and through consultations. However, this still appears to be a top-down process. District Development Strategies are reported to be usually elaborated by a consultant commissioned by MINECOFIN. There is little input from the local government itself. Furthermore, there is hardly a relationship between these five-year District Development Strategies and the year District Annual Action Plans on the one hand, and the sector plans and actual district budgets on the other.²⁵⁷

Regarding revenues for the district, districts make revenue forecasts in collaboration with Rwanda Revenue Authority, fixing targets for a medium-term perspective.²⁵⁸ The District Councils approve the forecasts of the districts' own revenues.

A strategic issues paper is an annex to the Budget Call Circular. Each MDA including districts must outline strategic objectives for the coming fiscal year in no more than five pages (PEFA, 2016). The submission of strategic issues paper is mandatory for all budget agencies; all eight districts visited for the PEFA did so. However, apparently this has not always been the case in all districts. The submission of a Strategic Issues Paper by a certain percentage of districts was a condition for the variable tranche of the EU budget support for Decentralized Agriculture. The target for the first variable tranche, in 2011 was 50% and for the following four years it was 90%. In practice, this target was always met; the actual percentages were 100, 90, 93.3, 96.7, and 100%.²⁵⁹

At a more general level, a GIZ report indicated that a large room for improvements in planning and budgeting exists, notably:²⁶⁰

- Coordination between district and line ministries is still insufficient.
- Earmarked funds from the centre may not reflect district priorities.

²⁵³ GoR, 2015 Local Government PEFA PFM Performance Assessment.

²⁵⁴ GoR, 2015 Local Government PEFA PFM Performance Assessment.

²⁵⁵ GoR, 2015 Local Government PEFA PFM Performance Assessment, p. 104.

²⁵⁶ GoR, 2015 Local Government PEFA PFM Performance Assessment, p. 104.

²⁵⁷ Ministry of Local Government (2019). Assessment of the impact of decentralization policy implementation in Rwanda (2001-2017).

²⁵⁸ GIZ (2016), Review of the 3rd, Fiscal and Financial Decentralisation Policy and Strategy (2011-2015).

²⁵⁹ Disbursements notes Decentralized Agriculture provided by EUD, 2011-2016.

²⁶⁰ GIZ (2016), Review of the 3rd Fiscal and Financial Decentralisation Policy and Strategy, 2011-2015

- Districts are often compelled to implement within-year activities not stipulated in the budget or annual district plans, such as presidential promises and ad-hoc urgent line ministries' activities.

As a result of these challenges and in particular the last one, budget credibility with respect to the composition of expenditure is limited, although credibility at the level of aggregated expenditure is satisfactory.²⁶¹ Furthermore, the importance of the one-year performance contracts (Imihigo) makes district authorities focus on the current year hence undermining the credibility of the MTEF. In most cases indicative figures for second and third years (t+1 and t+2) are not taken into account during the planning and budgeting processes.²⁶²

We conclude that planning and budgeting of districts have improved, but that challenges remain.

INDICATOR 5.2.3

| JC 5.2 | Local government capacities and local accountability improved | |
|---------|---|--|
| 1.5.2.3 | Improved local government procurement and financial accounting capabilities | <ul style="list-style-type: none"> • District procurement methods. • District procurement monitoring. • Public access to procurement information at district level. • Procurement complaint management at district level. • Quality and timeliness of district annual financial statements. |

Both central and Districts use the same procurement laws and ministerial instructions. This means that legally, competitive procurement is required but exceptions can be made under certain conditions. Out of the eight districts examined in the local government PEFA 2015, five proved to apply these rules, one only applied competitive bidding in only 18% of the contract value and two did not provide information on bidding methods or their justification.

All districts provide access to procurement plans and bidding opportunities via their websites, notice boards and newspapers, but only five also publish contract awards, and none of them provides information on complaints on procurement cases.²⁶³ The Local Government PEFA report also highlights that all sampled districts have an independent appeals panel of state and non-state actors. The panels do not charge fees and are entrusted with powers to issue binding decisions. However, it is not known how much time panels need to come to a ruling, and districts do not seem to monitor this.²⁶⁴

The increasing role of districts in public procurement has challenged the quality of tendering processes. Districts tend to suffer from capacity issues, for example inadequate technical expertise and knowledge of tender specifications, poor contract management and under-staffing.²⁶⁵ Only 5 districts have a dedicated procurement officer.²⁶⁶

Officials from districts suggest that tendering process at district level has considerably improved since the introduction of E-procurement.²⁶⁷ However, challenges remain in the procurement of Non-Budget Entities (NBEs) such as hospitals, sectors, schools. However, recently referral and District hospitals and sectors were trained on E-procurement and have their tender committees established. Schools, health centres, district pharmacies are still working as usual with “informal” tender committees that are not trained.

²⁶¹GoR, 2015 Local Government PEFA PFM Performance Assessment.

²⁶²Ministry of Local Government and GIZ (2015), Stocktaking of Current public Financial Management Systems in local governments.

²⁶³ GoR, 2015 Local Government PEFA PFM Performance Assessment.

²⁶⁴ GoR, 2015 Local Government PEFA PFM Performance Assessment.

²⁶⁵ RPPA Annual Activity Report, 2016-2017.

²⁶⁶ Ministry of Local Government (2019), Assessment of the impact of decentralisation policy implementation in Rwanda (2001-2017), p. 75.

²⁶⁷Interviews with all districts visited and with Transparency International Rwanda.

Appeal to procurement entities is also done through the E-procurement system. In 2017, RPPA observed challenges related to difficulties for some Districts Independent Review Panels (DIRPs) to use the E-procurement system in deciding on lodged appeals and decided to allow them to review decisions taken by procuring entities outside of the system.²⁶⁸ Since 2018, Districts DIRPs do not exist anymore and appeal is done to the district procuring entities; if lodgers are not satisfied they can appeal to the National Independent Review Panel (NIRP).²⁶⁹

Officials and staffs in Rubavu and Rulindo district and in Nyamyumba sector (Rubavu) suggest that the E-procurement system has improved their service delivery. Results include a sensible reduction of the level of corruption and fraud in tendering process, a reduction in appeals and the system is friendly to the environment (no print). They indicate that the decrease in corruption is due to the fact that the tender process, the contract management and the payment are done by three different persons.

The new 2018 law²⁷⁰ governing public procurement stipulates that procurement entities publish all procuring information on the official single-portal website for public procurement in Rwanda. This means there is no longer an obligation to publish procurement information on district websites.

According to the Local Government PEFA 2015, the quality and timeliness of in-year budget reporting and annual financial statements was low. This is in part due to deficiencies in the template provided by CG. For example, the template did not include committee budgets or information on resources available for service delivery. Another factor is the low capacity for internal audit. Districts only had two internal auditors for covering the district itself and all non-budget entities below district level. According to the PEFA 2016, this would be increased to three per district in 2015.²⁷¹ Our interviews confirm that this has indeed happened.²⁷²

The OAG Report reveals that in-year budget reporting is especially poor for the non-budgeting subsidiary entities such as schools, health centres and mutuelles de santé. The report further highlights that reporting is irregular and based on payments rather than expenditure. This is explained by the fact that in-year reporting is quite an intensive work, especially for understaffed districts.²⁷³

As mentioned under EQ 4, by 2017/18, IFMIS was implemented in all districts and in all 416 sectors.²⁷⁴ By October 2019, many other so-called non-budget entities (entities below district levels), such as district pharmacies, district hospitals, and Rwanda Correctional Services (RCSs), are included in the system. The government is now working on including the schools in IFMIS.²⁷⁵ MINECOFIN officials confirm that accounting and reporting at local government level has improved. Districts comply with the calendar of submitting monthly budget execution reports within 15 days of the end of the reporting period, and they send annual report within a month. The submission by 90% of the districts of timely annual financial reports on expenditures was a condition in the Decentralized Agriculture Contract, and this condition was always met (by 100% of districts).²⁷⁶

However, districts still do not get an unqualified opinion from OAG on their financial statements. The OAG opinion on financial statements for districts and City of Kigali in 2018 were: Unqualified

²⁶⁸ Circular of RPPA to Districts in 2017.

²⁶⁹ N°62/2018 of 25/08/2018 Law governing public procurement.

²⁷⁰ N°62/2018 of 25/08/2018 Law governing public procurement.

²⁷¹ PEFA 2016.

²⁷² Interviews with government officials at central level and in districts.

²⁷³ Office of the Auditor General of State Finances, OAG report for FY 2017-2018.

²⁷⁴ EUD PFM and Transparency Assessment October 2018, p. 13.

²⁷⁵ Interview with MINECOFIN officials.

²⁷⁶ Disbursements notes on Decentralized Agriculture contract provided by EUD, 2011-2016.

(1) Qualified (28) Adverse (2) and Disclaimer (0).²⁷⁷ The Auditor General explained that an unqualified opinion is not possible because he cannot assess whether the district statements are a true and fair representation of the finances of some of the agencies at below district level.²⁷⁸

All in all, there have been strong improvements in accounting, reporting and procurement.

INDICATOR 5.2.4

| JC 5.2 | Local government capacities and local accountability improved | |
|---------|---|--|
| 1.5.2.4 | Improved transparency of district budgets and improved reporting on service delivery, especially in agriculture sector. | <ul style="list-style-type: none"> Extent to which district budgets and financial reports are transparent and user-friendly. Comprehensiveness and quality of reporting on services delivered, especially in agriculture sector. |

The law obliges districts to post the budget on the district website once the council has approved it (Article 40 of the OBL). All eight districts studied for PEFA 2015 did so. However, they did not post the (limited, see above Indicator 5.2.2) additional budget information on their websites. Only one district made quarterly budget execution reports available, two did so for year-end financial statements - but it is not clear how soon after audit they post them. One other district published annual budget execution reports.²⁷⁹ Among the four districts visited for this evaluation, none proved to have posted budget execution reports and only one has posted the budget for the FY 2018/19.

All eight districts studied in the LG PEFA posted a list of services to be provided (detailed in a service charter) on notice boards at district and sector level. Only one of the districts investigated in the PEFA posts this on its website. These service charters refer to services like potable water, sewage, street lightning, etc.²⁸⁰ One out of eight districts provided information on the resources that are available to service units, in particular schools.

In principle, citizens can find the approved budgets on the district websites. However, among the four visited districts for this evaluation, only one has posted the budgets for the two last FYs, while others did not do so since FY 2015/16. However, a MINECOFIN official informed us that district budgets are published on the website of MINECOFIN. Citizens can also attend District Councils meetings that are open to the public. Decisions of the district councils are published at district and sector notice boards.

Reports on the progress of District's Imihigo are accessible to the public on notice boards.²⁸¹ These Imihigo reports sometimes include agriculture performance data, such as use of fertilizers, improved seeds, land consolidation, irrigation, and soil protection.²⁸² The progress of Imihigo implementation is internally updated on a weekly basis.²⁸³

As described below under JC 5.3, the EU SBS for Decentralized Agriculture included a performance indicator on districts' reporting on agricultural services delivered: first a gradually increasing percentage of districts presenting these (Imihigo) performance reports, and in the last year (assessment in 2015) on the quality of those reports. According to the assessments, these conditions were met. Unfortunately, we were not able to assess these reports, as the reports are not available on the websites.

²⁷⁷ OAG, (2018), Annual report, p. 23.

²⁷⁸ Interview with OAG.

²⁷⁹ GoR, 2015 Local Government PEFA PFM Performance Assessment, p. 57.

²⁸⁰ GoR, 2015 Local Government PEFA PFM Performance Assessment.

²⁸¹ Seen in three out of four districts.

²⁸² Interview Rulindo and Rubavu.

²⁸³ Interviews in Rulindo and Rubavu.

Table 62: Availability of Imihigo Plans and Imihigo reports on websites of the four visited districts

| Year | Nyagatare | | Ruhango | | Rulindo | | Rubavu | |
|---------|-----------|--------|----------------|--------|---------|--------|--------|--------|
| | Plan | Report | Plan | Report | Plan | Report | Plan | Report |
| 2011/12 | | | X ¹ | | | | | |
| 2012/13 | | | X | | | | | |
| 2013/14 | | | X | | | | | |
| 2014/15 | | | X | | | | | |
| 2015/16 | | | X | | | | | |
| 2016/17 | X | | X | | | | X | |
| 2017/18 | X | | X | | | | X | |
| 2018/19 | X | | X | | | | | |

¹ In Kinyarwanda.

Source: Checked on 14 December 2019.

In addition, the districts organize open days (accountability days), one for the decentralized entities and another for the members of JDAF. During these open days, each unit (from government, CSOs, private sector) reports on services delivered. Citizens are invited to participate and to ask for information. However, the participation of the public to these accountability events is low.

INDICATOR 5.2.5

| JC 5.2 | Local government capacities and local accountability improved | |
|---------|--|---|
| I.5.2.5 | Improved citizen/CSO/private sector participation in district plans and budgets. | Extent of citizen participation in district plans and budgets, for example via Joint Action Development Forum |

The 2018 Citizen Report Card of the RGB revealed that the percentage of the population that is satisfied with citizen participation is relatively high at 76%, on average, varying from 60% in Nyamagabe to 84% in Kamonyi. It has slightly and steadily increased since the first edition in 2010, in which it stood at 74%.²⁸⁴ This percentage is based on an average of different indicators (participation in elections, in community work, etc.). The share of the population that is satisfied with participation in decision making and in elaboration of district budgets and plans is much lower, at 46 and 48%, respectively.²⁸⁵

Staffs from the four visited districts suggest that the planning and budgeting system is now more bottom-up and no longer exclusively top-down as it was before.²⁸⁶ District officers in Rubavu and Rulindo explain that the process starts at village level where villages identify 3 projects, cell level selects 3 priority projects from the list of villages, and the sector selects 3 priority projects for each cluster (economic, social and Governance). The district compiles these reports and adds priorities from the District Development Strategies and from commitments from central government. However, this exercise has limited added value due to low own revenues for development and lack of flexibility in the use of earmarked transfers. Districts can only choose where to implement projects (e.g. terraces) but must implement them even if such project would not be among its top priorities.²⁸⁷

The government established the Joint Action Development Forums (JADF) as consultative forums at district level. The members include local governments, private sector representatives and civil society organizations at the local level. JADF aims to improve local service delivery and local economic development by better coordination. Members of JADF discuss district plans and budgets as well as

²⁸⁴ RGB, Rwanda Governance Scorecard 5th edition, 2018.

²⁸⁵ Op cit, p. 26.

²⁸⁶ This is confirmed in interview with MINECOFIN. See also the planning and budgeting guidelines.

²⁸⁷ Interviews with officials in Rulindo and Rubavu.

the Imihigo preparation. In practice, however, RGB observes that the “ownership by district management is limited” (p. 56), which hampers the extent to which civil society and private sector are able to influence district plans and budgets.²⁸⁸ However, one CSO active at local level confirms that JADF helps to coordinate activities and also that CSOs are able to engage in advocacy with district authorities.²⁸⁹ At the same time, it appears that action plans of JADF stakeholders are increasingly integrated in District Imihigo.²⁹⁰ CSOs have a strong incentive to collaborate with the local government, as their licence to work in the district depends on the district governments providing them with a certificate of good conduct.²⁹¹ So while JADF led to an increase in coordination and to some extent also in mutual accountability, the relationship between government and CSOs is not fully symmetrical.

The EUD has provided financing for several projects aimed to enhance citizen participation at the local level (Table 63). These projects appear relevant for this objective.

Table 63: EUD projects supporting citizen participation at local level

| Project | Period | Implementing organization |
|---|-----------------------|--------------------------------|
| Strengthen CSO Capacity in Promoting Sustainable Agriculture Policies and Citizen Participatory Budgeting in Rwanda. | 01/04/2016-31/03/2019 | ACTIONAID LBG |
| Deepening Accountable Local Governance in Rwanda (DALGOR) | 04/01/2016-03/01/2019 | RALGA |
| Inclusive Engagement for Change | 01/01/2016-31/12/2018 | INTERNATIONAL ALERT LBG |
| Improving citizen participation in processes of decentralised governance | 01/02/2013-30/04/2016 | TROCAIRE, RCSP, Imbaraga, CEJP |
| Enhancing the capacity and participation of small-scale farmers and civil society organisations in decision-making and governance processes related to sustainable agriculture and food security in Rwanda. | 01/08/2018-31/07/2021 | TROCAIRE |

Source: File “Other EU interventions” provided by EUD.

All in all, there is some evidence that citizen, CSO and private sector involvement in district plans and budgets has somewhat increased.

INDICATOR 5.2.6

| JC 5.2 | Local government capacities and local accountability improved | |
|---------|---|---|
| I.5.2.6 | Improved use of budget information and audit reports by civil society <i>at local level</i> . | <ul style="list-style-type: none"> • Use of budget information by civil society. • Use of financial and audit reports by civil society. |

As described above, citizens at community level are somewhat involved in the budget preparation process, and the same holds for JADF members. In Nyagatare district, and since about four years, officers also report back to communities on what they have done with their suggestions.²⁹² But there does not appear much use of actual budget information by civil society at local level.

The OAG only publishes an Executive Summary of annual audit reports, so audit reports of particular districts are not available to citizens. However, Transparency International Rwanda was able to access those reports. It analyses them, organizes its own hearings and engages in advocacy. It has been able

²⁸⁸ RGB, Annual Report 2017-2018 and Imihigo 2018-2019.

²⁸⁹ Interview CSO representative at local level.

²⁹⁰ Interview in Rubavu District.

²⁹¹ Ministry of Local government (2019), Assessment of the impact of decentralisation policy implementation in Rwanda (2001-2017), p. 100.

²⁹² Interview district officials Nyagatare.

to change some policies. For example, after it revealed the negative effects of an increase in the interest rate for VUP services, the rate was reduced.²⁹³ So there is at least one CSO that used audit reports for advocacy.

STRENGTH OF EVIDENCE: MORE THAN SATISFACTORY

Table 64: Overview of types of evidence for JC 5.2

| | Documents | | | | Interviews | | | |
|---|-----------|--------------|------------|-------|------------|--------------|------------|---------------------|
| | EU | Other donors | Government | PEF A | EU | Other donors | Government | CSO, private sector |
| JC5.2: Local government capacities and local accountability improved | | | | | | | | |
| I.5.2.1 Improved capacities for service delivery at district level, in particular for the agriculture sector | | X | X | | | X | X | X |
| I.5.2.2 Improved local government planning and budgeting capacities. | | X | X | X | | | X | |
| I.5.2.3 Improved reliability (actual allocations/budget) and timeliness of transfers. | X | X | X | X | | X | X | X |
| I.5.2.4 Improved transparency of district budgets and improved reporting on service delivery, especially in agriculture sector. | | | X | X | | | X | X |
| I.5.2.5 Improved citizen/ CSO/private sector participation in district plans and budgets. | | | X | | | | X | X |
| I.5.2.6 Improved use of budget information and audit reports by civil society. | | | | | | | X | X |

JUDGEMENT CRITERION 5.3

INDICATOR 5.3.1 AND 5.3.2

| JC5.3 | Budget support has contributed (directly or indirectly) to the observed changes in ways which could not have occurred through alternative aid modalities | |
|----------------|---|--|
| I.5.3.1 | Evidence of direct or indirect causal links with the different budget support inputs (in interactions or not with other effects generated by GoR). | <ul style="list-style-type: none"> Direct or indirect links with the different budget support inputs will be examined for all of the indicators above. |
| I.5.3.2 | Comparative analysis between support and other forms of aid. | <ul style="list-style-type: none"> Extent to which budget support was the best modality to achieve the above outcomes (if any) in comparison with other aid modalities. |

There can be contributions of EU budget support from the resources, from the general eligibility conditions, from specific conditions for the variable tranches, from the Complementary Measures, and from a policy dialogue on decentralization. Although the EU does not participate in the SWG on Decentralization and Good governance, the EU does assess improvements in PFM and transparency of local governments as part of the general PFM and transparency assessments, and these issues are also discussed in the general PFM TWG and the PFM Consultative Forum.²⁹⁴ The conclusions on the contributions of eligibility conditions and policy dialogue made under EQ 4 therefore also hold here.

²⁹³Interview staff of Transparency International Rwanda.

²⁹⁴ EUD PFM and transparency assessments, and some minutes of SWG PFM meetings.

The same applies for the conclusion on the resources. Given that a large part of agriculture policies and budgets are implemented and spent by the districts, EU attention for the quality of district budgeting and accounting processes, and for the quality of district service delivery is justified. The EU budget support resources also provide legitimacy to the EU for stressing the importance of these issues.²⁹⁵

In addition, some of the EU budget support contracts have specific conditions on improvement in local PFM and transparency. This holds, in particular, for the EU SBS on Decentralised Agriculture. This contract, first running from 2009/10 to 2012/13 but then extended with three more years, had three aims: 1) improved agricultural outcomes 2) increased public financial management capacities in districts to ensure proper use of funds and value for money 3) a more stable and predictable inter-governmental grant transfer framework. The first two years there was only a fixed tranche, but for the other 5 years there were variable tranches. The conditions and results are presented in Table 65.

Table 65: Overview of performance criteria and result at the time of assessment for the variable tranche disbursements in SBS for Decentralized Agriculture

| | 2011 | | 2012 | | 2013 | | 2014 | | 2015 | | |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--|--------|-----|
| | target | result | target | result | target | result | target | result | target | Result | |
| Percentage of districts that have submitted financial reports on the previous year's expenditure, following a format issued by MINECOFIN; | 90 | 100 | 90 | 100 | 90 | 100 | 90 | 100 | 90 | 100 | |
| Both individual district reports and the consolidated report for the OAG are shared with EUD before end of first quarter of subsequent FY | | | | | | | | | Met | | Met |
| Percentage of districts submitting a Strategic Issues Paper for the coming budget year | 50 | 100 | 90 | 90 | 90 | 93.3 | 90 | 96.7 | 90 | 100 | |
| % of districts submitting a Performance (later added: Imihigo) report for previous year | 50 | 100 | 80 | 96.7 | 90 | 100 | 90 | 100 | Standards for Imihigo reporting harmonised | Met | |
| Integration of performance-based criteria for earmarked transfers to districts approved by MINAGRI | | | | | | | | | | Met | |

Note: The years refer to year of assessment and disbursement; the years assessed are two years before, so 2009/2010 for the first variable tranche.

Source: EU documents, in particular disbursement notes.

Apparently, not all districts presented annual financial statements before the start of this budget support contract. Table 65 (above) shows that districts from 2009/10 onward have always provided financial statements. For the last two years, the EU has added the condition that the consolidated report must also be presented (by MINECOFIN). All these conditions were always met, so this can be considered a success. The baseline 2006-2008 for the second and third indicator was zero, so the percentage of districts presenting SIPs and Performance reports has hugely increased. In the final year of the contract, the EU added a performance indicator on harmonization of the standards for Imihigo reporting. This was also assessed as being achieved. All in all, the inclusion of these specific conditions appears to have contributed to the improvements in district planning and reporting between 2009 and 2015.

Furthermore, several of the Complementary Measures to EU budget support contracts are possibly relevant but it is not easy to assess their effectiveness. In the context of Decentralised Agriculture, the study 'Review of decentralisation, soil protection, and non-traditional value chain development in Rwanda's agriculture sector' was carried out. And in the context of the Feeder road contract, district capacities for feeder road development were strengthened through a series of Complementary Measures (technical assistance).

²⁹⁵ This was confirmed in interviews with EUD and with government.

On the actual state of maintenance of feeder roads, we obtained different evidence. Feeder roads are maintained by “community associations (CAs)” composed of poor people (Category 1 of Ubudehe) living nearby under the “cash for works” approach. The district monthly pays RwF 33,750 per km on the “cooperative” account and the salary for each member may reach RwF 24,000 per month provided he or she regularly participates in the works. Cooperative members are paid through SACCO and they must abide by SACCO’s saving policy, which allows them to pay the annual Health insurance (Mutuelle de Santé) and other needs for their households.²⁹⁶ In this way, road maintenance contributes to job creation and supports the social protection agenda. However, this maintenance is mostly cleaning. The main works include cutting trees and plants on the side of the roads, remove land brought by erosion in gutters and under bridges, and small reparations. The district is responsible for bigger reparations of the roads. And according to one respondent, “the maintenance of feeder roads is not a priority for the government.”²⁹⁷

Through Complementary Measures related to the SRC Agriculture, districts were supported in their planning capacities by improving data collection and data availability. One technical assistance project established the Agriculture Management Information System (AMIS) to support planning at central and district level. Data are collected at grassroots level, mainly for the monitoring of the progress on Imihigo targets. In another Measure, NISR was supported to improve its agriculture survey and to conduct the Comprehensive Food Security and Vulnerability Analysis (CFSVA). Data are disaggregated by district; however, districts do not have access to the raw data to support their planning. Staffs from Rulindo district indicated that NISR is not really supporting them because it is only providing general data at district level and they cannot make their own analysis and discover where there are issues.

All in all, EU budget support has contributed to improvements in the above described improvements through its resources, through the policy dialogue around PFM and in agriculture, and through the specific conditions for, in particular, the Decentralised Agriculture contract. It would have been far more difficult, if not impossible, to have the same contributions through project aid. We have not been able to assess fully the contribution of complementary measures related to agriculture budget support for improvements in district planning, implementation and reporting capacities.

STRENGTH OF EVIDENCE: MORE THAN SATISFACTORY

Table 66: Overview of types of evidence for JC 5.3

| | Documents | | | | Interviews | | | |
|--|-----------|--------------|------------|-------|------------|--------------|------------|---------------------|
| | EU | Other donors | Government | PEF A | EU | Other donors | Government | CSO, private sector |
| JC5.3: Budget support has contributed (directly or indirectly) to the observed changes in ways which could not have occurred through alternative aid modalities | | | | | | | | |
| I.5.3.1 Evidence of direct or indirect causal links with the different budget support inputs (in interactions or not with other effects generated by GoR). | X | | X | | X | X | X | |
| I.5.3.2 Comparative analysis between budget support and other forms of aid. | | | | | X | | X | |

²⁹⁶ Interview in Rulindo.

²⁹⁷ Interview with donor representative

EQ 6. POLICY FORMULATION & IMPLEMENTATION PROCESSES

EQ 6: To what extent and through which mechanisms (funds, dialogue and TA) has budget support contributed to an improvement in policy formulation and implementation processes, and to its related accountability (including in public service delivery)?

The answer to this EQ has three components: 1) General, just dealing with Indicator 6.1.1, first part, 2) Energy, and 3) Agriculture.

1) GENERAL

JUDGEMENT CRITERION 6.1 - GENERAL

INDICATOR 6.1.1 - GENERAL

| JC6.1 | The legal framework, the policy processes and the quality of the policies, regulations and strategies improved overall | |
|---------|--|---|
| 1.6.1.1 | Improved overall strategic policy making | <ul style="list-style-type: none"> • Comparison of EDPRS 1 and 2 and NST 1 on vision, quality, feasibility and alignment of objectives, policies and resources for implementation • Perception of stakeholders on improved strategic policy making. |

Rwanda has developed its long-term vision, called Vision 2020. Developed in 2000 after extensive consultations, the vision outlined ambitious goals to be reached by the year 2020. Targets were set and reviewed in 2015 from lessons of the past. It is implemented through medium term plans (EDPRS 1&2 and NST1). The medium-term plans were developed after evaluations and reviews and new priorities were set according to the challenges of the moment. With high success to the social sector in the last decades, the priority is now given to the economic transformation with emphasis to the private sector development. Recently, Rwanda has developed Vision 2015. The table below summarise the contents of EDPRSs and NST-1.

Table 67: Comparison of EDPRS 1 and 2 and NST 1 on vision, quality, feasibility and alignment of objectives, policies and resources for implementation

| EDPRS I 2008-2012 | EDPRS II 2013-18 | NST I 2018-24 |
|---|---|---|
| Vision | | |
| | Creating a productive middle class and fostering entrepreneurship | |
| Overarching Goal | | |
| | “Accelerating progress to middle income status and better quality of life for all Rwandans through sustained average GDP growth of 11.5% and accelerated reduction of poverty to less than 30% of the population” | |
| Objectives | | |
| 1. Accelerate growth and poverty reduction. | Economic Transformation Strategic Framework | Economic Transformation Pillar |
| 2. Widen and strengthen the Financial Sector. | Vision: “Sustain rapid economic growth and facilitate the process of economic transformation by increasing the internal and external connectivity of the Rwandan economy. This will be achieved through improved infrastructure, exports, and more integrated supply chains, while meeting demand in the energy sector, planting the seeds of a green economy, and better managing the process of urbanization”. | Overarching objective: Accelerate inclusive economic growth and development founded on the Private Sector, knowledge and Rwanda’s Natural Resources. |
| 3. Develop skills for a knowledge-based society | Priority Areas 1. Increase the domestic interconnectivity of the Rwandan economy | Specific objectives: 1. Create decent jobs for economic development and poverty reduction. |

| EDPRS I 2008-2012 | EDPRS II 2013-18 | NST I 2018-24 |
|---|---|---|
| | <p>through investments in hard and soft infrastructure.</p> <p>2. Increasing the external connectivity of Rwanda's economy and boosting exports.</p> <p>3. Transform the private sector by increasing investment in priority sectors.</p> <p>4. Transform the economic geography of Rwanda by managing urbanization and promoting secondary cities.</p> <p>5. Pursue a 'green economy' approach to economic transformation.</p> | <p>2. Accelerate Urbanization to facilitate economic growth.</p> <p>3. Promote industrial development, export promotion and expansion of trade related infrastructure.</p> <p>4. Develop and promote a service-led and knowledge-based economy.</p> <p>5. Increase agriculture and livestock quality, productivity and production.</p> <p>6. Sustainably exploit natural resources and protect the environment.</p> |
| 4. Promote science, technology and innovation for economic growth. | Rural Development Strategic Framework | Social Transformation Pillar |
| 5. Raise agricultural productivity and ensure food security. | Vision: "Sustainable poverty reduction is achieved through broad-based growth across sectors in rural areas by improving land use, increasing the productivity of agriculture, enabling graduation from extreme poverty, and connecting rural communities to economic opportunity through improved infrastructure". | Overarching goal: Develop Rwandans into a capable and skilled people with quality standards of living and a stable and secure society. |
| 6. Raise the contribution of manufacturing and services to economic development for sustainable growth. | Priority Areas: <ol style="list-style-type: none"> 1. Integrated approach to land use and rural settlements. 2. Increase the productivity of agriculture. 3. Enabling graduation from extreme poverty. 4. Connect rural communities to economic opportunity through improved infrastructure. | Specific objectives <ol style="list-style-type: none"> 1. Move towards a Poverty Free Rwanda. 2. Ensure a Quality Healthy Population 3. Develop a Competitive and Capable Rwandan Population. 4. Ensure Quality of education for all aiming at building a knowledge-based economy. 5. Transition to a Modern Rwandan Household in urban and rural areas. |
| 7. Manage the environment and ensure optimal utilisation of natural resources. | Productivity and Youth Employment Strategic Framework | |
| 8. Build economic infrastructure. | Vision: "All Rwandans have a stake in the continued economic growth of Rwanda through access to fulfilling and productive work. All Rwandans who are able to work make a positive contribution to Rwanda growing into a middle-income country through increased productivity". | |
| 9. Improve health status and slow down population growth. | Priority Areas: <ol style="list-style-type: none"> 1. Skills and Attitudes. 2. Technology and ICT. 3. Entrepreneurship and Business Development. 4. Labour Market Interventions. | |
| 10. Improve water resources management and access to safe drinking water and sanitation. | Accountable Governance Strategic Framework | Transformational Governance Pillar |
| 11. Integrate and extend social protection. | Vision: "Enhance accountable governance by promoting citizen partic- | Overarching goal: consolidate Good Governance and Justice as building blocks for |

| EDPRS I 2008-2012 | EDPRS II 2013-18 | NST I 2018-24 |
|---|---|---|
| | ipation and mobilization for delivery of development, strengthening public accountability and improving service delivery”. | equitable and sustainable National Development. |
| 12. Promote decentralisation, citizen participation and empowerment, transparency and accountability. | Priority Areas: 1. Citizens’ participation in delivery of development and strengthened public accountability. 2. Quality service delivery. | Broad objectives: 1. Consolidate values and unity of Rwandans, committed to a self-reliant and peaceful Rwanda. 2. Strengthen partnerships between Government, private sector, citizens, NGOs and FBOs to fast track national development and people centered prosperity. 3. Strengthen capable and responsible public institutions committed to citizens’ advancement and efficient service delivery 4. Establish legal frameworks that spur economic development and instil fairness, transparency and accountability across institutions and individuals, 5. Strengthen foreign policy that is driven by economic diplomacy, regional cooperation/Integration and Pan Africanism, 6. Strengthen capacity of security institutions/organs to preserve national security and protect Rwandans, as well as actively participate in socio-economic development of the Nation. |
| 13. Promote vibrant and professional public and private media to enhance citizens’ voice and dissemination of public information. | Foundational Issues | |
| 14. Support youth to participate in economic and social development. | Macroeconomic Stability. | |
| Cross-Cutting Issues | Demographic Issues. | Cross-Cutting Areas |
| Environment | Food Security and Malnutrition. | Capacity Development. |
| Gender | Early Childhood Development (ECD) and Basic Education. | HIV/AIDS and Non-Communicable Diseases. |
| HIV/AIDS | Improving Quality, Demand and Accessibility of Healthcare. | Disability and Social Inclusion. |
| Social Inclusion | Rule of Law, Unity and Reconciliation, Security and Stability. | Gender and Family Promotion. |
| Youth | Strengthening the Effectiveness of Public Finance Management (PFM) | Regional Integration and International Positioning |
| | Consolidating Decentralisation. | Disaster Management. |
| | Cross-Cutting Issues | Environment and Climate Change. |
| | Capacity Building. | |
| | Environment and Climate Change. | |
| | Family and Gender. | |
| | Regional Integration. | |
| | HIV/AIDS and NCDs. | |
| | Disaster Management. | |
| | Disability and Social Inclusion. | |

Alignment

EDPRS 1&2 as well as NST 1 are aligned according to the period to long-range global and regional commitments and national long-term planning:

- The Millennium Development Goals (MDGs)
- The Sustainable Development Goals (SDGs)
- The African Union Agenda 2063 and its First 10-Year Implementation Plan
- The East African Community (EAC) Vision 2050
- The COP 21 Paris Agreement on Climate Change 2015
- Rwanda's Vision 2020
- Rwanda's Vision 2050.

Table 68: Resources for implementation

| Program | EDPRS I 2008-2012 Bln RwF | EDPRS II 2013-18 Bln RwF | NST I 2018-24 Bln RwF |
|--------------------|------------------------------|-----------------------------|--------------------------|
| Public financing | 3,434 (67%) | | 24,624 (59%) |
| Private investment | 1,717 (33%) | | 17,111 (41%) |
| Total | 5,151 (100%) | 9,929 | 41,735 (100%) |

The three plans are comprehensive and provide a clear vision on development. They are of good quality. It is difficult to assess the feasibility and resources for implementation. In any case, the planned resources for implementation have increased over time (Table 68). The plans are aligned with international commitments and long-term national strategic plans.

Overlooking the three plans, there are clearly some recurrent priorities in all: pursuing a skills and knowledge economy, promoting the service sector, increasing agricultural productivity, promoting a green economy, reducing poverty and fostering inclusion, promoting regional integration, and expanding infrastructure.

Over time there appears to be an increasing attention for the private sector and for industrial development. This can be seen as a positive development. Since EDPRS II, disaster management and climate change take more priority, which is also positive given the high risks Rwanda faces.

In the area of cross-cutting issues it is striking that EDPRS mentions “gender”, while this became “family and gender” in EDPRS II, and “gender and family promotion” in NST 1. This may point to an increasing traditional stance with regard to women and gender issues.

In relation to good governance, “citizen participation” as such is no longer mentioned under objectives for the Transformational governance pillar in NST 1, but it is still included as priority area 6 under this pillar: “increase citizen’s participation, engagement and partnership in development”. But both here and in EDPRS II, it appears that citizen participation is more seen as instrument (“mobilization”) for improving service delivery and economic development than for allowing real influence on government policies. Similarly, from the formulation in the three plans, accountable governance appears to refer mainly to accountability for service delivery and less for other government policies.

The actual implementation of EDPRS and NST takes place in the sectors, and each sector has its Sector Working Group (SWG). The SWGs contribute to the development and monitoring of five-year strategic plans for the sectors. Table 69 provides a summary of identified sectors. The sectors for EDPRS2 and NST-1 were the same, while some sectors in EDPRS 1 were merged or split in EDPRS 2.

Table 69: Sectors identified in EDPRS 1 and 2 and NST 1

| EDPRS I 2008-2012 | EDPRS II 2013-18 | NST I 2018-24 |
|--|------------------|---------------|
| Theme 1: Economic Growth, Private Sector Development and Infrastructure | | |
| 1.1 Economic Growth & Financial Sector Development | PFM | PFM |

| EDPRS I 2008-2012 | EDPRS II 2013-18 | NST I 2018-24 |
|---|---|---|
| 1.2 Private Sector Development | Private sector development and Youth | Private sector development and Youth |
| | Financial sector | Financial sector |
| 1.3 Infrastructure: Energy, Transport, ICT and Habitat and urbanisation | Energy | Energy |
| | Transport | Transport |
| | ICT | ICT |
| | Urbanisation and Rural Settlements | Urbanisation and Rural Settlements |
| 1.4 Employment Promotion & Capacity Building | | |
| Theme 2: Rural Development | | |
| 2.1 Agriculture and Animal Husbandry | Agriculture | Agriculture |
| 2.2 Environment and Land Use Management | Environment and NATURAL Resources (ENR) | Environment and NATURAL Resources (ENR) |
| Theme 3: Human Development | | |
| 3.1 Education, Research & Development | Education | Education |
| 3.2 Health, Nutrition, Population & HIV/AIDS | Health | Health |
| 3.3 Water & Sanitation | WATSAN | WATSAN |
| 3.4 Social Protection | Social Protection | Social Protection |
| 3.5 Science, Technology & Innovation | | |
| 3.6 Youth, Culture & Sports | | |
| Theme 4: Good Governance | | |
| 4.1 Justice, Reconciliation, Law & Order (JRLO) | JRLO | JRLO |
| 4.2 Security | | |
| 4.3 Decentralization, Citizen Participation, Empowerment, Transparency & Accountability | Decentralisation and good governance | Decentralisation and good governance |
| Multi-disciplinary Group on Cross-Cutting Issues | | |
| Environment, Gender, HIV/AIDS, Social Inclusion, Youth | | |

Source: EDPRS 1&2 and NST-1.

STRENGTH OF EVIDENCE: WEAK

Table 70: Overview of evidence for JC 6.1, general

| | Documents | | | Interviews | | | |
|--|-----------|----|------------|------------|--------|------------|------|
| | EU | WB | Government | EU | Donors | Government | CSOs |
| JC6.1: The legal framework, the policy processes and the quality of the policies, regulations and strategies improved overall | | | | | | | |
| I.6.1.1 | | | | | | | |
| Improved overall strategic policy making | | | X | | | | |

2) ENERGY

JUDGEMENT CRITERION 6.1 - ENERGY

INDICATOR 6.1.1 - ENERGY

| JC6.1 | The legal framework, the policy processes and the quality of the policies, regulations and strategies improved overall and, in particular, in areas / sectors supported by the different budget support inputs | |
|---------|--|--|
| I.6.1.1 | Improved overall strategic policy making and improved strategic frameworks for energy sector. | <ul style="list-style-type: none"> Comparison of ESSP 1 and 2 on vision, quality, feasibility and alignment of objectives, policies and resources for implementation Perception of stakeholders on improved strategic policy making. |

EDPRS-II, and NST-1 mention the following issues in the energy sector:

EDPRS II²⁹⁸

²⁹⁸ Economic Development and Poverty Reduction Strategy II 2013-2018. May 2013.

- meeting demand for electricity using a balanced mix of energy sources, increasing generation to 563 MW.
- gradually eliminating subsidies to the electricity tariff.
- prioritizing public investments with a clear view on when and how funds are invested to ensure value for money.
- reducing the cost of energy to facilitate business.
- connecting 100% of population through on- and off-grid options.
- expanding off-grid micro hydro generation.
- using biomass for cooking in a safe, sustainable, and efficient manner.
- using improved energy efficient cooking stoves.

The EDPRS II outcomes and the values of the indicators related to the energy sector are listed in Table 71.

Table 71: EDPRS II outcomes and indicators

| EDPRS II outcome | Indicators | Baseline 2012 value | 2015/16 target value | 2017/18 target value |
|--|--|---------------------|----------------------|----------------------|
| Increased electricity generation capacity. | Electricity generated. | 110 MW | 349 MW | 563 MW |
| Increased access to basic infrastructure at the urban level. | Urban households' access to electricity. | 46% | 57% | 70% |
| Increased access to basic infrastructure at the rural level. | Rural households with access to electricity. | 5% | 50% | 70% |

Source: EDPRS II

NST-1²⁹⁹

- achieving universal access to electricity by 2024.
- developing long-term generation plans, identifying least cost sources of energy generation.
- decreasing the number of households depending on firewood as a source of energy for cooking by half, from 79.9% (2016/17) to 42% by 2024.
- increasing the area covered by forest from 29.6% in 2017 to 30% by 2024 through forest landscape restoration.

As some of the projections and implementations outlined in EDPRS II did not materialize, the targets in the reports that followed them have been modified.

The government strategies for the energy sector are Energy Sector Strategic Plans (ESSP). Three ESSPs were developed for the period 2011-17, 2013-2018 and 2019-2024. The first was not fully implemented and was replaced in less than two years. The first ESSP did not present the overall goals of the sector, it provides goals for each components (electricity, biomass and petroleum), while the second and third provides the overall vision and mission of the sector and objectives/goals for each component. Changes in objectives were made as a result of achievements or by taking other relevant issues into consideration. The targets outlined in those plans represent the key areas of progress to be achieved and are summarised in Table 72.

²⁹⁹ 7 Years Government Programme: National Strategy for Transformation (NST 1) 2017–2024.

Table 72: Performance and targets for the energy sector 2011-2024

| Areas | Indicators | ESSP ³⁰⁰ 2011-17 | | ESSP ³⁰¹ 2013/14-2017/18 | | ESSP ³⁰² 2018-24 | | |
|--|--|--------------------------------|-----------------|--|----------------------|--------------------------------|--------------------|--|
| | | Baseline 2010 | Targets 2017 | Baseline 2013/2014 | Targets 2017/2018 | Baseline 2017 | Targets 2023/24 | |
| | | Capacity of Generation | | | | | | |
| Electricity | Generation capacity (MW) | 96.5 | 1203 | 119.6 | 563* | 218 | 446.8** | |
| | Hydro | 38.7 | 340 | | 134 | 98.1 | *** | |
| | Diesel & HFO | 37.8 | 48 | | 74 | 58.9 | *** | |
| | Methane gas | 4.2 | 300 | | 80.6 | 30.5 | *** | |
| | Peat | | 200 | | 85 | 15.3 | *** | |
| | Solar | 0.3 | 5 | | 40.5 | 8.7 | *** | |
| | Geothermal | | 310 | | | | | |
| | Import | 15.5 | | | 150 | 6.5 | *** | |
| | Reserve margin | | | | 15 | 10 | 15 | |
| | Current electricity on peak demand (MW) | 65 | | 87.9 | 470 | | 282-376 | |
| | Consumption of electricity per capita (kWh per annum) | 23 | | 42 | | | | |
| | Household with access to electricity (off-grid) (%) | | | 0.5 | 22 | 7.8 | 48 | |
| | Improvement in quality of electricity supply | | | | | | | |
| | Household with access to electricity (on-grid) (%) | 14 | 50 | 21 | 48 | 32.7 | 52 | |
| | Connections for currently existing productive users of electricity | | 100 | | 100 | 72.6 | 100 | |
| | Street lighting of national and district roads ³⁰³ | | | | | 50 | 100 | |
| Losses in the transmission and distribution networks | | | 23 | 15 | 22 | 15 | | |
| Average connection cost (\$) | | 1200 | 1000 | | 700 | | | |
| Biomass | HHs using three stones and traditional stoves | | | | | 66 | 50 | |
| | Use of biomass energy | 85 | 50 | 85 | 50 | 83.3 | 42 | |
| Petroleum | Petroleum capacity storage (million litres) | 8.3 | 68.3 | 50 | 150 | 74 | 198 | |
| Budget | Total estimated cost of all programs (billions in US\$) | | 5.274 | | 4.1 | | 3.12 | |

* - The official target is 563 MW; however, the capacities, due to their capacity increments, add up to 564.1 MW. Only 160 MW have materialized.

** - potentially available capacity

*** - the actual capacities will be the result of LCPDP simulations

Source: ESSP 2011-17; 2012/2013-2017/2018 and 2018/2019-2023/2024

Similarly to the series of EDPRS and NST documents, the targets have been missed for some of the indicators and had to be modified in the following plans, proving that the goals were either unachievable or there were issues with the implementation.

³⁰⁰ National Energy Policy Strategy, May 2011.

³⁰¹ Energy Sector Strategic Plan 2013/14-2017/18, March 17 2015.

³⁰² Energy Sector Strategic Plan 2018/19-2023/24, September 2018.

³⁰³ This covers three categories: existing national roads and roads in Kigali City; roads under construction; and District roads. These three categories give a total length of 1,724 km.

The vision of the sector as suggested in ESSP2 is to contribute effectively to the growth of the national economy and thereby improve the standard of living for the entire nation in a sustainable and environmentally sound manner, while the mission of the sector is to create conditions for the provision of sufficient, safe, reliable, efficient, cost-effective and environmentally appropriate energy services to households and to all economic sectors on a sustainable basis.

The policy and strategies are aligned to the international commitments to which Rwanda is signatory and to national long term planning including: SDGs,³⁰⁴ SE4ALL,³⁰⁵ Regional Strategy on Scaling up Access to Modern Energy Services adopted by the EAC, Vision 2020, Vision 2034, and Vision 2050, EDPRS II and NST1. The policy framework has continuously been expanded during the evaluation period. Table 73 presents a summary of energy sector policies and strategies.

Table 73: Summary of energy sector policies and strategies

| Type | Policy / Strategy | Year | Description |
|--------------------|---|------|--|
| Sector wide | Capacity Building in the Energy Sector Strategy | 2018 | Outlines a clear, strategic approach to building capacity in the sector. |
| Electricity access | SE4All Action Agenda | 2016 | Presents plan to deliver energy efficiency and renewable energy (biomass, off-grid and power generation from renewable energies). |
| | National Electrification Plan (NEP) | 2018 | Detailed plan of on- and off-grid expansion. |
| | Scaling up Renewable Energy Program (SREP) Investment Plan | 2015 | Supports implementation of the SE4All Action Agenda, with World Bank funding. |
| | Rural Electrification Strategy (RES) | 2016 | Sets out four programs which deliver off-grid solutions (SHS and mini-grids). |
| | Electricity Access Roll-out Program (EARP) | 2013 | Key driver of on-grid access growth, with lots established for electrification to 2017/18. |
| | Off-grid Electrification Sustainability Strategy | 2018 | Focuses on sustaining progress in off-grid, including data capture. |
| Energy Efficiency | Energy Efficiency Strategy | 2019 | Outlines initiatives to improve efficiency across generation, transmission and distribution and end-user consumption. |
| Technical | Rwanda Transmission Master Plan, Distribution Master Plan | 2017 | Presents detailed analysis of current high- and low-voltage networks and their future growth. |
| | Least Cost Power Development Plan (LCDP) | 2017 | Presents detailed analysis of current power system and scenarios of its future expansion |
| | Grid Code | 2013 | Details the technical aspects of operation of the power system. |
| Resources | Management Prescriptions for the Development of Lake Kivu Gas Resources | 2009 | Sets out required standards and processes for gas extraction. Is being updated. |
| | Peat Resource for Power Generation | 2014 | Details the peat reserves for power generation across Rwanda. |
| | Simplified Licensing Procedure | 2015 | Sets out requirements for small-scale off-grid renewables developers. |
| Biomass | Biomass Energy Strategy | 2017 | Forecasts demand and supply balance across scenarios and includes action plan to deliver targets—focused on efficiency. |
| Petroleum | Downstream Petroleum Strategy | 2014 | Detailed plan to establish effective regulatory and institutional frameworks, coupled with suitable and sufficient petroleum facilities to ensure supply and distribution. |

Respondents confirm that there has been an improvement in policy formulation in the energy sector in terms of vision and objectives to address existing issues. ESSP 2 defined a general vision and mission of the energy sector, and this was not the case in ESSP 1. Policies are comprehensive and

³⁰⁴ Sustainable Development Goals (SDGs), Goal 7.

³⁰⁵ Sustainable Energy for All (SE4ALL) initiative.

clearly identify as well as some critical sector challenges. The first ESSP set high targets (e.g. generation of 1000MW in 2020), which were not realistic in terms of financial need for investment and of demand.³⁰⁶ With the actual electricity production (250MW) there is overproduction of electricity. In the past, targets were more politically driven. The new ESSP has more realistic targets and these targets reflect more a technical opinion.³⁰⁷ Options like increasing off-grid connections, importing electricity (which is cheaper), as well as production based on the “expected” demand and expanding the role of private sector were taken into consideration in ESSP 2. Plans that are useful to implement ESSP such as National Electrification Plan and Least Cost Development Plan were developed.³⁰⁸

INDICATOR 6.1.2- ENERGY

| JC6.1 | The legal framework, the policy processes and the quality of the policies, regulations and strategies improved overall and, in particular, in areas / sectors supported by the different budget support inputs | |
|---------|---|---|
| I.6.1.2 | Strengthened consultation processes (with CSO, Private sector, etc.) and increased actual influence of these stakeholders on policies and regulations, in sectors supported by budget support. | <ul style="list-style-type: none"> • Extent of participation of CSOs, private sector, in DPCG, SWGs and technical working groups. • Extent to which representatives of CSOs and private sector contribute to discussions in these fora, are listened to and their concerns are taken into account in policies. • Extent to which content of policies and regulations reflects interests of CSOs and private sector. • Perceptions of stakeholders on improved consultation processes. |

A 2015 report³⁰⁹ stipulates that there is no satisfactory process for reviewing the implementation of the ESSPs. There was no periodical review process and no formal mechanism for taking corrective measures in case of deviation from the ESSP targets. As mentioned before (see JC 2.2), and probably as a result of the finding in this report, the Energy SRC contained a condition that the government (MININFRA) should have Backward and Forward Looking Sector Reviews. This condition was met. Interviews also confirm that these two reviews are held every year, and that the SWG and TWGs meet regularly (see also under JC2.2).

According to MININFRA, the decisions on investments in the sector are made in a transparent dialogue between all partners in TWGs and the SWG, and with the EU in the High-Level Policy Dialogue framework. The Sector Working Group includes the lead Ministry (MININFRA), MINECOFIN, Development Partners (DPs), Civil Society Organizations, and private sector institutions.

The initial versions of the drafts of policies and strategies, as well as the implementation plans, were discussed by MININFRA with the sector stakeholders, including potential investors, and in the Energy Sector Working Group. Policy processes increasingly relied on extensive analytical work and on broad consultations, although challenges remained with regard to participation at the local level.

There are also still challenges with respect to the inclusion of the private sector and CSOs. The participation of CSOs is limited because there are not many civil society actors active or interested in the energy sector. This could change with the increasing importance of the cooking sector.³¹⁰ One donor indicated that the Ministry does consult CSOs, but that there is lack of capacity and skills to push government for real changes. Private companies, especially those active in Rwandan energy sector in general and solar energy in particular, are represented in SWG and TWGs by the Energy

³⁰⁶ Interview with WB Economist.

³⁰⁷ Interviews with EUD, donors and government.

³⁰⁸ Interview with EUD.

³⁰⁹ Technical Assistance Facility for the Sustainable Energy for All Initiative West and Central Africa. EuropeAid/134038/C/SER/Multi Contract No 2013/335152 Rwanda. Complementary Technical Assistance to MININFRA: Preparation of a Rural Electrification Strategy & Action Agenda “Institutional–Legal–Regulatory–Economic & Financial Complement”. Budget Support–Eligibility Assessment, April 2015.

³¹⁰ Interview with EUD.

Private Developers (EPD), a professional association registered in Rwanda. EPD focuses on advocacy of its members, encouraging collaboration and partnership for development of energy sector in Rwanda.³¹¹

INDICATOR 6.1.3- ENERGY

| JC6.1 | The legal framework, the policy processes and the quality of the policies, regulations and strategies improved overall and, in particular, in areas / sectors supported by the different budget support inputs | |
|---------|---|---|
| I.6.1.3 | Improved integration of cross-cutting aspects, in particular environment and climate change, gender equality, youth, jobs creation, and inclusive development, in the drafting / revision of policies and regulations, in particular in energy sector | <ul style="list-style-type: none"> Extent to which contents of plans and regulations adequately reflects these cross-cutting issues. |

Cross Cutting Issues (CCIs) as identified at each generation of EDPRS/NST were mainstreamed into sector strategies, most notably gender and the environment. Gender aspects are visible in the biomass subsector, and in particular in the target related to improved cooking stoves.³¹² MININFRA developed the Infrastructure Gender Mainstreaming Strategy in 2017. It outlines how the sector will strive to mainstream gender in its policies, plans, processes, programs, and projects for 2017 to 2022. For the environment aspect, Rwanda has put in place adequate environmental controls and legislations under the mandate of the Rwanda Environment Management Authority (REMA). REMA and RDB are providing support to the line ministries in incorporating environmental guidelines, especially by imposing environmental and social impact assessments (ESIAs) and strategic environmental and social assessments (ESSAs) for new projects.³¹³ REMA has also developed an Environment Mainstreaming framework for all sectors.

However, other CCIs have little weight in the sector's strategic framework: Disability and Social Inclusion, HIV/AIDS and Non-Communicable Diseases, Capacity Development, and Youth.

STRENGTH OF EVIDENCE: STRONG

Table 74: Overview of evidence for JC 6.1.

| | Documents | | | | Interviews | | | |
|--|-----------|----|------------|---------|------------|--------|------------|------|
| | EU | WB | Government | WB, IMF | EU | Donors | Government | CSOs |
| JC6.1: The legal framework, the policy processes and the quality of the policies, regulations and strategies improved overall and, in particular, in areas / sectors supported by the different budget support inputs | | | | | | | | |
| I.6.1.1 Improved overall strategic policy making and improved strategic frameworks for energy sector | | | X | | X | X | X | |
| I.6.1.2 Strengthened consultation processes (with CSO, Private sector, etc.) and increased actual influence of these stakeholders on policies and regulations, in agriculture and energy sector | X | | X | | X | X | X | |
| I.6.1.3 Improved integration of cross-cutting aspects, in particular environment and climate change, gender equality, youth, jobs creation, and inclusive development, in the drafting / revision of policies and regulations, in energy | | X | X | | X | | X | |

³¹¹ www.epdrwanda.com

³¹² Interview with Gender focal point, EUD.

³¹³ WB (2019) Third Rwanda Energy Sector Development Policy Financing

JUDGEMENT CRITERION 6.2 - ENERGY

INDICATOR 6.2.1 - ENERGY

| JC6.2 | Public sector institutional and technical capacities, incl. M&E capacities and systems, strengthened in areas / sectors supported by the different budget support inputs | |
|---------|--|--|
| I.6.2.1 | Strengthened overall institutional framework for policy implementation in energy Sector. | <ul style="list-style-type: none"> Changes in (legal) definition of responsibilities and tasks of line ministries, other central agencies and district governments in policy implementation in energy. Perception of stakeholders on the strengthening of the overall institutional framework for policy implementation in energy. |

The energy policy is implemented by several public institutions in partnership with private sector entities. These include mainly the MININFRA, MINICOM, MINECOFIN, Ministry of Environment, MINALOC, RDB, RURA, REMA, REG and its two subsidiaries EUCL and EDCL, NIRDA, RSB, and NCST.³¹⁴ Some elements of law regarding the sector are included in the laws establishing these institutions. The main laws regarding the energy sector are summarised in Table 75.³¹⁵

Table 75: Summary of energy sector laws

| Policy / Strategy | Year | Description |
|---------------------------|------|--|
| Electricity Law of Rwanda | 2018 | Governs activities of electricity production, transmission, distribution and trading. |
| PPP law | 2016 | Establishes processes and requirements for entering into PPPs (including procurement). |
| Radiation Protection Law | 2017 | Establishes rules and requirements for the use of radiation. |

At the institutional level, the entity in charge of energy has undergone a number of changes on its mandates and management system. The ELECTROGAZ was a public enterprise in charge of water, sanitation and energy up to 2003, when it was placed under management contract with Lahmayer International. It was reverted to government in 2006. It was split into Rwanda Energy Corporation (RECO) and the Rwanda Water and Sewage Corporation (RWASCO) in 2008. These two entities were integrated in 2011 to create the Energy and Water and Sanitation Authority (EWSA). In 2014, EWSA was split into two corporations, Rwanda Energy Group Ltd (REG Ltd) and Water and Sanitation Corporation Ltd (WASAC Ltd), focused on service delivery of electricity, and of water and sanitation, respectively.

The creation of REG Ltd intended to address key problems in the sector. The problems included a lack of focus on planning and investment, low operational performance and transparency.³¹⁶ These problems were seen as the result of public companies being responsible for service delivery with insufficient operational autonomy. A key strategic aim of the restructuring of REG Ltd was to ‘corporatize’ its governance structures to inject more autonomy and accountability into management decision-making and to streamline its processes with the support of state-of-the-art modern management information systems. REG Ltd now operates as the holding company over Energy Utility Corporation Limited (EUCL) and Energy Development Corporation Limited (EDCL). EUCL is in charge of day-to-day operations of power generation, transmission, distribution and sales to final customers, while

³¹⁴MININFRA : Ministry of Infrastructure (responsible for the sector), MINICOM: Ministry of Trade (private sector, petroleum), MINECOFIN: Ministry of Finance and Economic Planning (resource mobilization), MINALOC: Ministry of Local Government (decentralized service delivery, biogas, district infrastructure), RDB: Rwanda Development Board (investment mobilization, Environmental Impact Assessments), RURA: Rwanda Utilities Regulatory Authority (regulation, consumer protection), REMA: Rwanda Environment Management Authority (environmental compliance), NCST: National Commission of Science and Technology (modern necessary technology), RSB: Rwanda Standards Board (standards), NIRDA: National Industrial Research Development Authority (research), REG: Rwanda Energy Group (highest corporate entity of the utility), EUCL: Energy Utility Corporation Limited (power generation, transmission, distribution and sales), EDCL: Energy Development Corporation Limited (developing both generation and transmission projects, exploiting new energy resources, and developing a least cost power development plan).

³¹⁵ There are other laws on promulgation process namely Renewable Energy Law and Energy Efficiency Law developed since 2015 and 2017 respectively.

³¹⁶MININFRA, Energy Sector Strategic Plan 2018/19-2023/24 and World Bank (2019), Third Rwanda Energy Sector Development Policy Financing.

EDCL is responsible for developing both generation and transmission projects, exploiting new energy resources, and executing a least cost power development plan.³¹⁷

The objective of the restructuring of energy sector institutions was to achieve regulatory independence, financial sustainability, and increased private sector engagement.³¹⁸ The government still owns the REG, but EUCL and EDCL are governed under company law and no longer under Public Service Law. While MININFRA has a mandate to formulate policies, REG is the implementing agency. In addition, and in line with EDPRS 2 and NST 1, the energy sector reformed its policy and legal framework to reinforce the private sector in energy production and distribution through PPPs or full private investment mostly in the off-grid market, where the private sector is now dominant.

Other public institutions involved in the energy sector also underwent reforms or were created during the last decade. According to the World Bank, the Government has demonstrated its strong commitment and ability to sustain programmatic reform efforts.³¹⁹

Stakeholders indicate that inter-ministerial and inter-agency collaboration has improved. The legal frameworks establishing these agencies were clear and there were fewer conflicts of responsibilities between them or with the parent ministry (MININFRA).³²⁰ Coordination and review meetings (agencies-line Ministry) are regularly conducted for smooth planning, monitoring and evaluation of implementation of policies.³²¹ The performance contracts (Imihigo) contributed to encourage performance and accountability of senior managers of agencies vis-à-vis the line minister.

All in all, the overall institutional framework for policy implementation in the energy sector has improved.

INDICATOR 6.2.2- ENERGY

| JC6.2 | Public sector institutional and technical capacities, incl. M&E capacities and systems, strengthened in areas / sectors supported by the different budget support inputs | |
|---------|---|--|
| I.6.2.2 | Improved capacities (human resources, procedures, etc.) for planning and implementation in MININFRA and REG. | <ul style="list-style-type: none"> • Quality of staff for planning and implementation in relevant line ministries and other central agencies. • Changes in procedures for policy implementation taking into account the different responsibilities of the different central and local government agencies. |

Planning and budgeting capacities for MININFRA and REG have improved.³²² MINECOFIN is leading the process at national level and provides guidelines, budget ceilings and national priorities on time. Trainings, equipment, tools and new systems (IFMIS, IPPS, and MIS) to improve capacities at individual, organizational and institutional level were provided. According to MININFRA, REG's capacity to implement, manage and maintain big energy projects has also improved.

However, despite several reforms and policy initiatives on human resource development, the sector still experiences capacity gaps in planning, procurement, project management, and contract management skills. Other areas in which gaps were identified are technical skills, such as working with high-voltage lines, and capacities for non-traditional energy areas, such as efficiency and off-grid.³²³ The sector has developed a Functional Review in 2016 and this was followed up by a Capacity building strategy. Development partners, including the EU, support this capacity building strategy.³²⁴

³¹⁷Energy Sector Strategic Plan 2018/19-2023/24. Ministry of Infrastructure, September 2018.

³¹⁸World Bank, (2019), Third Rwanda Energy Sector Development Policy Financing.

³¹⁹World Bank (2019), Third Rwanda Energy Sector Development Policy Financing.

³²⁰ Interview with Ministry of Environment (MoE), and MININFRA.

³²¹ Interview with MININFRA.

³²² Interview with MININFRA.

³²³ Idem

³²⁴ Interviews with MININFRA and EUD.

The presence of the sector at local level has also been reinforced through the creation of new dedicated posts (District Electricity Maintenance Officer). Trainings and tools were provided to these officers.³²⁵

INDICATOR 6.2.3- ENERGY

| JC6.2 | Public sector institutional and technical capacities, incl. M&E capacities and systems, strengthened in areas / sectors supported by the different budget support inputs | |
|---------|--|---|
| 1.6.2.3 | Improved capacities and systems for M&E of public policies in energy sector | <ul style="list-style-type: none"> • Resources for M&E in MININFRA, REG, • Resources for Management Information System (MIS) in REG |

Monitoring and Evaluation (M&E) are critical in the implementation of ESSPs. The 2015 assessment report³²⁶ states that few monitoring mechanisms existed for the energy sub-sectors other than electricity. Moreover, systems were neither well-integrated nor modern, and information flows between the utility and MININFRA were disjointed. The REG Management Information System (MIS) was still under development and aimed to cover only the electricity aspects, so excluding biomass, energy efficiency, and petroleum products.

The ESSP (2018) admits that monitoring and evaluation in the past was insufficient and that improvement is required. This involves the development of new systems and significant improvements to existing systems. It sees the Sector Working Group as the main coordination forum for the sector, evaluating progress against targets set during the bi-annual Joint Sector Reviews. The Sector-Wide Approach (SWAP) team within MININFRA leads on disseminating information to stakeholders. The M&E Unit within the Ministry will assist in this exercise. The expansion of the M&E unit in the Ministry will receive the required external expertise and training in various evaluation methodologies to be able to carry out internal evaluations of projects.³²⁷

Currently M&E at the ministry focuses on JSR recommendations and Imihigo targets. Not all indicators mentioned in the ESSP are covered. Due to the inclusion of specific indicators in the Energy SRC on biomass, cooking stoves and forest cover, data on these indicators are included in the JSR reports; in the latter case, data come from the Ministry of the Environment. The EU has provided support for the generation of more reliable data in these areas.³²⁸

MININFRA is currently building an information system for off-grid access (including an IT tool) with support of GIZ. ToRs for EU support in generating energy efficiency data and for a general Energy MIS at MININFRA level have been agreed and should soon lead to deployment of Technical Assistance. The MININFRA MIS that will cover the whole energy sector is being developed and is expected to be operational from May 2020.³²⁹

REG is equipped with a Management Information System (MIS), but it is not yet computerized, and focuses on monitoring power production projects, much less so on access and distribution.³³⁰

The M&E systems have moderately improved, but many challenges remain. Based on our own experience during data collection and report preparation we identified the following issues with the data:

- Quarterly data do not match annual data, even if they come from the same source (RURA).

³²⁵ Interview with district staff in Rulindo District.

³²⁶ Technical Assistance Facility for the Sustainable Energy for All Initiative West and Central Africa. EuropeAid/134038/C/SER/Multi Contract No 2013/335152 Rwanda. Complementary Technical Assistance to MININFRA: Preparation of a Rural Electrification Strategy & Action Agenda “Institutional–Legal–Regulatory–Economic & Financial Complement”. Budget Support–Eligibility Assessment, April 2015.

³²⁷ Energy Sector Strategic Plan 2018/19-2023/24. Ministry of Infrastructure, September 2018.

³²⁸ Interview with EUD.

³²⁹ Interview with EUD and MININFRA officers.

³³⁰ Interviews with several MININFRA officers.

- No data match at the “meeting point(s)” when merging data from different sources (World Bank, RURA).
- Inaccurate data provided by Rwandan organizations to international organizations or data are mishandled by those organizations (IRENA).
- Historical data already published are adjusted later on when new sets of data are published (generation capacity-World Bank).
- Changes in data reporting formats for the same variable (RURA).
- Incompatibility of data when published based on fiscal year vs. calendar year (JSR reports, other).
- Discrepancies between data presented numerically vs. graphically (RURA, World Bank)
- Erroneous data in some reports are repeated in subsequent reports without any validation of their correctness (various, especially regarding generation capacity).
- References are made to reports without providing report detail (deforestation).

INDICATOR 6.2.4- ENERGY

| JC6.2 | Public sector institutional and technical capacities, incl. M&E capacities and systems, strengthened in areas / sectors supported by the different budget support inputs | |
|---------|--|---|
| I.6.2.4 | Increased reliability, validity and accessibility of data produced by M&E systems in energy sector. | <ul style="list-style-type: none"> • Extent of reliability and validity of M&E data, including those used in Imihigo contracts, if applicable, for energy sectors. • Accessibility of M&E data in energy. |

There has been a moderate improvement in reliability and validity of data. While different agencies used to have different data, efforts have been done to harmonize data.³³¹ Among the data collected by REG, the most reliable part is on power generation. The data on access and distribution are weaker. Some data, in particular on access to electricity, are available through the NISR surveys, which are, however, only conducted every three years. Reliability of data on forest cover and forest productivity has improved. In addition, NISR has included data on these issues in its surveys.³³²

With regard to accessibility, all stakeholders participating in the SWG have access to the data included the reports for the Forward and Backward Looking JSRs. From our own experience, it is not easy to get access to other data on the sector.

INDICATOR 6.2.5 - ENERGY

| JC6.2 | Public sector institutional and technical capacities, incl. M&E capacities and systems, strengthened in areas / sectors supported by the different budget support inputs | |
|---------|--|---|
| I.6.2.5 | Increased use of M&E data by all relevant stakeholders, in the policy dialogue, and for evidence based decision-making systems in energy sector | <ul style="list-style-type: none"> • Extent to which SWGs and relevant TWGs in energy use and refer to M&E data • Extent to which policy documents and regulations refer to M&E data. |

The sector organizes bi-annual meetings of Joint Sector Reviews (JSRs) which has two parts: Backward Looking of JSR (BKJSR) and Forward Looking JSR (FLJSR).³³³ The report for the former focuses on the presentation of sector objectives and performance against previously defined targets. It also indicates priority areas for the next year and challenges. The FLJSR focuses on priorities and setting targets, studies to be conducted related to energy policy, and progress in the implementation of policy actions. Both BKJSR and FLJSR use M&E data to assess achievements and set priorities and targets.³³⁴ The data presented in these reports inform the policy dialogue and also policy decisions.

³³¹ Interview with MININFRA.

³³² Interview with EUD.

³³³ Interview with MININFRA.

³³⁴ Minutes of JSRs meetings.

STRENGTH OF EVIDENCE: MORE THAN SATISFACTORY

Table 76: Overview of evidence for JC 6.2 (Energy)

| | Documents | | | Interviews | | | |
|--|-----------|----|------------|------------|--------|------------|------|
| | EU | WB | Government | EU | Donors | Government | CSOs |
| JC6.2: Public sector institutional and technical capacities, incl. M&E capacities and systems, strengthened in areas / sectors supported by the different budget support inputs | | | | | | | |
| I.6.2.1 Strengthened overall institutional framework for policy implementation in energy sector | | X | X | X | X | X | |
| I.6.2.2 Improved capacities (human resources, procedures, etc.) for planning and implementation in line ministries supported by budget support | | X | X | X | X | X | |
| I.6.2.3 Improved capacities and systems for M&E of public policies in sectors supported by budget support | X | | X | X | | X | |
| I.6.2.4 Increased reliability, validity and accessibility of data produced by M&E systems in sectors supported by budget support | | | X | X | | X | |
| I.6.2.5 Increased use of M&E data by all relevant stakeholders, in the policy dialogue, and for evidence based decision-making systems in sectors supported by budget support | | | X | X | | X | |

JUDGEMENT CRITERION 6.3 - ENERGY**INDICATOR 6.3.1 - ENERGY**

| JC6.3 | Public service delivery strengthened in areas / sectors supported by budget support | Indicators, all for 2010-2018 and if possible, by district |
|----------------|---|---|
| I.6.3.1 | Increased volume of goods and services delivered in sectors supported by budget support, in particular at district level. | <ul style="list-style-type: none"> Number and % of households with access to energy, on-grid and off-grid. |

Number and % of households with access to energy, on-grid and off-grid

The electrification of Rwanda is an ongoing process. The ESSP targets for electricity connection by 2020 are: 61% of total households; 38% on-grid and 23% off-grid. The universal electrification of 100% of households in Rwanda is planned by 2023/2024. By then-52% of all connections should be on-grid and 48% off-grid. The baseline in 2017 was 40.7% of all households were electrified; 29.7% on-grid and 11.0% off-grid.

The budget support conditions specify that at least 48% of the population is connected on-grid and 22% of the population is connected to off-grid sources of light by September 2021. The baseline for 2015 was: 23% of connections for on-grid and 1% for off-grid.

The electrification strategy is based on four programs, which include: the provision of basic solar systems as a basic necessity to the less privileged population under Ubudehe 1, the establishment of a risk mitigation facility that will support the private sector in setting up solar systems, mechanisms that will increase the development of mini-grids in suitable locations, and the continued implementation of the Electricity Access Rollout Program (EARP).³³⁵

³³⁵ Rural Electrification Strategy, Ministry of Infrastructure, June 2016.

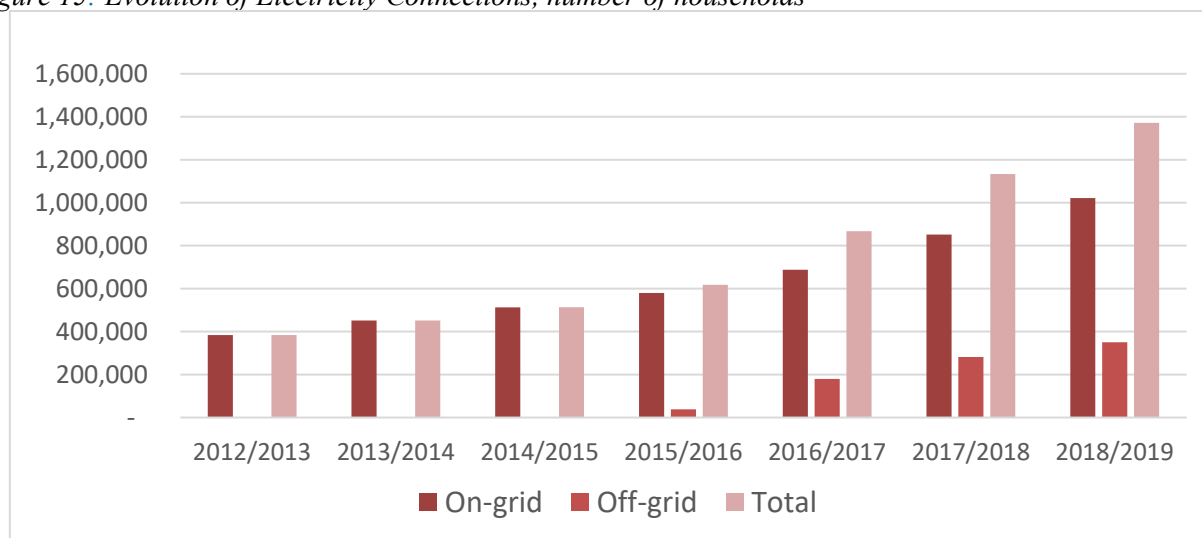
The National Electrification Plan, a key document for implementing the Rural Electrification Strategy, provides guidance on which areas will be serviced by solar home systems and mini-grids, and which will be connected to the grid. The NEP undergoes periodic revisions to reflect the current market and electrification trends. As a rule, any household within 32 meters from the main line is connected to the grid. According to MININFRA,³³⁶ the off-grid connections developed faster in the previous three years while the on-grid connections are developing faster this year. As far as the reasons for this situation, the availability of credit, government priority in on-grid development, improved connection policy, and payment options available to customers were quoted.

Currently,³³⁷ 1,371,950 households are connected to electricity (51% of total households), which includes 1,021,734 households connected to on-grid (38% of total households), and 350,216 households connected to off-grid (13% of all households). There are customers that are connected to both on-grid and off-grid. The reason for this originated primarily from the past when the electricity was frequently interrupted and off-grid systems were used as a back-up. This was done by customers who could, at that time, afford this dual option.

Figure 15 and Figure 16 below show the evolution of electricity connections for the entire country as well as by district. According to the Figure 16, the electricity access rate, taking into account both connection modes, varies from around 35% to over 85% of households in the districts.

During interviews in Nyagatare the overall connection rate of 43% was mentioned (27% on-grid and 16% off-grid), for Rubavu it was 62% (54% and 8% respectively), for Ruhango it was 44.7%, and for Rulindo it was 43.4%, which in all cases approximate the World Bank-reported data within the 5 percentage point range. This is a significant improvement from the situation in these districts five years ago.

Figure 15: Evolution of Electricity Connections, number of households³³⁸



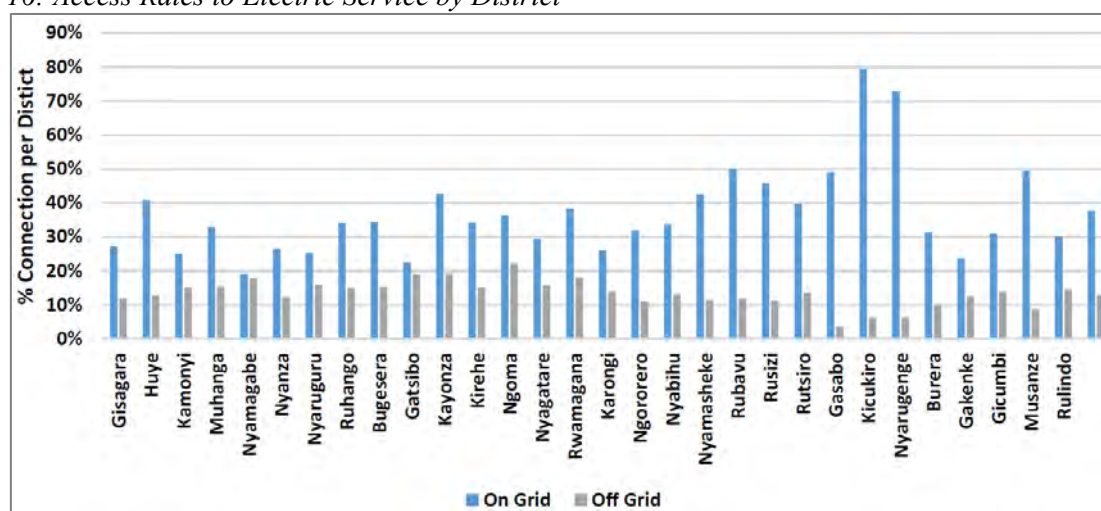
Source: Backward Looking Joint Sector Review for 2012-2018, Forward Looking Sector Review 2018/2019.

³³⁶ Interview with MININFRA.

³³⁷ As of date of the Forward Looking Sector Review 2018/2019.

³³⁸ The numbers for off-grid connections between 2012 and 2015 are approximate due to inconsistency of the data. Sources of data for off-grid connections: Joint Sector Reviews: backward looking 2014/2015, 2015/2016, 2016/2017, 2017/2018, and forward looking 2018/2019. The reason of inconsistency: stepping backward from the 2018/2019 data and deducting the connections made in each of the previous years does not match the data reported for the period of 2012-2015. In this situation the data collected in the last five years is considered to be more accurate.

Figure 16: Access Rates to Electric Service by District



Source: Forward Looking Sector Review 2018/2019.

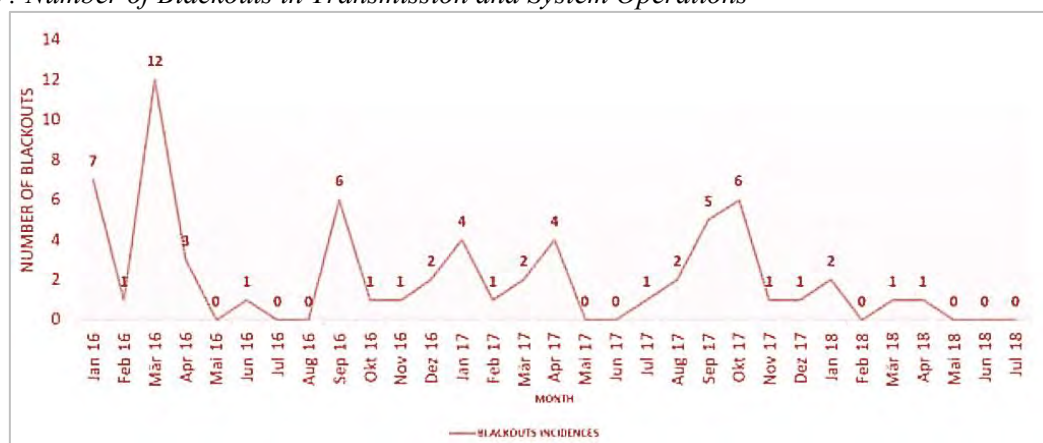
INDICATOR 6.3.2- ENERGY

| JC6.3 | Public service delivery strengthened in areas / sectors supported by budget support | |
|---------|---|--|
| 1.6.3.2 | Increased quality (incl. sustainability) of goods and services delivered in sectors supported by budget support, in particular at district level. | <ul style="list-style-type: none"> Number and duration of electricity service interruptions in a given time period. |

As a result of electric system infrastructure improvements, the interruptions of electric service in Rwanda keep decreasing steadily. Although they continue to occur, their duration and frequency have significantly reduced when compared to the past; they are measured in hours rather than days per week. In addition, the handling of interruptions by REG has improved - the interruptions are announced in advance to let the customers prepare themselves and to let them know the reasons for the interruptions.³³⁹ This approach gained customers' understanding and appreciation for REG's efforts in improving the service. The causes for interruptions vary; in addition to service and modernization work, they may include birds damaging the lines, inclement weather, and the aging of distribution infrastructure.³⁴⁰

The most recent statistics, from a couple of sources addressing the quality of service, are presented in the Figures 17-19 below. Despite the monthly variations, the frequency and duration of interruptions are trending downward.

Figure 17: Number of Blackouts in Transmission and System Operations



Source: The World Bank, Third Rwanda Energy Sector Development Policy Financing, the World Bank, August 2, 2019.

³³⁹ Interviews with district officers, local CSOs and citizen focus groups.

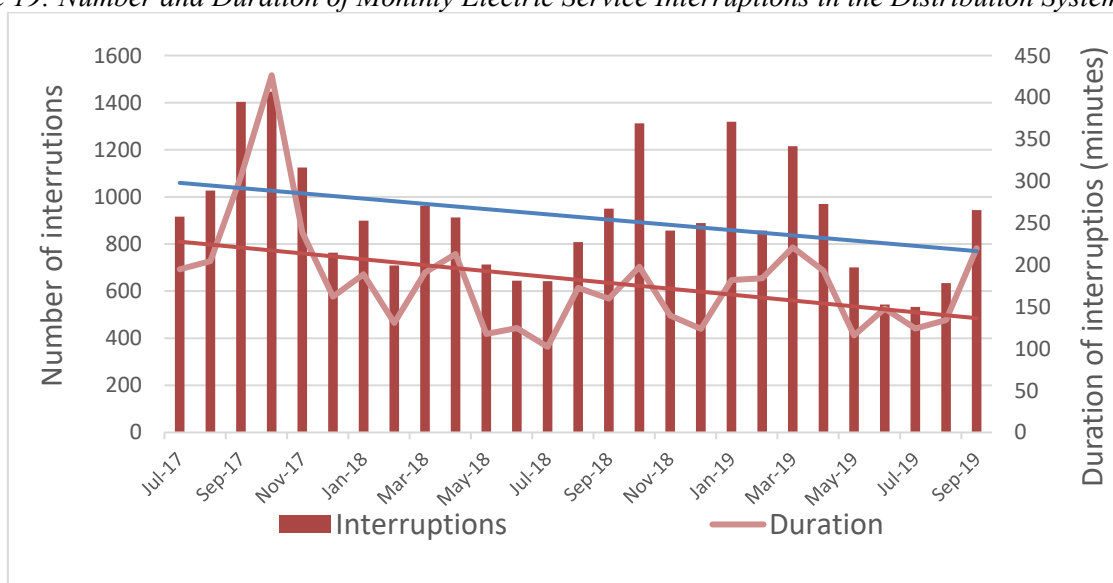
³⁴⁰ Idem

Figure 18: Weekly Average Outages in the Distribution System



Source: The World Bank, Third Rwanda Energy Sector Development Policy Financing, the World Bank, August 2, 2019.

Figure 19: Number and Duration of Monthly Electric Service Interruptions in the Distribution System



Source: MININFRA.

According to the targets set in the ESSP, the average number of interruptions in 2023/24 is supposed to go down to 92,³⁴¹ and the average total duration of interruptions per year to 14 hours. The targets specified for the World Bank Development Policy Operation (DPO) for 2020 are 183.4 interruptions and 28 hours. The baseline for 2017 has been estimated at 265 interruptions and 44 hours. For the time being, both indicators are trending downward towards the defined targets.

One of the problems mentioned during the interviews in districts refers to other aspects of quality: the inadequacy of connecting lines for the purposes they serve, specifically absence of three-phase lines connecting commercial and small industrial facilities, as well as insufficient line capacity to provide enough electricity for the existing or prospective demand.

INDICATOR 6.3.3

| JC6.3 | Public service delivery strengthened in areas / sectors supported by budget support | |
|---------|--|--|
| I.6.3.3 | Improved population perception of GoR performance as regards service delivery in agriculture and energy. | <ul style="list-style-type: none"> Number of service-related complaints filed with RURA, REG, and MININFRA. |

The records of complaints regarding electric service are only kept by Rwanda Utilities Regulatory Authority (RURA). The requests for data regarding complaints filed at REG/MININFRA did not

³⁴¹ Most likely the reference here is made to weekly averages.

generate any results. Based on the information gathered from RURA and from site visits to the districts, the complaint filing process is neither well understood nor followed uniformly throughout the country.

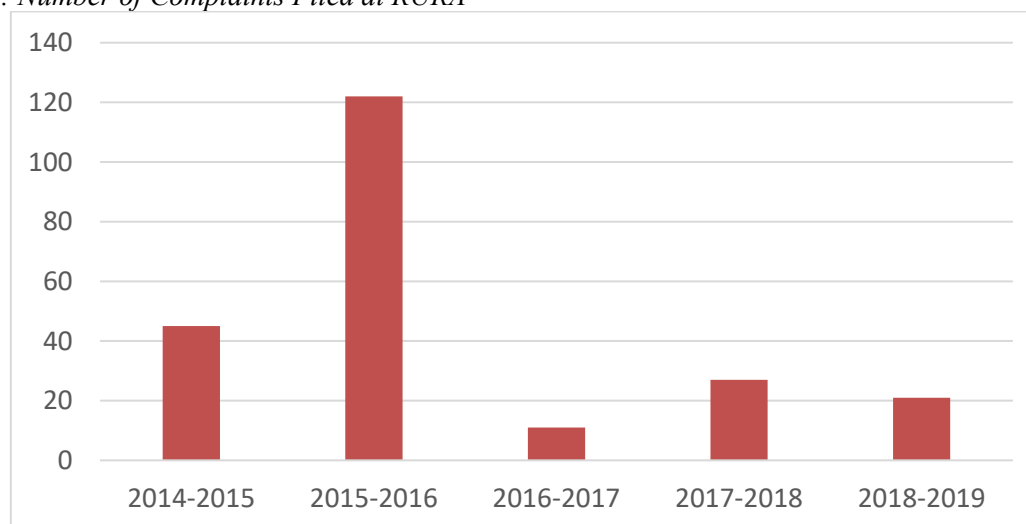
As a rule, any complaint regarding electric service has to be addressed first to REG and, if not resolved satisfactorily to the complaining party, only then goes to RURA. There are multiple communication channels available to consumers: toll-free number, e-mail, mail, or walk-ins. The contact numbers are publicized on billboards and REG service trucks. However, consumers mostly place their original calls to RURA directly rather than with the REG. In addition, it is not uncommon for consumers dissatisfied with the response from REG to approach the representatives of the local government for assistance in resolving the complaint.³⁴²

Due to the process not being followed as described by the rules and due to the complaint registration process not being properly designed, many complaints are not recorded at all or, if recorded, the complaints are not categorized properly and no record is kept of how the issue was resolved or how long it took to resolve it. In a nutshell: the complaint handling process is still a work-in-progress in Rwanda.

Generally, customer service is improving, which was evident from the direct contacts with the customers during the visits to the districts. Informally, the interviewed individuals in the districts indicated a decrease of the number of complaints.³⁴³

Figure 20 presents the number of complaints filed with RURA in the past five years. As no consistent classification of the nature of the complaints was available, only aggregate numbers are presented here. Due to the limitations described earlier, the information presented may not reflect the scale of the issues that consumers had with electric service. Even the spike in the number of complaints in 2015-2016 is misleading as the majority of the issues in that period were related to complaints regarding propane, erroneously filed with RURA under electric service.

Figure 20: Number of Complaints Filed at RURA



Source: RURA.

Finally, the absence of information regarding the number and nature of complaints registered with REG/MININFRA further underlines the need for an implementation of a reliable recording system and better awareness among consumers of how to deal with the issues that they may have with their electric service.

³⁴² Interviews with district officers, local CSOs and citizen focus groups in Nyagatare and Ruhango.

³⁴³ Idem

One of the World Bank DPO indicators is completion of an annual customer satisfaction survey. The first survey is to be conducted in 2020.

Due to the absence of verifiable data no conclusion can be made about the trend and nature of customer complaints.

STRENGTH OF EVIDENCE: STRONG

Table 77: Overview of evidence for JC 6.3 for Energy sector

| | Documents | | | | Interviews | | | |
|---|-----------|----------------------------|-----------------------|--------------------------------------|------------|--------|----------------------------|---------------------------|
| | EU docs | IMF and World Bank reports | Government statistics | World Bank, IMF and other statistics | EUD | Donors | Focus groups with citizens | Central/ Local Government |
| JC6.3: Public service delivery strengthened in areas / sectors supported by budget support | | | | | | | | |
| I.6.3.1 Increased volume of goods and services delivered in sectors supported by budget support, in particular at district level. | X | X | X | | | X | X | X |
| I.6.3.2 Increased quality (incl. sustainability) of goods and services delivered in sectors supported by budget support, in particular at district level. | | X | X | X | X | | X | X |
| I.6.3.3 Improved population perception of GoR performance as regards service delivery in agriculture and energy. | | | X | X | | | X | X |

JUDGEMENT CRITERION 6.4 - ENERGY

INDICATOR 6.4.1 - ENERGY

| JC6.4 | Budget support has contributed (directly or indirectly) to the observed changes in ways which could not have occurred through alternative aid modalities | |
|----------------|--|--|
| I.6.4.1 | Evidence of direct or indirect causal links with the different budget support inputs (in interactions or not with other effects generated by GoR). | <ul style="list-style-type: none"> Direct or indirect links with budget support will be examined for all of the indicators above. |
| I.6.4.2 | Comparative analysis between budget support and other forms of aid. | <ul style="list-style-type: none"> Extent to which budget support was the best modality to achieve the above induced outputs (if any) in comparison with other aid modalities |

In order to assess this JC, the following were analysed: the resources, the performance indicators, the policy dialogue, and complementary measures. With respect to the performance indicators for the fixed tranche, this section only discusses the one related to the progress in energy policy formulation and implementation, as the conditions for macroeconomic stability, public financial management and budget transparency were discussed under EQ 4.

Resources

In the initial phase of the budget support the resources transferred by the GoR to the energy sector did not mirror the disbursements under the SRC, despite its disbursement schedule being front-loaded. The amount of money transferred to the energy sector actually decreased between 2015/2016 and 2016/2017 and after reaching the low point and levelling off in 2017/2018 started picking up after

2018/2019 (see I 2.1.1). This put the energy sector, already in a fragile situation, in a continuous financial bind and REG in danger of not reaching annual targets.³⁴⁴

We must conclude that the SRC resources did not lead to an increased allocation of resources for the sector, as the government apparently needed them elsewhere. There was no indicator established to monitor the developments in the budget, and apparently, the reduction of the energy budget was no topic for the policy dialogue either.³⁴⁵

On the other hand, MININFRA staff stressed the advantages of receiving the resources in the form of budget support rather than project support because it leads to faster procurement. Before budget support, there were costly delays in procurement.

Performance indicators and policy dialogue

The general condition related to energy policy was: “Satisfactory progress in the implementation of the National Energy Policy and the Energy Sector Strategic Programme and continued credibility and relevance of that or any successor strategy.” Several of the disbursement criteria for the variable tranches also relate to general policy and implementation, in particular the targets for Indicators 4, 8, 9 and 10 (see Table 78). The table presents only those targets relevant for our evaluation period, so for the first four disbursements.

Table 78: Overview of relevant indicators and performance targets of SRC Energy for the first four disbursements, and assessments

| Number and name of Indicator | Performance target | Disbursement date and number of disbursements | Assessment |
|--|--|---|--|
| No. 4. Energy efficiency of the sector. | EE/DSM unit established in REG with staffing and action plan. | 09/2017 (3) | Met. |
| | Energy efficiency strategy and law approved by MININFRA. | 09/2018 (4) | Not met. |
| No. 8. Private sector participation in supply of energy solutions. | Electrification and Renewable Energy Fund Investment Plan is approved by MININFRA and MINECOFIN. | 09/2016 (2) | Met. |
| No. 9. Capacity development 1. | Functional review carried out and action plan for the implementation of the recommendations of the functional review developed and validated by SWG. | 05/2016 (1) | Not met due to a delay in technical assistance provided by another DP (Belgium); the target was reassessed with the following disbursement and then met. |
| | Adoption of renewable energy law by SWG after Stakeholders consultation | 09/2016 (2) | Met. |
| | Rural Electrification Strategy and Action Plan developed by MININFRA and adopted by SWG. | 09/2017 (3) | Met. |
| No. 10. Capacity development 2 | M&E unit MININFRA operational and presents reports to the SWGs on performance of the sector. | 05/2016 (1) | Met. |

Source: Documents EUD.

The fixed tranches on the SRC were always disbursed in full.³⁴⁶ Table 79 gives an overview of the achievements for the different disbursements, as assessed by the EUD. Yet, the analysis of the communication between the EU and MINECOFIN shows that expectations from the EU side sometimes

³⁴⁴ Interview with EUD.

³⁴⁵ Interview with EUD.

³⁴⁶ Under fixed tranches either full or no disbursement is made.

remained unfulfilled. The EUD nevertheless approved the disbursements, on good faith, giving credit to the GoR in anticipation of continued good performance.

Table 79: Achievements in the area of policy and implementation for the four disbursements

| | |
|---|--|
| 1 | <ul style="list-style-type: none"> Increased reliance on public-private-partnership in the areas of energy generation, IT infrastructure, and transportation. Credible policies that translate into concrete investments, actions and funding. Improvement in policy dialogue and development of the measures to improve the coordination at the sector level. |
| 2 | <ul style="list-style-type: none"> Satisfactory progress was made towards the objectives of the National Energy Policy and the Energy Sector Strategic Plan during the fiscal year 2015/16. In particular additional electricity generation was installed, and several electricity transmission and distribution lines were built, several energy efficiency actions were implemented, and access to modern energy services increased significantly. New connections to the grid, new beneficiaries of off-grid solutions and the distribution of improved cooking technologies to reduce dependency on biomass were confirmed. |
| 3 | <ul style="list-style-type: none"> Clear progress in the energy sector policy substantiated through additional generation of electricity, several energy efficiency actions implemented, and an increased access to modern energy services. Confirmed new connections to the grid, new beneficiaries of off-grid solutions and the distribution of improved cooking technologies to reduce the dependency on biomass |
| 4 | <ul style="list-style-type: none"> Continued growth of power generation and access to electricity. Drafted new ESSP for the period of 2018-2024, with ambitious yet more realistic objectives. Implemented several energy efficiencies actions to reduce grid losses and manage electricity demand. Enforced new tariff structure, including introduction of a lifeline tariff. Formulated strategies for energy efficiency, biomass, forestry sector, and national cooling. Operational technical assistance to the Energy Division of MININFRA, including contracting new staff. |

Source: Documents EUD.

The EU assessments on the improvements in policies and strategies are confirmed by MININFRA. According to MININFRA, the EU budget support has helped to develop and improve policies and strategies for the sector. MININFRA credited budget support, in particular, with the following improved policies and strategies:³⁴⁷

- Energy Sector Strategic Plan 2015
- Rwanda Energy Policy 2015
- Rural Electrification Strategy 2016
- Rwanda Least Cost Power Development Plan 2019
- Ministerial Guidelines on Minigrid Development 2019
- Modified Ministerial Guidelines on Minimum Standards Requirements for Solar Home Systems 2019.³⁴⁸

As Table 78 shows, the specific targets focus on:

- Improving the monitoring function of the SWG by requiring Backward and Forward Looking Reviews (Indicator 9, target 1) and establishing an M&E unit at MININFRA for providing these reviews (Indicator 10, first target).
- Developing laws, plans and strategies in specific relevant areas (all other targets).

Most of the targets were met. However, the Energy efficiency strategy and Energy Efficiency Law (under Indicator 4) were not finalized yet by the time of the assessment for the fourth disbursement. And the functional review of MININFRA (Indicator 9, first target) was not carried out in time, but in this case the government received an extension, and it was met four months later, so for the second disbursement.

³⁴⁷ Interview with MININFRA.

³⁴⁸ See under Indicator 7.5.1.

MININFRA confirms that these EU disbursement conditions have led to the coordination of data collection for the JSR reports, thus making the achievements of the sector more visible. In addition, they are of the opinion that these conditions and the EU input in the policy dialogue have contributed to improvements in the policy dialogue and to more interaction with CSOs and the private sector in this dialogue. In general, MININFRA staff stresses that the budget support inputs have improved the dialogue, discussions and coordination, especially through the EU performance indicators.

All in all, we can conclude that the EU budget support conditions and the policy dialogue have contributed to the improvements as listed under 6.1, 6.2 and 6.3, most notably:

- The improvement in the operation of the Energy Sector Working Group; regular meetings are held and Backward and Forward Looking Reviews are published.
- The development and improvement in policies and strategies for the sector
- The increased transparency in the operation of REG and MININFRA
- The increased data sharing, although still at the terms of the GoR.

Complementary measures

Under the Sector Reform Contract FED/2016/038-107 (EC), M€ 21 was allocated to complementary measures. The intended split was: capacity development (service and procurement): M€10; studies/short term TA (service contracts): M€ 10; audit and evaluation- M€ 0.5; and communication and visibility: M€ 0.5.³⁴⁹ Complementary measures were supposed to develop capacities at MININFRA and sector related agencies, or take the form of necessary studies and assessments as identified by the GoR. It was also anticipated that a variety of feasibility studies related to the use of geothermal energy and hydro power construction would be conducted.

However, according to EUD, MININFRA was not so much interested in developing capacity building projects.³⁵⁰ In addition, GoR lost interest in both power generation projects as the results showed low cost effectiveness of geothermal power generation and current overproduction of energy by existing power plants. Some of the studies were financed by other DPs.

At the day of this report the funds for complementary measures were only partly used as foreseen; out of M€ 20 only M€ 3 were used. The EUD has plans to use the balance of the funds to support schools that are off-grid and need PV systems. In addition, an introduction of clean cooking equipment and use of LPG to decrease the use of firewood is under design.³⁵¹

There was one technical assistance project operating, but the main consultant left in 2019 because she felt that not much was done with her efforts. The Ministry appeared more interested in achieving Imihigo targets than in improving capacity in general. By October 2019, no replacement for this team leader was found and the results of this contract are uncertain.³⁵²

All in all, the complementary measures to the SRC have not been able to contribute much to the improvements identified.

STRENGTH OF EVIDENCE: MORE THAN SATISFACTORY

³⁴⁹ Annex 1 of the Financing agreement No. RW/FED/038-107.

³⁵⁰ MININFRA staff, on the other hand, refers to a capacity building initiative at the ministry that is supported by the development partners including EU.

³⁵¹ Interview with the EUD.

³⁵² Interview with the EUD and team leader.

Table 80: Overview of evidence for JC 6.4

| | Documents | | | | Interviews | | |
|--|-----------|----------------------------|------------|--------------------------------------|------------|--------------------------|-----------|
| | EU docs | IMF and World Bank reports | Government | World Bank, IMF and other statistics | EUD | Private sector and other | MININF RA |
| JC6.4: Budget support has contributed (directly or indirectly) to the observed changes in ways which could not have occurred through alternative aid modalities | | | | | | | |
| I.6.4.1 Evidence of direct or indirect causal links with the different budget support inputs (in interactions or not with other effects generated by GoR). | X | | | | X | X | |
| I.6.4.2 Comparative analysis between budget support and other forms of aid. | X | | | | X | | X |

3) AGRICULTURE

JUDGEMENT CRITERION 6.1 - AGRICULTURE

INDICATOR 6.1.1

| JC6.1 | The legal framework, the policy processes and the quality of the policies, regulations and strategies improved overall and, in particular, in areas / sectors supported by the different budget support inputs | |
|----------------|---|---|
| I.6.1.1 | Improved overall strategic policy making and improved strategic frameworks for areas/sectors supported by budget support: agriculture and energy. | <ul style="list-style-type: none"> • Comparison of PSTA 2, 3 and 4 on vision, quality, feasibility and alignment of objectives, policies and resources for implementation • Perception of stakeholders on improved strategic policy making. |

Agricultural policies

Rwanda suffers historically from a structural food deficit situation which is due to fragile soils with low levels of productivity and high and rising population density. Both are related to mainly subsistence farming and fragmented land. Land is the most valuable and productive asset, as also revealed by the econometric analysis (Annex 2). However, domestic production has not been able to meet food needs of the population resulting in food imports and food aid. Raising productivity levels in small-holder farms therefore represents a vital way for economic growth and poverty reduction in Rwanda. Consequently, GoR has been implementing a long-term policy package to address this structural issue as a major agricultural transformation strategy:

- The Crop Intensification Program (CIP), launched in 2007, to increase national agricultural productivity of high-potential food crops (maize, wheat, rice, Irish potato, cassava, soya bean, paddy rice and beans); contributing to self-sufficiency and food security at the national level.
- The Land Use Consolidation (LUC), launched in 2007, as a major land agricultural transformation strategy in Rwanda, to reorganize highly fragmented land distribution and maximize/improve its use.
- The LUC policy is also linked to the ‘Villagisation’ known as new resettlement program ‘Imidugudu’, which started earlier in 2004. This focuses on better housing, access to water, schools, health centres, markets, microfinance, off-farm businesses opportunities, social security and other benefits.
- The Land Tenure Regularization Program (LTR) developed a complete record of land tenure information during 2009 to 2013 used in LUC. All forms of tenure were brought under one statutory system.

- The Decentralisation policy was materialised in 2000 with three goals: the promotion of good governance; the reduction of poverty and the promotion of efficient, effective and accountable service delivery.³⁵³ It includes fiscal and financial decentralisation.
- The Zoning policy implemented in 2016 focuses on the territorial organization of value chains, for example improving the linkages between coffee washing stations (CWSs) and farmers, improving traceability of coffee, and reduce the role of middlemen in order to strengthen the agricultural export growth.

The idea behind these programmes is to focus on the structural issue of land use. In this case farmers consolidate their land parcels and cultivate one selected crop while keeping ownership of their lands intact. Based on the agro ecological zones of Rwanda and the land area available in each district, the RAB estimates the consolidated areas that can be grown with priority crops in each district.

Consolidated use of lands allowed farmers to benefit from the various services under CIP: (i) subsidised seeds and fertilisers distribution, (ii) the proximity extension services, (iii) post-harvest handling and storage where land has been consolidated (e.g. driers and food storages) (iv) irrigation and mechanization by public- and private stakeholders, and (v) concentrated markets for inputs and outputs.

However, the transformation from subsistence farming to a competitive and market oriented agricultural sector faces some challenges, as discussed in some recent academic research on Rwanda. This research shows another perspective of implemented policies:

- The increase in cropping area led to unintended side effects of deforestation, soil erosion, and greater rain run-off, increasing the vulnerability to climate change (further explained in 6.3).
- The increased production of priority crops (monocropping) at the national level may not have benefited vulnerable populations or food security at the household level,³⁵⁴ and may have reduced diet diversity (further explained in 6.5).³⁵⁵

Another issue of this long-term policy package is the limited farmers' involvement in its design and implementation. The central national planning process provides scarce space for farmers in the decision-making process on how to use their land, which crops to grow, and whom to sell their production. Farmers' participation is limited to (i) providing their parcels and (ii) farming the consolidated plots as officials request. Farmers' inclusion in LUC is voluntary; but it is a prerequisite to access GoR programme/benefits (seeds, fertilizers, etc.). Ntihinyurwa and Masum show that 75% of the farmers participating in LUC were not consulted on the LUC policy, and 79% did not have a say in crop selection. Farmers are induced to grow the priority crops chosen by the government and this may be seen as government's control over farmers' land use rights.³⁵⁶

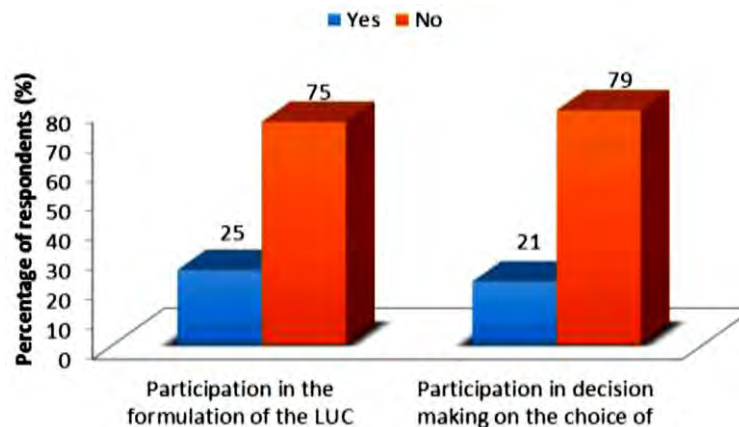
³⁵³ Good Governance and Decentralization in Rwanda Vol. VI Special Issue. RDB. June 2018.

³⁵⁴ Ansoms, A et al. (2018), The Rwandan agrarian and land sector modernisation: confronting macro performance with lived experiences on the ground, *Review of African Political Economy*, 45:157, 408-431, DOI: 10.1080/03056244.2018.1497590.

³⁵⁵ Del Prete et al. (2019), Land consolidation, specialization and household diets: evidence from Rwanda. *Food Policy*, 83:139-49 <https://doi.org/10.1016/j.foodpol.2018.12.007>

³⁵⁶ Pierre Damien Ntihinyurwa and Fahria Masum, Participatory Land Use Consolidation in Rwanda: From Principles to Practice. FIG Working Week 2017. Helsinki, Finland, May 30, 2017.

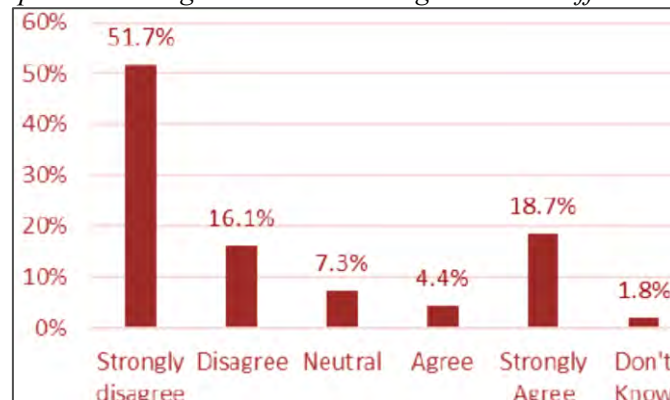
Figure 21: Farmers' participation in LUC formulation and choice of crops to grow.



Source: Pierre Damien Ntihinyurwa and Fahria Masum, Participatory Land Use Consolidation in Rwanda: From Principles to Practice. FIG Working Week 2017. Helsinki, Finland, May 30, 2017.

Something similar happens with the development of geographic “zones” around coffee washing stations (CWSs). Coffee farmers within a geographic zone are enforced to only sell to a specific CWS and that CWS must only buy from designated farmers. While zoning may bring some organization to the coffee sector, it will do so by limiting the choices farmers and CWSs have in whom they trade with.³⁵⁷ According to a study on farmers perceptions,³⁵⁸ there are unintended outcomes such as: (i) almost 50% of farmers doesn't know about the zoning policy or if it applies to them; (ii) Farmers feel negatively toward zoning, believing that it does not raise coffee cherry prices, and that it largely benefits coffee washing stations (CWSs) rather than farmers. Other issues raised include the reduction of farmers' incomes through lack of buyer competition, weakening cooperatives by splitting members across multiple zones, and distributing zones such that CWS capacity may not match coffee supply.

Figure 22: Farmers' perception to zoning as an incentive to grow more coffee



Source: Stakeholder Perceptions on Geographic Zoning in Rwanda's Coffee Sector and Opportunities for Policy Adjustment. Feed the Future. Innovation Lab for Food Security Policy. Policy Research Brief 42 Africa Great Lakes Region Coffee Support Program (AGLC). July 2018.

Agricultural Strategies

The sector policies and strategic plans are important. Nevertheless, their implementation remains as a constraint. According to PSTA 3-MTR³⁵⁹ the output target achievement had an uneven distribution. At that time 24 % of targets were achieved, 46 % of activities were not implemented or were unlikely to reach their targets defined in PSTA 3. Uncertainty as to whether the other targets may be reached

³⁵⁷ AGRI LOGIC. Value Chain Analysis for the Coffee Sector in Rwanda Report for the CBI – 27 July 2018.

³⁵⁸ Gerard, A et al. Stakeholder Perceptions on Geographic Zoning in Rwanda's Coffee Sector and Opportunities for Policy Adjustment. Feed the Future. Innovation Lab for Food Security Policy. Policy Research Brief 42 Africa Great Lakes Region Coffee Support Program (AGLC). July 2017.

³⁵⁹ MTR PSTA 3. COWI. February 2017.

was almost 30%. Although some of the targets of PSTA 3 were achieved, this has not led to an improvement in inclusive development.³⁶⁰ Indeed, figures show that between 2014 and 2017, poverty rates increased in South and West provinces, and only marginally decreased in East province.³⁶¹

As seen in Table 81, PSTA 4 suggests that MINAGRI will shift from “doing” to “enabling”, but this will require a lot of restructuring and new skills development within the sector and within MINAGRI.³⁶² Moreover, while PSTA 4 is more focused on the transformation towards environmentally sustainable and climate resilient agriculture, and promotes food and nutrition security, NST 1 prioritises increased overall production by scaling up of programmes, such as Land Use Consolidation and Zoning policies.

Table 81: Summary of the PSTAs Priority areas: Programmes and Sub-Programmes

| PSTA 2 2008-2012 | PSTA 3 2013-18 | PSTA 4 2018-24 |
|--|---|--|
| Vision | | |
| | Increased production of staple crops and livestock products, and greater involvement of the private sector to increase agricultural exports, processing and value addition. | Transformation of Rwandan agriculture from a subsistence sector to a knowledge-based value creating sector, that contributes to the national economy and ensures food and nutrition security in a sustainable and resilient manner |
| Programmes: Priority Areas | | |
| <i>1. Intensification and development of sustainable production systems</i> | <i>1: Agriculture and animal resource intensification</i> | <i>1: Innovation and Extension</i> |
| SP1.1 Sustainable management of natural resources, water and soil conservation. SP1.2 Integrated development and intensification of crops and livestock. SP1.3 Marshland development. SP1.4 Irrigation development. SP1.5 Supply and use of agricultural inputs. SP1.6 Food security, vulnerability management. | SP 1.1. Soil Conservation and Land Husbandry. SP 1.2. Irrigation and Water Management. SP 1.3. Agricultural Mechanisation. SP 1.4. Inputs to Improve Soil Fertility and Management. SP 1.5. Seed Development. SP 1.6. Livestock Development. SP 1.7. Nutrition and Household Vulnerability. | 1.1 Improving agronomic knowledge and technology in terms of basic research and innovation through developing improved varieties and breeds. 1.2 Developing innovative networks and beneficial partnerships with research institutions and the private sector. 1.3. Developing land for green house testing facilities and for testing hydroponics and well as promoting private sector providers of extension services. |
| <i>2. Support to the professionalisation of the producers</i> | <i>2: Research, technology transfer and professionalization of farmers</i> | <i>2: Productivity and Resilience</i> |
| SP2.1 Promotion of farmers' organisations and capacity building for producers. SP2.2 Restructuring of proximity services for producers. SP2.3 Research for transforming agriculture. | SP 2.1. Research and Technology Transfer. SP 2.2. Extension and Proximity Services for Producers. SP 2.3. Farmer Cooperatives and Organisations. | 2.1 Promoting sustainable and resilient production systems for crops and animal resources. 2.2. Fighting land erosion with radical terracing and progressive terraces. 2.3 Promoting biological soil control measures to protect soil. 2.4 Increasing fertilizer usage and access to improved seed. 2.5 Increasing animal production, through animal feed production and access to veterinary services and vaccinations. 2.6 Enhancing fisheries and aquaculture, through feed and fingerlings production |

³⁶⁰ EUD, Agriculture Public Policy Assessment, October 2018, p. 12.

³⁶¹ EICV V, Main indicators report.

³⁶² Interview with donor representative.

| PSTA 2 2008-2012 | PSTA 3 2013-18 | PSTA 4 2018-24 |
|--|---|---|
| | | 2.7 Mitigating protein deficiency at the HH level through the Girinka model extended to small-stock animals. 2.8 Promoting nutrition increase kitchen garden and school gardens and promoting the production and consumption of highly nutritious fruits and vegetables. |
| <i>3. Promotion of commodity chains and agribusiness development</i> | <i>3: Value chain development and private sector investment</i> | <i>3: Inclusive markets and value addition</i> |
| SP3.1 Creating an environment conducive to business and entrepreneurship development and market access. SP3.2 Development of traditional exports. SP3.3 Development of non-traditional high-value export products. SP3.4 Production and value addition for domestic staple products. SP3.5 Market-oriented rural infrastructure. SP3.6 Strengthening rural financial systems. | SP 3.1. Creating an Environment to Attract Private Investment, Encourage Entrepreneurship and Facilitate Market Access. SP 3.2. Development of Priority Value Chains: Food Crops. SP 3.3. Development of Priority Value Chains: Export Crops. SP 3.4. Development of Priority Value Chains: Dairy and Meat. SP 3.5. Development of Priority Value Chains: Fisheries. SP 3.6. Development of Priority Value Chains: Apiculture. SP 3.7. Agricultural Finance. SP 3.8. Market-oriented Infrastructure. | 3.1 Improving markets and linkages between production and processing. 3.2 Establishing hard and soft infrastructure along the value chains: storage facilities, drying grounds, local cold room facilities, and to promoting a fully operational cold chain. 3.3 Increasing functioning Milk Collection Centres. 3.4 Increasing Emergency food storage facilities. 3.5 Endorsing market information through E-Soko. 3.6 Promoting Market access for farmers through analysis for marketing, and access to standards and SPS certification. 3.7 Supporting innovative products for agricultural insurance and finance. |
| <i>4. Institutional development</i> | <i>4: Institutional development and agricultural cross-cutting issues</i> | <i>4: Enabling Environment and Responsive Institutions</i> |
| SP4.1 Institutional strengthening and capacity building. SP4.2 The policy and regulatory framework for the sector. SP4.3 Agricultural statistics and ICT. SP4.4 M&E systems and coordination of the agricultural sector. SP4.5 The decentralisation programme in agriculture. | SP 4.1. Institutional Capacity Building. SP 4.2. Decentralisation in Agriculture. SP 4.3. Legal and Regulatory Framework. SP 4.4. Agricultural Communication, Statistical Systems, M&E and Management Information Systems. SP 4.5. Gender and Youth in Agriculture. SP 4.6. Environmental Mainstreaming in Agriculture. | 4.1 Improving evidence-based policymaking through better collection and handling of information and enhanced capacity for analysis and policy development. 4.2 Improving the planning process and address coordination between stakeholders. 4.3 Applying new technologies such as satellite imagery and electronic farmer feedback to collect information. 4.4 Promoting Agri-PPD at local and central level as well as coordinated closely with partner organisations in the GoR and external stakeholders. 4.5 Increasing external communication both to enhance the profile of the sector and ensure accountability toward stakeholders on delivering each goal of this strategy. |

Resources

The PSTA financial total allocations increase 300 % from PSTA 2 to new PSTA 4. This highlights the importance given by GoR to the agriculture sector (Table 82 below). These allocations include Public sector, plus DPs and private sector investments.

Table 82: Resources for implementation

| Program | PSTA 2 2008-2012 USD (million) | PSTA 3 2013-18 RWF (billion) | PSTA 4 2018-24 RWF (Billion) |
|--------------|-----------------------------------|---------------------------------|---------------------------------|
| Program 1 | 449 | 809 | 399 |
| Program 2 | 92 | 13 | 1,708 |
| Program 3 | 125 | 254 | 528 |
| Program 4 | 20 | 14 | 140 |
| Total | 686 | 1,090 | 2,777 |

Source: PSTA II, III and IV.

Perception of stakeholders on improved strategic policy making

There is a widespread view (MINAGRI, EU, DP, UN Agencies, and Farmer Organizations) on the design improvement of PSTA 4, with respect to the previous ones.³⁶³ It is a well written and well-articulated document. It provides a good account of the strategic direction the country is giving towards transforming its agriculture. The priorities of the government are clear and well detailed. PSTA 4 is quite a comprehensive plan, especially in setting up the targets supported by detailed implementation processes for achieving the targets. The plan is supported by a robust M&E framework. This is considered as an improvement compared to what guided implementation of the PSTA 3. PSTA 4 also includes detailed costs for all programs/project areas. However, there is a sense that the costing can be much improved.³⁶⁴

However, there are still limitations in the design and implementation of its activities, and they are related to the decentralization of resources and decision making. In the districts, the performance contract approach (Imihigo) prevails over the efforts to achieve PSTA 4 indicators.³⁶⁵

Policies and strategies formulation have been improved and CSOs and private sector have been involved in development process of PSTA 4. However, government staff recognizes the difficulties in implementing the strategic shift from “Doing” to “Enabling”. MINAGRI/RAB staff lack of guidelines on how to do the privatization process or the involvement/development of the private sector.³⁶⁶ This new vision will require a lot of restructuring within the sector and within MINAGRI/RAB. The restructuring will take time to be effective. There is a proposal to develop a Policy Unit within MINAGRI but separate from DG Planning.³⁶⁷

INDICATOR 6.1.2

| JC6.1 | The legal framework, the policy processes and the quality of the policies, regulations and strategies improved overall and, in particular, in areas / sectors supported by the different budget support inputs | |
|----------------|---|---|
| I.6.1.2 | Strengthened consultation processes (with CSO, Private sector, Farmers organisations, etc.) and increased actual influence of these stakeholders on policies and regulations, in sectors supported by budget support. | <ul style="list-style-type: none"> • Extent of participation of CSOs, private sector, and farmers organisations in DPCG, SWGs and technical working groups. • Extent to which representatives of CSOs and private sector contribute to discussions in these fora, are listened to and their concerns are taken into account in policies. • Extent to which content of policies and regulations reflects interests of CSOs and private sector. • Perceptions of stakeholders on improved consultation processes. |

Community-based organisations play a big role in the organisation of farmers and provision of extension services, as well as in the marketing of agricultural products, and local farmer cooperatives

³⁶³ Interviews with MINAGRI, EUD, UN agencies, Development Partners and farmers association.

³⁶⁴ Independent Technical Review of PSTA4. CAADP. NEPAD. December 2017.

³⁶⁵ Interview with UN Agency staff.

³⁶⁶ Interview with RAB staff.

³⁶⁷ Interview with DP staff.

are playing an increasingly active role. The GoR encourages strengthening of and dialogue with relevant civil society organisations in the agricultural space, especially organisations representing farmers, youth, consumers, and private sector organisations. Indeed, during the elaboration of PSTA 4, agricultural CSOs³⁶⁸ and private sector were consulted. In the latter case, the EU supported this consultation process as a Complementary Measure to budget support, by providing a grant to FAO. According to EUD, the government substantially revised the draft after the consultations.³⁶⁹

The roles and responsibilities of the government in PSTA 4 were reviewed and it is planned that the CSOs and private sector will play a greater role in implementation. The GoR will remain with the role of creating an enabling environment for Agri-business.³⁷⁰ However, PSTA 4 is not very concrete on how this will be done.³⁷¹

TWGs and ASWG are operational and have improved. Two Joint Sector Reviews (JSRs) are conducted a year: Backward- and forward-looking reviews.³⁷²

A recent satisfaction survey among stakeholders in ASWG carried out by CARDNO (EU funded),³⁷³ included the following participants: 7 INGO, 2 Universities, 3 CGIAR Centres, 2 Research Centres, 1 Private company and EU. 83 % of the respondents were satisfied with the ASWG, and 17% were not. All participants were asked to give suggestions for improvement. Most suggestions referred to the invitation, to the collaboration with Sub-SWGs and to the distribution of documents (which is apparently not done prior to the meeting).³⁷⁴

According to several participants, the EU (as co-chair) coordinates the ASWG well and has improved its functioning. DPs meet monthly to coordinate visions and projects, but they do not engage in joint planning. In the opinion of several DPs, the ASWG is a good place to exchange views, but the quality of the dialogue needs to be improved. “The ASWG remains mostly a technocratic body and the exercise of validating Policy Actions remains formalistic”³⁷⁵ MINAGRI brings issues on the table that are already decided. Therefore, the DPs are limited mainly to request information, but it seems not to be an effective dialogue. According to DP staff, MINAGRI lacks capacity for a participative management of the ASWG.

According to EUD and DPs, participation of private sector, CSOs and farmers organisations in the policy dialogue has improved recently (elaboration of the PSTA 4), partly as a result of EU support.^{376,377} Specifically, EUD has strengthened civil society organisations’ capacity to hold public authorities to account and to promote more inclusive, responsive and transparent governance in Rwanda through providing support to Trocaire, Caritas, CCOAIB and IPFG (DCI-Non-State Actors). The Rwanda Civil Society Platform (RCSP) has also participated in PSTA 4 development. The Platform has developed simplified guides and has transmitted them to farmers for making them understand. The EU support was very positively assessed by these organisations.³⁷⁸

³⁶⁸ Interview with Rwanda Farmers Organization-IMBARAGA.

³⁶⁹ EUD, Agriculture Public Policy Assessment, October 2018, p. 2.

³⁷⁰ Interview and Focus Group with Chili Agribusiness Rulindo District.

³⁷¹ EUD, Agriculture Public Policy Assessment, October 2018, p. 3.

³⁷² Interview with staff of Planning Unit MINAGRI.

³⁷³ Rwanda Strategic Management Support for the Agriculture Sector Working Group; better coordination, Monitoring and Evaluation of Sector Programme. CARDNO 2019.

³⁷⁴ Rwanda Strategic Management Support for the Agriculture Sector Working Group; better coordination, Monitoring and Evaluation of Sector Programme. CARDNO 2019.

³⁷⁵ Interview with DP.

³⁷⁶ EUD, Agriculture Public Policy Assessment, October 2018, p. 4.

³⁷⁷ Interview EUD and DPs staff.

³⁷⁸ Interviews with CSO and farmer organisation.

Needs of CSOs and private sector organisations are slowly taken into account. But other organizations mention that CSOs do not have real knowledge on how to interact with GoR in order to change policies.³⁷⁹

MINAGRI has organised recently a meeting with private sector and CSOs to start the process of the shift from ‘doing’ to ‘enabling’. Although it is an initial step forward, some lessons could be learned about the way meetings are conducted.³⁸⁰ MINAGRI does not have adequate capabilities to develop agricultural and business-related private sector, due to several issues:

- Lack of clear guidance on how to work with Private Sector.
- Private sector is more related to MINICOM than to MINAGRI.
- A high-level dialogue between PM or MINICOM with Chambers is needed.³⁸¹

In addition, a clear dialogue between private and public sector on PPP is missing,³⁸² and the private sector requests more market liberalization.³⁸³

There is a high-level dialogue between GoR and the private sector (big companies).³⁸⁴ These are positive views of the private sector on GoR support:

- The environment for doing business has improved over years: access to infrastructure (road, electricity, etc.), environment, security, sharing information on market for export, exemption of some taxes (for beginners or industry equipment), air flight (Rwanda Air), business registration, policy pro-innovation, standards and certification process, exhibition.
- There is GoR facilitation such as exemption of taxes for big investors, and there is a particularity for Agro-industry.
- Study tours of private sector with the President or ministers outside countries and participation in international fairs.
- The Private Sector is involved in policy formulation through different channels: meeting with PSF, RDB, MINICOM and other ministries.
- The consultation and dialogue GoR-Private Sector has improved, and this has led to increased exports.

INDICATOR 6.1.3

| JC6.1 | The legal framework, the policy processes and the quality of the policies, regulations and strategies improved overall and, in particular, in areas / sectors supported by the different budget support inputs | |
|---------|--|---|
| I.6.1.3 | Improved integration of cross-cutting aspects, in particular environment and climate change, gender equality, youth, jobs creation, and inclusive development, in the drafting / revision of policies and regulations, in particular in sectors supported by budget support. | <ul style="list-style-type: none"> • Extent to which contents of plans and regulations adequately reflects these cross-cutting issues. |

The national constitution of Rwanda provides the umbrella for “equal rights between Rwandans and between women and men without prejudice to the principles of gender equality and complementarily in national development” as a sound basis for the promulgation of gender-sensitive laws and the elimination of discrimination in existing laws. In this respect, gender is also a key cross-cutting principle in all development policy instruments including Rwanda’s Vision 2020; Poverty Reduction Strategy Paper I; Economic Development and Poverty Reduction Strategy (EDPRS) I and 2 as well

³⁷⁹ Interview with DP staff.

³⁸⁰ Interview with OAF staff.

³⁸¹ Interview with former government official staff.

³⁸² Interview with former government official.

³⁸³ Interview with One Acre Fund.

³⁸⁴ Focus Group with Agribusiness Chili Company-Private Sector.

as the two Government 7-year Programmes and subsequently National Transformation Strategy (NST-1 2018-2024).³⁸⁵

Some practical examples of “equal rights” are presented for rural sector:³⁸⁶

- **Women’s access to land:** it has contributed to their control over productive resources directly and to access to loans using land titles as collaterals. 24% of land is owned by only women, 14% by men while 58% is owned by married couples. This has led land contributing 38% of women’s access to credit.
- **Distribution by sexes of Twigire Muhinzi staff and beneficiaries:** Farmer Field School master trainers (43% female, 56% men), Farmers Field School Facilitators (FFSF) are 34% female, 66% men; while farmers which access to training are 48% female, 52% men. Women beneficiaries from Twigire Muhinzi extension services have increased their involvement in various agriculture programs. It contributed to modify the mind-set that men are the only decision makers regarding land use and farming systems, led to improved productivity and yield for women-owned farms, as well as to increased knowledge, technologies, and agricultural information among women.
- **At District level:** equal participation of women and men exists; voice and participation of women and men in local government are the same, and they are treated equally.³⁸⁷

A Gender mainstreaming strategy for Agriculture has been developed recently,³⁸⁸ but requires specific funds for adequate implementation.³⁸⁹ Also, to obtain gendered data in rural areas remains a challenge.

PSTA 4 identifies a range of over ten CCIs which are taken in consideration during policy and sector strategies formulation,³⁹⁰ such as:

- Environment and climate change issues due to the nature of the agricultural sources of production: land, water and ecosystem. Also, resilience and disaster management are included.
- Capacity development, nutrition, gender and family, youth, employment, disability, social inclusion, HIV/AIDS and regional integration. Contrary to PSTA 3, PSTA 2 & 4 do not set specific actions related to CCIs, however, these CCIs are mainstreamed into the activities in PSTA 4. The execution of some actions has or will have an impact on these CCIs. For example, PSTA 4 promotes the inclusion of people with disabilities into the agriculture sector, through measures such as adaptive technology and labour-saving technologies. Furthermore, PSTA 4 addresses HIV/AIDS through improved food and nutrition security and labour-saving technologies as affected persons may have reduced physical capabilities. Lastly, with a strong focus on nutrition and food security, PSTA 4 helps to combat non-communicable diseases and nutrition-related non-communicable diseases, particularly focusing on infants and breast-feeding mothers.

Moreover, as the agriculture sector employs the majority (70%) of the population in Rwanda (2017); the implementation of the PSTA 4, with the scenario of significant productivity growth in agriculture, is projected to create 45,000 jobs within the agri-food system, of which 28,000 jobs in agricultural production and the remaining 17,000 jobs in the agriculture-linked value chains: agro-processing, agro-inputs, trade in agri-products, and hotels & restaurants using agro-products. Many of these opportunities will benefit youth, skilled or not, and people with a disability. New jobs creation is an indicator in Imihigo. There is a programme for new starts ups, specifically for youth at District level.³⁹¹

³⁸⁵ MINAGRI (PSTA IV) 2018-2024.

³⁸⁶ The state of gender equality in Rwanda. Gender monitoring office (2019).

³⁸⁷ Interviews with staff Ruhango District.

³⁸⁸ Interview with DFID and OAF staff.

³⁸⁹ Interview with EUD staff.

³⁹⁰ Interviews with staff Ruhango and Rulindo District.

³⁹¹ Interview with Rulindo and Ruhango district staff.

CCIs are included in District plans and interventions, such as:

- Climate change includes forestation projects, planting trees and protecting actions against erosion, implementing irrigation schemes and stimulating rainwater collection, for protecting people against drought and for irrigation during dry season.
- Erosion control projects and rural road construction including manual labour in VUP, considering equal job opportunities to men and women.
- Special needs and inclusion of disabled persons are considered; for example, in building construction special spaces for disabled people are included.
- Jobs creation strategies developing SMEs. BDF provides coaching at sector level via the Business Development Program. Also, there is business coaching for youth in terms of business plan writing and grant finance. Resources come from government budget and different partners as a partial grant, usually 50%.
- Gender equality: Districts analyse gender gaps and consider them during planning process; women participate in decision making. Districts have a Gender budget for projects which is monitored annually by MIGEPROF. In social protection programs such as road maintenance there is a large number of women benefiting.

Overall, the cross-cutting issues appear to be sufficiently integrated in the policies and regulations at national and District levels.

STRENGTH OF EVIDENCE: STRONG

Table 83: Overview of evidence for JC 6.1. Agriculture

| | Documents and statistics | | | | Interviews | | | |
|---|--------------------------|-----|------------|-------------------------|------------|-----|---------------------|-----|
| | EUD | GoR | World Bank | Other/academic articles | EUD | GoR | others | CSO |
| JC6.1: The legal framework, the policy processes and the quality of the policies, regulations and strategies improved overall and, in particular, in areas / sectors supported by the different budget support inputs | | | | | | | | |
| I.6.1.1 Improved overall strategic policy making and improved strategic frameworks for agriculture sector | X | X | | X | X | X | X UUNN | X |
| I.6.1.2 Strengthened consultation processes (with CSO, Private sector, etc.) and increased actual influence of these stakeholders on policies and regulations, in agriculture. | X | X | | | X | X | X Private Sector | X |
| I.6.1.3 Improved integration of cross-cutting aspects, in particular environment and climate change, gender equality, youth, jobs creation, and inclusive development, in the drafting / revision of policies and regulations, in agriculture | | X | | | X | X | X DP | X |

JUDGEMENT CRITERION 6.2 - AGRICULTURE

INDICATOR 6.2.1

| JC6.2 | Public sector institutional and technical capacities, incl. M&E capacities and systems, strengthened in areas / sectors supported by the different budget support inputs | |
|---------|--|---|
| 1.6.2.1 | Strengthened overall institutional framework for policy implementation in sectors supported by budget support: agriculture. | <ul style="list-style-type: none"> Changes in (legal) definition of responsibilities and tasks of line ministries, other central agencies and district governments in policy implementation in agriculture. Perception of stakeholders on the strengthening of the overall institutional framework for policy implementation in agriculture |

Changes in institutions for Agriculture

The major change in the sector was the reorganization and decentralization of MINAGRI.³⁹² In 2013, MIFOTRA³⁹³ made a proposal for MINAGRI restructuring to deliver EDPRS II. It was initiated in July 2014 and was completed in September 2015. The purpose of the restructuring was "improving performance by using existing structures more effectively". The restructuring also reflected the national trend of decentralization.

As from 2015 the core areas of MINAGRI Central's mandate are: (i) Policy setting for the agriculture sector, (ii) Strategic planning, for the sector, (iii) M&E at sector level, and (iv) Capacity building at the sector. Implementation is not part of MINAGRI's mandate. RAB, NAEB and the local governments are exclusively charged with implementation. Agricultural Statistics and crop surveys were moved to NISR.

The district level processes are driven by MINALOC. RAB and NAEB are involved at district and other local government levels in supportive and advisory capacity and relate through their work with the district and local level agriculture sector staff to the farmers mostly through the farmers' cooperatives. This decentralization process in agriculture is on-going and requires consolidation.

According to the World Bank Agriculture PER,³⁹⁴ it is good that policy making and policy implementation have been separated, but RAB appears to have taken on too many tasks during PSTA 3, in a short period passing to be the main implementer of PSTA. The AgPER study raises the question if "RAB had sufficient transition time to develop the capacity necessary for such a major responsibility" and assesses it as not good for the quality of public spending. The same study also criticises the lack of progress in decentralization, i.e. The only important function assigned to districts is radical terracing, while districts can take on greater responsibilities.

This restructuring would seem to have enlarged the 'distance' between the three entities and increased the autonomy of RAB and NAEB, in order to provide a healthy level of autonomy in implementation. Also, the restructuring changed the "way of doing businesses at the Ministry". Functional, hierarchical and operational remits were redefined, staff was relocated, and budgets were redefined. The influence of the restructuring at RAB and NAEB was less incisive than at MINAGRI Central. RAB and NAEB were confirmed in their functioning as implementing agencies, albeit with greater authority and autonomy.³⁹⁵ Nevertheless, some overlaps remain in the relation between MINAGRI and RAB³⁹⁶ i.e separate M&E system and double reporting. Moreover in 2019, RAB went through another reorganization.

Other change in the agricultural institutional structure is the merging of:

³⁹² PSTA 4. MINAGRI.

³⁹³ Agriculture Sector Capacity Building Plan 2013-2018. PSCBS. 2013.

³⁹⁴ World Bank (2016), Agriculture Public Expenditure Review, p. 10.

³⁹⁵ PSTA 3 MTR. Feb. 2017. COWI.

³⁹⁶ Interview with UN Agency staff.

- Rwanda Agricultural Development Authority (RADA), Rwanda Animal Resources Development Authority (RARDA) and Rwanda Agriculture Research Institute (ISAR) to create RAB, in order to remove artificial gaps between research and extension; done in 2010.
- Rwanda Coffee Authority (OCIR CAFE) and Rwanda Horticulture (RHODA) and Rwanda Tea Authority (OCIR-Thé) to create NAEB, to unify three government agencies responsible for the entire Agriculture Export and cash crop base, under one management done in 2011.

Recognising the poor functional linkage between research and extension, RAB has unified them in 2016, under each department (Crops and Animal resources and Land use.), using a common standard operating procedure. A RAB official interviewed sees this movement as an improvement.

Changes in Nutrition

Previously, Nutrition component was in the Ministry of Health (MINISANTE/MoH), but the MoH was only involved in redressing acute malnutrition, using a “health view” and successfully so. However, chronic malnutrition (Stunting) was pending. Stunting is a cross cutting issue which requires a multi-sectoral approach and cooperation of all partners. Eight sectors are involved: MIGEPROF (family), MINAGRI (food security), MINEDUC (early education), MININFRA (WATSAN), MINALOC (Local GoR), MIDMAR (catastrophes, chocks), MINISANTE (health) and MINECOFIN (Human Capital Development).

A single National Action Plan has been made every year by the eight Ministries that constitute the Social Cluster.³⁹⁷ The NAP is monitored directly every three months by the Office of Prime Ministry (PMO). NECDP was created in October 2017 and since then it coordinates all NAP activities and present the status of nutrition.³⁹⁸

It is a widely perceived that the new institutional structure has been positive, with stability and good results. But the NECPD coordination unit is small and needs more and better-skilled staff.³⁹⁹

INDICATOR 6.2.2

| JC6.2 | Public sector institutional and technical capacities, incl. M&E capacities and systems, strengthened in areas / sectors supported by the different budget support inputs | |
|---------|---|---|
| 1.6.2.2 | Improved capacities (human resources, procedures, etc.) for planning and implementation in line ministries supported by budget support. | <ul style="list-style-type: none"> • Number of staff for planning and implementation in relevant line ministries and other central agencies • Quality of staff for planning and implementation in relevant line ministries and other central agencies • Changes in procedures for policy implementation taking into account the different responsibilities of the different central and local government agencies. |

The priority area 4 of PSTA 4⁴⁰⁰ is “to contribute to the enabling environment through the improvement of the efficiency and effectiveness of inclusive planning coordination and budgeting processes”. The strengthening of MINAGRI Directorate General of Strategic Planning and Programs Coordination is one of the explicit elements of PSTA 4 outcome. This Unit covers several areas such as: planning, budgeting, AMIS data collection and analysis, evaluation, coordination with cooperation agencies, budget support indicators, reporting, etc. It has the following structure: one Director General, one adviser and eight professional staff (Figure 23).

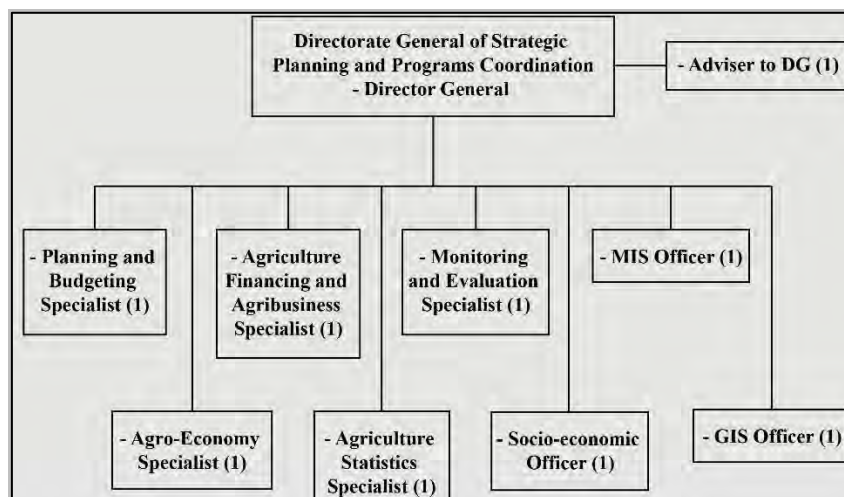
³⁹⁷ Rwanda Country Strategic Review of Food and Nutrition Security. Ministry of Gender and Family Promotion. June 2018.

³⁹⁸ Interview with NECDP staff.

³⁹⁹ Interview with EUD, DP, and UN Agency staff.

⁴⁰⁰ PSTA 4 page 67 and 169. MINAGRI. July 2018.

Figure 23: Structure of Directorate General of Strategic Planning and Programs Coordination



Source: MINAGRI <https://www.minagri.gov.rw/index.php?id=738>

The MINAGRI Planning Unit has roughly the same staff as in 2015.⁴⁰¹ On the one hand, MINAGRI considers there is sufficient governmental staff. Moreover, in the view of MINAGRI, TA (TECAN and AGRI-TAF) can compensate for the insufficient regular staff allocation. Also, MINAGRI is waiting for the finalization of an on-going needs assessment and restructuring process⁴⁰² to view the possibility for including new staff (if needed). It argues that no changes can be done yet.

On the other hand, the 8 professional staff appear to be overloaded in the day to day work, which limits the effectiveness of their work.⁴⁰³ Staff does not consider training as productive; it just takes time off. For this reason, MINAGRI does not have much absorption capacity for TA, an issue crucial to be considered in future CM-Technical Assistance. Moreover, there is currently no staff fully dedicated to nutrition and food security in MINAGRI.

The GoR adopted a policy of low personnel cost, and this is reflected in the MINAGRI structure.⁴⁰⁴ There is a need of adequate balance between recurrent and capital expenditure, because the lack of recurrent expenditure affects quality of services in the medium and long run. Therefore, EUD has requested MINAGRI the reinforcement of its staff including the Planning Unit (and RAB staff),⁴⁰⁵ due to the important tasks it performs as a pillar of the PSTA 4 implementation and in order to improve reporting on budget support indicators.

INDICATOR 6.2.3

| | | |
|----------------|---|--|
| JC6.2 | Public sector institutional and technical capacities, incl. M&E capacities and systems, strengthened in areas / sectors supported by the different budget support inputs | |
| 1.6.2.3 | Improved capacities and systems for M&E of public policies in sectors supported by budget support. | <ul style="list-style-type: none"> Resources for M&E in MINAGRI Quantity and quality of staff deployed in M&E units in MINAGRI |

Resources for M&E in MINAGRI, RAB and NAEB

According to PSTA 4, MINAGRI is committed to develop the instruments to monitor and evaluate the implementation and results of Agricultural policies and strategies. The M&E system was developed, and main indicators were identified and aligned with EDPRS II. The MIS (Management Information System) was set up initially with EU support at MINAGRI in 2016. Afterwards, AGRI-TAF

⁴⁰¹ MINAGRI Organizational Chart 2015 and 2020, and interview with MINAGRI Planning Unit staff.

⁴⁰² The World Bank Implementation Status & Results Report. Seq 3. PfR-Phase 2. 11 November 2019.

⁴⁰³ Interview with MINAGRI Planning Unit staff.

⁴⁰⁴ Rwanda Agricultural Public Expenditure Review (AgPER). Policy Associates Team. World Bank Group and UK Aid. 2016.

⁴⁰⁵ Interview with EUD staff.

continue expanding the Agricultural Management Information System (AMIS) for harmonizing different information and knowledge from across the sector. A component for reporting on the Imihigo indicators for MINAGRI-NAEB, RAB and Districts was added to the system. This is the main actual use of AMIS. The AMIS is generating reports on monthly basis mainly for Imihigo.⁴⁰⁶

AMIS⁴⁰⁷ was set up but is not fully operational. The system is less used compared to its capacity. Indicators to monitor PSTA 4 results were introduced in AMIS, but it is currently used only to report on activities i.e. it provides the cattle distributed in Girinka program by districts, but not statistics related to the number of livestock in the country. In addition, the system cannot provide the actual status, nor the areas (sites) where activities were developed (location mapping). There is a need to upgrade AMIS in order to improve quality and presenting the statistics on status and their mapping. AGRI-TAF had already developed the Geographic Information System (GIS) for mapping, but MINAGRI, RAB and NAEB staff was not trained in the use of this tool; maybe due to lack of available time.⁴⁰⁸ On the other hand, NISR is developing a link between AMIS and NISR but is not functional yet.

Many staff from MINAGRI, RAB, NAEB and Districts have been trained on the use of AMIS. Data collection is done at sector level and validated by district officials. Recently, MINAGRI District Agriculture inspectors were appointed to follow up activities of the Ministry at district level and are in charge of introducing AMIS data at District level for agriculture.⁴⁰⁹

Although some RAB and NAEB staff were trained they are not ready to use AMIS yet. No functionalities within the AMIS software were developed for them.⁴¹⁰ RAB livestock department is going to hire a company to develop the software to monitor livestock sector. Other RAB departments are thinking of doing the same.⁴¹¹

The RAB M&E system is still manual. RAB reports activities collecting information using excel sheets. Also, this M&E system is not integrated with MINAGRI. Agriculture data are disseminated and scattered in departments and institutions. An ICT for Agriculture strategic plan has been developed since 2016, but most projects (software) identified have not yet been developed due to lack of funds. RAB has planned in Budget 2020/21 (i) to put in place a “RAB Data warehouse” where all data will be stored and, according to the need, people will visit and pick data they are searching for with controlled access; (ii) the second phase will be “Big-Data analytic” for calculation of predictability.⁴¹²

It needs to be noted that several M&E systems exist in parallel. MINAGRI-RAB-NAEB have more than ten M&E systems that need to be merged. Below are some other examples:

- e-Soko: a mobile market information solution that allows farmers and consumers to access to the market price information for multiple markets and commodities.
- A specific unit Centre d’Information et Communication Agricole (CICA) exists to ensure effective knowledge management and oversee M&E and MIS. Part of the strengthening of M&E systems has been funded by donors. For example, the EU budget support Complementary Measure has been used for upgrading the National Seasonal Agriculture Survey by NISR.⁴¹³
- RAB implemented recently two new systems, namely

⁴⁰⁶ Interview with Agri-TAF staff.

⁴⁰⁷ Interview with MINAGRI staff.

⁴⁰⁸ Interview with MINAGRI and Agri-TAF staff.

⁴⁰⁹ Interview with MINAGRI inspector Rubavu District.

⁴¹⁰ Interview with Agri-TAF and RAB staff.

⁴¹¹ Interview with RAB staff.

⁴¹² Interview with ICT RAB staff.

⁴¹³ EUD, Agriculture Public Policy Assessment, October 2018, p. 3.

- Smart-Nkunganire is functional to farmers using their mobile phones to request seeds and fertilizers to cell agronomist which sends the request to the agro dealers. Monitoring and reporting are done on weekly basis. Report shows the delivered inputs and farmers' identifications. The data is reported to the relevant ministries, including RAB and helps to monitor the subsidized fertilizer and seeds distribution.
- Electronic Permit Management System for animal and animal products transfer. This permits to monitor daily both important programs and to report on them accurately.⁴¹⁴

Quantity and quality of staff deployed in M&E unit in MINAGRI (See I 6.2.2)

In MINAGRI there is only one staff member in charge of M&E and this person has several responsibilities: monitoring of the implementation of the Action Plan, Imihigo (whole sector), monitoring of respect for technical standards in the field (terraces, Girinka, etc.) and implementation of PSTA 4. The field monitoring of activities is done jointly with M&E staff from RAB, NAEB and staff of particular projects.⁴¹⁵ The intended pipeline project of restructuring the MINAGRI Directorate (Figure 23 presents the actual structure) may be suggesting setting up an "M&E Unit" with five staff, including Director, Agri-statistics, AMIS Officer and two others.⁴¹⁶ Also, skilled staff for validating data is not sufficiently available.⁴¹⁷

The main issue is the lack of adequate M&E capacities and number of staff at MINAGRI, RAB and NAEB. They mainly focus on Imihigo. MINAGRI, RAB and NAEB work separately in order to deliver, and MINAGRI doesn't provide an effective coordination.⁴¹⁸

EU is supporting these capacities through 2 SRC Agriculture CM: (i) the WB-DIME program is developing high-quality and operationally relevant data and research to transform development policy; (ii) EU supported the NISR to improve statistics quality and the increased availability of raw data on agriculture.

Nutrition

Rwanda is developing a M&E system for NECDP with Rwanda Information Society Authority (RISA), to monitor the status of malnutrition. Indicators have been set, but the system is not yet functional.⁴¹⁹ At field level, Health Workers have been trained to conduct monthly measurements in order to monitor malnutrition.⁴²⁰

INDICATOR 6.2.4

| JC6.2 | Public sector institutional and technical capacities, incl. M&E capacities and systems, strengthened in areas / sectors supported by the different budget support inputs | |
|---------|---|---|
| I.6.2.4 | Increased reliability, validity and accessibility of data produced by M&E systems in sectors supported by budget support. | <ul style="list-style-type: none"> • Extent of reliability and validity of M&E data, including those used in IMIHIGO contracts, if applicable, for agriculture. • Accessibility of M&E data in agriculture. |

Extent of reliability and validity of M&E data, including those used in IMIHIGO contracts, if applicable, for agriculture.

It is difficult to assess validity and reliability of data, as it has different perspectives.

⁴¹⁴ Interview with ICT -RAB staff.

⁴¹⁵ Interview with MINAGRI staff.

⁴¹⁶ Interview with MINAGRI staff.

⁴¹⁷ EUD, Agriculture Public Policy Assessment, October 2018, p. 4.

⁴¹⁸ Interview with ex MINAGRI staff.

⁴¹⁹ Interview with NECDP staff.

⁴²⁰ Interview/Focus Group with Health workers Rulindo District.

The view of people working at Central level on M&E is that the M&E system has improved in recent years. Agriculture data is collected at grassroots level (cell) or through surveys (NISR) in a more organized way with better quality. Nevertheless, “the production of accurate and reliable data needs to be improved”.⁴²¹ Some issues remain to be solved:

- AMIS was developed and it is on trial phase. AMIS has been limited to report on IMIHIGO only and does not capture administrative data. Other data are not available in AMIS, for example current data on the population of livestock. PSTA 4 does not present data related to the livestock population. It does present the quantity of meat and milk produced from a baseline of 2016, and these data allegedly come from the livestock population using a formula of take-off (slaughter) and not from slaughterhouses. This raises doubts on reliability.
- Institutions sometimes present different data, for example MINAGRI and RAB have different M&E systems, and figures are sometimes not consistent with those from NIDSR either. RAB collects data from district/sector without any appropriate software. Sometimes urgent data is collected through WhatsApp Groups and compiled centrally in Excel sheets.⁴²²

MINAGRI expects to ensure data accuracy with the inclusion of District Agriculture Sector Inspectors (DASI), providing data quality assurance at District level to AMIS.⁴²³

The District⁴²⁴ perspective is that M&E systems have improved, but they still use rudimentary means (excel sheets). On one hand, the Imihigo is monitored with AMIS, but districts’ own statistics are collected at cell level by hand (templates were designed, and indicators were set). There is no system in place to monitor the District Development Strategy (DDS) implementation. Districts have MIS for project management from Local Administrative Entities Development Agency (LODA), MININFRA and MINISANTE.

Moreover, currently two systems are operated in parallel to monitor the implementation of PSTA 4. Districts submit reports on progress of implementation of activities under PSTA 4 in written form together with supporting documents. i.e. program for distribution of cows to poor families require as supporting document information on the farmer who has received the cow. Written reports and supporting documents are archived at the central level. In the future supporting documents should be uploaded in the MIS to increase reporting efficiency.⁴²⁵

Some DPs have a “critical” view on the issue, i.e. the EUD policy assessment questions the quality of some data, in particular administrative data provided by MINAGRI, RAB and NAEB.⁴²⁶ The MTR of PSTA 3⁴²⁷ visualized an over-estimation of MINAGRI data in comparison with NISR data on crops yields. Moreover, “a recent study⁴²⁸ mentions that “ensuring data accuracy in practice is still a challenge. i.e (i) **Area of cultivated land**. There is no proper (GPS) equipment available at districts to measure cultivated land areas. Local staff estimates the areas of cultivated land. The resulting land measurements are validated with the NISR satellite data. However, inaccuracies in measuring cultivated areas are inherent until precision measurement equipment is procured; (ii) **Crops Yield**: measurement is done indirectly considering the data -collected by agronomist at cell level- about the quantity of seeds and fertilizers received in agro-dealers ‘stocks and the quantity bought by farmers. This study suggests in order to improve the accuracy of measurements NISR and MIS methodologies should be harmonized given NISR measures yields based on seasonal surveys (sample based), while

⁴²¹ Interview with PS MINAGRI.

⁴²² Interview with RAB staff.

⁴²³ Interview with DASI at one District.

⁴²⁴ Interview with staff of Rulindo and Rubavu Districts.

⁴²⁵ Interview AGRITAF-DFID.

⁴²⁶ EUD, Agriculture Public Policy Assessment, October 2018, p. 4.

⁴²⁷ PSTA 3 MTR. COWI 2017.

⁴²⁸ Organizational Review of MINAGRI. Draft. DFID.2019. (internal use).

MIS calculates yields based on “administrative” data of supply of fertilizers and seeds. (iii) **Fertilizer usage:** some crops (maize, rice) have a clear quantity for use that fertilizers have been used (e.g. maize, rice) but there are some regions where farmers buy large quantities of fertilizers and use less. However, MINAGRI assumes that in these cases the stocks of fertilizers might be used later rather than being sold on the open market. RAB is doing the verification on the field on a sample basis”.

There is a tendency not to validate/release data when it does not reflect a positive situation.⁴²⁹ For example, the WFP seasonal survey 2018 was cancelled.

The Performance Contracts under IMIHIGO feature targets and indicators that may or may not or only partially coincide with the targets and indicators formulated in the plans and budgets resulting from the Planning and budgeting processes. The IMIHIGO instrument serves different purposes⁴³⁰ and is differently organised. The data collection and M&E unit prioritize IMIHIGO indicators through AMIS.⁴³¹

According to a former Rwanda EUD staff member, a national Quality Assurance system for annual and medium-term strategic plans, their costing and for M&E systems should be implemented at the MINECOFIN- and Apex levels, including the President's Office or the Prime Minister's Office.⁴³²

Accessibility of M&E data in agriculture

The access to M&E data in agriculture varies by Institution. For example, official websites of RAB and NAEB only publish old Institutional Reports, while NISR provides in its website the actualized data which is used nationally as official data.

INDICATOR 6.2.5

| JC6.2 | Public sector institutional and technical capacities, incl. M&E capacities and systems, strengthened in areas / sectors supported by the different budget support inputs | |
|---------|---|--|
| 1.6.2.5 | Increased use of M&E data by all relevant stakeholders, in the policy dialogue, and for evidence based decision-making systems in sectors supported by budget support. | <ul style="list-style-type: none"> • Extent to which SWGs and relevant TWGs in agriculture use and refer to M&E data • Extent to which policy documents and regulations refer to M&E data. |

There is no quantified information on whether or not there is a greater use of information by relevant stakeholders. The data used is the available one; produced and also approved by GoR. This is the data used in policy/regulations documents. Sometimes studies are done and not approved by the GOR such as the round of measurement of food security done by WFP in 2017/2018.^{433,434}

MINAGRI RAB and NAEB use data from NISR (surveys) and administrative data, however other organizations have to use data from NISR only. Administrative data are internal and are used for planning purposes and JSR reports.⁴³⁵

The data presented by MINAGRI for EU budget support verification purposes is sometimes inadequate.⁴³⁶ Some indicators require specific surveys or baselines (planned and implemented previously)

⁴²⁹ Interview with WFP.

⁴³⁰ The Imihigo program has several aims: Speed up implementation of the local and national development agenda; Ensure stakeholder ownership of the development agenda; Promote accountability and transparency; Promote results-oriented performance; Encourage competitiveness; Install a culture of regular performance evaluation. Fusing Tradition with Modernity: Imihigo Performance Contracts in Rwanda. Case Study from The Global Report. WB Group.

⁴³¹ COWI, PSTA 3 MTR. 2017

⁴³² Interview with EUD staff.

⁴³³ Interview with WFP staff.

⁴³⁴ EU Disbursement Note 21/11/2018.

⁴³⁵ Interview with MINAGRI/RAB staff.

⁴³⁶ Interview with EUD staff.

and administrative data cannot be used. This was seen for example, in the indicator has of land irrigated, see JC 6.3.1. The data provided by MINAGRI was 52,000 has under irrigation; the baseline survey develop to update Irrigation Master Plan 2010 identified a total of 42,851 has.

STRENGTH OF EVIDENCE: STRONG

Table 84: Overview of evidence for JC 6.2. Agriculture

| | Documents and statistics | | | | Interviews | | | |
|--|--------------------------|-----|------------|-------|------------|-----|-------------|---------------|
| | EUD | GoR | World Bank | Other | EUD | GoR | Focus Group | Other |
| JC6.2: Public sector institutional and technical capacities, incl. M&E capacities and systems, strengthened in areas / sectors supported by the different budget support inputs | | | | | | | | |
| I.6.2.1 Strengthened overall institutional framework for policy implementation in sectors supported by budget support, agriculture | | X | X | | | X | | |
| I.6.2.2 Improved capacities (human resources, procedures, etc.) for planning and implementation in line ministries supported by budget support. | | X | | | X | X | | |
| I.6.2.3 Improved capacities and systems for M&E of public policies in sectors supported by budget support. | X | | | | | X | X Focus | X AGRI-TAF |
| I.6.2.4 Increased reliability, validity and accessibility of data produced by M&E systems in sectors supported by budget support | X | | | | X | X | | |
| I.6.2.5 Increased use of M&E data by all relevant stakeholders, in the policy dialogue, and for evidence based decision-making systems in sectors supported by budget support | | | | | X | X | | X WFP |

JUDGEMENT CRITERION 6.3 - AGRICULTURE

INDICATOR 6.3.1- AGRICULTURE

| JC6.3 | Public service delivery strengthened in areas / sectors supported by budget support | Indicators, all for 2010-2018 and if possible, by district |
|----------------|---|--|
| I.6.3.1 | Increased volume of goods and services delivered in sectors supported by budget support, in particular at district level. | <ul style="list-style-type: none"> Ratio of no. of extension agents to no. of farmer households. No. of qualified Farmer Field School facilitators and Farmers Promoters in place. Quantities of fertilizers and seeds distributed. Water storage capacity (m3/capita). (Has) land irrigated. (Has) land terraced with public funds and handed over to farmers with an acceptable level of soil acidity (Ph >5.2). New area under agroforestry systems (in Has). Length of feeder roads network. Share of credit to the agricultural sector. Number and % of households with access to improved drinking water, to improved sanitation and to hygiene services (WASH). Number and % of households benefitting from cash transfers and other social protection. |

Rwandan agriculture has made advances in the last decade. Low productivity in Rwanda was mainly attributed to low use of inputs and inefficient use of soil. Therefore, productivity for a number of crops increased due to interventions such as Crop Intensification Program (CIP) and Land Use Consolidation (LUC). The expansion of areas under irrigation, increased cultivated terraces, distribution of subsidized improved seeds and fertilizers and the provision of extension services contributed to this. However, several factors require further improvements, such as the coverage of the extension service and adequacy of soil pH. Below there are some indicators that refer to the status of the implementation of agricultural policies regarding goods and services delivery.

Ratio of number of extension agents to number of farmer households

During the period 2009 - 2017/2018, the national average extension coverage has been improved from 3,000 to 600 farmers per extension agent (Table 85).

Table 85: Extension coverage: Farmer households per extension agent 2009 – 2017/18

| Indicator | 2009 (*) | 2012/2013 (**) | 2017/2018 (***) |
|---|----------|----------------|-----------------|
| Ratio Farmer households/extension agent | 3,000 | 839 | 600 |

Sources: (*) National Agricultural Extension Strategy. MINAGRI. 2009

(**) Baseline PSTA III Result Framework. June 2014

(***) COWI, MTR PSTA III. February 2017. This includes all extension agents of MINAGRI, RAB, NAEB, District Cooperation projects and NGOs

Number of qualified Farmer Promoters and Farmer Field School facilitators in place

In 2013, RAB began implementing the proximity extension model named as “Twigire Muhinzi”⁴³⁷, to increase extension coverage and accelerate uptake of improved agricultural technologies by small-holder farmers. The development of an efficient extension system throughout the country is a medium-long term target, as it requires adequately trained staff and budget continuously.

The Twigire Muhinzi is a hybrid system that encompasses the complementary of farmer field school (FFS) facilitators linked to farmer promoters (FP) (local volunteers who provide extension services). Both are the structure of the extension service in the field:⁴³⁸

- The FFS approach⁴³⁹ is a group-based adult learning, often a cropped field that teaches farmers how to experiment and solve problems independently. Farmers Field School facilitators (FFSF) have a bachelor’s degree having both formal and practical agricultural training. They engage in farmer mobilization and organize field visits to demo plots and to Farmer Field Schools (FFS) plots. FFSF are paid by GoR (average US\$24/month of work)
- Farmers Promoters (FP) model⁴⁴⁰ where volunteer farmers are selected from the local community, based on criteria to share agricultural knowledge. They are trained by FFS facilitators or extension staff and have their own practical knowledge as rural farmers. They form groups (15-20 farmers) to expand their work; and making lists of farmers for the distribution of fertilizers and seeds; also monitor the adequate use of inputs and benefits of CIP in the consolidated lands. The system includes approximately 14,200 promoters (each village has a FP⁴⁴¹) and 75,000 Twigire Muhinzi farmer groups, which cover nearly the whole country. FP work on honorary basis and change frequently due to lack of incentives; they have no resources for their work, only training.

⁴³⁷ Means “self-sufficient farmers” in Kinyarwanda).

⁴³⁸ MacNaim and Davis. Rwanda: Desk Study of Extension and Advisory Services Developing Local Extension Capacity (DLEC). Project Feed the Future. March 2018.

⁴³⁹ The Belgian Development Agency introduced the Farmer Field School (FFS) concept. It was the biggest foreign donor until it ended funding in December 2016.

⁴⁴⁰ One Acre Fund (OAF), developed the FP concept and provided support for its organization and supervision from initial stages until present times. OAF provides actually the salary of 25 technical staff who engage in capacity building of 14,200 Farmers Promoters (FP).

⁴⁴¹ RAB Annual Report 2013-2014.

During the period 2012-2018, the Twigire Muhinzi system has developed its structure all over the country, leading to an increase in the number of farmer promoters (FP) and qualified Farmers Field School facilitators (Table 86).

Table 86: Number of Farmer Promoters and Farmer Field School Facilitators (2012/13 and 2017/18)

| Indicator | 2012/2013 (*) | 2017/2018 (**) |
|---|---------------|----------------|
| Farmer's Promoters (FP) | 11,127 | 14,886 |
| Qualified Farmer Field School Facilitators (FFSF) | 2,500 | 8,000 |

Sources: (*): Baseline PSTA III Result Framework. June 2014.

(**): MINAGRI Annual Report 2017-2018. September 2018.

According to RAB and MINAGRI data (Table 87), the extension coverage reached farmers has increased almost 60% during the period FY 2016/2017-2018/2019; also, the demo plots (103%) and Farmer Field Schools (164%). During the year 2018 -19, the extension agents (Farmers Promoters, FFS facilitators, SEDOs,⁴⁴² Sector agronomists), focused on CIP priority crops, crop protection; smart Nkunganire system;⁴⁴³ demo plots and Farmer Field Schools (FFS) plots.

Table 87: Extension coverage: Farmers reached by extension services, Demo plots and FFS plots established. (2016/17 – 2018/19)

| Indicator | 2016/2017 | 2018/2019 | % increase |
|---------------------------|-----------|-----------|------------|
| N° Farmers reached | 774,178 | 1,239,578 | 60 % |
| N° Demo Plots established | 15,422 | 31,288 | 103 % |
| N° FFS established | 3,036 | 8,029 | 164 % |

Sources: RAB, Annual Report 2016/2017. MINAGRI, Annual Report 2018/2019.

According to the Agricultural Household Survey 2017, almost 30% of 2,165,000 agricultural households have received agricultural extension services during 2017. In regard to coverage of agricultural programs official data⁴⁴⁴ shows the following:

- 13 % of agricultural households belong to Twigire Muhinzi,
- 4.2 % of all agricultural households have contract farming,
- 13 % of agricultural households rear a cow from GIRINKA Program
- 44 % of all agricultural households (2.1 million) have a kitchen garden.

The Twigire Muhinzi model needs to consolidate, including some issues such as (i) the need for a monitoring and evaluation function that documents progress and impact as well as fosters a learning culture that incorporates feedback from the grassroots level; (ii) to ensure the integration of the model at the local government level as RAB does not extend below the provincial level.⁴⁴⁵

⁴⁴² Socio-economic Development Officers.

⁴⁴³ Smart Nkunganire System (SNS) is a supply chain management system built by BK TechHouse Ltd in collaboration with RAB, to digitalize the farmers seeds and fertilizer orders of the Agro-Input Subsidy program.

⁴⁴⁴ Agricultural Household Survey 2017 Report, December 2018. NISR.

⁴⁴⁵ Extension and Advisory Services in 10 Developing Countries: A Cross-country Analysis Developing Local Extension Capacity (DLEC) Project Feed the Future. September 2018.

Quantities of seeds distributed

One of the pillars of the Crop Intensification Programme (CIP) is the distribution of improved seeds and fertilizers to farmers. CIP uses a ‘supply-push’ approach whereby the government initially distributes to farmers the subsidized inputs⁴⁴⁶ (improved seeds and fertilizers) and the farmers are induced to adopt them. Before 2018, seeds and fertilizers were received with delays, and farmers often received the seeds when the planting season had already passed. Now, it has improved.⁴⁴⁷ The Smart Nkunganire system allows now to monitor every week the amount of seeds and fertilizers distributed to farmers. This is a big improvement; before district officials could not know what was distributed. The data on distribution is available and reported in seasonal reports.⁴⁴⁸

According to MINAGRI, the amount of seeds (maize, wheat, soya) distributed has decreased on average almost 6% during the period 2011/2012 to 2018/2019; from 8,153 to 7,679 MT (Table 88). The amount of maize seeds remains similar; wheat had an important decrease (60%) and soya was included as priority crop and distributed. The elimination of distribution of cassava cuttings may be explained to an outbreak of cassava brown streak virus (CBSV).

Table 88: Improved Seeds distributed across the country (Metric Tons)

| Crops | FY 2011/2012 | FY 2018/2019 | Increase, in % |
|--------------------|--------------|--------------|----------------|
| Maize | 5,615 | 5,626 | 0 % |
| Wheat | 2,538 | 1,008 | -60 % |
| Soya | 0 | 1,045 | |
| Total | 8,153 | 7,679 | -6% |
| Cassava (cuttings) | 56,058 | n/d | |

Sources: MINAGRI annual reports 2011/2012 and 2018-2019.

The GoR focuses on reducing dependency on imported seeds and reducing costs. The key priorities are cereals (hybrid and open pollinated varieties of maize, wheat and rice), oil and pulses (soybean), roots and tubers (cassava and Irish potato). In 2016, seed production laws were promulgated, and the policy was reviewed. Since 2017, seeds production has been done in Public-Private-Partnership (PPP) approach with two companies plus OAF to develop seed multiplication. RAB produces research and parent seeds and selected farmers are in charge of multiplication.⁴⁴⁹ With this approach, Rwanda has almost doubled its local seed production (maize, wheat and soya) from 2,242 MT in 2017/2018 to 3,996 (MT) in 2018/2019; covering almost 50 % of national seed distribution of maize, wheat and soya (Table 90). Since 2018/19, the pricing of seeds has decreased.⁴⁵⁰ Nevertheless, RAB has some difficulties to develop good quality seed of potato.⁴⁵¹

Table 89: Imported vs locally produced seeds distributed (2018/2019)

| Crop | Imported Seed distributed MT (2019 A&B Season) | Locally produced Seed MT (Certified only) | TOTAL seed distributed |
|--------------|--|---|------------------------|
| Maize | 2552 | 3074 | 5,626 |
| Wheat | 503 | 505 | 1,008 |
| Soya | 628 | 417 | 1,045 |
| Total | 3,683 (48%) | 3,996 (52%) | 7,679 |

Source: Elaborated with MINAGRI Annual Report, 2018- 2019.

⁴⁴⁶ Seed: GoR still providing 75% contribution, because seeds still in demand by citizens. Fertilizer: GoR contribution has significantly reduced, now at 25% for sustainability purpose and also depends on the size of the plot (Officers Nyagatare District).

⁴⁴⁷ Interview with officials of Rubavu and Nyagatare Districts. Interview with OAF and Farmers Focus Groups.

⁴⁴⁸ Interview with Officials of Nyagatare District

⁴⁴⁹ Interview with OAF, 2019.

⁴⁵⁰ Interview with OAF, 2019.

⁴⁵¹ Insufficient seed inspectors lead to potato seeds scarcity. RAB. PotatoPro. October 31, 2019.

Quantities of fertilizers distributed

Rwandan soils are depleted and require fertiliser use to be more productive. Inputs provided through the CIP programme include fertilisers (DAP and Urea) (subsidize on average 50%) which was originally issued through vouchers delivered by MINAGRI/Fertiliser program to farmers groups. Each voucher covered the fertilisers' requirements while the seeds are provided as an incentive to farmers consolidating their lands. The seeds provided are commensurate to the fertiliser requested.⁴⁵² Nowadays, farmer use their mobile phone to provide their fertilizer and seeds needs to cell agronomist and he gives the quantities to the local agro-dealer.

According to MINAGRI, the amount of fertilizer distributed has increased almost 24% during the period 2011/2012 to 2017/2018; from 44,294 to 55,152 MT (Table 90). The 2017/2018 data is recorded by the districts through MINAGRI MIS system. The increase may be explained by the fertilizer awareness and application by the farmers (smallholder and big farmers) on various crop value chains (tea, potato, rice, wheat, and maize).⁴⁵³

Table 90: Fertilizers distributed across the country (Metric Tons)

| Fertilizer type | FY 2011/2012 | FY 2017/2018 | Increase, in % |
|--------------------------|---------------|---------------|----------------|
| a) Macronutrients | | | |
| DAP | 13,913 | 17,978 | |
| UREA | 11,496 | 11,850 | |
| NPK | 18,885 | 23,5230 | |
| b) Micronutrients | n/d | 1,794 | |
| TOTAL | 44,294 | 55,152 | 24 |

Sources: MINAGRI annual reports 2011/2012 and 2017-2018.

Rwanda shows a low use of fertilizer at national level, but there is clearly an increasing trend. According to WB data, the fertilizer use (kg/ha/year) during the period 2010-2016 has increased from 0.1 Kg/Ha in 2010 to 10.9 Kg/Ha in 2016 (Figure 24 below), mainly due to the CIP Programme. But it is still far from the PSTA III target for 2018: 45 kg/ha/year. Moreover, this is still below the target as contained in the Abuja Declaration on Fertilizer for an Agricultural Green Revolution of 50 kg/ha/year. Many factors contribute to Rwanda's low level of fertilizers use, such as socio-economic and institutional factors, technical knowledge and household characteristics and costs.⁴⁵⁴

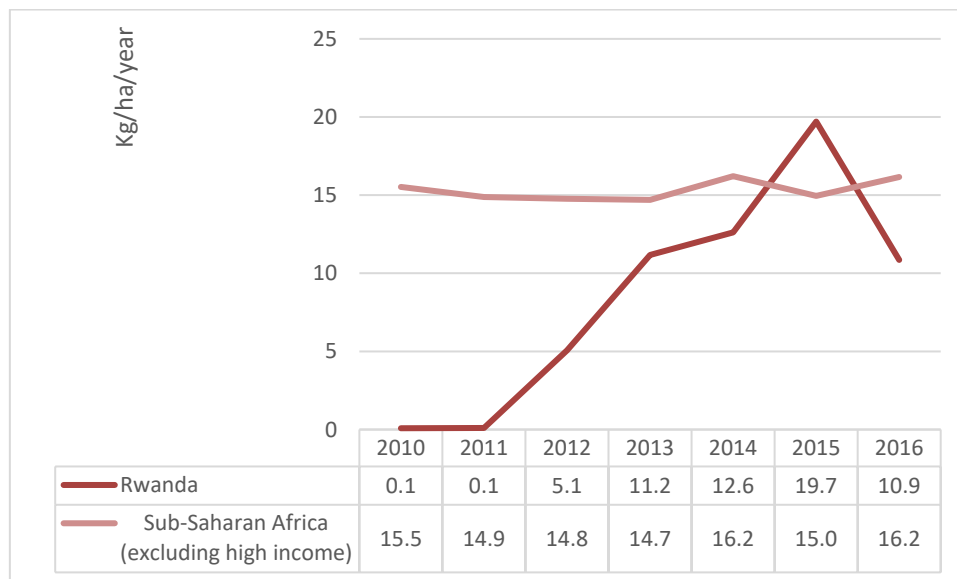
In contrast, Sub Saharan Africa countries (excluding high income countries) have higher fertilizer use, on average, but there was no increase during the last decade (Figure 24).

⁴⁵² Monitoring and Evaluation of Crop Intensification Program (CIP) activities in Rwanda. Dusengemungu, L; Musabyimana Innocent et al. RAB.

⁴⁵³ In Rwanda, the main crops fertilized include tea, potato, rice, wheat, and maize. The main types of fertilizers used are NPK 17-17-17 on potato, maize, fruits, and vegetables; NPK 25-5-5 on tea; NPK 20-10-10 on coffee; urea on maize, rice, and wheat; and DAP on maize, rice, and wheat (MINAGRI, April 2007).

⁴⁵⁴ International Journal for Research in Applied Science & Engineering Technology (IJRASET). ISSN: 2321-9653; IC Value: 45.98; SJ Impact Factor: 6.887 Volume 6 Issue VI, June 2018- Available at www.ijraset.com

Figure 24: Fertilizer consumption in Rwanda and Sub-Saharan Africa (excluding high income countries) (Kg/ha/year)



Source: WB indicators <https://data.worldbank.org/indicator/AG.CON.FERT.ZS>

During the FY 2017/2018, the quantities of compost and lime used by farmers were 40,070 and 19,808.3 MT respectively; they were mainly used in the districts having high soil acidity.⁴⁵⁵

Inorganic fertilizer requirements in Rwanda are met through imports because the country has no local production yet. GoR has developed recently a joint venture (fertilizer industry) with two private companies including a Moroccan company, aimed at reducing the cost and increasing the national supply of fertilisers. The blending planned capacity (100,000 tonnes/year) will be superior to Rwanda's annual demand for fertilisers (53,000 tonnes/year). Also, the fertiliser blends will be made in Rwanda based on soil test results for the different regions; contributing to efficiency of fertilizer use nationwide.⁴⁵⁶

Water storage capacity (m³/capita)

The National Water Resources Master Plan (NWRMP)^{457,458} approved in 2015, defines Rwanda's situation. Rwanda's water availability per capita is 670 m³/person/year which classifies it as a water scarce country; and some areas of the Eastern and Southern Provinces are below 500 m³/capita/year and are experiencing absolute water scarcity. The international standard (Falkenmark⁴⁵⁹) defines (i) water stress when annual water supplies drop below 1,700 m³/capita/year; (ii) water scarcity when annual water supplies drop below 1,000 m³/capita/year being a limitation to economic development, human health and well-being, and (iii) absolute water scarcity water when annual water supplies remain below 500 m³/capita/year and water availability is a main constraint to life. "Rwanda is among the countries having the lowest per capita water availability (670 m³/capita/year) and storage capacity in Africa".⁴⁶⁰

⁴⁵⁵ MINAGRI annual report 2017-2018.

⁴⁵⁶ Manuel Ntirenganya. The New Times. May 20, 2019. Rwanda.

⁴⁵⁷ Rwanda National Water Resources Master Plan. MINIRENA-RNRA. October 2015.

⁴⁵⁸ Rwanda Rainwater Harvesting Strategy. Ministry of National Resources-RNRA. November 2016.

⁴⁵⁹ Assimakopulos, D. Indicators and Indices for decision making in water resources. Water Strategy Man. 2004.

⁴⁶⁰ Potential of Rainwater Harvesting in Rwanda. Centre for Science and Environment. April 2019. <https://www.cseindia.org/potential-of-rainwater-harvesting-in-rwanda-9378>

New government documents,⁴⁶¹ made with technical assistance provided by WB, question the data of 670 m³/person/year, citing that it is a long-term average based on time series of historic data starting from the 1980s. It is mentioned that the assessment to update the long-term figure will be done in 2020.

Water resources in Rwanda are under pressure due to the high population density and population growth, intensification of agriculture, soil erosion and climate change accompanied with more weather extremes situations. Moreover, there are some additional issues such as rapid urbanization (at 4.4% per year) and industrialization.⁴⁶² Most of Rwanda's water is stored in lakes (around 80%) followed by groundwater (19.2%) (Table 91). The majority (70 %) of annual water use from rivers and lakes is consumed by agriculture, while mining and electricity appear to be less important.

Table 91: Water Resource Stocks in 2015 (in Million m³)

| | Lakes | Surface Water Rivers & streams | Artificial reservoirs | Soil Water | Groundwater | Total |
|-------------|---------|--------------------------------------|--------------------------|------------|-------------|---------|
| Stock 2015 | 256,365 | 1,264 | 102 | 3,389 | 62,127 | 323,247 |
| Percent (%) | 79.3 | 0.4 | 0.0 | 1.0 | 19.2 | 100 |

Source: Government of Rwanda (NISR, Ministry of Environment). Natural Capital Accounts for Water, March 2019.

There are disparities in rainfall distribution geographically and seasonally across the country. As shown in Figure 25, the north-western and western parts of the country have more rainfall than the rest of the country. The eastern regions of the country receive the lowest amount of rainfall. The Northern Province has relatively abundant rainfall with high intensity and is threatened by high run-off causing soil erosion, flooding and landslides while most of the Eastern and Southern Provinces with low rainfall face water scarcity causing droughts and risks of hunger.⁴⁶³ Rwanda is located at the pinnacle of two major basins (Nile and Congo basins). Therefore, Rwanda shares at least some of its water resources with its downstream neighbours such as Burundi, Tanzania, Uganda and the DRC. Nearly all (over 95%) of Rwanda's water resources originate from the country and less than 3% from outside its territory, essentially Burundi through the Ruvubu River.⁴⁶⁴

The effects of erosion and resulting sedimentation in reservoirs can gradually reduce their water storage capacity. Rainwater harvesting through terracing and other techniques of land management contribute to surface runoff minimization, soil erosion control, soil moisture and increase of infiltration of water into the ground. Terracing is the most popular technique used to reduce run-off on arable land.

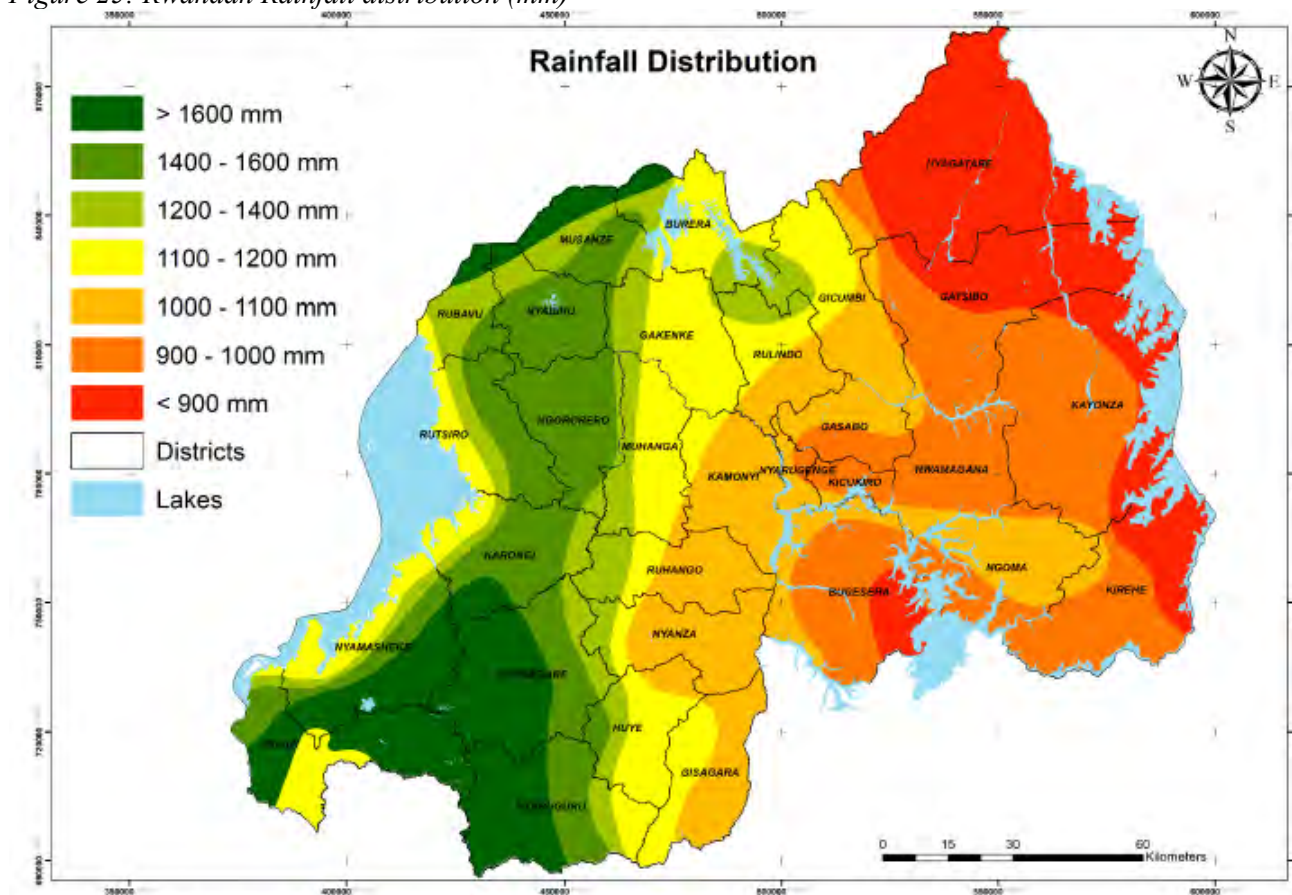
⁴⁶¹ Global Partnership on Wealth Accounting and Valuation of Ecosystem Services (WAVES) and World Bank. GoR (NISR, Ministry of Environment). Natural Capital Accounts for Water (NCA), Version 1.0. March 2019. Rwanda.

⁴⁶² Government of Rwanda (NISR, Ministry of Environment). Natural Capital Accounts for Water, March 2019. Rwanda.

⁴⁶³ National Rainwater Harvesting Strategy. Ministry of Natural Resources. Rwanda Natural Resources Authority. November 2016.

⁴⁶⁴ Global Partnership on Wealth Accounting and Valuation of Ecosystem Services (WAVES) and world Bank. GoR (NISR, Ministry of Environment). Natural Capital Accounts for Water (NCA), Version 1.0. March 2019. Rwanda.

Figure 25: Rwandan Rainfall distribution (mm)



Source: RNRA, 2016.

Land irrigated (ha)

The irrigation development is government led (not demand driven) with the aim of achieving national food security. It focusses on an increased supply of irrigation water to water users through the construction/rehabilitation of new/existing irrigation and drainage infrastructure (freely provided by GoR), together with the establishment and training of Irrigation Water Users’ Associations (IWUA) to be responsible for the management of the newly constructed/rehabilitated irrigation systems. However, this focus does not imply the development of profitable and sustainable irrigated agriculture resulting in higher crop yields and more net income for farmers. This is related to some extent with the lack of farmers’ participation and inadequate management and maintenance.

Irrigation allows farmers to move from rain-fed agriculture, to diversified, high value crops, thus increasing cropping intensity and land productivity. Therefore, irrigation development remains a key priority for the Ministry of Agriculture. The potential area for irrigation is 589,000 ha.⁴⁶⁵

During the period 2012-2018, according to MINAGRI data, a clear increase (180%) can be seen in the number of hectares under irrigation in all 3 systems (Table 92) and Figures 26, 27 and 28. There are approximately 52,000 hectares currently catered for by irrigation schemes countrywide, and that means the area under irrigation almost doubled.

Table 92: Area under irrigation, (Period 2012/13 and 2017/18)

| Indicator | 2012/2013 (*) | 2017/2018 (**) | Increase, in % |
|----------------------------|---------------|----------------|----------------|
| Hillside irrigation (has) | 3,075 | 8,789 | 285% |
| Marshland irrigation (has) | 24,721 | 36,521 | 147 % |

⁴⁶⁵ National Irrigation Master Plan, 2010 Rwanda.

| | | | |
|--|---------------|---------------|--------------|
| Small Scale irrigation scheme (has) | 1,000 | 6,574 | 687 % |
| Total area under irrigation (has) | 28,796 | 51,884 | 180 % |

Sources: (*): Baseline PSTA III Result Framework. June 2014.

(**): MINAGRI Annual Report 2017-2018. September 2018 and PSTA IV Baseline.

Figure 26: Marshland irrigation



Figure 27: Highland irrigation related with terraces (LUC)



Figure 28: Small scale irrigation with plots near access to water



The baseline survey⁴⁶⁶ of agricultural households using irrigation systems developed to update the Rwanda's 2010 Irrigation Master Plan has identified 148 irrigation systems covering a total 42,851 ha (Table 93). This data includes already implemented irrigation systems in 2016, those under development and planned systems. It should be noted that are smaller amounts than MINAGRI data (Table 93).

Table 93: Number of Irrigation Systems and area under irrigation (2016)

| Irrigation Systems | N° | Area (has) |
|---|------------|---------------|
| Already implemented (108 marshland and 17 hillside irrigation system) | 125 | 22,244 |
| Under development | 6 | 4,827 |
| Planned (future) | 17 | 15,580 |
| Total | 148 | 42,851 |

Source: Establishment of a baseline of agricultural households using irrigation systems. Transtec/SHER/Agrotec. 2016.

The mentioned baseline survey project for irrigation,⁴⁶⁷ also provided data about the overall physical condition of the irrigation systems: (i) Good: 25% of the marshland and 38% of hillside irrigation systems; (ii) Moderate: respectively 58% and 46%; (iii) Poor: approximately 15% of the assessed marshland and hillside irrigation systems. Flooding, high groundwater table, over-irrigation and/or poor drainage are reported as the main problems. Waterlogging is reported to be a problem in about a quarter of the assessed marshland and hillside irrigation systems for about 6 months.

⁴⁶⁶ Establishment of a baseline of agricultural households using irrigation systems. Final Report: Volume I Transtec/SHER/Agrotec. 2016.

⁴⁶⁷ Establishment of a baseline of agricultural households using irrigation systems. Final Report: Volume I Transtec/SHER/Agrotec. 2016.

Another recent study⁴⁶⁸ done in Rwanda, provided interesting information regarding irrigation adoption: (i) irrigation is a productive technology, enabling dry season horticultural production, and switching cropping patterns from perennial bananas towards a rotation of dry-season horticulture and rainy season staples, which itself is associated with an increase in input intensity. These boosts on-farm cash profits by 40-70%. (ii) adoption is partially constrained: access to irrigation causes farmers to substitute labour and inputs away from their other plots. Eliminating this substitution would increase adoption by at least 21%. (iii) this substitution is largest for smaller households and wealthier households. The previously mentioned study⁴⁶⁹ observes that only a minority of farmers adopts this technology four years after its introduction; only 30% of plots are irrigated 4 years after canals have become operational. At this low level of adoption, the sustainability of irrigation systems is in doubt: even the large gains in cash profits to adopters are unable to generate enough surplus to pay for routine maintenance costs.

Moreover, MINAGRI argued in Parliament that meeting the irrigation target has been hindered by the high cost of irrigation, land fragmentation, and encroachment of land designated for farming activities by construction projects. The target of fiscal year 2023/2024 is to irrigate 102,000 hectares of farmland, which is overambitious, therefore targets are going to be revised.⁴⁷⁰

Although there are differences between the data provided by MINAGRI and TRANSTEC/SHER/AGROTEC, there has been important government investment in irrigation. However, area coverage is still low (9%).

Land terraced with public funds and handed over to farmers with an acceptable level of soil acidity (pH >5.2)

During the period 2012-2018, a clear increase could be seen in the number of terracing implemented (Table 94).

Table 94: Land terraced 2012/13 and 2017/18, by type (has)

| Indicator | 2012/2013(*) | 2017/2018(**) |
|-----------------------------|--------------|---------------|
| Radical terracing (has) | 46,246 | 118,399 |
| Progressive Terracing (has) | 802,292 | 932,282 |

Sources: (*): Baseline PSTA III Result Framework. June 2014.

(**): MINAGRI Annual Report 2017-2018. September 2018.

No data is generated yet by MINAGRI and RAB on how many hectares were handed over to farmers with an acceptable level of soil acidity (pH >5.2). The actual situation is that terraces are constructed by private companies and they do not often measure the pH value during this implementation; therefore, we assume that no data is generated yet.

Rwandan soils are naturally fragile. Karamage and co-authors estimated the national soil loss due to erosion at 595 million tons per year, of which 95% was due to crop land erosion.⁴⁷¹ The soil erosion rate increases exponentially with the slope of the cropland linked with high rainfall. Soil erosion reduces soil fertility and causes declining cropland productivity; it also produces environmental damage in the form of sedimentation, pollution and increased flooding. The Rwandan landscape is characterised by high mountains and hills with very steep slopes which are the major cause of soil erosion and sedimentation. Almost 77% of all cultivated land in Rwanda are under the category of “moderate to high erosion risk soils” (slopes between 13- 55%); only 23% are classified under the “no or low

⁴⁶⁸ Factor Market Failures and the Adoption of Irrigation in Rwanda. Maria Jones and et al. December 16, 2019.

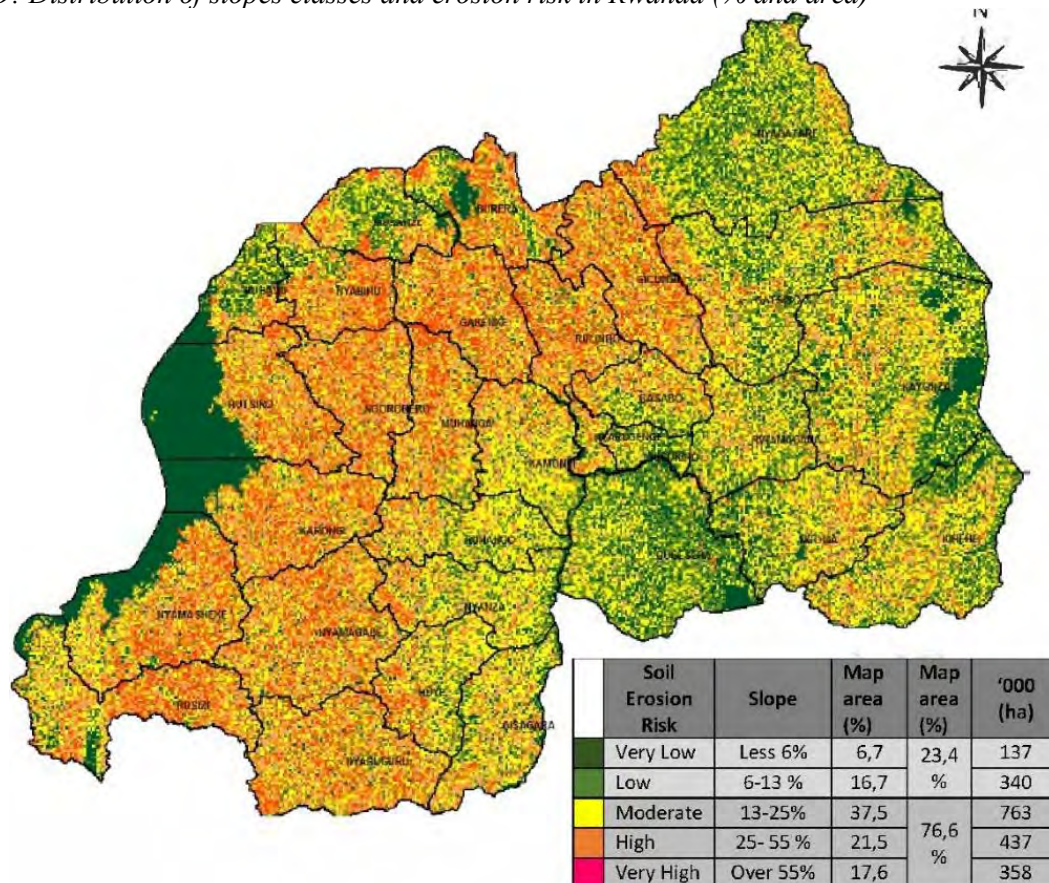
⁴⁶⁹ Factor Market Failures and the Adoption of Irrigation in Rwanda. Maria Jones and et al. December 16, 2019.

⁴⁷⁰ Government revises irrigation targets. The New Times. Rwanda. December 03, 2018.

⁴⁷¹ Karamage, F. et al. Modelling Rainfall-Runoff Response to Land Use and Land Cover Change in Rwanda (1990–2016). Water 2017,9,147; doi:10.3390/w9020147 www.mdpi.com/journal/water2 February 2017.

erosion risk” category (Figure 29). Overcultivation and expansion onto marginal lands and steep slopes is a result of land scarcity and demographic pressure. The people cultivating these marginal croplands are usually poor and use their available resources until depletion. In addition, the push for monocropping, the lack of crop rotation and the intensive use of fertilizers in some areas affected soil structure and soil fertility and promoted erosion.

Figure 29: Distribution of slopes classes and erosion risk in Rwanda (% and area)



Source: based on data: Rwandan Soil Health status for Sustainable Food Security and Economic Growth, Nabahungu, N, RAB-Rwanda. March 2013 and MINITERE, UNDP, GEF. 2007

Moreover, soil acidity is a major constraint to agricultural production in Rwanda affecting physical and chemical soil conditions. Almost 75 % of Rwanda’s land is below the critical threshold (Ph below 5.5) of soil acidity (Figure 30).⁴⁷² This is associated with a number of toxicities to plants (Aluminium) as well as mineral deficiencies.⁴⁷³ Most of the crops grown in Rwanda have limited tolerance to acid soils.⁴⁷⁴ Therefore, farmers and national production/productivity would benefit a lot if this acidity would be measured regularly (every two to three years), in order to determine the lime requirements adequately that can neutralise the acidity and in order to develop a complete technical package for different types of soils.⁴⁷⁵ Lime is an excellent soil acidity control tool and is available in Rwanda. However, large quantities are required. While RAB initially proposed a blanket lime application of 2.5 t per ha, this proved not enough when they started to measure. Next to the uncertainty on quantities needed, cost and transportation difficulties preclude lime from being accessible to smallholder farmers.⁴⁷⁶

⁴⁷² PSTA 4. July 2018.

⁴⁷³ One Acre Fund. Managing Soil Acidity with Lime (2015).

⁴⁷⁴ Nduwumuremyi A, et al. (2014). Soil acidity analysis and estimation of lime requirement for rectifying soil acidity. Int. Inv. J. Agric. Soil Sci. Vol. 2(2):22-26.

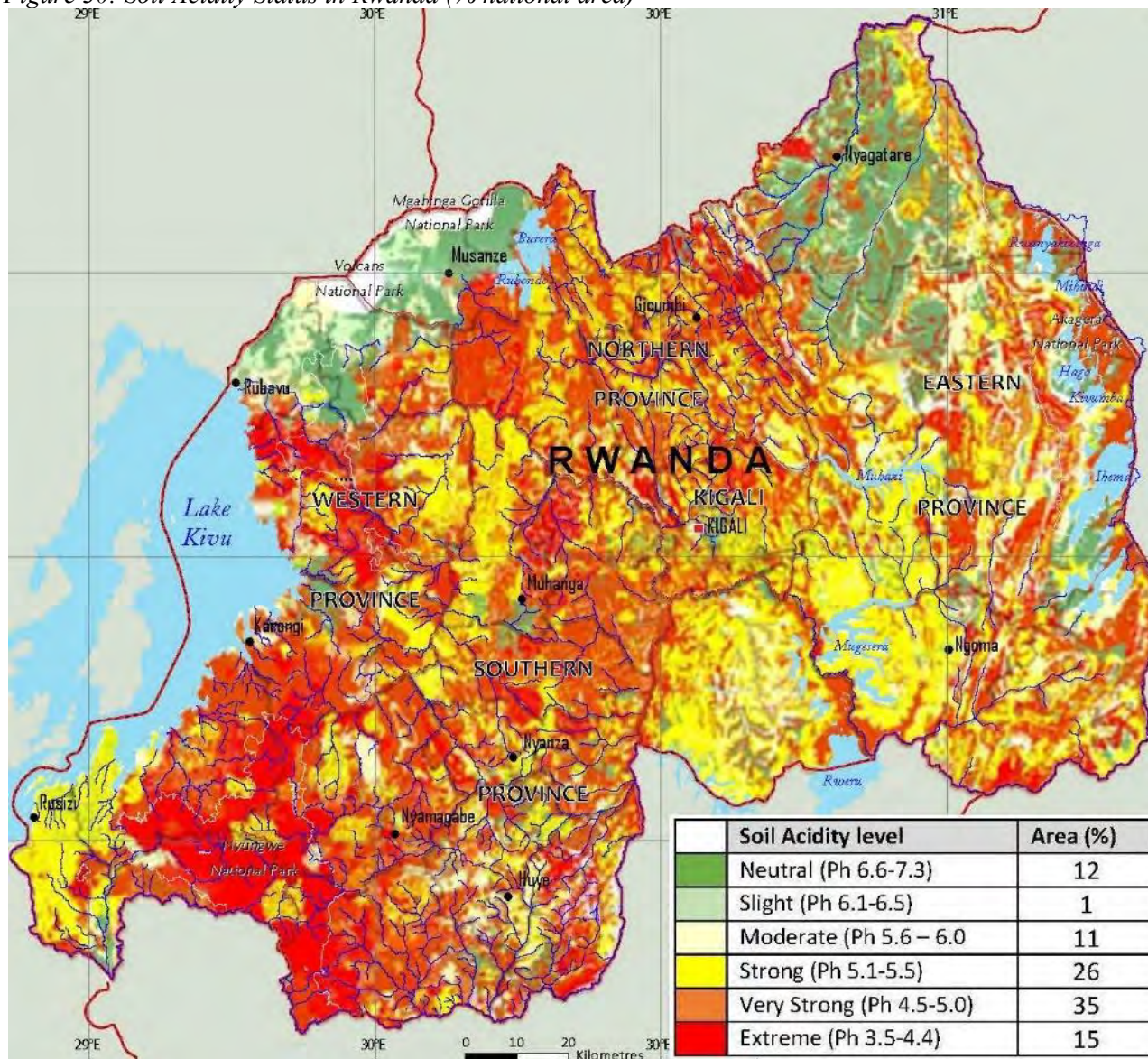
⁴⁷⁵ FAO soils portal: (<http://www.fao.org/soils-portal/soil-management/management-of-some-problem-soils/acid-soils/en/>) accessed April 2020.

⁴⁷⁶ Managing Soil Acidity with Lime (2015). One Acre Fund.

As “No of Hectares handed over to farmers with an acceptable level of soil acidity ($pH > 5.2$)” is an EU-GoR budget support indicator for disbursement, we highlight some issues:

- RAB and/or district technicians will require some minor equipment to measure and monitor this in the field. No funds are allocated yet for this purpose as mentioned by district agronomic staff during our field visits.⁴⁷⁷
- It is important that pH data will be reported in order to secure timely disbursement.

Figure 30: Soil Acidity Status in Rwanda (% national area)



Source: Rwandan Soil Health status for Sustainable Food Security and Economic Growth, Nabahungu, N, RAB-Rwanda. FAO Sept. 2015

New area under agroforestry systems (in Ha)

Farmers have been sensitized to plant agroforestry trees in order to increase the agroforestry areas to 85 % of all arable farmlands. The agroforestry policy focuses on multi-purpose tree species, to deliver wood, fodder, fruits and to fix nitrogen to the soil. Also, it's a means to protect soils against erosion and climate change.⁴⁷⁸

MINILAF provided the data (baseline and new planted area by GoR and the Districts) shown in

⁴⁷⁷ Interview with officials of Rubavu and Nyagatare Districts and MINAGRI staff.

⁴⁷⁸ Interview with official of Nyagatare District.

(Table 95). The data provided comply with the numerical indicator, but it was not in the form of Geodata as required for the verification of the EU performance indicator for disbursement of the variable tranche. Verification of this indicator was also difficult for the Auditor General.⁴⁷⁹

Table 95: Area under agroforestry systems (planted and maintained), 2016/17 and 2017/18

| Indicator | 2016/2017 (baseline) | 2017/2018 (new area) | Total |
|-------------------------------|-------------------------|-------------------------|---------|
| Area under agroforestry (has) | 172,761 | 45,644 | 218,405 |

Source: MINILAF Annual Report 2017-2018.

The study carried out for the EU that used Geographic Information Systems (GIS)⁴⁸⁰ concluded that the area under Agroforestry has increased by 89,919 has by mid-2018, while the target was 92,255, almost 97.5 % met (Table 96).

Table 96: Area under agroforestry systems developed with ground survey and remote sensing (2014-2018) (ha)

| Indicator | 2013/2014 | 2017/2018 | Increase | Target increase by 2018 |
|-------------------------------|-----------------------|-----------|----------|-------------------------|
| Area under agroforestry (has) | 87,000 ⁴⁸¹ | 176,919 | 89,919 | 92,255 (97.5 %) |

Source: Preparation of Agroforestry Public Investment Projects. Intermediary Report. COWI. December 2018.

The results of the survey are based on a density of 150 trees/ha and the last available guidelines (May 2018) from the RWFA/MINILAF indicate a density of 100-200 trees/ha to be considered as an agroforestry system. According to this lower density more plots, so more areas would be considered as part of the agroforestry system.⁴⁸²

However, while forestland occupied 43.3% of the territory in 1990 this was to only 14.3% in 2016 (Figure 31). Deforestation in Rwanda has continued and accelerated between 2010 and 2016, with 349,500 has of forest areas lost in that period.⁴⁸³ Between 1990 and 2016, more than 58% of the country's land areas were converted into croplands to meet the food demand, with massive deforestation as a result.

Number and % of households with access to improved drinking water, to improved sanitation and to hygiene services (WASH)

According to UNICEF⁴⁸⁴, basic water services (improved water source within 30 minutes collection time) declined marginally from 59 % to 57 % between 2013/14 and 2016/17. This trend shows that, despite the important national investment (RwF 35.4 billion annually), progress in coverage is barely keeping up with population growth. Coverage of basic drinking water services in rural areas reduced from 57 % in 2013/14 to 54 % in 2016/17, while coverage in urban areas increased from 67 % to 70 % during the same period (Figure 32).

National basic sanitation services (improved facilities, not shared) increased by 3 % (from 63 % to 66 %), between 2013/14 and 2016/17. There was an increase in coverage of both limited and basic

⁴⁷⁹ "Performance Audit of Environmental Protection Mainstreaming in Agriculture Sector", March 2019, Office of the Auditor General.

⁴⁸⁰ COWI, Preparation of Agroforestry Public Investment Projects. Intermediary Report. December 2018`.

⁴⁸¹ The indicator had a baseline of 57,745 has in 2013/2014. But the new study defined a new baseline: 87,000 has in 2013/2014 on the basis of a field survey.

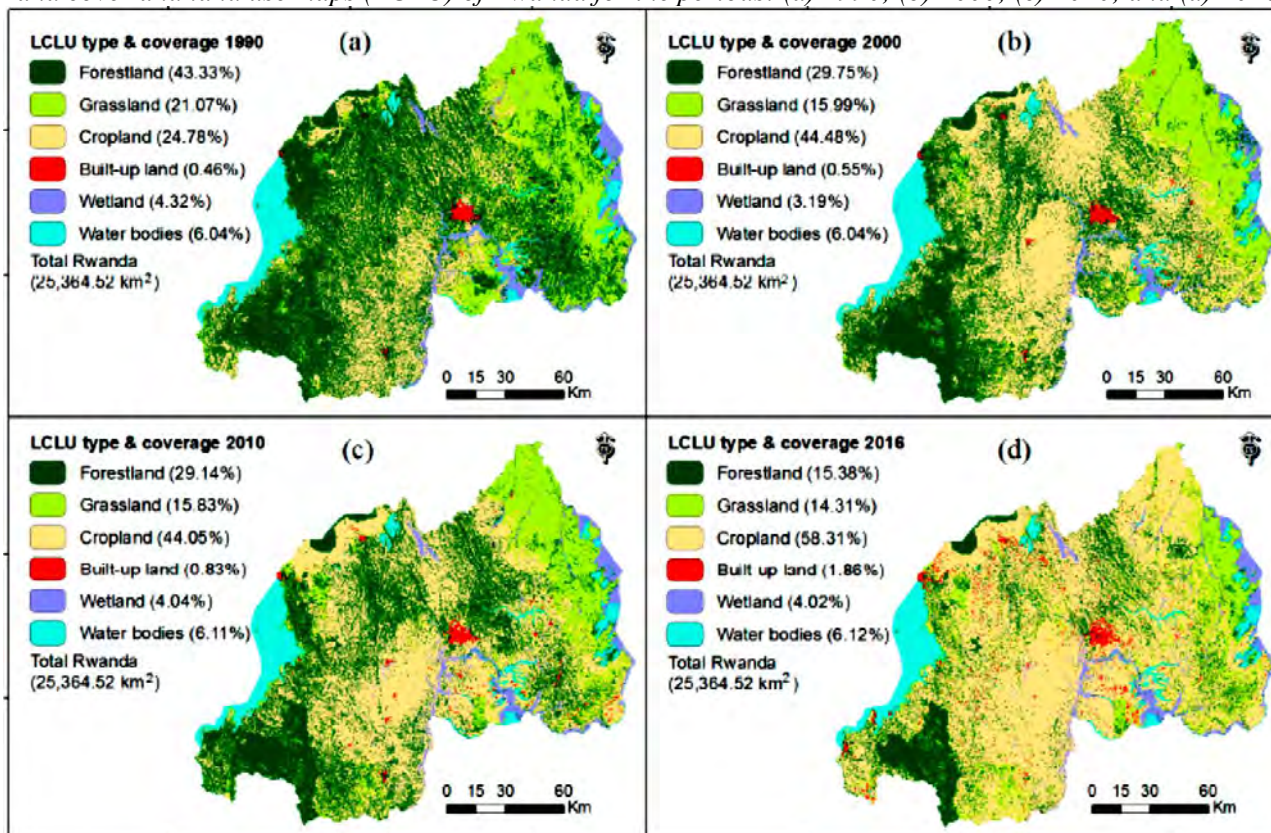
⁴⁸² MINILAF Annual progress report, financial year 2017/18,

⁴⁸³ Karamage, F et al. Modelling Rainfall-Runoff Response to Land Use and Land Cover Change in Rwanda (1990–2016). Water 2017,9,147; doi:10.3390/w9020147 www.mdpi.com/journal/water2 February 2017.

⁴⁸⁴ WASH Budget Brief: investing in water, sanitation and hygiene for child welfare in Rwanda 2019/2020. UNICEF. December 2019

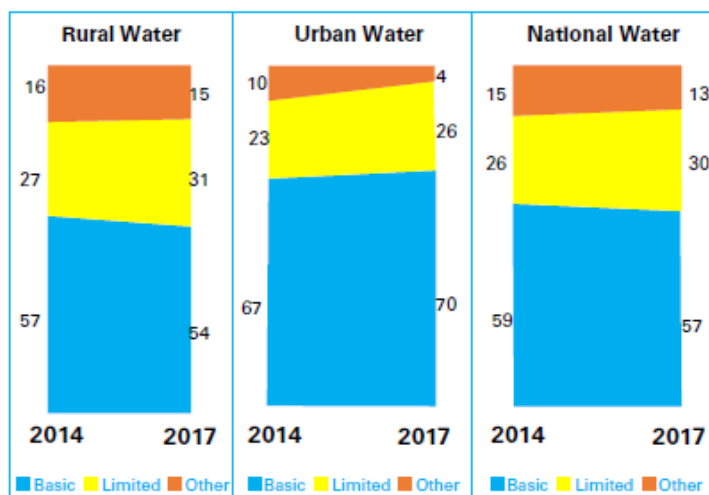
sanitation in rural areas, from 81 per cent to 84 per cent, and from 67 per cent to 71 per cent respectively. Nevertheless, the coverage of basic sanitation services in urban areas declined from 47 % to 45 % (Figure 33).

Figure 31: The national deforestation trend and cropland expansion during the period 1990 – 2016. Land cover and land use maps (LCLU) of Rwanda for the periods: (a) 1990; (b) 2000; (c) 2010; and (d) 2016.



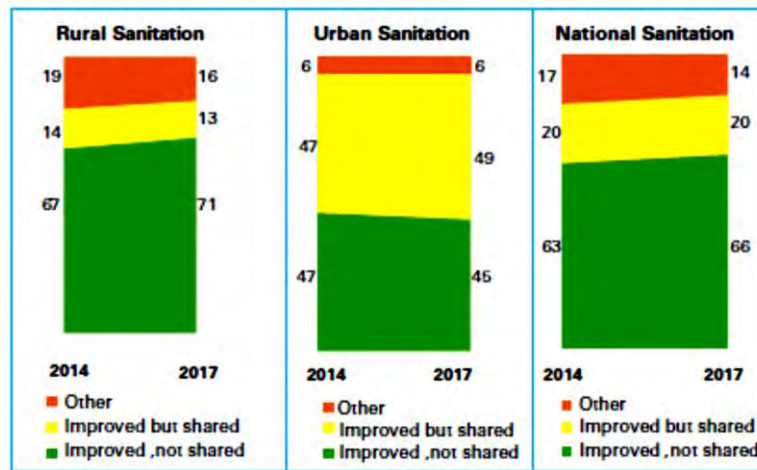
Source: Karamage, F et al. Modelling Rainfall-Runoff Response to Land Use and Land Cover Change in Rwanda (1990–2016). Water 2017,9,147; doi:10.3390/w9020147 www.mdpi.com/journal/water2 February 2017

Figure 32: Trend of drinking water services



Source: WASH Budget Brief: investing in water, sanitation and hygiene for child welfare in Rwanda 2019/2020. UNICEF. December 2019

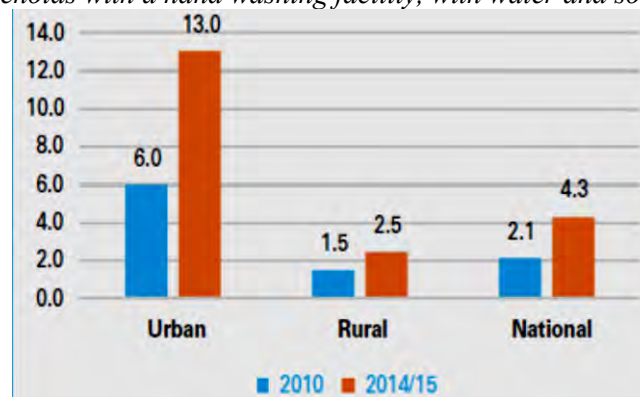
Figure 33: Trend of sanitation services



Source: WASH Budget Brief: investing in water, sanitation and hygiene for child welfare in Rwanda 2019/2020. UNICEF. December 2019

According to UNICEF, only 4.3 % of national households had an observed hand washing facility with soap and water in 2014/15. Urban coverage (13 %) is higher than rural coverage (2.5%) (Figure 34).

Figure 34: Trend of Households with a hand washing facility, with water and soap



Source: WASH Budget Brief: investing in water, sanitation and hygiene for child welfare in Rwanda 2019/2020. UNICEF. December 2019

The Rwandan household survey shows that household access to an improved drinking water source has increased between 2010/11 and 2016/17. Similarly, access to improved sanitation has also improved in that period (Table 97).

Table 97: Percentage of households with improved drinking water and sanitation, 2010/11, 2013/14 and 2016/17

| | 2010/11 | 2013/14 | 2016/17 |
|---|---------|---------|---------|
| Improved drinking water source (basic +limited) | 74.2 | 84.8 | 87.4 |
| Improved sanitation | 74.5 | 83.4 | 86.2 |

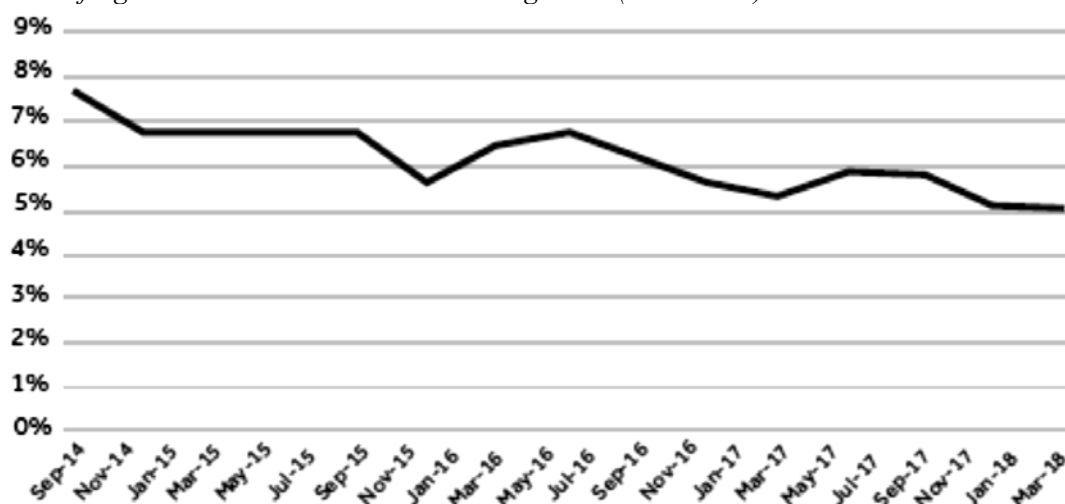
Source: NISR, Main Indicators Report 2018, based on EICV III, IV

In rural areas such as Ruhango District, famers and households still practice traditional waste disposal, including throwing waste in the open fields and farms, especially organic waste. However, burning of waste is prohibited.

Share of credit to the agricultural sector

The access to adequate and affordable financial services to small farmers remains a big challenge in Rwanda. Figure 35 illustrates the trend (September 2014 to March 2018) with a low level of loans to the agriculture sector which diminished from almost 8% to 5% in total loans in the country.⁴⁸⁵

Figure 35: % of Agriculture loans in total outstanding loans (2014-2018)



Source: Agriculture Finance Yearbook 2018. IPAR-Rwanda.

Nevertheless, in 2019 the share has increased to an average of 6.15 % of the total loans in the country.⁴⁸⁶

Length of feeder road network

In 2012, Rwanda had a road network of about 14,000 km, of which 1,075 km was classified as paved national roads, 1,785 km as unpaved national roads and 1,838 km as unpaved district roads (Table 98 below). The unclassified road network extended to about 9,300 km and had very bad conditions.

Table 98: Distribution of types of roads in Rwanda in 2012

| Road Classification | Length (km) |
|------------------------------------|-------------|
| Paved National Road | 1,075 |
| Unpaved National Road | 1,785 |
| Unpaved District Road | 1,838 |
| Other Roads including Feeder Roads | 9,302 |
| Total | 14,000 |

Source: Rural Feeder Roads – Sector Policy Support Programme – Formulation Study (Feb. 2012).

The Rural Feeder Road Development Programme (RFRDP) was formulated by GoR in 2012 and later implemented by MINAGRI. Four donors: EU, Netherlands, World Bank, and USAID coordinated to finance this major initiative to improve rural connectivity. Figure 36 shows the district distribution per donor. The RFRDP aimed to enhance market access and reduce transport costs for people as well as for goods. The program was expected to upgrade a major share of Rwanda's feeder road network into all-season roads.

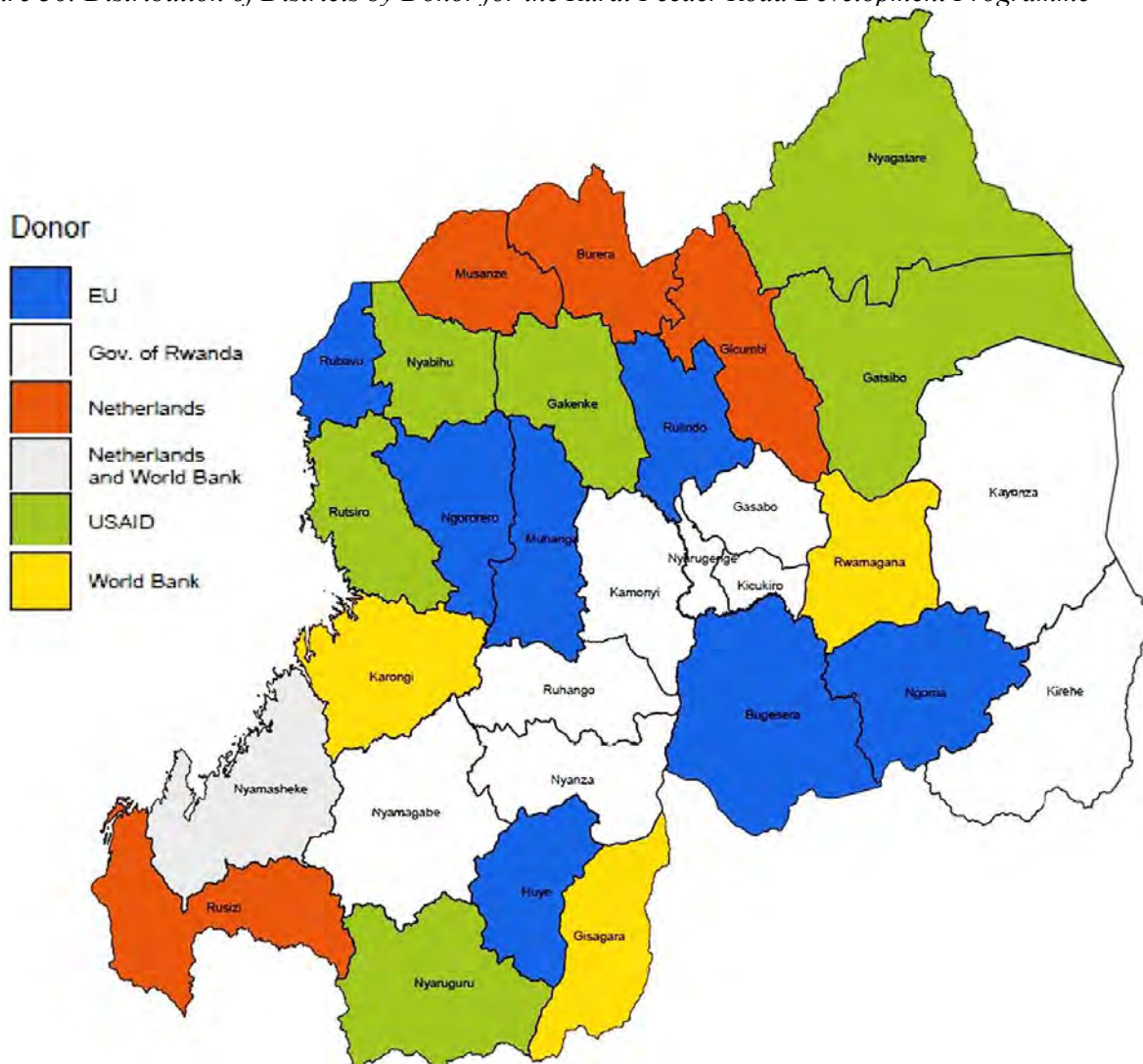
The EU Feeder Road Budget Support Programme signed on 04/10/2013 provided € 40,000,000, with performance indicators for the rehabilitation of 700 kilometres and the maintenance (according to established procedures) of 514 kilometres of feeder roads in the following 7 Districts: Bugesera,

⁴⁸⁵ Agriculture Finance Yearbook 2018. IPAR-Rwanda.

⁴⁸⁶ Interview official BNR and JSR-MINAGRI presentation October 2019.

Huye, Ngororero, Muhanga, Rubavu, Ngoma and Rulindo (Figure 36). The road rehabilitation and maintenance targets were achieved but it was unsuccessful with the capacity building component. The idea was that the budget support and projects work together to create a feeder road division in Ministry of Agriculture in coordination with the Road Authority and Local Governments but did not happen.⁴⁸⁷

Figure 36: Distribution of Districts by Donor for the Rural Feeder Road Development Programme⁴⁸⁸



An Impact Evaluation⁴⁸⁹ of feeder roads in Rwanda concluded with suggestive evidence that investing in feeder roads allows development of most inaccessible and disadvantaged areas, finding that:

- The annual average income for HHs in remote villages is \$72 less
- Feeder road rehabilitation increases HH income in remote villages by \$74 per year.

⁴⁸⁷ Interview with EUD staff.

⁴⁸⁸ Rwanda Feeder Roads Development Project Impact Evaluation. Report from the 2017 Follow-up Survey. March 2018. WB, EU and DIME.

⁴⁸⁹ Rwanda Feeder Roads Impact Evaluation. Data and preliminary analysis. March 20, 2019. WB, EU and DIME.

CASE STUDY – RULINDO DISTRICT: Involvement of civil society/community participation implemented in feeder roads routine maintenance.^{490,491}

Importantly, feeder roads construction and maintenance include other issues, such as:

- Provide community work opportunities for extremely poor households and women.
- Routine maintenance (cleaning works) using labour-intensive techniques and employing local workforce to the maximum extent possible, including participation of women and vulnerable people.

During the field visit the evaluators could see the following:

- The road Tumba-Base is maintained by several “community associations (CA)” composed by poor people (Category 1 of Ubudehe) living nearby under “cash for works” approach. The district pays monthly RwF 33,750 per km.

The works performed by CA include cutting herbs, removing land brought by erosion in gutters and under bridges.

- The total amount is paid monthly, or after two months in case of delay.

- Each worker is paid a salary of 1,200 RwF per day that he/she attended from 7:00 AM to 12: 00 PM from Monday to Friday, which makes a salary of 24,000 RwF per month.

- Workers are paid through SACCO; it has a saving policy that helps them to pay the annual Health insurance and other needs for their households

- This approach supports rural employment.

- In case of heavy damage, the district is in charge of the reparation: the CA reports to the sector (which is in charge of infrastructure), and the sector reports to the district.

Constraints:

1. The district provides the community associations only with simple tools: shovels, wheelbarrows, boots, etc. They were already insufficient at the start; after 2 years many no longer exist, and the association did not generate a replacement system.

2. Associations do not have access to materials to improve the road or to fill holes after significant rains. In addition, they do not have the capacity to perform major repairs.

3. The district budget for road maintenance is granted to all CAs, implying that the budget is not adequate when major repairs are required due to excessive rainfall or traffic.

Number and % of households benefitting from cash transfers and other social protection

The VUP program (Vision 2020 Umurenge Programme), run by the Ministry of Local Government, is the main social protection programme in Rwanda. It consists of three components: (i) a direct cash transfer for very poor households who cannot work, (ii) public works programme for very poor households who can work (iii) microcredit scheme that provides small loans at modest interest rates to individuals or groups.⁴⁹²

Table 99 shows the existence of a slight increase -from 4.1% to 4.4%- in coverage of households benefitting from one of the three components of VUP (Vision 2020 Umurenge Programme) during FY 2013/2014 to 2016/2017. Another 21.4% of all Rwandan households benefitted from other social programmes, the majority of which consisted of support for health or education (Table 100). Social protection for poor families helps to reduce malnutrition.⁴⁹³

⁴⁹⁰ Interview with Tumba Community Association, Rulindo District.

⁴⁹¹ Interview with Road Engineer Road Service & Maintenance, Rulindo District.

⁴⁹² National Institute of Statistics of Rwanda (NISR), VUP Report, December 2018.

⁴⁹³ Interview with district officers Nyagatare District.

Table 99: Access of households to VUP, in % of total households

| | 2013/14 | 2016/17 |
|----------------------------------|------------|------------|
| Direct support (cash transfer) | 1,1 | 1,3 |
| Public works | 1,7 | 1,9 |
| Financial services (microcredit) | 1,3 | 1,1 |
| Total VUP | 4,1 | 4,4 |

Source: National Institute of Statistics of Rwanda (NISR), VUP Report, December 2018.

Table 100: Access of households to other social programmes, in % of total households

| | 2016/17 |
|----------------------------|-------------|
| RSSB pension/old age grant | 1.4 |
| FARG | 1.2 |
| RDRC | 0.1 |
| Health/education payments | 14.5 |
| Food relief | 6.8 |
| Total non-VUP | 21.4 |

Sources: for 2016/17: EICV V, Main indicators report.

FARG: Genocide Survivors Support and Assistance Fund

RDRC: Rwanda Demobilisation and Reintegration Commission

INDICATOR 6.3.2- AGRICULTURE

| JC6.3 | Public service delivery strengthened in areas / sectors supported by budget support | |
|---------|---|---|
| 1.6.3.2 | Increased quality (incl. sustainability) of goods and services delivered in sectors supported by budget support, in particular at district level. | <ul style="list-style-type: none"> Quality of extension services, fertilizers, seeds, irrigation, WASH Quality of soil and agro forest conservation delivered |

Usually, MINAGRI Annual Reports mainly mention quantities of goods and services delivered. However, the following assessments can be made:

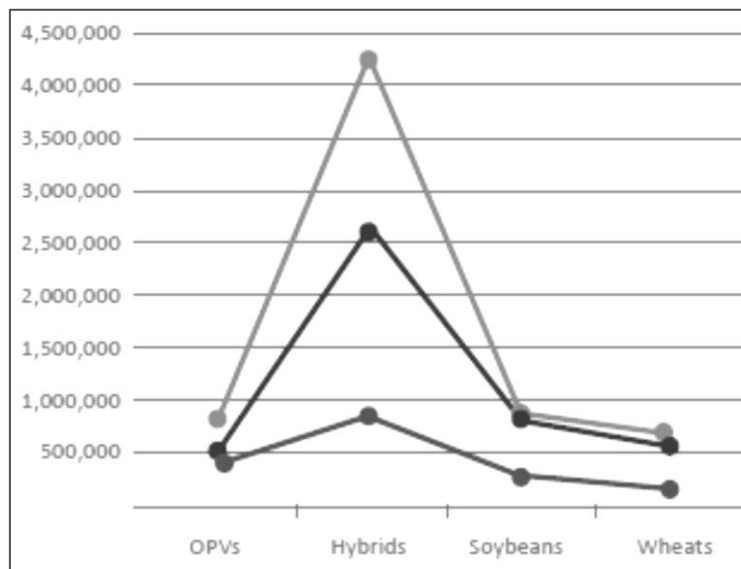
- **Extension:** It is a process in implementation which needs consolidation. During the period 2012-2018, the Twigire Muhinzi system has developed its structure all over the country, leading to an increase in the number of extension agents, but this does not necessarily imply that the existing system is effective for farmers in technology adoption. According to Imbaraga, only 40 % of farmer's cooperatives are functioning.⁴⁹⁴
- **Seeds and fertilizers:** The provision of seeds and fertilizers provided by the Twihire Muhinzi has improved.⁴⁹⁵ Most notably, the receipt of seeds in time for their cultivation stands out. The adoption of ICT allowed the farmer to place their order by telephone to the sector agronomist, who in turn informs the agro-dealers. Before, seeds and fertilizers were accessed through vouchers that had to be given by the agro-dealer and the seeds and fertilizers always arrived late.

According to PETS, most of farmers consulted had preference for high yield breeds, especially the imported ones as opposed to local varieties of which productivity is low. The figure below shows the types of seeds and their trend over the three years.

⁴⁹⁴ Interview with the staff of Rwanda farmers association.

⁴⁹⁵ Interview with Agriculture staff of Rubavu and Rulindo Districts and NGO One Acre Fund.

Figure 37: Annual seeds consumption for the last three financial years



Source: PETS-IPAR 2019.

- **Soil conservation/fertility:** A clear increase could be seen in the number of terracing implemented for soil conservation. It is an important national investment that does not fully achieve its goal due to the issue of soil acidity. District/sector agronomists and farmers know the soil acidity problem and its possible solutions. For this, farmers buy lime, but they do not know which volume is required. The district/sector agronomists do not have the means to measure the soil pH, so they have to provide farmers with volume approximations.⁴⁹⁶ Some land plots that have not been in productive use are now used for crop production and this has increased the size of land under cultivation in some districts.⁴⁹⁷
- **Irrigation:** Irrigation development in Rwanda is mostly a government initiative to achieve food security; it is not demand driven. This has resulted in an unsustainable scenario in which the GoR is carrying the entire costs of irrigation schemes.⁴⁹⁸ The government is the owner of schemes; for this reason, farmers hardly conduct maintenance.⁴⁹⁹ As a result, the sustainability of irrigation schemes and adoption rate can be questioned.⁵⁰⁰ According to PETS, the Small Scale Irrigation technology (SSIT) program has positively impacted the lives of its beneficiaries by (i) earning more money, (ii) better time management, (iii) job creation through seasonally hired other people to do agriculture activities in irrigated areas.
- **Agroforestry (AF):** On the one hand Government staff view is that farmers do not understand or appreciate AF; on the other, farmers like AF programmes, but not the way they are implemented (see I.6.3.3). Government-supplied seedlings have a very low survival rate when planted in farmers' fields; farmers often neglect them to the point where the vast majority die within three months. One reason is that trees compete with food crops and are less desired; and if AF is desired, seedlings are not available.⁵⁰¹
- **WASH:** Although the important national investment implemented in WASH, it mainly covers population growth.⁵⁰²

⁴⁹⁶ Interview with Agriculture staff Rubavu and Rulindo Districts; Focus groups with farmers Rubavu and Rulindo Districts.

⁴⁹⁷ PETS. Rwanda Public Expenditure Tracking Survey In Agriculture, Environment and Nutrition sectors. Main Report. IPAR. 2019

⁴⁹⁸ Establishment of a baseline of agricultural households using irrigation systems. Final Report: Volume I Transtec/SHER/Agrotec. 2016

⁴⁹⁹ Interview with Agriculture staff Rubavu and Rulindo.

⁵⁰⁰ Factor Market Failures and the Adoption of Irrigation in Rwanda. Maria Jones and et al. December 16, 2019.

⁵⁰¹ Preparation of Agroforestry Public Investment Projects. COWI. August 2019.

⁵⁰² WASH Budget Brief: investing in water, sanitation and hygiene for child welfare in Rwanda 2019/2020.

UNICEF. December 2019

INDICATOR 6.3.3- AGRICULTURE

| JC6.3 | Public service delivery strengthened in areas / sectors supported by budget support | |
|---------|--|---|
| 1.6.3.3 | Improved population perception of GoR performance as regards service delivery in agriculture | <ul style="list-style-type: none"> • Perceptions of extension services, fertilizers, seeds, irrigation delivered, WASH. • Perceptions of quality of soil and forest conservation delivered. |

Perception of GoR performance as regards service delivery in agriculture

In individual interviews and focus groups conducted with small farmers⁵⁰³ benefiting from LUC, and other academic studies it has been stated:

- As for the extension service, farmers perception is that service delivery has improved, as: (i) sector and cell agronomists are more visible on field (not the case before); (ii) Technical advice have changed some practices, such as row distance; (iii) production has increased, (iii) Before, farmers were growing traditional crops for consumption, with limited access to market. Nevertheless, Farmer Promoters needs better training.⁵⁰⁴
- Their access to (50%) subsidized seeds and fertilizers provided by the GOR through agro dealers has improved in the last two years; the main perception is the reception of seeds in time for their cultivation. “for example, if you look around in the villages/farms crops are growing everywhere”.⁵⁰⁵ Nevertheless, some farmers complain because they have to pay cash the other 50% and it’s difficult to afford it. They mentioned the positive case of One Acre Fund which provides a credit.⁵⁰⁶
- Soil conservation/fertility: famers view is positive on terraces but identify the problem of acid soils related with low productivity. They identify acid soils because a characteristic grass grows, not related to a technical approach.
- Irrigation: Farmers’ perception about irrigation project design and implementation is that pumps are not enough to irrigate hillsides terraces. Improvements in irrigation is done by individual farmers.⁵⁰⁷
- Agroforestry: Farmers value agroforestry, but not the AF programmes as practised. Other major complaints cited are:⁵⁰⁸
 - *AF is imposed by the district and farmers are not consulted about the species they receive to plant.*
 - *There is no collaboration between the forestry officer and the agricultural officers, and farmers receive conflicting advice.*
 - *Farmers wish to increase tree density where trees already exist; Districts prefer to plant new areas.*
- WASH: community mobilization and behaviour change are seen as positive.
- However, some recent academic research⁵⁰⁹ on Rwanda, shows another perspective on LUC. It may have led to increased production of priority crops at the national level but may not have benefited vulnerable populations or food security at the household level. These studies present

⁵⁰³ Focus groups with farmers Rubavu, Rulindo, Nyagatare and Rubabu Districts.

⁵⁰⁴ Field interview in Rulindo, Ruhango District.

⁵⁰⁵ Focus Group Nyagatare District.

⁵⁰⁶ Focus Group Rubabu District.

⁵⁰⁷ Focus groups with farmers Rubavu and Rulindo Districts.

⁵⁰⁸ Preparation of Agroforestry Public Investment Projects. COWI. August 2019

⁵⁰⁹ Weatherspoon et al. (2019), Stunting, food security, markets and food policy in Rwanda. BMC Public Health (2019); Del Prete et al. (2019), Land consolidation, specialization and household diets: evidence from Rwanda. Food Policy. Del Prete et al. 2019; 83:139–49 <https://doi.org/10.1016/j.foodpol.2018.12.007>; Niyonasenze, S. Et al. (2017) An Effective Policy Strategy for Utilization of Fragmented Lands in Rwanda: LUC from Farmers Perspectives. International Journal of Agricultural Extension and Rural Development Studies.; Ansoms,A et al. (2018), The Rwandan agrarian and land sector modernisation: confronting macro performance with lived experiences on the ground. 2018. Review of African Political Economy, 45:157, 408-431, DOI: 10.1080/03056244.2018.1497590. <https://doi.org/10.1080/03056244.2018.1497590>

some divergences between programme intent (improved nutrition in the context of agricultural growth) and programme outcomes (improved income through sales of nutritious foods). The reduction in dietary diversity due to this (monocropping) policy has major implications for the reduction of stunting in children of Rwandan farmers.

- **Another main constraint limiting the implementation of this long-term policy package is the low farmers' participation in its design and implementation.** Participation is voluntary but is a prerequisite to access GoR programme/benefits. Figure 1 shows that 75 % of the farmers participating in LUC were not consulted on the LUC policy, and 79% did not have a say in crop selection. Farmers are induced to grow the priority crops chosen by the government.

The Citizen Score Card is a tool for the collection and production of feedback from citizens in fifteen sectors/areas with a purpose to ensure improvement in the quality of service delivery in Rwanda. It gives feedback to service providers in both public and private sectors. Table 101 presents the ranking for the 15 sectors. It is particularly interesting that the sectors related to agriculture (agriculture, livestock, infrastructure and land) have the lowest ranking in satisfaction; hygiene and sanitation is in the middle of the table.

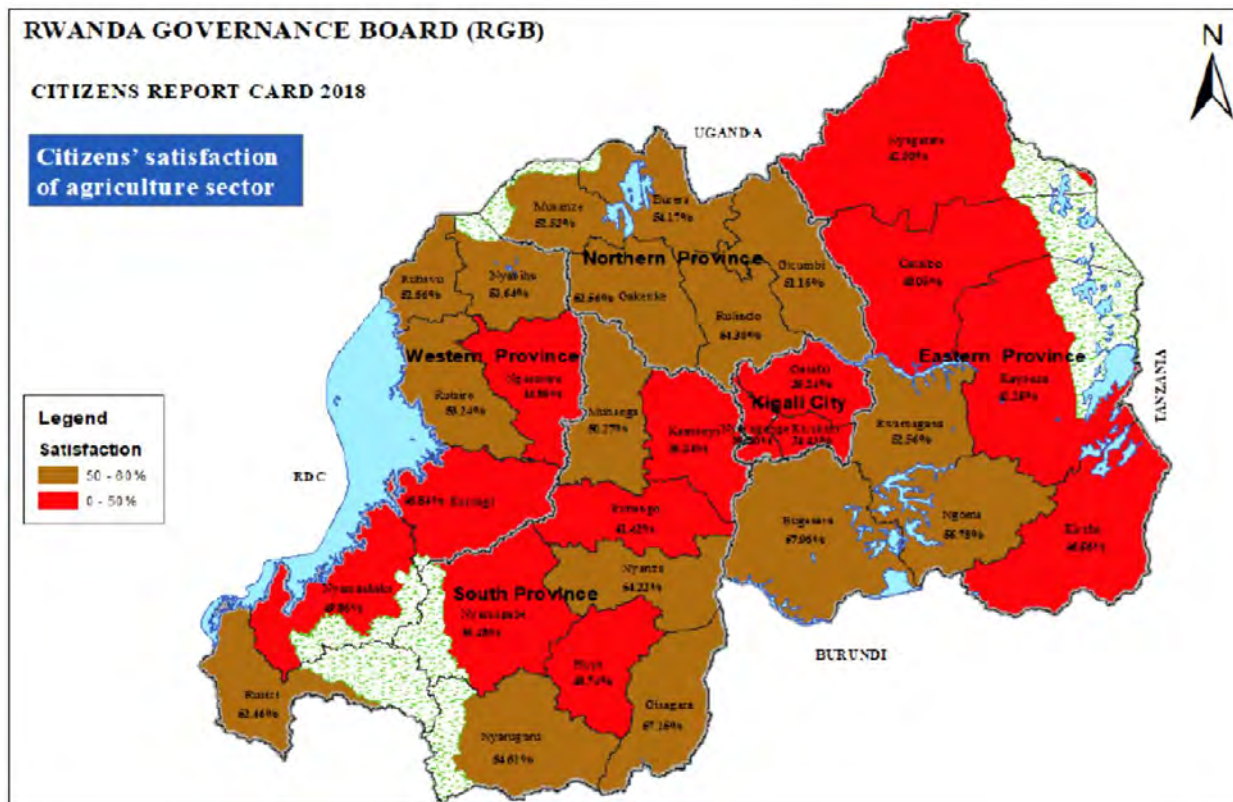
Table 101: Citizen Satisfaction Sector Specific Ranking 2018

| N° | SECTOR | SCORE 2018 |
|----|---|--------------|
| 1 | SECURITY | 87.98% |
| 2 | GOVERNANCE AND RESPECTS OF HUMAN RIGHTS | 87.50% |
| 3 | JUSTICE | 76.44% |
| 4 | CITIZEN PARTICIPATION | 75.89% |
| 5 | LOCAL ADMINISTRATION | 71.96% |
| 6 | FAMILY ISSUES AND GBV | 71.89% |
| 7 | HEALTH | 70.84% |
| 8 | HYGIENE AND SANITATION | 68.22% |
| 9 | SOCIAL WELFARE | 68.21% |
| 10 | PRIVATE SECTOR | 64.42% |
| 11 | EDUCATION | 64.00% |
| 12 | LAND | 63.41% |
| 13 | INFRASTRUCTURE | 61.31% |
| 14 | LIVESTOCK | 57.75% |
| 15 | AGRICULTURE | 49.41% |
| | OVERALL | 69.3% |

Source: Citizen Score Card 2018. Rwanda Governance Board (RGB)

When analysing the distribution by district / province, it can be seen that the greatest degree of dissatisfaction in agriculture is found in the Eastern, Southern and Western provinces (Figure 38).

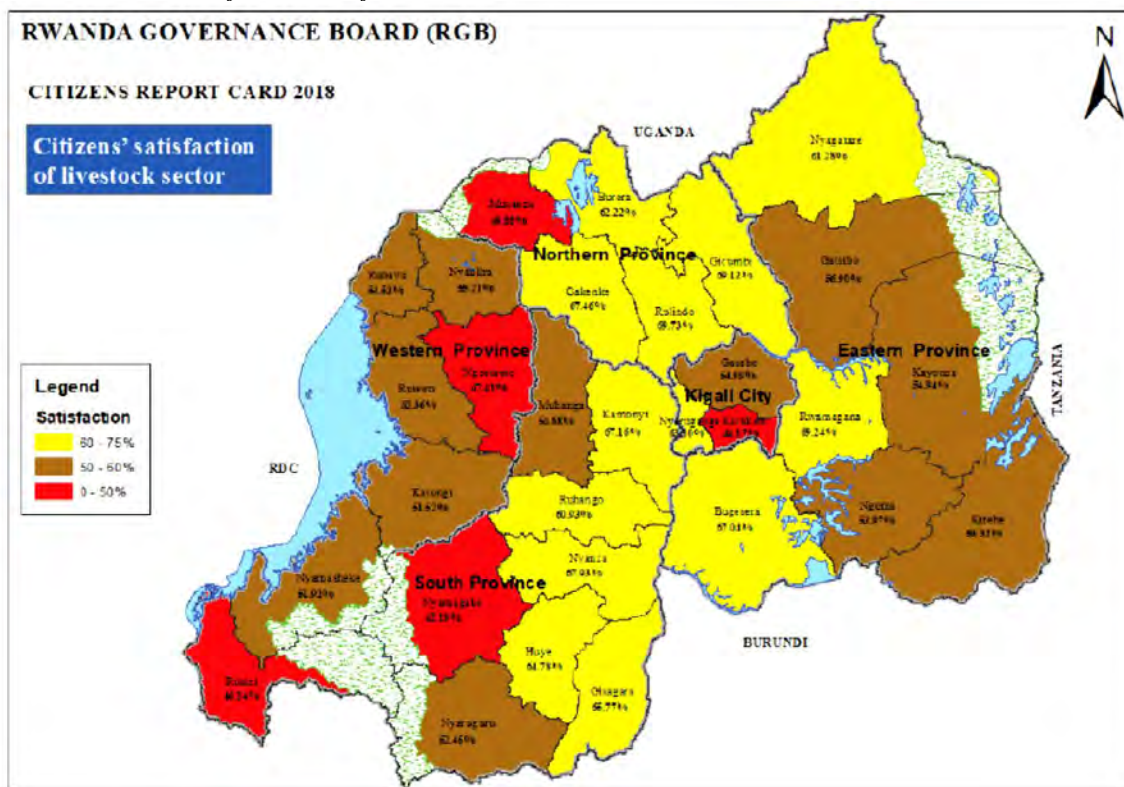
Figure 38: Citizen’s satisfaction in agriculture sector



Source: Citizen Score Card 2018. Rwanda Governance Board (RGB).

In the case of livestock, the dissatisfaction is more diffuse but still concentrated in some districts of the southern and western Provinces.

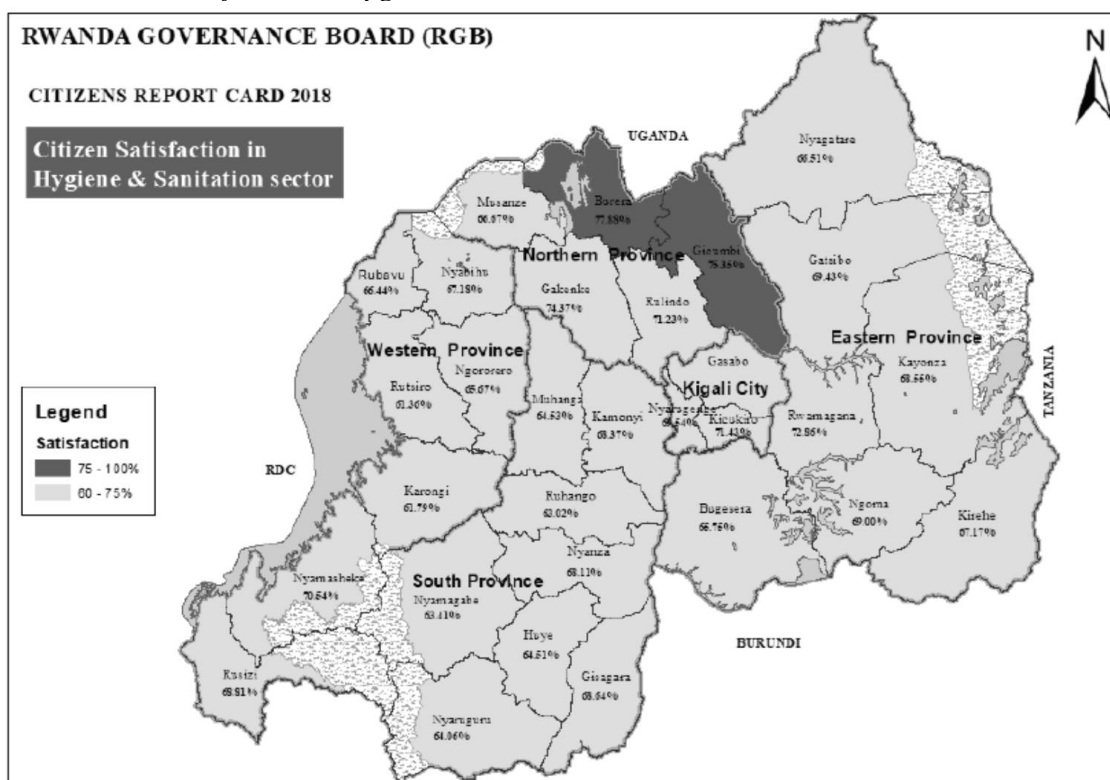
Figure 39: Citizen’s satisfaction in of Livestock sector



Source: Citizen Score Card 2018. Rwanda Governance Board (RGB).

In the case of hygiene and sanitation, the level of satisfaction is higher all over the country.

Figure 40: Citizens' satisfaction in Hygiene and Sanitation sector



Source: Citizen Score Card 2018. Rwanda Governance Board (RGB).

STRENGTH OF EVIDENCE: STRONG

Table 102: Overview of evidence for JC 6.3 for Agriculture sector

| | Documents and statistics | | | | Interviews | | | |
|---|--------------------------|-----|------------|-------|------------|-----|-------------|-----|
| | EUD | GoR | World Bank | Other | EUD | GoR | Focus Group | CSO |
| JC6.3: Public service delivery strengthened in areas / sectors supported by budget support | | | | | | | | |
| I.6.3.1 Increased volume of goods and services delivered in sectors supported by budget support, in particular at district level. | X | X | X | X | X | X | X | X |
| I.6.3.2 Increased quality (incl. sustainability) of goods and services delivered in sectors supported by budget support, in particular at district level. | X | | | X | X | X | X | X |
| I.6.3.3 Improved population perception of GoR performance as regards service delivery in agriculture | X | X | | | | X | X | X |

JUDGEMENT CRITERION 6.4 - AGRICULTURE

INDICATORS 6.4.1 AND 6.4.2

| | | |
|----------------|---|--|
| JC6.4 | Budget support has contributed (directly or indirectly) to the observed changes in ways which could not have occurred through alternative aid modalities | |
| I.6.4.1 | Evidence of direct or indirect causal links with the different budget support inputs (in interactions or not with other effects generated by GoR). | <ul style="list-style-type: none"> Direct or indirect links with budget support will be examined for all of the indicators above. |

| | | |
|----------------|---|--|
| 1.6.4.2 | Comparative analysis between budget support and other forms of aid. | <ul style="list-style-type: none"> Extent to which budget support was the best modality to achieve the above induced outputs (if any) in comparison with other aid modalities |
|----------------|---|--|

In order to assess the present JC, we analyse the developments and trends of the different budget support inputs and their possible contributions to the Public service delivery and management in agriculture. The most relevant inputs for this JC are the resources, the specific performance conditions/indicators, the policy dialogue, and complementary measures for the Sector Reform Contract in Agriculture Decentralized Agriculture and SBS for eliminating Malnutrition. The conditions for macroeconomic stability, public financial management and budget transparency were discussed under EQ 4-JC 4.4.1. Decentralisation is presented in EQ 5, including the Decentralized Agriculture contract (2010-2016) which had several specific conditions on local government planning and reporting.

Resources and performance indicators

The amount allocated to the SRC is M€ 182 for the period 2016-2021, considering a distribution of 47% fixed tranches and 53% variable tranches.⁵¹⁰ The fixed tranches on the SRC were always disbursed in full. However, some elements of concern related with the Policy Framework were pointed out by EUD such as household resilience and food security, military distribution of fertilizers, RAB and MINAGRI capacities and farmers and private sector participation.⁵¹¹

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

Fourteen indicators were designed for variable tranches disbursement (2017 and 2018). Majority are related with the improvement of M&E capacities of GoR (baselines, Agriculture surveys by NISR, studies, etc.). Only one indicator is related with best farming practices (coffee sector) and two others with rural credit. Two others for PFM tracking (See examples Table 103). Only eight (57%) indicators meet the condition for disbursement for variable tranches disbursement (2017 and 2018); one partially and five (35%) did not meet the condition. With these results, GoR lost 33% of the total amount of variable tranches disbursements (2017 and 2018), almost M€ 15.

Table 103: Overview of seven indicators for variable tranches of the SRC Agriculture and assessment for the first two variable tranches disbursement

| Year | Indicator for variable Tranche | Result at the moment of the assessment |
|---------|--|--|
| 11/2017 | 3a. Status of Upgrade Agriculture Survey (modular, multi-year) | Condition met. The design has been finalized according to high standards and in time. |
| 11/2017 | 4a. % of agricultural households using irrigation systems compared to all agricultural households | Condition met. Baselines have been made with some slight delays partly under EU accountability. Methodology has been agreed. |
| 11/2017 | 150 SACCOs automated | Condition not met. 117 SACCOS were under the process of automation by July 2017 |
| 11/2018 | 1.b. Prevalence of stunting among children aged 6-23 months established in the National Nutrition Screening Exercise | Condition met. Even though with important delays, and some qualitative issues, the revised baseline has been established, validated and is 32% |
| 11/2018 | 4.b Status of updated Irrigation Master Plan | Condition not met. Draft report covering the irrigation potential has been done. The report however is not yet a draft final |
| 11/2018 | 6.b Baseline plus 10% of Agriculture loan portfolio of Umurenge SACCOs (Savings and Credit Co-operatives) and MFIs (Micro- | Condition not met. The EUD concurs with the analysis of MINECOFIN. There has been no progress and the poor performance of the sector in 2016/17 (partially due to drought spikes) aggravated the situation. |

⁵¹⁰ Financing Agreement.

⁵¹¹ Progress in Indicators. Planning for Success. EUD May 2017.

| | | |
|---------|--|--|
| | finance institutions) automated (in Billion RWF per year; in constant 2011 prices) | |
| 11/2018 | 7a. Dissemination of best farming practices in the coffee sector | Condition met. The guidelines were elaborated, validated and were shared with coffee stakeholders |

Source: EU Disbursement Notes 2017 and 2018 (3rd and 4th disbursement).

There are some lessons learned related with performance indicators:

- There is considerable variation in some indicators (has land irrigated and agroforestry) between the data provided by MINAGRI and MINILAF and the specific studies commissioned by the EUD (explained in I. 6.3.1).
- Indicator 4b. (Table 103) included the requirement to update the Irrigation Master Plan (3M€). EUD alerted several times the GoR to develop on time this study. The budget approval from MINECOFIN to finance the updating of the Irrigation Master Plan, come late. Finally, the condition was not met.
- EUD financed the baseline study of agricultural households using irrigation systems (Indicator 4a), but afterwards MINAGRI and RAB didn't follow the progress and improve with their own M&E capacities.

Despite the efforts of the EUD observed by the evaluators, there remains a serious problem concerning compliance with indicators and reports. The information generated by MINAGRI is not suitable for some reports on disbursement-linked indicators⁵¹². The indicators arose from the Strategy and the targets, despite being ambitious, were in itself not the biggest problem.⁵¹³ The limitation is presented in (i) the interpretation of the indicators, mainly in the type of information required to be generated, how and when (ii) the lack of budget allocation in time for the above. Usually, MINAGRI/RAB prepares the reports with cumulative data generated by its technical services, which has limitations regards the reliability and validity, as already presented in I6.2.2, 6.2.3 and 6.2.4. Definitely, this problem of indicators measurement affects the disbursements of variable tranches and is a reason for improving GOR's M&E capabilities. EUD is doing big efforts on this issue.

In addition, MINAGRI/MINECOFIN has had difficulties when the action is beyond government control, such as job creation by the private sector in value chain.

The EU had other Budget support programmes related with Agriculture:

- Sector Budget Support for Agricultural Intensification: supports the effort of GoR to implement the SPAT II, focusing on CIP. It contributed to increase of imported fertilizer, production of key food security crops, soil erosion, develop the agriculture mechanization Strategy, and others.⁵¹⁴
- Rural Feeder Roads Development Programme (RFRDP): this one helped to construct 800 km and to rehabilitate 514 km of feeder roads.
- Decentralized Agriculture: it contributed to improving agricultural outcomes and PFM capacities at district level.

Regarding the performance indicators for SBS Decentralised Agriculture, there was some particular issues: When analysing for example the variable tranche for FY 2014/15 (Table 103) it has 7 performance indicators in following areas: District Public Financial Management, Decentralized Service Delivery, Agricultural Outcomes and Data Quality. Six out of 7 performance targets have been met in Fiscal Year 2013/14.

⁵¹² Interview with PS MINAGRI.

⁵¹³ Interview with PS MINAGRI.

⁵¹⁴ EUD. Disbursement of the second fixed tranche. Sector budget support for Agricultural Intensification- Food Facility. December 2010.

Of particular interest is the indicator about soil erosion protection, which EUD couldn't verify if it was met. GoR presented a performance report with data on erosion control (area of new radical and progressive terraces and agroforestry); plus, additional clarifications requested later by EUD. But the GoR could not (i) explain the assessment methodology (ii) define quality of the mentioned established structures. Without this information it was difficult to assess the reliability of the data provided. Therefore, EUD consulted external experts, which had confirmed the possible existence of some overestimations, due to that District-baselines were already overstated from the beginning. Moreover, the Addendum N° 2 to the Financing Agreement (May 2015), defined the methodology to generate the information: GIS technology and field verification. Therefore, it was difficult for the EUD to judge if the target had been met. The data we received would lead to the conclusion that it is met, but evidence about the use of the improved verification methodology (use of GIS tools in combination with field data collection and analysis) and the applied calculations was not provided to them. The EUD recommendation was to not disburse the amount related to this indicator at that point. EUD requested a GIS survey and field verifications to investigate and confirm that the target was met as of 30.06.2015 and to postpone the disbursement of the related tranche accordingly.⁵¹⁵ This generated an important lesson learnt for future action, as something similar happened again in the Sector Reform Contract in Agriculture with agroforestry and irrigation indicators.

Table 104: Overview of two indicators for variable tranches of the SBS Decentralised Agriculture

| Year | Indicator for variable Tranche | Result at the moment of the assessment |
|-----------|--|--|
| 2014/2015 | % of districts submitting a Performance (Imihigo) Report for previous year | Condition Met: IMIHIGO evaluation FY 2013/2014 – Final Report; MIS (Functional Specifications; March 2015) |
| 2014/2015 | Area of cultivable land protected against soil erosion (in %) | Not clear if target is met: MINAGRI Annual Report 2013/14; Rwanda Agriculture Board Report on Erosion Control Data-Fiscal Year 2013/14. |

Source: Sector Budget Support Program (SBS) for Decentralized Agriculture. Disbursement for Fiscal Year 2014/2015.

The performance indicators for SRC Eliminate Malnutrition, had also some particular issues. The Variable Tranche for FY 2014/15 achieved 5 out of 8 performance targets (Table 105). Regarding the indicator % of households with an acceptable Food Consumption Score, a problem appeared with which methodology measure it (CARI approach, Coping Strategy Index/CSI).

Table 105: Overview of four indicators for variable tranches of the SRC Eliminate Malnutrition

| Year | Indicator for variable Tranche | Result at the moment of the assessment |
|-----------|--|--|
| 2014/2015 | Prevalence of stunting among children aged 6-59 months | Condition Met: It reached 38% |
| 2014/2015 | Prevalence of anaemia among children aged 6-59 months | Condition not Met: Target was 30% and reached 38% |
| 2014/2015 | % of households with acceptable Food Consumption Score | Condition not Met: Target was 81% and reached 74% |
| 2014/2015 | Proportion of livestock protein production in total of recommended "safe" protein consumption (in %); (weight: 10%). | Condition Met: It reached 18% |

Source: SRC Eliminate Malnutrition. Disbursement for Fiscal Year 2014/2015.

⁵¹⁵ EUD. Sector Budget Support Program (SBS) for Decentralized Agriculture. Disbursement for Fiscal Year 2014/2015.

Policy Dialogue

The GoR has a strong ownership of Development Agenda, which is very positive. But the policy dialogue is considered by many DPs to be constrained to technical issues and with limited participation.⁵¹⁶ The HLPD is seen by the GoR as the way to establish the basis of the financing agreement and to agree on the definition, interpretation, modification of indicators.⁵¹⁷ Also, there is limited link between the highest policy level in the country and the sector dialogue, both in HLPD and the ASWG. MINAGRI has regular exchanges with sector stakeholders at the ASWG, but mainly at technical level. The main issues are rarely discussed with enough depth. When the EUD and other DPs brought up in July 2016 their concerns about “MINAGRI's plan to design a new input distribution system led by the reserve forces”; which might cause a potential setback in input distribution by the private sector, they also presented some suggestions as part of the dialogue process. MINAGRI provided an answer in November 2017; “stating that it was a temporary solution to fix corruption issues found in input subsidy management”.⁵¹⁸

Nevertheless, during the development of the new policy (PSTA4), there was an open and fluid dialogue with active participation of stakeholders (including the Private Sector and farmers organizations). This provided ownership on the final results that is now considered by all stakeholders as the basis for discussion on the sector.⁵¹⁹

The EUD jointly with other DPs has made several proposals in Working Groups to GoR, and some were successful. The EU-MINAGRI policy dialogue contributed directly to the inclusion of Farmers Organizations (ie. Imbaraga) in the consultation process of PST4 and in the ASWG. It also led to the inclusion of Small Livestock Programme (pigs and chicken) to improve protein consumption.⁵²⁰

Moreover, the EUD has expanded its policy dialogue through regular consultations (e.g. roundtables) with Non-State Actors. The EUD has contributed to developing CSO's advocacy capacities through NGOs call of proposals – so through interventions not directly related to budget support.

Complementary Measures

Under the Sector Reform Contract FED/2014/037/486 several complementary measures were included with a budget: M€ 19.68.⁵²¹

- TA component (TECAN) to enhance governmental policy, strategic planning, PFM and M&E capacities in the sector. GoR contracts. Budget M€ 5. Status: on going.
- TA to support ASWG. Budget: M€ 0.2. Status: closed.
- NISR support GIS/remote sensing and ICT-based data supplies. GOR contracts. Budget: M€ 0.5. Status: closed.
- NAEB: Sustainable food value chain development: GoR contracts. Indicative amount. Supplies: M€ 3.5 + CfP M€ 6. Status: on-going. Technical Assistance to support NAEB's capacity to upgrade the specialised export quality infrastructure.
- WB. Support in establishing integrated agricultural household surveys and agricultural impact analysis. Grant: direct award. Budget: M€ 3. Status: on going.⁵²²
- FAO. Support in the preparation of Rwanda's PSTA 4 and ASIP-3. Grant: direct award. Budget: M€ 0.5. Status: closed.

⁵¹⁶ Interviews with representatives of donors.

⁵¹⁷ Interview with NAO and MINECOFIN staff.

⁵¹⁸ Policy Dialogue meeting on the Agriculture Sector 2nd November 2017,

⁵¹⁹ Interview with representatives of One Acre Fund and Imbaraga.

⁵²⁰ Interview with EUD staff.

⁵²¹ Financing Agreement and Addendum 1 (22/12/2017).

⁵²² The mission asked the WB for information and interviews without practical results.

The complementary measures had mixed results:

- On one side, the support to National Institute of Statistics (NISR) has improved their technical capacities and equipment to upgrade the National Seasonal Agriculture Survey; reports are available to the public. NISR staff has clarity on what to do and what is needed for implementation. If they cannot reach the targets, they express it during initial design.⁵²³ This constitutes a direct achievement of the budget support. Moreover, FAO contributed with policy development through formulation of full PSTA 4 and ASIP-3.^{524,525} Both were much appreciated and positively used by GoR.⁵²⁶
- On the other side, MINAGRI and agencies are questioning EU-TA and specifically the TECAN; although EU-TA is managed directly by GoR (indirect management), MINAGRI wants to optimise the TA program, based mostly on time-based contracts rather than task-based contracts. They expect support on day by day basis. There is a misunderstanding about the TA role; in the view of EUD, it is not supposed to do the daily work of government staff. Another limitation is that the TA do not have enough technical counterpart assigned from GoR side for knowledge transfer (e.g. TECAN, AGRI-TAF DfID).⁵²⁷

Comparative analysis between budget support and other forms of aid.

MINECOFIN⁵²⁸ and MINAGRI⁵²⁹ have expressed clearly that Budget Support is the best approach for EU cooperation. It's based in mutual trust and has contributed to the development of the sector and facilitated to achieve their mandates. Also, it's the main aid modality to be used for developing structural changes in Rwanda, specifically in rural areas.⁵³⁰ Although it has low visibility, the results achieved remain, as the executing agents are in the Government staff. The specific creation of Executing Units is eliminated; when a project ends the results tend to fade.⁵³¹

MINAGRI suggested that Project approach is better for specific actions, such as irrigation; and Budget Support is better where several sectors/actors are included, such as nutrition and agriculture decentralisation.

Some development Partners also see budget support as the best way to support GoR, as a way for self-construction.⁵³²

STRENGTH OF EVIDENCE: STRONG

Table 106: Overview of evidence for JC 6.4. Agriculture

| | Documents and statistics | | | | Interviews | | | |
|--|--------------------------|-----|------------|------|------------|-----|-----|-----|
| | EUD | GoR | World Bank | IPAR | EUD | GoR | FAO | WFP |
| JC6.4: Budget support has contributed (directly or indirectly) to the observed changes in ways which could not have occurred through alternative aid modalities | | | | | | | | |
| I.6.4.1 Evidence of direct or indirect causal links with the different budget support inputs (in interactions or not with other effects generated by GoR) | X | | | X | X | X | X | X |

⁵²³ Interview with EUD staff.

⁵²⁴ Interview with EUD staff.

⁵²⁵ Interview with FAO staff.

⁵²⁶ Interview with PS MINAGRI.

⁵²⁷ Interview with WFP and MINAGRI staff

⁵²⁸ Interview with MINECOFIN and NAO staff

⁵²⁹ Interviews with PS and DG Planning MINAGRI.

⁵³⁰ Interview with EUD staff.

⁵³¹ Interview with MINECOFIN staff.

⁵³² Interview with WFP staff.

| | | | | | | | | | |
|---|--|--|--|--|--|---|---|--|---|
| I.6.4.2 | | | | | | X | X | | X |
| Comparative analysis between budget support and other forms of aid. | | | | | | | | | |

EQ 7. ENERGY

EQ7: To what extent, in the energy sector, have the development outcomes pursued through the policies and programmes supported by budget support been (or are being) achieved? Which have been the determining factors of their achievement?

JUDGEMENT CRITERION 7.1

INDICATOR 7.1.1

| | | |
|----------------|--|--|
| JC7.1 | Environmentally sound and financially sustainable systems of energy generation, transmission, distribution and end-use, are in place. | |
| I.7.1.1 | Increased extent to which the energy system is developing according to a least-cost generation and transmission expansion plan. | <ul style="list-style-type: none"> Value of the reserve margin (%). |

The reserve margin in electric utility planning is a very important concept; it serves as an indicator of how much generating capacity is needed for the reliable operation of the electric system given the forecasted level of load demand. As a rule of thumb, the value of 15% is considered sufficient for most systems. This value can be smaller if the system is fairly modern and has sufficiently diversified electricity generation and/or well-developed load demand management measures. In the absence of a reliable system and/or the absence of additional resources that can be used as a firm back-up in times of need, the reserve margin may have to be kept at a higher level.

When planning the expansion of the generation capacity, it is important to plan new capacity addition and/or design and implement appropriate electric load demand modifying programs early enough to avoid capacity shortage (reserve margin falling below 15%). The same load modifying programs can also be used to postpone the addition of new capacity, thus saving financial resources for a later date and shifting in time the financial burden on the electric system and, ultimately, the rate payers. With excessive generating capacity it may also be tempting to use generated electricity in a less than economical way.

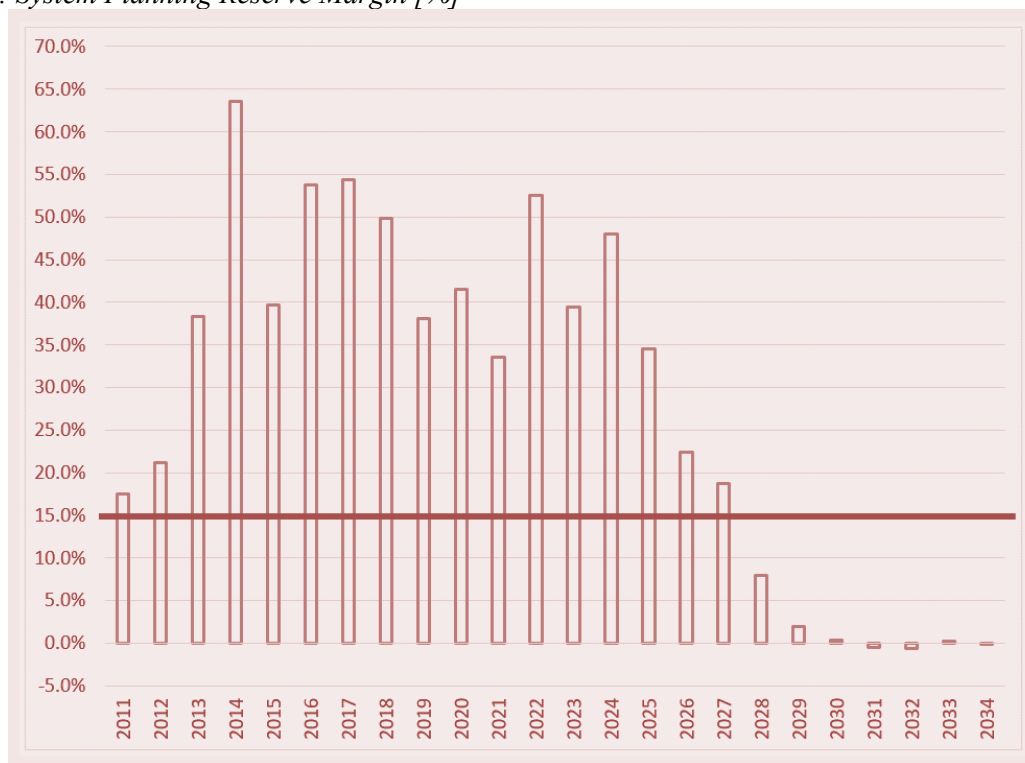
Based on the data provided by MININFRA, we calculated the reserve margin calculated for historical and projected load demand and installed, or planned to be installed, generating capacities. MININFRA provided the values of generating capacities that are suitable for reserve margin calculations and did not indicate that there is an issue of double counting of capacities available for foreign transactions and capacities available for reserve margin calculation. We calculated the reserve margin through the year 2034, which is well within the REG's planning horizon (year 2040). The results of the calculations are presented in Figure 41.

Between 2012 and 2026 the reserve margin exceeds 20%, reaching, in some years, values higher than 50%. In the years past 2027 the reserve margin drops rapidly, reaching negative values after year 2030. One of the possible explanations is that this may be the result of incompatibility of the MININFRA-provided data with the data used in, or received from, system planning simulations discussed later under REG's expansion plans. However, for the purpose of this analysis it is assumed that the MININFRA-provided data is in accordance with the instructions supplied by the evaluator and is therefore correct.⁵³³

⁵³³ Interview with MININFRA as well as correspondence by e-mail.

The excess capacity is the result of political decisions made over a decade ago with targets evolving from an ambitious 1,000 MW⁵³⁴ of installed capacity, to 563 MW⁵³⁵, then to 512 MW⁵³⁶, with current capacity of 218 MW and the demand of approximately of 150 MW. Only recently the least-cost planning at REG started “competing” with the politically driven planning.

Figure 41: System Planning Reserve Margin [%]



Source: MININFRA.

Unless the excess generating capacity is used for economically justified generation of electricity for (future) cross-border transactions then such capacity expansion may result in an unnecessary financial burden for the energy system or high risk for potential private power developers. According to ESSP objectives, the target value for the reserve margin for 2023/2024 was set at 15%. This target is going to be missed unless expansion plans and construction schedules are revised.

In this regard, the current development of the power system in Rwanda may not be following the principles of least-cost planning.⁵³⁷

INDICATOR 7.1.2

| | | |
|----------------|--|---|
| JC7.1 | Environmentally sound and financially sustainable systems of energy generation, transmission, distribution and end-use, are in place. | |
| I.7.1.2 | Increased electricity generation capacity from renewable sources with priority given to hydro and solar. | <ul style="list-style-type: none"> • Presence of these renewable sources in least cost expansion plans • Amount of energy generated by these sources, 2015-2018, also in % total. |

While renewable resources have their environmental advantages, they also have certain features that have to be taken into account when planning the expansion of the electric generation system. Contrary to thermal generating technologies, power generation from renewable resources may not be

⁵³⁴ Interview with World Bank.

⁵³⁵ ESSP 2012-2018

⁵³⁶ ESSP 2018-2024

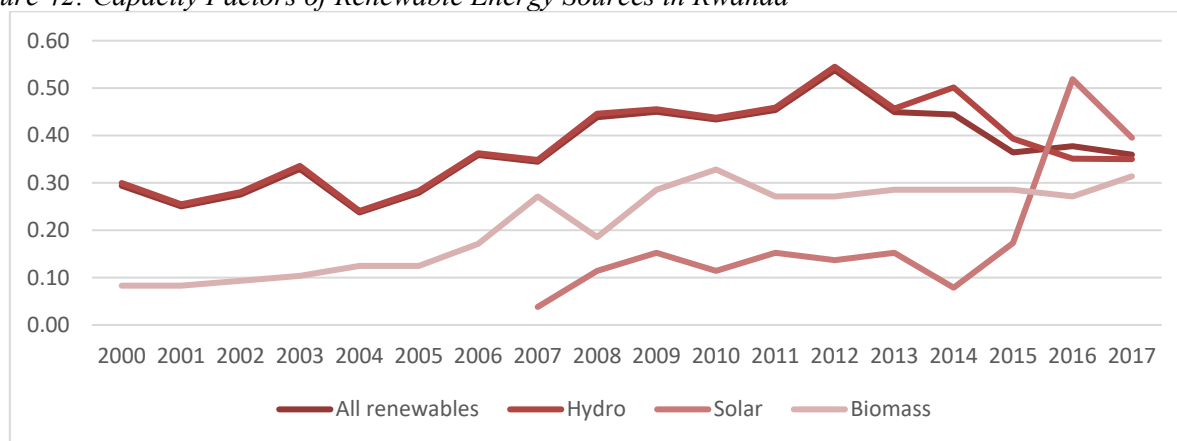
⁵³⁷ The issue of Rwanda having excess generating capacity has been expressed during interviews with the government, EUD, other donors and private sector representatives.

available all the time. Solar energy is not available at night and during cloudy days. Hydro resources depend heavily on water flow and their generation may not be available at full capacity during droughts, unless there is sufficient water storage capacity in reservoirs to let them operate throughout the dry seasons. Therefore, the installed generation capacity frequently cited in many reports may not actually be available all year round. A fraction of energy actually generated throughout each year compared to what could have been generated if the entire installed capacity was used 100% of the time shows how much each resource was actually used in that year.⁵³⁸

The installed capacity and energy generation from renewable resources in Rwanda as reported to International Renewable Energy Agency (IRENA), is presented in Table 107.

Based on these data, we calculated the capacity factors for various Renewable Energy Sources (RES) technologies (Figure 42). Calculation of capacity factors, in a way, puts the validity of data to the test and uncovers any possible inconsistencies.⁵³⁹ Historically, the capacity factor has been the highest for the hydro resources, followed by biomass and solar generators,⁵⁴⁰ reaching mid-30% for all resources in 2017. As it is not possible to fully rely on renewable resources all the time, there is a need for thermal resources to fill the “gaps” and provide a quick and continuous response in time of need. Thermal generators in Rwanda use diesel, heavy fuel oil, peat, and methane to produce electricity.

Figure 42: Capacity Factors of Renewable Energy Sources in Rwanda



Source: Own elaboration of data from Renewable Capacity Statistics 2019, International Renewable Energy Agency (IRENA), 2019.

⁵³⁸ This ratio is called a Capacity Factor.

⁵³⁹ Interviews with EUD Energy, October 18 and 25, 2019.

⁵⁴⁰ As can be seen, the capacity factor is unusually high for the solar generation in 2016 and 2017, indicating a possible issue with the quality of the data submitted by Rwanda to IRENA. IRENA publishes data as provided by the member countries, like Rwanda, without any edits.

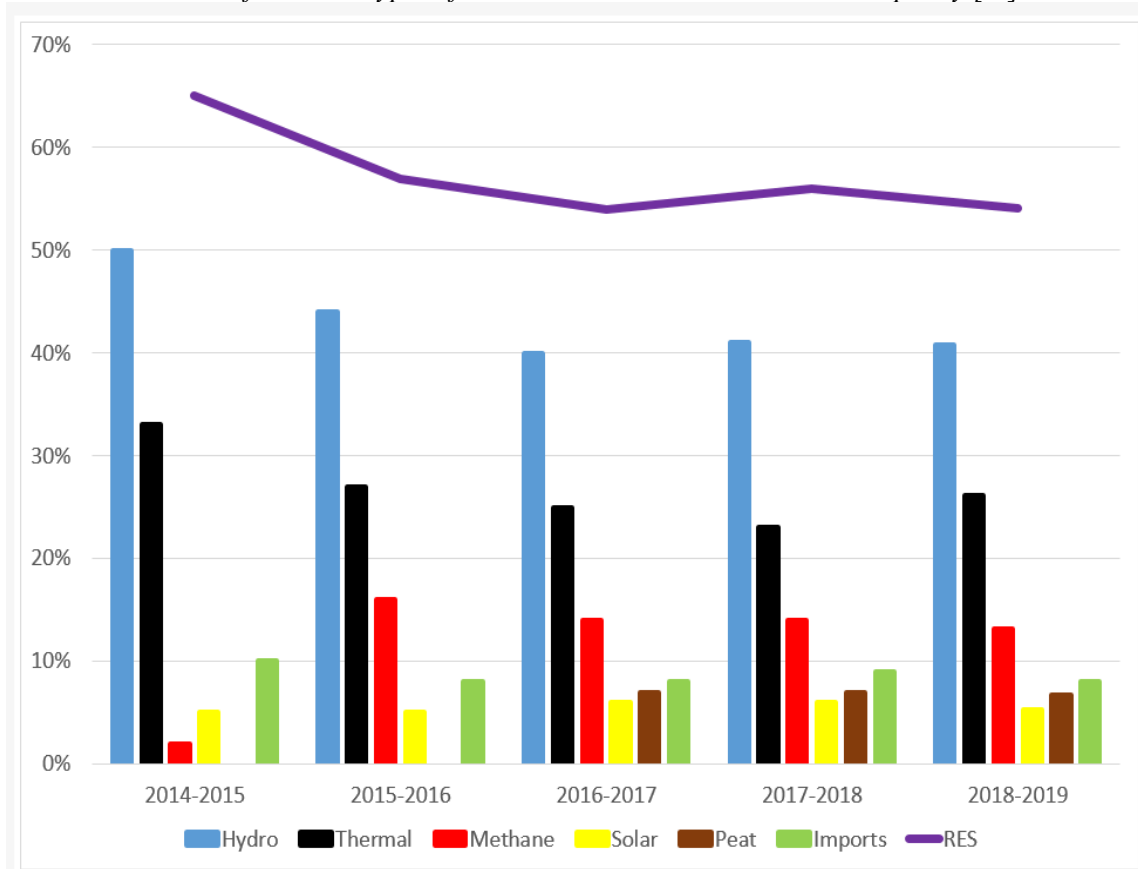
Table 107: Installed Capacity and Energy Generation from Renewable Resources in Rwanda

| Area | Indicator | Technology | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | | |
|----------|------------------------------|----------------|-------|------|------|-------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|------|
| On-grid | Installed capacity (MW) | Total capacity | 41.1 | 41.1 | 41.1 | 41.1 | 41.1 | 41.1 | 40.8 | 41.2 | 41.2 | 41.4 | 50.7 | 56.4 | 57.8 | 61.9 | 77.1 | 109.1 | 118.3 | 126.8 | 129.9 | | |
| | | Hydro | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.1 | 40.1 | 40.3 | 49.6 | 55.2 | 56.5 | 60.1 | 66.3 | 94.3 | 98.3 | 98.8 | 98.8 | |
| | | Solar | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.5 | 0.9 | 10.0 | 14.0 | 19.1 | 27.2 | 30.3 | |
| | | Biomass | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | |
| | Electricity generation (GWh) | Total energy | 105.8 | 90.1 | 99.1 | 118.6 | 85.5 | 100.4 | 128.2 | 124.3 | 158.2 | 163.2 | 192.6 | 224.2 | 272.4 | 243.7 | 300.1 | 348.0 | 391.0 | 399.4 | | | |
| | | Hydro | 105.0 | 89.3 | 98.2 | 117.6 | 84.3 | 99.2 | 127.0 | 122.3 | 156.6 | 160.8 | 190.0 | 221.9 | 269.8 | 240.5 | 291.2 | 324.7 | 302.3 | 303.0 | | | |
| | | Solar | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.3 | 0.4 | 0.3 | 0.4 | 0.6 | 1.2 | 6.9 | 21.2 | 86.8 | 94.2 | | | |
| | | Biomass | 0.8 | 0.8 | 0.9 | 1.0 | 1.2 | 1.2 | 1.2 | 1.9 | 1.3 | 2.0 | 2.3 | 1.9 | 1.9 | 2.0 | 2.0 | 2.0 | 2.0 | 1.9 | 2.2 | | |
| | Capacity factor | Total capacity | 0.29 | 0.25 | 0.28 | 0.33 | 0.24 | 0.28 | 0.36 | 0.34 | 0.44 | 0.45 | 0.43 | 0.45 | 0.54 | 0.45 | 0.44 | 0.36 | 0.38 | 0.36 | | | |
| | | Hydro | 0.30 | 0.25 | 0.28 | 0.34 | 0.24 | 0.28 | 0.36 | 0.35 | 0.45 | 0.46 | 0.44 | 0.46 | 0.55 | 0.46 | 0.50 | 0.39 | 0.35 | 0.35 | | | |
| | | Solar | | | | | | | | 0.04 | 0.11 | 0.15 | 0.11 | 0.15 | 0.14 | 0.15 | 0.08 | 0.17 | 0.52 | 0.40 | | | |
| | | Biomass | 0.08 | 0.08 | 0.09 | 0.10 | 0.12 | 0.12 | 0.17 | 0.27 | 0.19 | 0.29 | 0.33 | 0.27 | 0.27 | 0.29 | 0.29 | 0.29 | 0.29 | 0.27 | 0.31 | | |
| Off-grid | Installed capacity (MW) | Total capacity | | | | | | | | | | | 0.3 | 0.5 | 0.8 | 1.4 | 2.5 | 3.1 | 7.0 | 12.2 | 17.3 | 20.5 | |
| | | Hydro | | | | | | | | | | | | 0.3 | 0.5 | 0.7 | 1.1 | 1.8 | 1.8 | 1.8 | 1.8 | 2.3 | 2.3 |
| | | Solar | | | | | | | | | | | | 0.0 | 0.0 | 0.1 | 0.2 | 0.7 | 1.2 | 5.2 | 10.3 | 15.1 | 18.2 |

Source: Renewable Capacity Statistics 2019, International Renewable Energy Agency (IRENA), 2019.

As an alternative source of RES data, statistical reports published by RURA were used. However, as it was later confirmed by RURA, the quarterly data might not be totally accurate and thus their use was discouraged.⁵⁴¹ Instead, the use of annual data was recommended. When the annual data is used, the installed generation capacity and energy generation by various technologies look as follows:

Figure 43: Contribution of Various Types of Generation to the Total Installed Capacity [%]

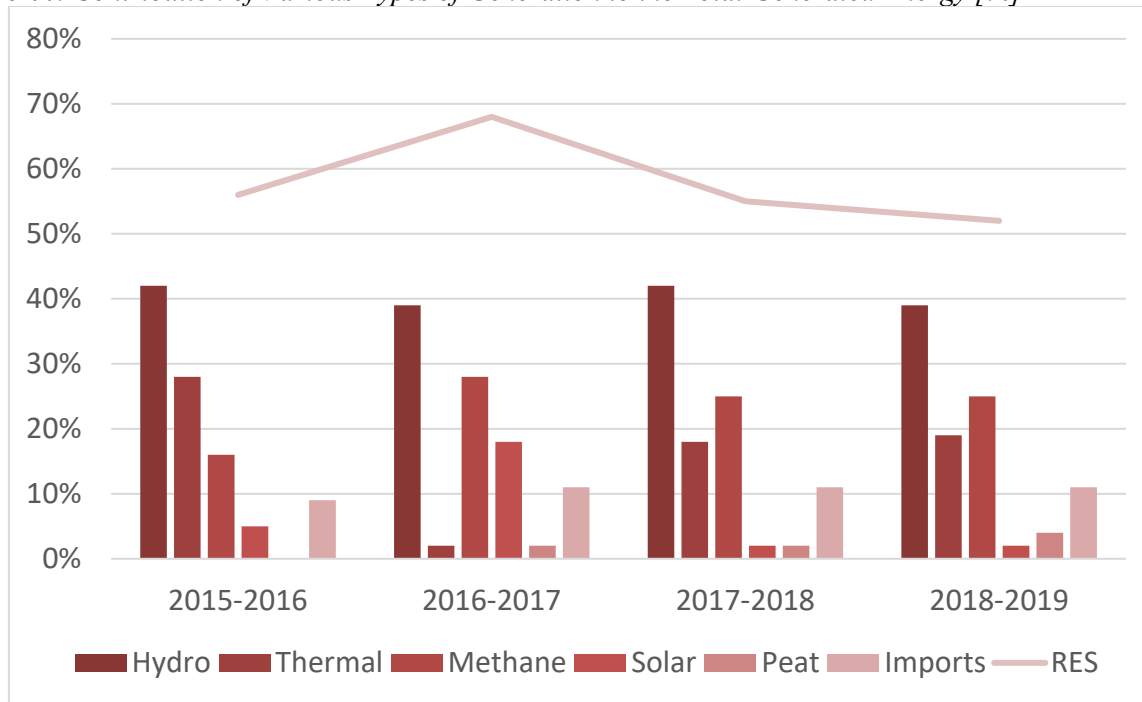


| Capacity | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 |
|----------|-----------|-----------|-----------|-----------|-----------|
| Hydro | 50% | 44% | 40% | 41% | 41% |
| Thermal | 33% | 27% | 25% | 23% | 26% |
| Methane | 2% | 16% | 14% | 14% | 13% |
| Solar | 5% | 5% | 6% | 6% | 5% |
| Peat | | | 7% | 7% | 7% |
| Imports | 10% | 8% | 8% | 9% | 8% |
| RES | 65% | 57% | 54% | 56% | 54% |

Source: RURA Annual Reports.

⁵⁴¹ Interview with RURA, October 23, 2019.

Figure 44: Contribution of Various Types of Generation to the Total Generated Energy [%]



| Energy | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 |
|---------|-----------|-----------|-----------|-----------|
| Hydro | 42% | 39% | 42% | 39% |
| Thermal | 28% | 2% | 18% | 19% |
| Methane | 16% | 28% | 25% | 25% |
| Solar | 5% | 18% | 2% | 2% |
| Peat | 0% | 2% | 2% | 4% |
| Imports | 9% | 11% | 11% | 11% |
| RES | 56% | 68% | 55% | 52% |

Source: RURA Annual Reports

Currently (2019), the installed capacity of all generating units equals 218 MW. The full list, grouped by technology, is included in the following Table 108.

Looking ahead, the REG has developed two system expansion scenarios:⁵⁴²

- **Scenario 1:** all firmly committed power plants and small hydro power plants that are being commissioned in 2019/2020 are accepted without any changes. Beyond 2025, least-cost capacity addition of pipeline and alternative supply technologies are considered, with power trade (import and export) continuing up to 2025.
- **Scenario 2:** all firmly committed power plants and small hydro power plants that are being commissioned in 2019/2020 are accepted without any changes. Beyond 2025, least-cost capacity addition of pipeline and alternative supply technologies are considered, but without the possibility of power import and export.

To evaluate these scenarios, REG, with support from an Israeli company, made a long-term generation expansion plan using the Model for Energy System Supply Alternatives and their General Environmental Impacts (MESSAGE). MESSAGE combines different supply technologies through the construction of energy chains. The entire process of energy flows is mapped out from resource extraction, conversion (supply) to transmission and distribution of energy services (demand).

As an example, the results for Scenario 1 are presented in Figure 45, Figure 46 and Figure 47.

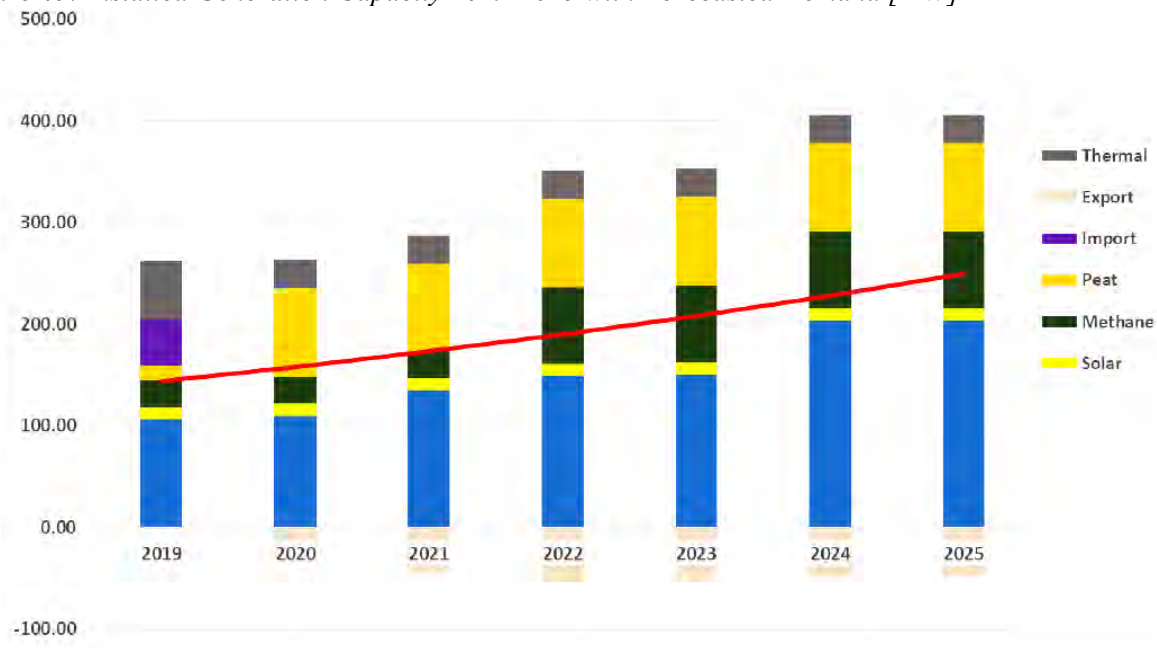
⁵⁴² Rwanda Least-Cost Power Development Plan (LCPDP) 2019-2040. June 2019.

Table 108: Generating Resources Currently Operating in Rwanda

| No | Plant Name | Installed Capacity [MW] | Available Capacity [MW] | Owner | Built | Technology |
|----|---------------------|-------------------------|-------------------------|------------------------|-------|------------|
| 1 | Ntaruka | 11.25 | 2.59 | GoR | 1959 | Hydro |
| 2 | Mukungwa I | 12.00 | 6.00 | GoR | 1982 | Hydro |
| 3 | Nyabarongo I | 28.00 | 13.44 | GoR | 2014 | Hydro |
| 4 | Gisenyi | 1.20 | 0.78 | Prime Energy | 1957 | Hydro |
| 5 | Gihira | 1.80 | 1.26 | RMT | 1984 | Hydro |
| 6 | Murunda | 0.10 | 0.05 | Repro | 2010 | Hydro |
| 7 | Rukarara I | 9.50 | 3.80 | Ngali Energy | 2010 | Hydro |
| 8 | Rugezi | 2.60 | 1.30 | RMT | 2011 | Hydro |
| 9 | Keya | 2.20 | 1.10 | Adre Hydro&Energicotel | 2011 | Hydro |
| 10 | Nyamyotsi I | 0.10 | 0.06 | Adre Hydro&Energicotel | 2011 | Hydro |
| 11 | Nyamyotsi II | 0.10 | 0.06 | Adre Hydro&Energicotel | 2011 | Hydro |
| 12 | Agatobwe | 0.20 | 0.07 | Carera-Ederer | 2010 | Hydro |
| 13 | Mutobo | 0.20 | 0.09 | Repro | 2009 | Hydro |
| 14 | Nkora | 0.68 | 0.34 | Adre Hydro&Energicotel | 2011 | Hydro |
| 15 | Cyimbili | 0.30 | 0.15 | Adre Hydro&Energicotel | 2011 | Hydro |
| 16 | Gaseke | 0.58 | 0.52 | Novel Energy | 2017 | Hydro |
| 17 | Mazimeru | 0.50 | 0.25 | Carera-Ederer | 2012 | Hydro |
| 18 | Janja | 0.20 | 0.16 | RGE Energy UK Ltd | 2012 | Hydro |
| 19 | Gashashi | 0.20 | 0.08 | Prime Energy | 2013 | Hydro |
| 20 | Nyabahanga I | 0.20 | 0.11 | GoR | 2012 | Hydro |
| 21 | Nshili I | 0.40 | 0.24 | GoR | 2012 | Hydro |
| 22 | Rwaza Muko | 2.60 | 1.56 | Rwaza HydroPower Ltd | 2018 | Hydro |
| 23 | Musarara | 0.45 | 0.22 | Amahoro Energy | 2013 | Hydro |
| 24 | Mukungwa II | 2.50 | 1.83 | Prime Energy | 2013 | Hydro |
| 25 | Rukarara II | 2.20 | 1.16 | Prime Energy | 2013 | Hydro |
| 26 | Nyirabuhombohombu | 0.50 | 0.18 | RGE Energy UK Ltd | 2013 | Hydro |
| 27 | Giciye I | 4.00 | 1.60 | RMT | 2013 | Hydro |
| 28 | Giciye II | 4.00 | 1.60 | RMT | 2016 | Hydro |
| 29 | Ruzizi II | 12.00 | 10.68 | GoR | 1984 | Hydro |
| | Subtotal | 100.56 | 51.26 | | | Hydro |
| 30 | Jabana 1 | 7.80 | 7.41 | GoR | 2004 | Diesel |
| 31 | Jabana 2 | 21.00 | 19.95 | GoR | 2009 | HFO-Diesel |
| 32 | So Energy | 30.00 | 28.50 | So Energy&SP | 2017 | Diesel |
| | Subtotal | 58.80 | 55.86 | | | Diesel |
| 33 | Gishoma | 15.00 | 14.25 | GoR | 2016 | Peat |
| | Subtotal | 15.00 | 14.25 | | | Peat |
| 34 | Biomass (Rice Husk) | 0.07 | 0.07 | Novel Energy | 2016 | Biomass |
| | Subtotal | 0.07 | 0.07 | | | Biomass |
| 35 | Kivuwatt Phase I | 26.40 | 26.40 | Contour Global | 2016 | Methane |
| | Subtotal | 26.40 | 26.40 | | | Methane |
| 36 | Jali | 0.25 | 0.04 | Mainz Stadwerke/Local | 2007 | Solar |
| 37 | GigaWatt | 8.50 | 1.19 | Gigawatt Global | 2013 | Solar |
| 38 | Nyamata Solar | 0.03 | 0.01 | NMEC Nyamata | 2009 | Solar |
| 39 | Nasho Solar PP | 3.30 | 0.66 | GoR | 2017 | Solar |
| | Subtotal | 12.08 | 1.90 | | | Solar |
| 40 | Ruzizi I | 3.50 | 3.50 | Snel Sarl | 1957 | Imports |
| 41 | UETCL | 2.00 | 2.00 | UETCL | 2016 | Imports |
| | Subtotal | 5.50 | 5.50 | | | Imports |
| | Grand Total | 218.41 | 155.23 | | | |

Source: REG, Rwanda Least-Cost Power Development Plan (LCPDP) 2019-2040. Rwanda Energy Group, June 2019.

Figure 45: Installed Generation Capacity 2019-2025 with Forecasted Demand [MW]

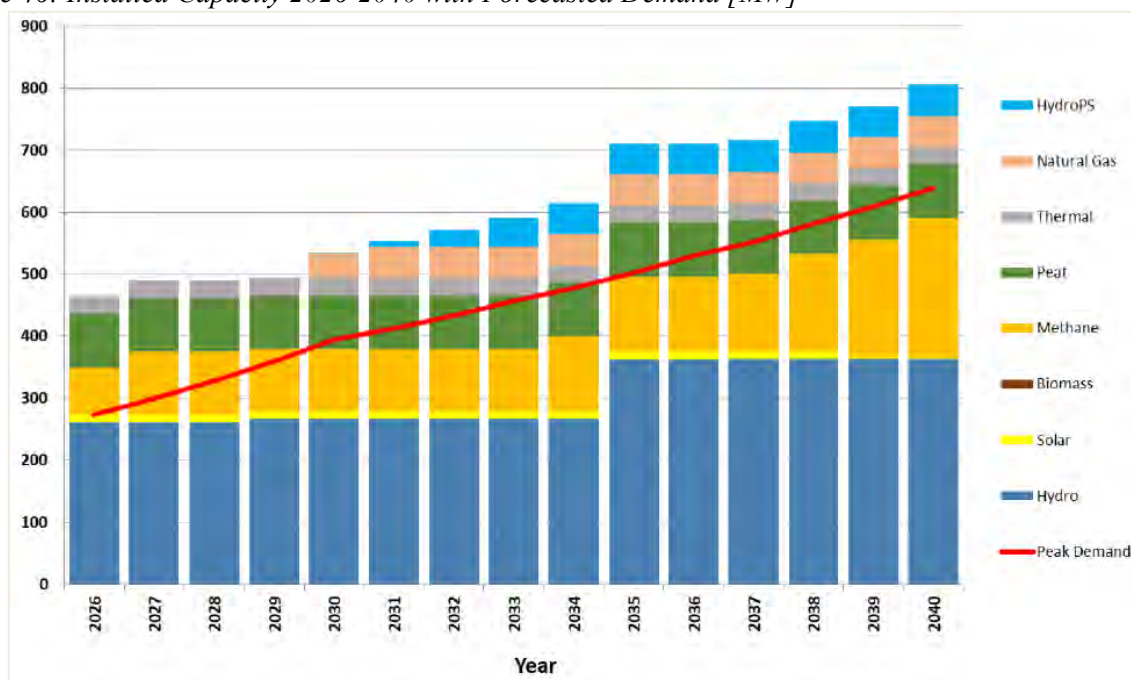


Source: Scenario 1. Rwanda Least-Cost Power Development Plan (LCPDP) 2019-2040. Rwanda Energy Group, June 2019.

During the next six years, the installed generation capacity will be composed of several resources, out of which the most dominant will be hydro, peat, and methane-based generation.

During the 15 years following 2025, several new generation options have been considered, including hydro pump storage, natural gas-based generation, and biomass. Hydro-, methane- and peat-based generation will continue to dominate the share of installed capacity. The chart below shows the evolution of the generation capacity in the long run.

Figure 46: Installed Capacity 2026-2040 with Forecasted Demand [MW]

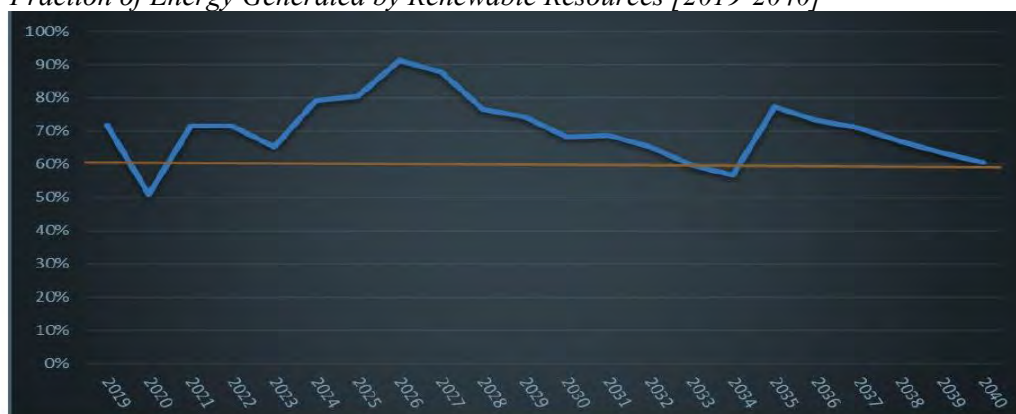


Source: Scenario 1. Rwanda Least-Cost Power Development Plan (LCPDP) 2019-2040. June 2019.

Prior to 2019, both existing renewable energy capacity and the energy generated by it stayed at above 50% of total installed capacity and energy produced. In the future, considering both planning periods,

the contribution of energy generated by renewable resources to the overall energy generation by all resources will stay above 60%, as envisioned by the ESSP (Figure 47).

Figure 47: Fraction of Energy Generated by Renewable Resources [2019-2040]



Source: Scenario 1. Rwanda Least-Cost Power Development Plan (LCPDP) 2019-2040. Rwanda Energy Group, June 2019.

However, as already mentioned earlier in the discussion of the reserve margin, the planning scenarios have to be periodically revised to verify whether or not the capacity expansion adheres to maintaining the reserve margin at the level of 15%. The most recent least-cost expansion plan was released by REG in May 2019 and is expected to be revised every six months.⁵⁴³

Effectiveness of Budget Support Indicator 5

One of the EU objectives of budget support in energy is to support the beneficiary government in the setting-up and implementation of its sustainable energy policy. Sector Reform contracts may further the EU's SE4ALL action agenda with the aim of improving the enabling environment, attracting investments, reducing energy poverty and boosting sustainable growth.⁵⁴⁴ The mentioned SE4ALL initiative has three objectives to be achieved by 2030:

1. Ensure universal access to modern energy services.
2. Double the global rate of improvement in energy efficiency.
3. Double the share of renewable energy in the global energy mix from 18% in 2012 to 38% in 2030.⁵⁴⁵

In line with these objectives, one of the EU Budget Support indicators in Rwanda (Indicator no. 5), is based on the share of generated electricity from renewable sources in the energy mix. Although the name of the indicator is misleading, the disbursements under this indicator are dependent on the progressively generated renewable energy as compared with that output in the previous year.⁵⁴⁶ The main intention of using this indicator for the purposes of Budget Support was to increase the energy output from RES and decrease the output of peat generation, as a main source of pollution.⁵⁴⁷ However, the formulation of this indicator raises some questions as to the context of the Rwandan power system during the Budget Support timeframe, this indicator appears not very effective and thus may not be cost effective for the EU as was probably intended.

⁵⁴³ World Bank; (2019), Third Rwanda Energy Sector Development Policy Financing.

⁵⁴⁴ European Commission, International Cooperation and Development. "Budget support and sustainable energy: Methodological Note." . Also, teleconference with EC official, April 8, 2020.

⁵⁴⁵ Current share of renewable energy in the global energy mix in Rwanda is above 50%. Refer to Figure 36.

⁵⁴⁶ Indicator 5-Share of generated electricity from renewable sources in the energy mix. Performance target: additional energy generated from renewable energy sources in energy mix including imports (hydro, geothermal) compared with baseline/previous year. Financing Agreement Sector Reform Contract Special Conditions, Annex 1, Appendix 2, Table C.

⁵⁴⁷ Teleconference with EC official, April 8, 2020.

The energy output from RES power plants throughout the year depends primarily on weather conditions (precipitation, solar insolation), and the timing and size of the electric load. During favourable weather and power system conditions, the energy generation is not problematic; the situation changes when these conditions are not favourable and availability of energy from the RES units decreases.

As the renewable energy-based generation operates intermittently it has to be balanced by other types of generation, imported energy, and/or active load management, which can be brought on line or activated on a short notice when the need arises.

During the period of 2015-2019, the output of energy generated by RES and corresponding compliance with the terms of disbursements is presented in Table 109 below:

Table 109: Energy generated from renewable sources [GWh]

| Evaluation period Disbursement number | 2014-2015 Baseline | 2015-2016 Third Dis- bursement | 2016-2017 Fourth Dis- bursement | 2017-2018 Fifth Disburse- ment* | 2018-2019 Sixth Dis- bursement* |
|---|-----------------------|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| RES actual outputs [GWh] | 292.0 | 361.5 | 370.7 | 429.8 | 451.0 |
| Increase in RES energy from the previous period [GWh] | | 69.5 | 9.2 | 59.1 | 21.2 |
| Minimum increase in re- quired energy output [GWh] | | 14.5 | 15.0 | 16.0 | 17.0 |
| Disbursement [€] | | 1.2 mln (100%) | 0.7 mln (70%) | 1.0 mln (100%) | 1.0 mln (100%) |

* - estimates

Source: RURA Annual Reports.

The Third Disbursement in 2017 was paid in full as the difference between the renewable energy output during the period of 2015-2016 and the base year exceeded many times the defined criterion. During the following, Fourth Disbursement, the difference in energy was smaller than required, resulting in a 30% decrease in the payment. The Fifth Disbursement is expected⁵⁴⁸ to be paid in full, as the difference between the evaluated periods was, again, significantly higher than required. The situation is expected to be repeated during the Sixth Disbursement, since the difference in outputs is higher than required.

It appears that, with the exception of the Fourth Disbursement, the renewable resources quite easily delivered the required amounts of energy thus posing the question of whether or not the payments were really needed to stimulate this outcome; and, if yes, whether the criterion was designed properly. It is worth noticing that even with the non-performing period 2016-2017, the end effect was higher by 96.5 GWh, or 150%, than if the generation outputs from RES had been only at the required annual minimums.

Yet another problem with the indicator is its formulation, requiring ever increasing generation of energy from RES. While there are plenty of environmental benefits of renewable energy, the usefulness of the energy generated from renewable resources is dependent, as mentioned previously, on the timing and size of the energy demand, amount of energy stored, and most importantly, daily and seasonal weather conditions. The data on capacities of generating units in existence in 2018 show that hydro units' capacities were available, on average, 50% of the time, solar units 16%, while the thermal units (peat, diesel, and methane), were available more than 90% of the time.⁵⁴⁹

⁵⁴⁸ The Fifth and Sixth Disbursements are outside of the official scope of the Budget Support evaluation; however, they are presented here as a supporting information.

⁵⁴⁹ See Table 111 earlier in the text.

Therefore, comparing generation outputs in two consecutive years has no informational value unless it is supplemented by analysis of the cause(s) as to why the results did not come as expected or were unusually high.⁵⁵⁰ A simple “*after minus before*” analysis may work well when the atmospheric conditions play along, which may or may not happen in a predictable, consistent and non-contradictory way (maximum solar irradiation for photovoltaic generation vs. cloud coverage during the time of energy need, maximum precipitation for sustainable hydropower generation vs. persistent drought conditions, etc.).

The question remains whether or not the increase in renewable generation has resulted in displacing heavily polluting thermal generation, primarily diesel and peat, which was one of the cornerstones of establishing this indicator in the first place. During the evaluation period (2015-2019), the share of RES-generated energy has decreased by 4 percentage points from 56% to 52%, while at the same time the share of energy generated by non-RES generation has actually increased from 44% to 48%, with the share of energy generation from peat increasing by 2 percentage points. So, while the overall objective of reaching outputs in terms of GWh was fully accomplished, the objective of decreasing the share of thermal generation, especially from peat, was not.⁵⁵¹

Setting a minimum increments of energy output each year as qualifiers for Budget Support variable tranche disbursement is not stimulating more RES output when the weather and system conditions are favourable while the same criterion unnecessarily penalizes the beneficiary when the RES output drops due to unfavourable conditions.⁵⁵²⁻⁵⁵³

STRENGTH OF EVIDENCE: STRONG

Table 110: Overview of types of evidence for JC 7.1.

| | Documents and statistics | | | | Interviews | | | |
|---|--------------------------|------------|----------|-------|------------|-----|------|----------|
| | RURA | World Bank | MININFRA | Other | EUD | NGO | RURA | MININFRA |
| JC7.1: Environmentally sound and financially sustainable systems of energy generation, transmission, distribution and end-use, are in place. | | | | | | | | |
| I.7.1.1 Increased extent to which the energy system is developing according to a least-cost generation and transmission expansion plan. | X | X | X | X | X | | X | X |
| I.7.1.2 Increased electricity generation capacity from renewable sources with priority given to hydro and solar. | X | X | X | X | X | | X | X |

⁵⁵⁰ The reasons may include factors beyond REG’s control, like operational and/or atmospheric issues preventing more RES output, the level and timing of electric demand in comparison with the previous year, to name a few.

⁵⁵¹ See Figure 44.

⁵⁵² There is an absence of energy storage options during the Budget Support timeframe.

⁵⁵³ While redefining the indicator is beyond the scope of this report a suggestion is made here regarding indicator’s possible improvements: a modification to the indicator may be made to stimulate an economic dispatch of all available units, resulting in the lowest possible cost of reliably meeting the electrical load. In the long run this approach will result in the lowest operational costs to the electric utility, a critical factor in the current REG’s financial situation. To even out the playing field and fairly compare of available generation technologies, the cost adders may be factored during the planning process into the cost of energy generated by the polluting resources, to reflect their negative environmental externalities.

JUDGEMENT CRITERION 7.2

INDICATOR 7.2.1

| JC7.2 | Affordable and sustainable energy is provided and used | Indicators, where possible annually 2015-2018 |
|---------|---|---|
| I.7.2.1 | Increased affordability and use of electricity, also for and by rural households. | <ul style="list-style-type: none"> Residential tariffs for electricity, values and structure Size and volume of subsidies to low-income households/ individuals, comparison with cost recovery Extent of non-payment for electric service Number and % of households using electricity Energy consumption per income group |

It is proposed to rephrase and combine portions of indicators regarding the tariffs and subsidies to avoid duplication in presenting data and analyses.

The residential tariffs in Rwanda started back in 2015 as a single block tariff, without any differentiation for consumption levels. The tariffs underwent periodic changes, both in structure and in values (Table 111). In 2017, the tariffs were stratified by the usage level to allow low-income consumers to take advantage of lower rates. The tariffs are designed and approved by Rwanda Utilities Regulatory Authority (RURA). Until 2018 the tariff reviews were less frequent, more than a year passed between the adjustments. Going forward, the tariff adjustments will be made on a quarterly basis to account for fluctuations in exchange rate, inflation, and fuel prices.⁵⁵⁴

Table 111: Evolution of Residential Tariffs (VAT and other fees excluded)

| | 2006 | 7/1/2012 | 9/1/2015 | 1/1/2017 | | 8/13/2018 | | 08/13/2018 [EUR] ⁵⁵⁵ |
|-----------------------------|------|---------------------------------|----------|-----------|-----|-----------|-----|---------------------------------|
| Energy Charge RwF/kWh | 112 | 134 | 182 | 0-15 kWh | 89 | 0-15 kWh | 89 | 0.09 |
| | | | | 15-50 kWh | 182 | 15-50 kWh | 182 | 0.18 |
| | | | | >50 kWh | 189 | >50 kWh | 210 | 0.21 |
| Service charge RwF/month | 500 | 500 (removed from January 2014) | - | - | | - | | |

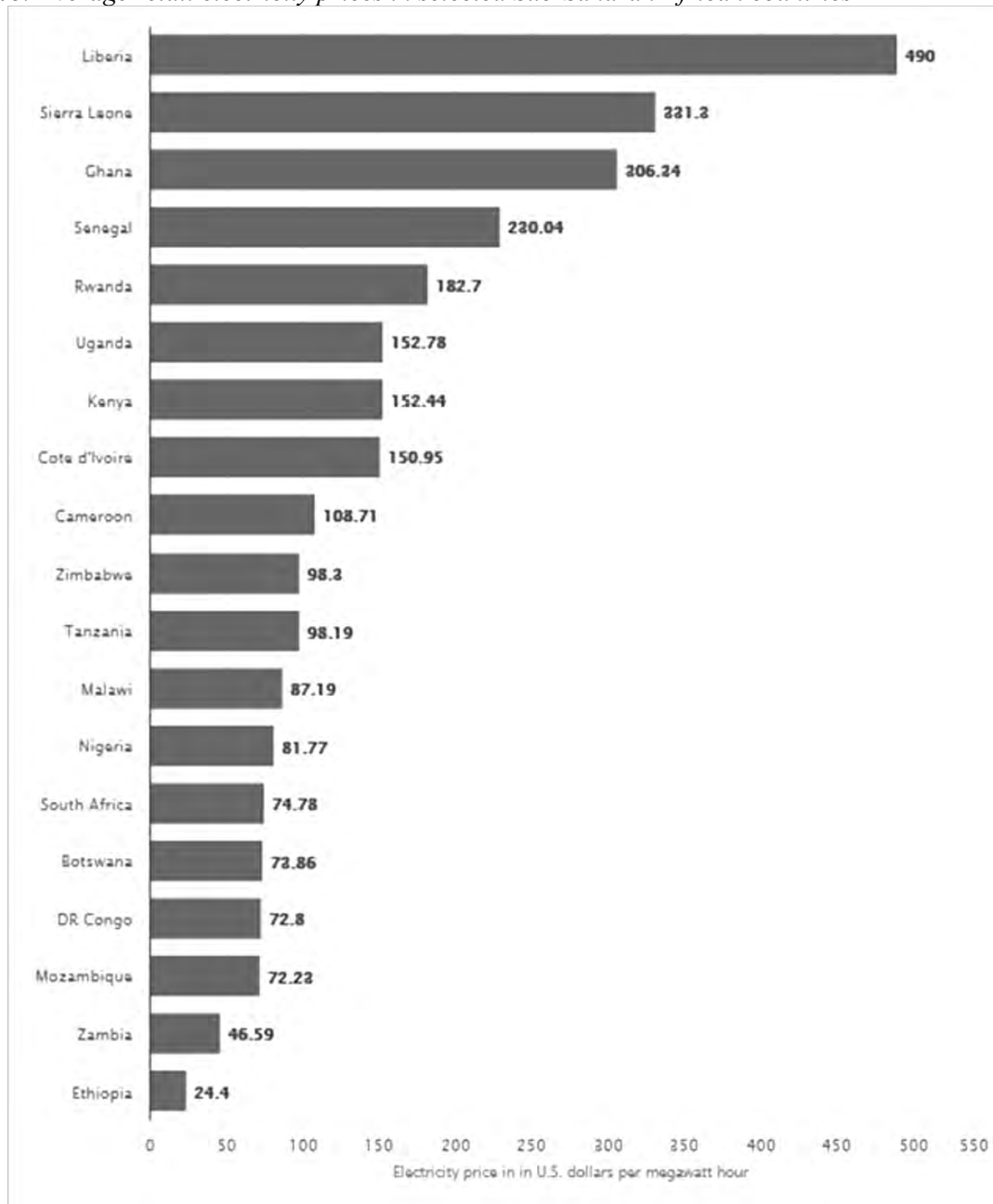
Source: RURA Note: Applicable taxes: VAT 18%; applicable regulatory fees 0.3%.

The residential tariffs are high, which may prevent customers from consuming more electricity through either acquiring and using more electric appliances or using the appliance that they already have, more frequently. The comparison of Rwanda's tariffs to those of other countries in Sub-Saharan Africa shows that they are one of the highest (see Figure 48). Therefore, it may be interesting to compare the electricity prices with and without additional fees and taxes to those of selected European countries. Such comparison is presented in Figure 49. The Rwandan residential tariff for the lowest tier, after inclusion of applicable taxes and fees, is comparable to those of Lithuania and Hungary, while the residential tariffs for the highest tier are outranked only by four European countries.

⁵⁵⁴ Third Rwanda Energy Sector Development Policy Financing, the World Bank, August 2, 2019.

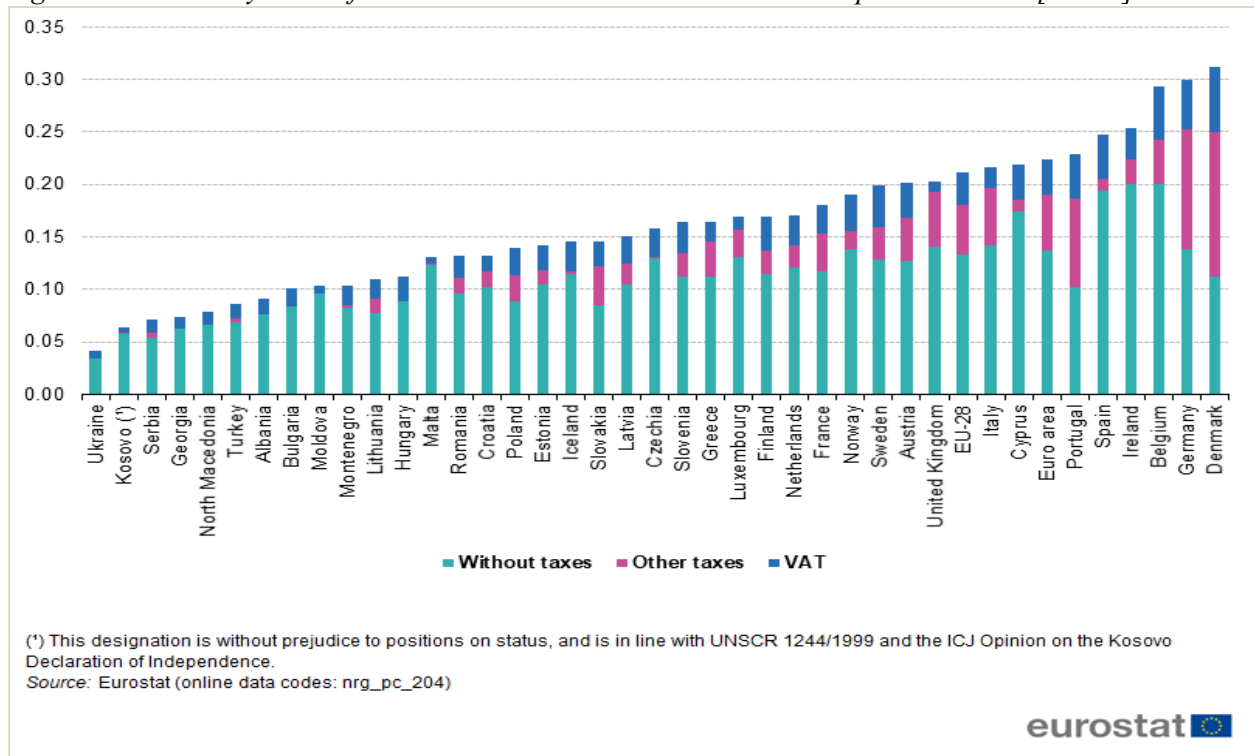
⁵⁵⁵ 1 € = 1008.65 RwF as of July 21, 2019.

Figure 48: Average retail electricity prices in selected Sub-Saharan African countries



Source: <https://www.statista.com/statistics/503727/retail-electricity-prices-in-africa-by-select-country>

Figure 49: Electricity Prices for Household Consumers in selected European countries [€/kWh]



There are no direct subsidies to residential customers.⁵⁵⁶ However, there are several mechanisms and cash inflows that affect tariffs. One of them is the cross subsidization within the residential class of consumers. This is due to the existence of consumption blocks created to make the electricity tariffs affordable for the basic level of consumption (less than 15 kWh/month). Effectively, consumers using more electricity, above 15 kWh/month and 50 kWh/month, subsidize those that use less than 15 kWh/month.

The second are the targeted direct payments to REG, primarily for the fuel used by the diesel generators and consequently reflected in the cost of service. Those amounts, though not necessarily received in full by the REG/EUCL, were as follows:

- 2015/2016: 30.4 billion RwF
- 2016/2017: 19.6 billion RwF
- 2017/2018: 14.5 billion RwF.

The third, starting in 2018, were the payments to the REG for subsidizing the industrial class of consumers. The amounts transferred to REG for that purpose were as follows:

- 2018/2019: 10.5 Billion RwF
- 2019/2020: 10.5 Billion RwF.

Consequently, the tariffs for all sizes of industrial consumers were lowered to attract establishment of new, or to lower the operating costs of the existing businesses.

The financial situation of REG

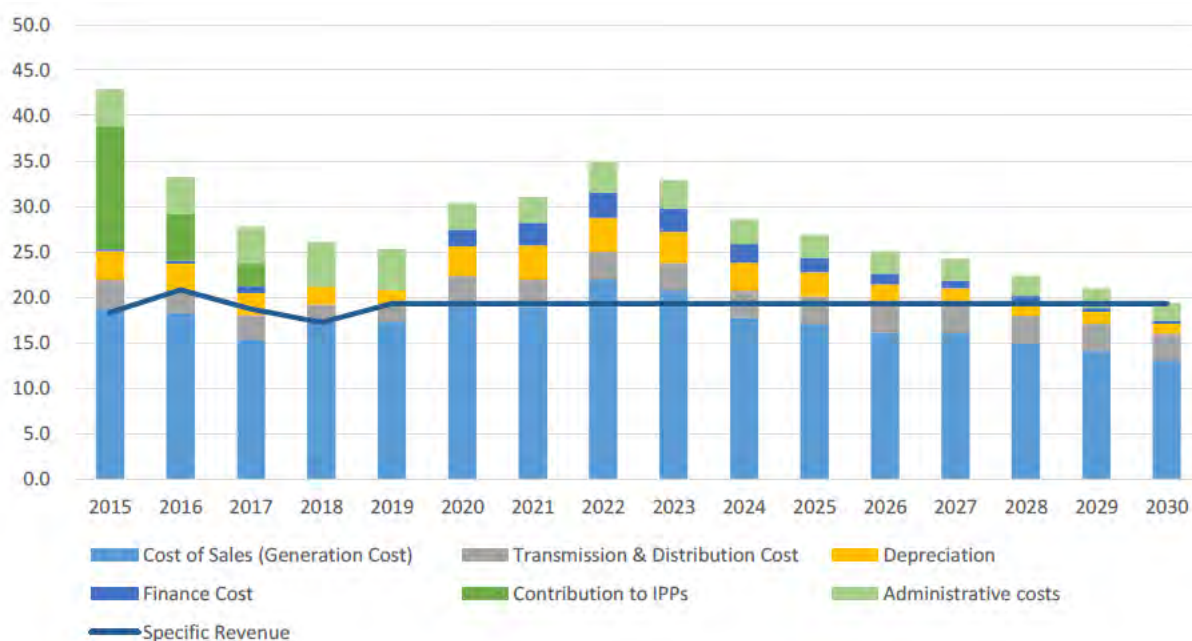
REG is facing challenges due to limited resources to cover the system expansion and current operation. REG experiences a shortage of revenue, which creates reliance on subsidies to cover both the deficit in operations and to finance its investments. The dependence on cash subsidies significantly

⁵⁵⁶ Per interview with RURA.

increased in recent years as the power sector has been undergoing expansion. In FY2018/19, the total electricity subsidies amounted to 1.9 % of the GDP; public investments were 1.7% while operating subsidies were 0.2%. Projections show that total subsidies could rapidly rise to 4.5% in 2020/21, which may have an effect on fiscal sustainability and macroeconomic stability in Rwanda.⁵⁵⁷

The REG's cost of service is higher than the revenues brought by the current tariffs. According to the projection depicted in Figure 50, this situation may continue through 2030. The periodic tariff review, to be performed on a quarterly basis starting in 2019, may result in the increase of the average tariff and could improve REG's financial situation. But at the same time, it might impair the growth of electricity consumption among residential consumers, affect the profitability of commercial and industrial consumers, and decrease competitiveness of the already high Rwandan tariffs for cross-border transactions.

Figure 50: Projected Gap between Electricity Revenues and Cost of Service at constant average tariffs, in US¢ per kWh



Source: The World Bank, Third Rwanda Energy Sector Development Policy Financing, the World Bank, August 2, 2019.

REG's transparency

REG and its subsidiaries (EDCL and EUCL) have improved their financial accounting and reporting through the use of International Financial Reporting Standards (IFRS) and through an annual external audit. Both reports are on REG's website to improve transparency and accountability. The level of transparency has increased,⁵⁵⁸ which is essential for the sector to attract private and commercial financing, both as partners in Power Purchase Agreement (PPA) with privately financed Independent Power Producers (IPPs), or as a borrower from commercial banks. This, in turn, is expected to reduce the sector's reliance on public finance and sovereign guarantees, consequently reducing the transfers to REG.⁵⁵⁹

Extent of non-payment for electricity

According to RURA, since the use of electricity by residential consumers is based on pre-payment, there are no arrears in utility payments. However, there is a considerable level of commercial loss

⁵⁵⁷World Bank; (2019), Third Rwanda Energy Sector Development Policy Financing.

⁵⁵⁸ Idem.

⁵⁵⁹ Idem.

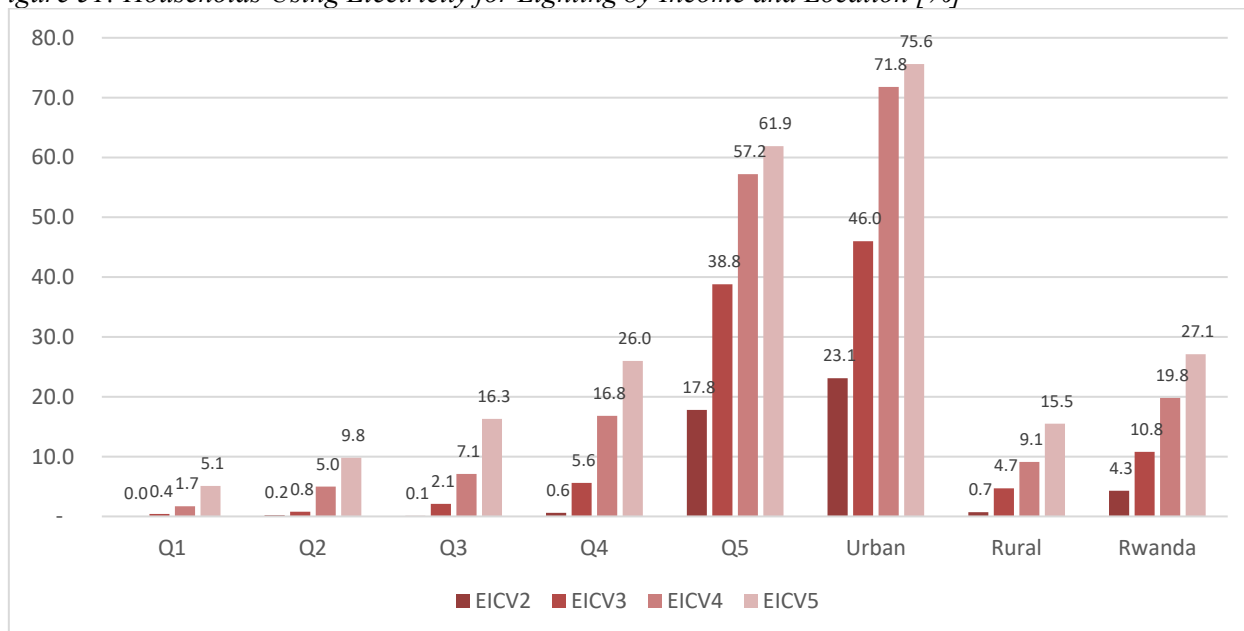
(electricity theft), in Rwanda. No consistent data⁵⁶⁰ is available at this moment as stolen electricity is frequently comingled with system technical losses. The issue of various system losses is discussed in detail under indicator 7.3.2.

Number and % of households using electricity.

Energy consumption per income group

Figure 51 illustrates the percentage of households using on-grid electricity per income group.

Figure 51: Households Using Electricity for Lighting by Income and Location [%]



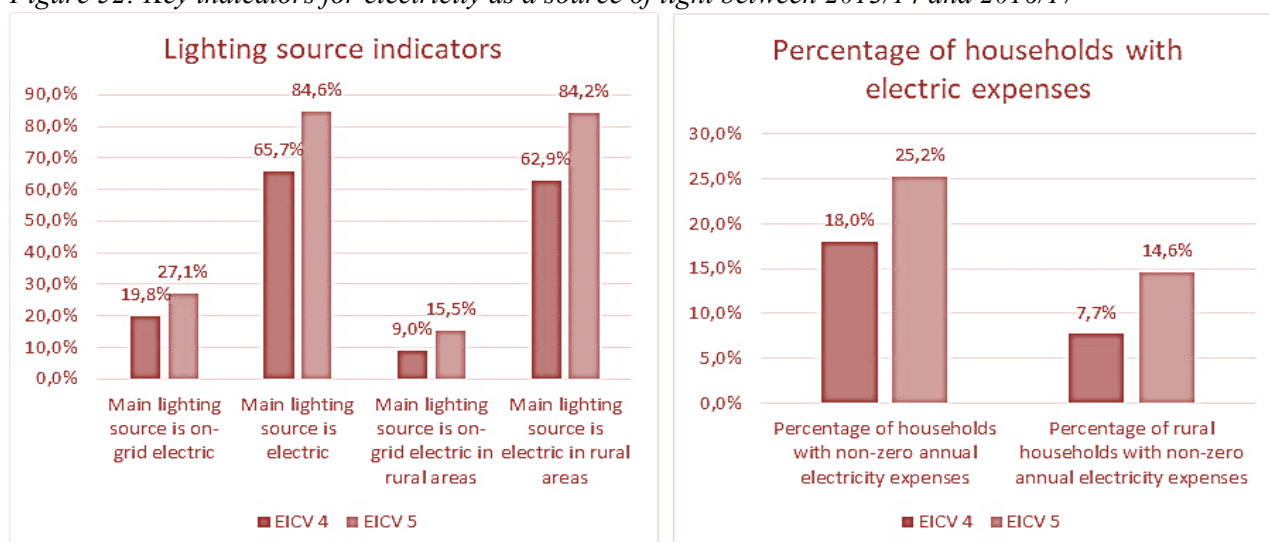
Source: EICV2, EICV3, EICV4, EICV5.

From the last four household surveys it can be inferred that access to electricity steadily continues on an upward trend in all income quintiles, with the percentages getting higher, and being most pronounced, for the highest quintile and households located in urban areas. The percentage of rural households with access to on-grid electricity is roughly half of that for the entire country (Figure 51).

Figure 52 shows that when information for on- and off-grid households is combined, total percentage of households using electricity as a source of lighting increased from 65.7 to 84.6%, and that in the EICV 5 there is hardly any difference anymore between rural areas and total Rwanda. Access to off-grid electricity has increased more than access to on-grid electricity between the two latest surveys. The second part of Figure 52 shows that the share of households with non-zero electricity expenses is almost the same as the share of households using on-grid electricity.

⁵⁶⁰ There is no year-by-year reporting identifying separately technical and non-technical losses and showing respective trends.

Figure 52: Key indicators for electricity as a source of light between 2013/14 and 2016/17



Total average electricity expenditure has increased significantly (Table 112), pointing to higher use of on-grid electricity. This holds for annual expenses, as well as for expenses in the last month before the survey.⁵⁶¹ This finding appears to contradict the results for the trend in electricity expenses for the *average household connected to the grid*, which decreased (third line of Table 112). However, it can be explained by the increased access of low-income households benefiting from the lower tariffs in the low-rate consumption blocks. Among rural households, total electricity expenses increased even more between the two surveys.

Table 112: Average electricity payments in RwF, 2013/14 and 2016/17, and change in %

| | EICV 4 | EICV 5 | Change |
|---|--------|--------|--------|
| Total annual electricity expenses ¹ (households without any payments included) | 6 616 | 8 148 | 23.2 |
| Last month electricity payment (households without any payments included) | 483 | 594 | 23.0 |
| Last month on-grid electricity payment among on-grid households only | 2 641 | 2 256 | -14.6 |
| Total annual electricity expenses (households without any payments included) among rural households | 2002 | 3191 | 59.4 |
| Last month electricity payment among rural households (households without any payments included) | 141 | 229 | 62.4 |
| Last month electricity payment among rural on-grid households only | 1743 | 1460 | -16.2 |

¹Annual electricity payments may include payments for off-grid systems, while monthly payments are only for on-grid use

In real terms, electricity expenses increased by around 9-10% between the two waves, when we account for CPI inflation. However, since tariffs have decreased especially for the users of small amounts who are usually poor, the increase in consumption is probably bigger than that of nominal expenses. We estimate that actual consumption in kWh of on-grid electricity has increased more in the 25-30% range. EICV surveys therefore point to evidence of both significant increases in access and usage of electricity, with a significant share of that growth coming from the consumption growth of new low-consuming households. One key reason of increased usage could be the lower costs but also the reliability and quality of the electricity provision service.

Regression analyses were performed to explain usage of electricity on grid and off grid as the main lighting source, controlling for income group and location (urban or rural) (see Annex 2 for details).

⁵⁶¹ The latter controls for seasonality of electricity consumption since the annual expenses are calculated on the basis of expenses in the last month preceding the survey interviews.

The results show that, as could be expected from Figure 51, consumption of both on-grid and off-grid electricity increases with income, also controlling for location: the higher the income group the household is in, the higher is the chance of access to electricity, for on-grid and off-grid. The income electricity for access to the grid is the highest within the poorest income group. Inequality within the five income groups is higher for on-grid access than for access to on-grid and off-grid sources combined.

When controlling for income group, households in rural areas are 33% less likely to have access to the grid, and only 3% less likely to have access to electricity (both sources combined) (Table 165 in Annex 2). For on-grid electricity this is quite a big gap since the descriptive indicators show that, for example, in EICV 5 the unconditional difference in on-grid electricity between rural on the one hand, and total on the other, is 12 % point (Figure 90). Where income or location did not allow for use of the electricity grid, it was basically compensated for by increased use and access of off-grid connections.

When income or location changes (for rural-urban migration) are controlled for, access to the grid has increased by 5% between EICV 4 and EICV 5, as compared to a 7% if these changes are not controlled for (Table 167). This means that most of the increase must be due to additional investment and/or reduced costs.

A regression analysis conducted to explain the access to off-grid sources of electricity shows that the richest income group has less access to these sources than the poorest group, while the fourth and, to a somewhat lesser extent, the third income quintile groups use off-grid electricity the most (Table 166). That echoes the result that the richest quintiles are the main users of the grid. While on-grid electricity has been made more affordable and accessible, it remains mostly used by the richest. Controlling for income and location changes, the increase in access to off-grid electricity between EICV 4 and 5 is 13%, so much higher than the 5% increase in access to the grid.

Decomposition analyses confirm that most of the increased access to the grid is due to a reduction in the urban-rural bias between the two surveys (see Annex 2). Only about one-third is estimated to come from changes in location (rural-urban migration) or in income. For the increase in off-grid usage, the contribution of income or location changes is virtually zero. All of the growth has been driven by better access and affordability of off-grid solutions, for given incomes and location.

Despite the increase in the number of connections to electricity and the overall service reliability, there are households that are connected to the electricity but do not take full advantage of it; they have to prioritize and buy food first before they prepay the electric service.⁵⁶² Other consumers in poor households limit the electricity use to lighting only and try to limit their consumption to 500 RwF, the amount which they consider affordable. During the missions to the districts, some informal surveys were conducted. In one of those informal surveys,⁵⁶³ where the sample size of participants was significant (approximately 60 or more individuals), approximately 10% of the participants stated that the electric tariffs were not affordable to them.

INDICATOR 7.2.2

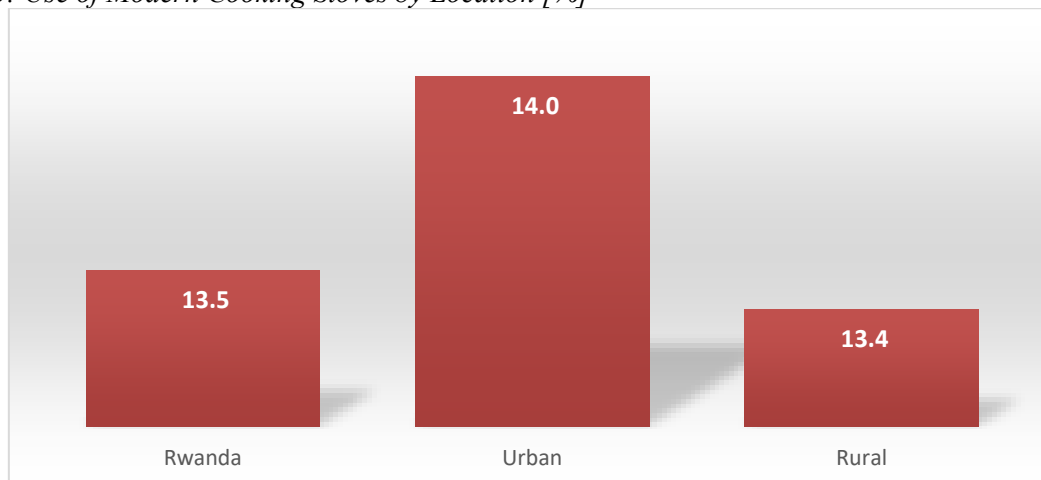
| JC7.2 | Affordable and sustainable energy is provided and used | |
|---------|--|--|
| 1.7.2.2 | Increased use of sustainable energy sources for cooking. | <ul style="list-style-type: none"> Number of HH using modern cooking stoves and sources other than wood and charcoal fuels for cooking. |

⁵⁶² Interview in Nyagatare. This interviewee estimates that 20 to 30% of the population is connected but does not use electricity.

⁵⁶³ Focus group with citizens in Ruhango district.

The modern cooking stoves are used fairly evenly in rural and urban areas as the difference is less than 1 percentage point (13.4% and 14.0% respectively). On average, modern cooking stoves are used in 13.5% of all households in Rwanda (Figure 53).

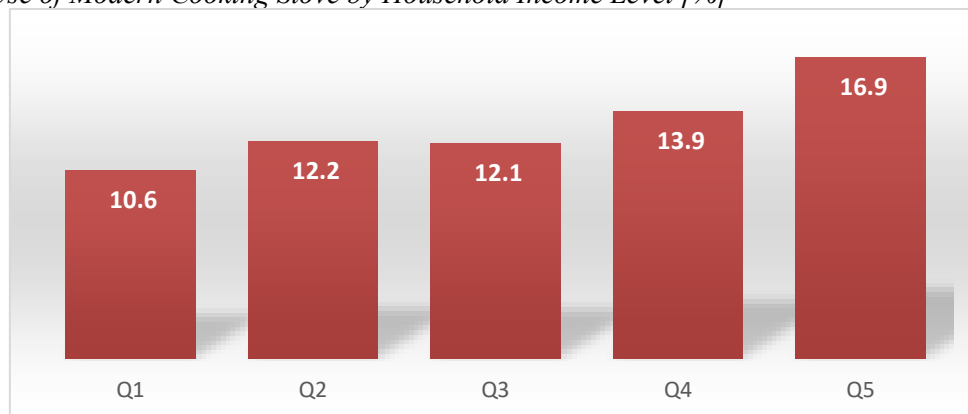
Figure 53: Use of Modern Cooking Stoves by Location [%]



Source: EICV5.

When the analysis is done by consumption level (quintiles⁵⁶⁴), the percentage of households using modern cooking stoves understandably increases with the level of consumption (income) (Figure 54).

Figure 54: Use of Modern Cooking Stove by Household Income Level [%]



Source: EICV5.

Only data contained in EICV5 is presented as earlier surveys did not focus on this type of cooking appliance.

During the informal survey, the participants indicated the following:⁵⁶⁵

- 68% still used 3-stone stoves; and,
- 11% used modern stoves.

People are generally aware of clean cooking such as using LPG and biogas, but they continue to use charcoal even if they have access to LPG. This is rooted in the way the meals have been traditionally

⁵⁶⁴ Quintiles are developed by sorting the sample of households by annual consumption values, and then dividing the population into five equal shares. The 20% of households with the highest annual consumption are allocated to quintile 5, and the 20% of households with the lowest levels of annual consumption are allocated to quintile 1. The poorest households and their members are found in quintile 1 and the richest are found in quintile 5. Consumption is used as a proxy for income, as is usual when estimating poverty. Quintiles are a relative measure of households' consumption in comparison to the rest of the population during a specific period.

⁵⁶⁵ Focus group with citizens in Ruhango district.

prepared.⁵⁶⁶ Improved cook stoves were in use in the past; the units called Rondereza were very popular, but few survived till today. The other household name in improved cook stoves today is Inyenyeri. Efficient cook stoves tend to be expensive to many families. For example, a program managed by One Acre Fund to promote efficient cook stoves had to be discontinued after only a few consumers were able to afford them.⁵⁶⁷

Currently, the Ministry of Environment together with Rwandan Standardization Board is establishing a testing lab where cook stoves will be tested and certified according to their efficiency. Eventually, the most efficient will be promoted on the market. Another effort to introduce efficient cook stoves and clean fuels is the program being designed by the EUD of introducing LPG and improved cook stoves in schools.⁵⁶⁸

To avoid repetition, for analysis of fuel sources other than wood and charcoal please refer to the third Indicator in I.7.3.3.

STRENGTH OF EVIDENCE: MORE THAN SATISFACTORY

Table 113: Overview of evidence for JC 7.2.

| | Documents and statistics | | | | Interviews | | | |
|---|--------------------------|------------|------|------|------------|------|--------------|------------|
| | EU | World Bank | NISR | RURA | EUD | RURA | Focus groups | Government |
| JC7.2: Affordable and sustainable energy is provided and used | | | | | | | | |
| I.7.2.1 Increased affordability and use of electricity, also for and by rural households. | X | X | X | X | X | X | X | X |
| I.7.2.2 Increased use of sustainable energy sources for cooking. | | | X | | X | | X | |

JUDGEMENT CRITERION 7.3

INDICATOR 7.3.1

| JC7.3 | Energy is used in a rational and efficient manner; greater involvement of women in household decision making | Indicators, where possible annually 2015-2018 |
|---------|--|---|
| I.7.3.1 | Increased female participation in decision-making with regard to access and use of energy resources. | <ul style="list-style-type: none"> Number/ % of women being primary decision makers when it comes to purchasing appliances (stoves, lamps, etc.), and entering into contractual agreements with the REG or other electric service providers. |

The decision regarding the type of cooking stove to be acquired is more often made by women nationwide and in rural areas. In urban areas men tend to be the primary decision makers (Figure 55)⁵⁶⁹.

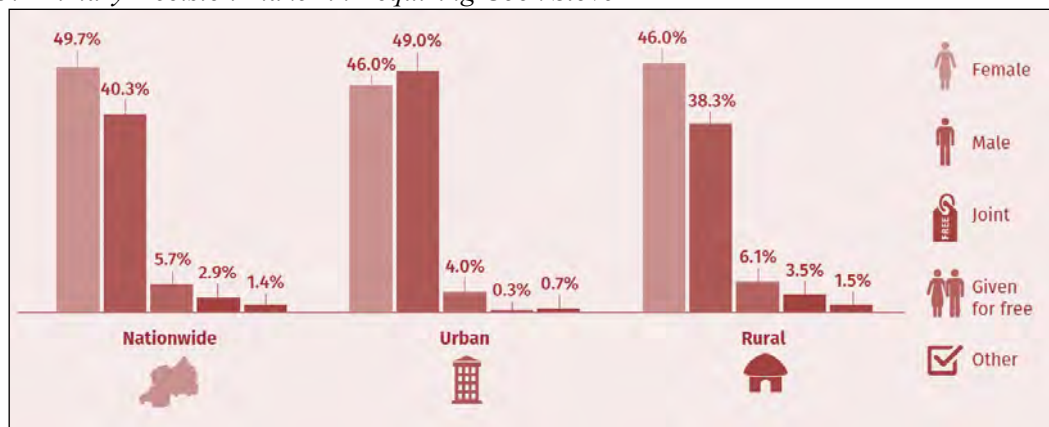
⁵⁶⁶ Interview with EUD.

⁵⁶⁷ Interview with OAF.

⁵⁶⁸ Interview with EUD.

⁵⁶⁹ Please note the error in data reported in the MTF Report in Figure 28-the value for the percentage of female being a primary decision maker should be 50.6%, not 46.0%.

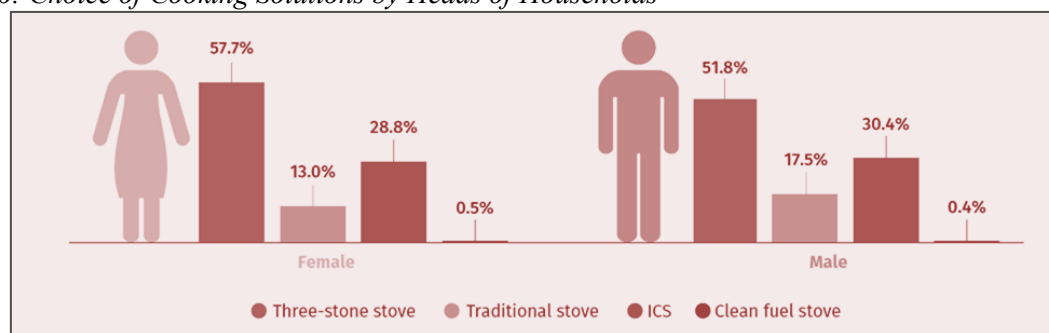
Figure 55: Primary Decision-maker in Acquiring Cook Stove



Source: Beyond Connections. Energy Access Diagnostic Report Based on the Multi-Tier Framework. The World Bank Group 2018.

When it comes to making decisions regarding improved cooking stoves⁵⁷⁰ and clean fuel stoves⁵⁷¹ the female heads of households make similar decisions as male heads of households. The three-stone stoves⁵⁷² are still preferred somewhat more by women while traditional stoves⁵⁷³ are somewhat more preferred by men (Figure 56).

Figure 56: Choice of Cooking Solutions by Heads of Households



Source: Beyond Connections. Energy Access Diagnostic Report Based on the Multi-Tier Framework. The World Bank Group 2018.

When differentiated by the head of household and the area where the family lives, the female headed households in rural areas were more likely to use improved cook stoves than the male headed households. In urban areas it is reversed. When it comes to three-stone stoves, female headed households are more likely to continue using them in both areas than male headed households. The use of clean fuel stoves, while very low in percentage points, was close in both types of households in urban areas and not reported for either households in rural areas (Figure 57).

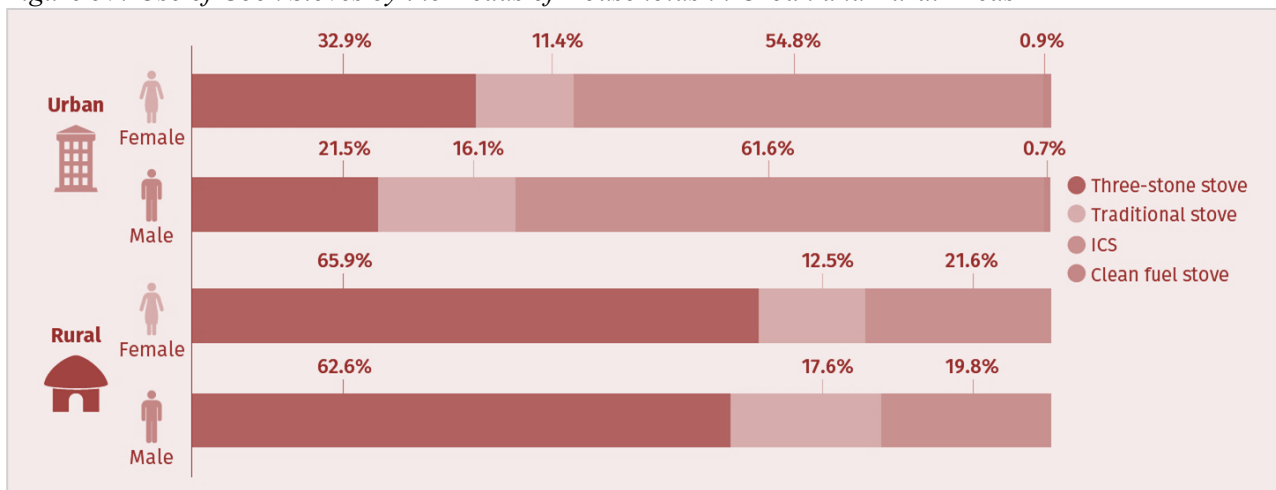
⁵⁷⁰ Improved cooking stove (ICS) uses newer stove technology to improve efficiency, cleanliness, and safety. ICS use less energy to deliver a given amount of usable heat than three-stone and traditional stoves do, and they may also produce less indoor and overall air pollution.

⁵⁷¹ Clean cooking stove uses fuels with very low levels of polluting emissions, such as biogas, LPG/cooking gas, electricity, ethanol, natural gas, and solar. In Rwanda only biogas and LPG/cooking gas are used by households.

⁵⁷² Three stone stove is a simple firewood burning stove consisting of three stones placed in a triangular pattern over an open fire used as a support for a cooking pot.

⁵⁷³ Traditional stove is a locally produced stove using mud, metal, or other low-cost materials and following cultural practices. Traditional biomass stoves use biomass fuels.

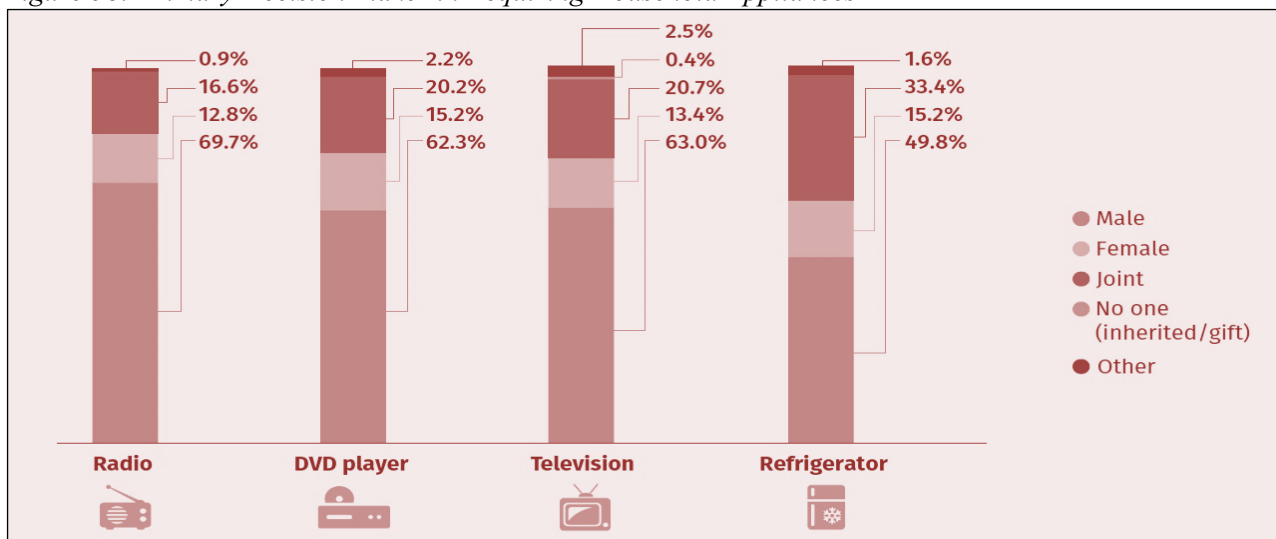
Figure 57: Use of Cook Stoves by the Heads of Households in Urban and Rural Areas



Source: Beyond Connections. Energy Access Diagnostic Report Based on the Multi-Tier Framework. The World Bank Group 2018.

When it comes to making decisions regarding the purchase of other household appliances, it is the men that are the primary decision makers, followed by joint decision and then by women. Depending on the appliance, the men are 3-5 times more likely to be the primary decision maker (Figure 58).

Figure 58: Primary Decision-maker in Acquiring Household Appliances



Source: Beyond Connections. Energy Access Diagnostic Report Based on the Multi-Tier Framework. The World Bank Group 2018.

During the informal survey, the participants indicated the following:⁵⁷⁴

- in 35% of households women made the decision regarding the type of cooking stove.
- in 11% of households the decision regarding the type of cooking stove was made jointly.
- in 43% of households the decision to acquire household appliances was made jointly.
- in 9% of households the decision to acquire household appliances was made by men; and,
- in 6% of households the decision to acquire household appliances was made by women.

The results of informal interactions with various individuals indicated the following: while in the past women were responsible for household issues and men made decisions on purchases, a new trend has emerged-the decisions are made together by female and male-the gender balance is improving.⁵⁷⁵

⁵⁷⁴ Focus group with citizens in Ruhango district.

⁵⁷⁵ Interviews.

INDICATOR 7.3.2

| | | |
|----------------|---|---|
| JC7.3 | Energy is used in a rational and efficient manner; greater involvement of women in household decision making | |
| 1.7.3.2 | Reduced grid losses at each level from generation to end-users. | <ul style="list-style-type: none"> Energy losses at the transmission (high & medium voltage) and distribution (low voltage) levels |

The energy losses in the Rwandan grid continue to decrease. It is the result of the ongoing modernization of the transmission and distribution networks, including investments in the infrastructure. The REG's goal is to bring the system losses to the 15% level by year 2024, as stated in ESSP. The line losses are comprised of technical and commercial losses. Technical losses are directly related to the electricity flow through the conduits and other electric infrastructure, while commercial losses are attributed to the consumers.

Electricity from the grid in Rwanda is sold to residential consumers on a pre-paid basis, meaning that no electricity is sold unless the consumers pay for it upfront. Consequently, there are no arrears in payments for electric service to residential consumers. Industrial and commercial consumers are billed on the actual consumption after the end of the billing period; thus, the payment may be delayed. Therefore, commercial losses are primarily connected to electricity theft, or, in lighter terms, consumption through informal connections. It is estimated that 1.7% of households may be informally connected to the grid.⁵⁷⁶ The proportion between technical and commercial losses has not been estimated in that same report.

In modern electric systems, the technical losses are approximately at the level of 5-6% of generated energy. They depend on the unique features of the system; such as, the lengths of the lines, density and location of served customer accounts, to name a few, and may increase over time with the degradation of the overall condition of the network's infrastructure if no maintenance or modernization work is performed.

The historical values of the level of losses in Rwanda are presented in Figure 59. Four sets of data from four sources were used: monthly and quarterly reports from RURA, data from MININFRA, results of the studies done by CABIRA/IBC (CABIRA)⁵⁷⁷ and SEURECA/VEOLIA (VEOLIA)⁵⁷⁸, and data provided by REG to the EUD. While there is a noticeable month-to-month variation in the level of losses reported, caused by different methodologies used in loss calculations,⁵⁷⁹ the overall trends are downward.

The most recent study is done by VEOLIA, and this study identified the following allocation of technical losses:

- 3% - energy lost in High Voltage transmission system.
- 1% - energy used for auxiliaries' consumptions.
- 3% - energy lost in Medium Voltage lines.
- 2% - energy lost in Medium Voltage/Low Voltage transformers.
- 2% energy lost in Low Voltage network.
- 0% energy losses in metering system and connections.

In total, the technical losses added up to 11.1% and non-technical losses added up to 9.4%, all together 20.5%.

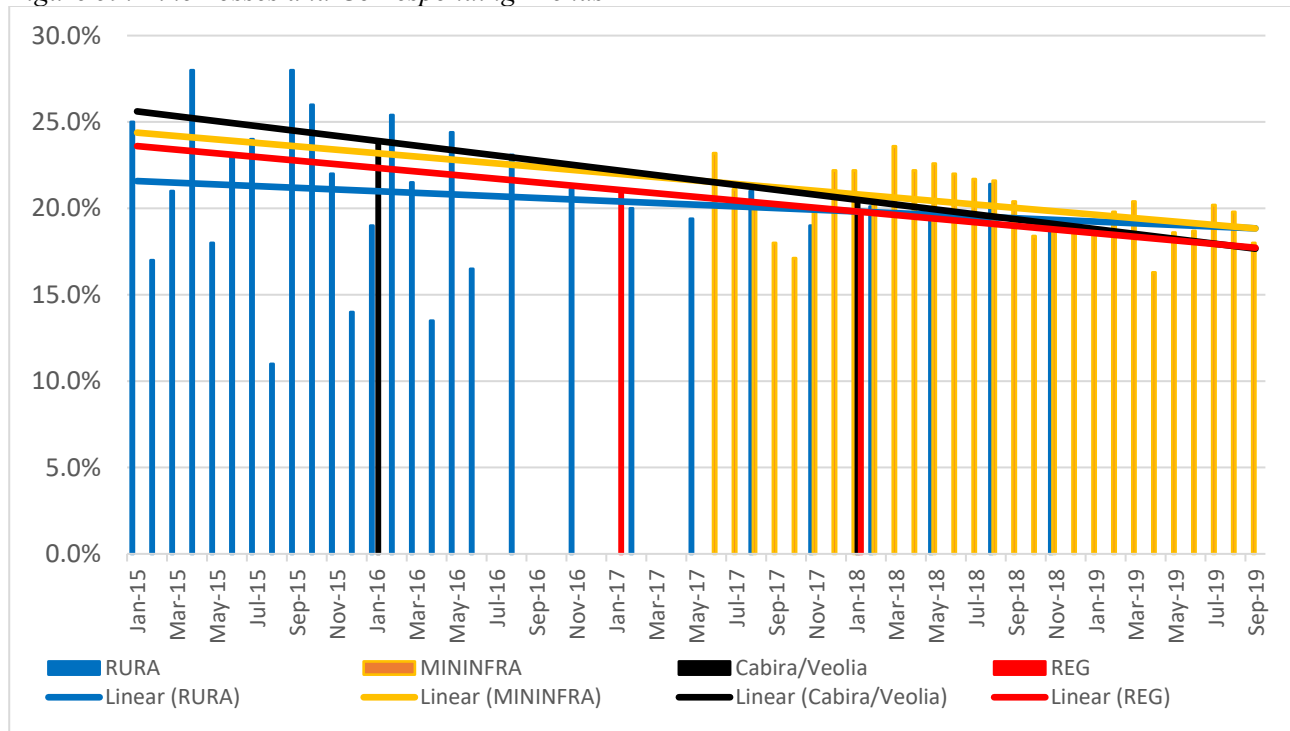
⁵⁷⁶ Beyond Connections. Energy Access Diagnostic Report Based on the Multi-Tier Framework. The World Bank Group 2018.

⁵⁷⁷ CABIRA/IBC, Status of Power Losses in the Rwandan Power Grid and Loss Reduction Investment Plan. Reference Year: 2016.

⁵⁷⁸ SEURECA/VEOLIA, Kigali grid loss reduction programme-Mid-term evaluation mission. SEURECA/VEOLIA, Final restitution 14/06/2019.

⁵⁷⁹ The common methodology used by REG is to make estimations based on energy generated vs. energy sold and decrease the result by 1%. Since the residential consumers pre-pay their services and commercial and industrial consumers post-pay their usage, the monthly variations are inevitable.

Figure 59: Line Losses and Corresponding Trends



Source: RURA Statistical Data, MININFRA, CABIRA, VEOLIA, REG.

INDICATOR 7.3.3

| JC7.3 | Energy is used in a rational and efficient manner; greater involvement of women in household decision making | Indicators, where possible annually 2015-2018 |
|---------|--|---|
| 1.7.3.3 | Improved balance between consumption and regrowth of biomass sources. | <ul style="list-style-type: none"> • Difference between the use of biomass and inventory of national forests • Forest coverage in % • Fuel consumption by user category. |

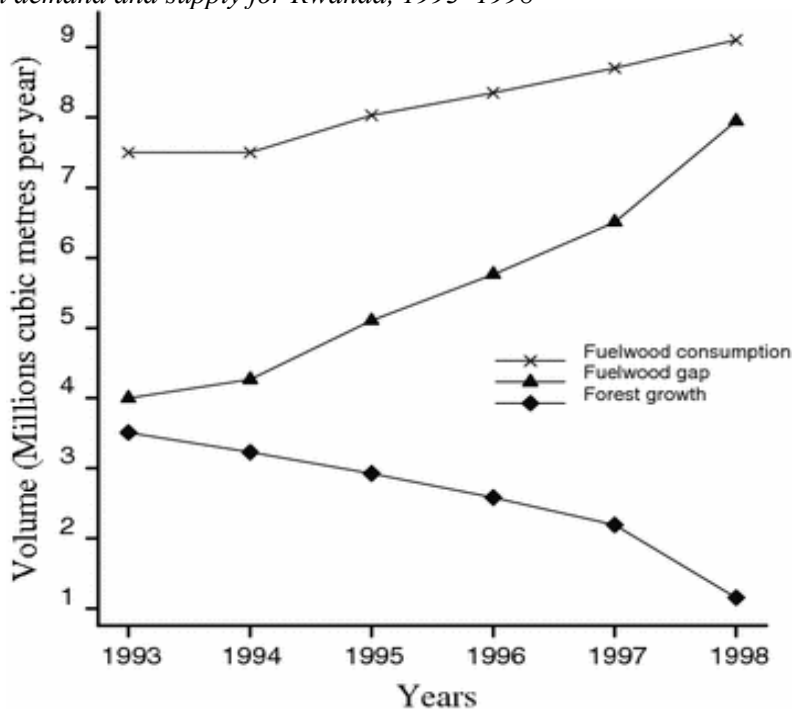
Biomass is widely used for cooking in over 97% of the households; its continuous use has tipped the fragile balance between the demand for wood and charcoal, and the regrowth of natural wood resources. The gap is widening causing negative environmental and health effects.

This is not a new development; this situation has been continuing for several years. The early studies illustrated this issue with a call for corrective action (Figure 60).

As the population in Rwanda grew, so did the demand for wood. However, there is a conflicting situation when interpreting results of the impact of such a growth on the areas covered by forests in studies and estimates presented by various organizations.

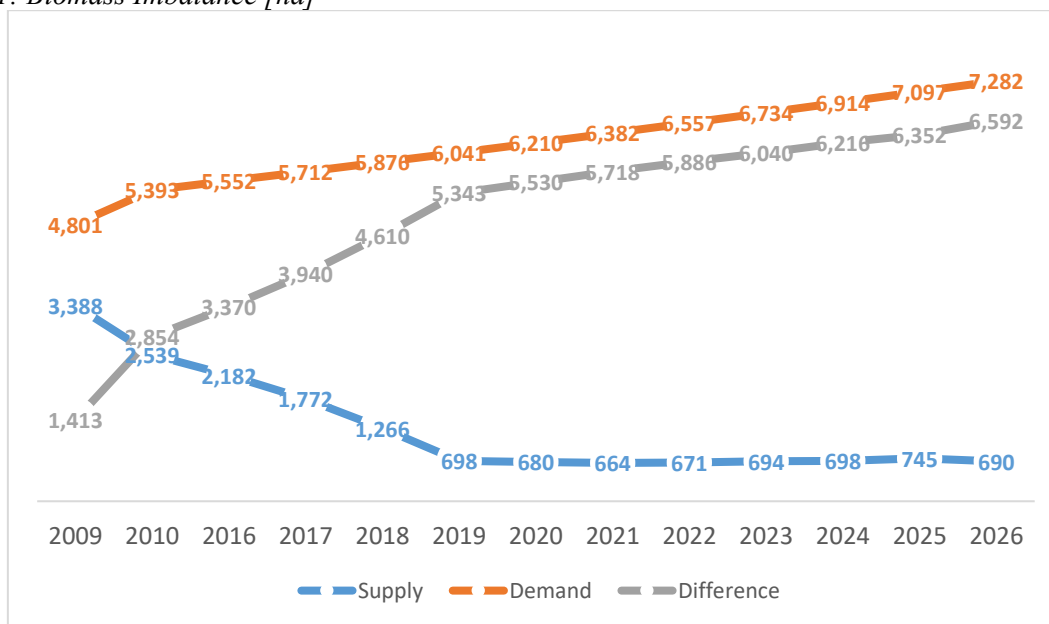
For example, the imbalance between the sustainable supply of firewood and the demand for it quoted in the Rwanda National Forest Policy clearly indicates and forecasts depletion of forest resources. The shapes of the supply and demand curves, and the resulting difference is somewhat similar to the previous chart, although the absolute values are different (Figure 61).

Figure 60: Fuelwood demand and supply for Rwanda, 1993–1998



Source: Murererehe S (2000) Etat des ressources forestières au Rwanda. Rapport technique AFDC/TR/14. FAO, Kigali, quoted in Fuelwood demand and supply in Rwanda and the role of agroforestry by J. D. Ndayambaje, G. M. J. Mohren, April 20, 2011.

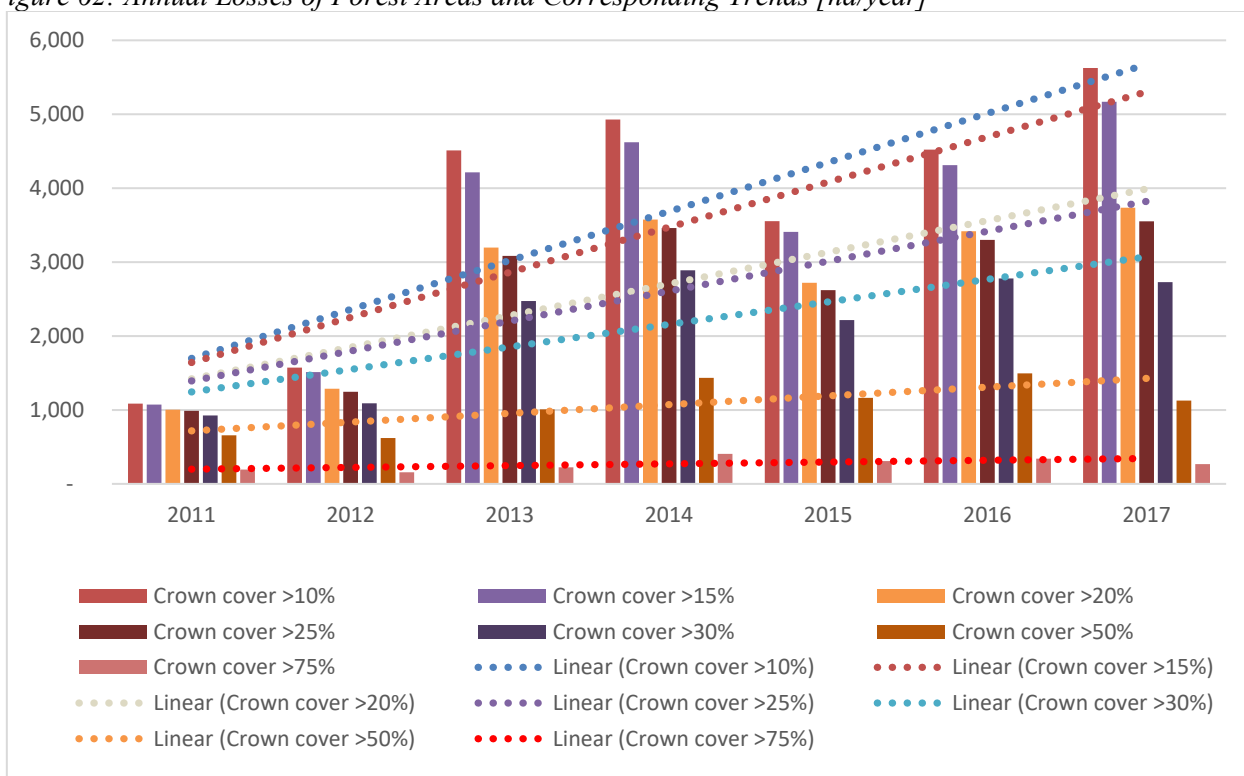
Figure 61: Biomass Imbalance [ha]



Source: Rwanda National Forest Policy 2017, January 2017

The continuous decrease in the areas covered by forests in Rwanda is also illustrated by Global Forest Watch in Figure 62. The trends for the loss of all tree crown covers are heading upward.

Figure 62: Annual Losses of Forest Areas and Corresponding Trends [ha/year]

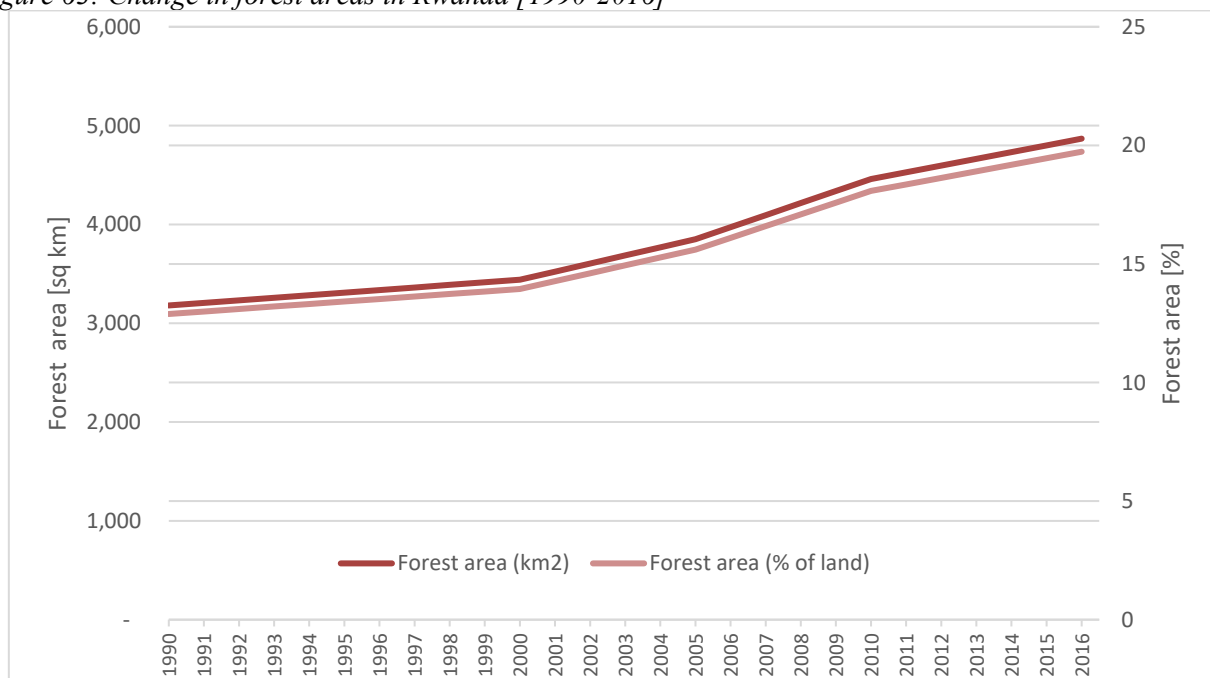


Source: Independent Baseline and Forest Monitoring Report Rwanda 2017.

<http://climate.globalforestwatch.org>

On the other hand, there are data showing the growth of areas covered by forests. For example, the World Bank database is showing the continuous growths of forest areas (Figure 63).

Figure 63: Change in forest areas in Rwanda [1990-2016]



Source: World Bank Development Indicators. <https://data.worldbank.org/indicator/ag.lnd.frst.zs>

Similarly, the data presented by the NISR,⁵⁸⁰ which is based on the information from the Rwanda Water and Forestry Authority, also shows an increase in the total forest area: the difference between

⁵⁸⁰ NISR, Rwanda Statistical Yearbook 2018.

the NISR-reported forest area and the World Bank-reported forest area in 2010 is 38.47%, and grows to 44.76% in 2016. The forest area growth rate between 2010 and 2016 as reported by NISR is 14.1% while the growth rate as reported by the World Bank is 9.15%, a difference of 4.95 percentage points. Interestingly enough, the NISR data shows no change in the area of natural forest, either positive or negative, over the seven-year period (Table 114).

Table 114: Development of forest area 2010-2017 [ha]

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-----------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Natural forest | 283,128 | 283,128 | 283,128 | 283,128 | 283,128 | 283,128 | 283,128 | 283,128 |
| Forest plantation | 334,465 | 353,961 | 379,165 | 390,507 | 404,047 | 413,274 | 421,569 | 426,633 |
| Total | 617,593 | 637,089 | 662,293 | 673,635 | 687,175 | 696,402 | 704,697 | 709,761 |
| Coverage as % of land | 25.9% | 26.7% | 27.8% | 28.3% | 28.9% | 29.2% | 29.6% | 29.8% |

Source: NISR, Rwanda Statistical Yearbook 2018

In contrast to this, the results of the latest national forest inventory⁵⁸¹ show an overall decrease in the forest area between 2008/2009 and 2013/2014, as illustrated by Table 116 below.

The national forest inventory provided data for each province and forest type (Table 115). The total area of the forests is 673,516 ha, which is equivalent to 28.28% of the total land area. The Western province comprises the biggest share of natural forests (69,733 ha), the Southern province has the biggest share of plantation forests (109,765 ha), while the Eastern province has the largest share of shrub land (258,403 ha).

Table 115: Forest cover per province

| Province | Natural forest (ha) | Forest plantation (ha) | Shrubland (ha) | Total (ha) |
|--------------|---------------------|------------------------|----------------|----------------|
| Northern | 11,716 | 54,813 | - | 66,529 |
| Southern | 42,850 | 109,765 | 582 | 153,197 |
| Eastern | 1,843 | 35,986 | 258,403 | 296,232 |
| Western | 69,733 | 74,905 | 1,519 | 146,157 |
| Kigali City | 59 | 11,340 | - | 11,399 |
| Total | 126,201 | 286,809 | 260,504 | 673,516 |

Source: Forest Investment Program for Rwanda. Ministry of Lands and Forestry, November 10, 2017.

Possible discrepancies among the sources of data aside, the imbalance between the supply and demand for wood remains and is not going away unless changes are made in the way the trees are grown and the wood is used. On private land tree species are poorly matched with the land they are planted on; forest management is of low quality and premature cutting prevails.⁵⁸² Public plantations have a very narrow range of species, low stocking and stagnated growth due to damage from fire and illegal cutting with limited active management and protection.⁵⁸³ The sources of wood are listed in Table 117.

⁵⁸¹ Republic of Rwanda, Rwanda Natural Resources Authority. Support Program to the Development of the Forestry Sector in Rwanda-Phase II Execution of a National Forest Inventory. Belgian Development Agency Final Report No. A-1d, October 2016.

⁵⁸² *ibid*

⁵⁸³ *ibid*

Table 116: 2008/09 Productive Forest, Shrub land and Agroforestry Areas and Corresponding 2013/14 Estimated Areas

TIF Trees Inside Forest
 TOFo Trees Outside Forests / other (scattered trees, tree rows, small wood lots)
 TOFs Trees Outside Forests / shrubland

| Province | District | TIF (excl. Protected Areas) | | TOFs (incl. Wooded Savannah) | | TOFo (Agroforestry incl. Agriculture) | |
|----------|--------------|--------------------------------|-------------------|---------------------------------|-------------------|--|---------------------|
| | | 2008/09 [ha] | 2013/14 [ha] | 2008/09 [ha] | 2013/14 [ha] | 2008/09 [ha] | 2013/14 [ha] |
| Eastern | Bugesera | 3,549.40 | 2,425.27 | 4,936.73 | 2,566.50 | 78,846.02 | 81,600.08 |
| | Gatsibo | 9,796.84 | 7,258.45 | 39,966.29 | 29,689.25 | 65,699.54 | 73,379.79 |
| | Kayanza | 4,479.47 | 3,318.83 | 59,304.55 | 45,215.62 | 61,680.77 | 75,717.15 |
| | Kirehe | 1,592.76 | 1,110.11 | 22,894.97 | 13,893.53 | 76,111.14 | 81,786.49 |
| | Ngoma | 3,935.78 | 3,176.60 | 2,440.47 | 1,598.93 | 63,459.18 | 64,903.91 |
| | Nyagatare | 7,355.54 | 5,449.70 | 60,866.23 | 47,810.86 | 88,152.88 | 96,728.87 |
| | Rwamagana | 5,333.79 | 3,951.79 | | | 54,833.08 | 55,550.79 |
| Kigali | Gasabo | 6,679.06 | 5,699.42 | | | 25,089.27 | 25,239.80 |
| | Kicukiro | 1,162.09 | 991.64 | | | 7,881.09 | 7,907.28 |
| | Nyarugenge | 2,378.18 | 2,029.37 | | | 6,733.91 | 6,787.51 |
| Northern | Burera | 6,299.74 | 5,724.78 | | | 41,974.05 | 42,344.89 |
| | Gakenke | 14,858.92 | 14,076.88 | | | 51,036.82 | 51,744.38 |
| | Gicumbi | 16,436.56 | 14,340.90 | | | 58,962.37 | 60,523.84 |
| | Musanze | 5,144.71 | 4,675.17 | | | 33,704.06 | 34,006.91 |
| | Rulindo | 11,988.14 | 11,427.66 | | | 38,114.63 | 38,519.42 |
| Southern | Gisagara | 8,164.83 | 7,433.76 | | | 45,344.78 | 45,545.14 |
| | Huye | 11,576.52 | 10,539.96 | | | 38,200.76 | 38,484.85 |
| | Kamonyi | 7,631.88 | 6,948.52 | | | 49,551.86 | 49,739.15 |
| | Muhanga | 13,687.82 | 12,462.21 | | | 46,388.16 | 46,724.06 |
| | Nyamagabe | 27,583.87 | 25,724.29 | | | 56,216.58 | 56,216.58 |
| | Nyanza | 7,089.03 | 6,454.28 | 485.82 | 485.82 | 48,919.12 | 49,093.09 |
| | Nyaruguru | 26,815.70 | 24,944.84 | | | 45,664.74 | 46,600.17 |
| | Ruhango | 6,841.84 | 6,229.23 | | | 47,226.73 | 47,394.63 |
| Western | Karongi | 19,325.04 | 18,358.79 | 462.85 | 462.85 | 57,273.21 | 57,273.21 |
| | Ngororero | 10,771.89 | 10,209.25 | 257.59 | 257.59 | 54,894.37 | 54,894.37 |
| | Nyabihu | 7,042.11 | 6,674.29 | | | 39,880.37 | 39,880.37 |
| | Nyamasheke | 17,251.02 | 16,587.52 | 259.33 | 259.33 | 50,259.09 | 50,259.09 |
| | Rubavu | 2,926.73 | 2,773.86 | | | 29,413.03 | 29,413.03 |
| | Rusizi | 8,184.07 | 7,756.60 | 160.05 | 160.05 | 42,969.22 | 42,969.22 |
| | Rutsiro | 9,358.95 | 8,870.11 | 330.03 | 330.03 | 52,149.15 | 52,149.15 |
| | Total | 285,242.29 | 257,624.03 | 192,364.92 | 142,730.36 | 1,456,629.98 | 1,503,377.23 |

Source: Execution of a National Forest Inventory-2015.

Table 117: Sources of wood

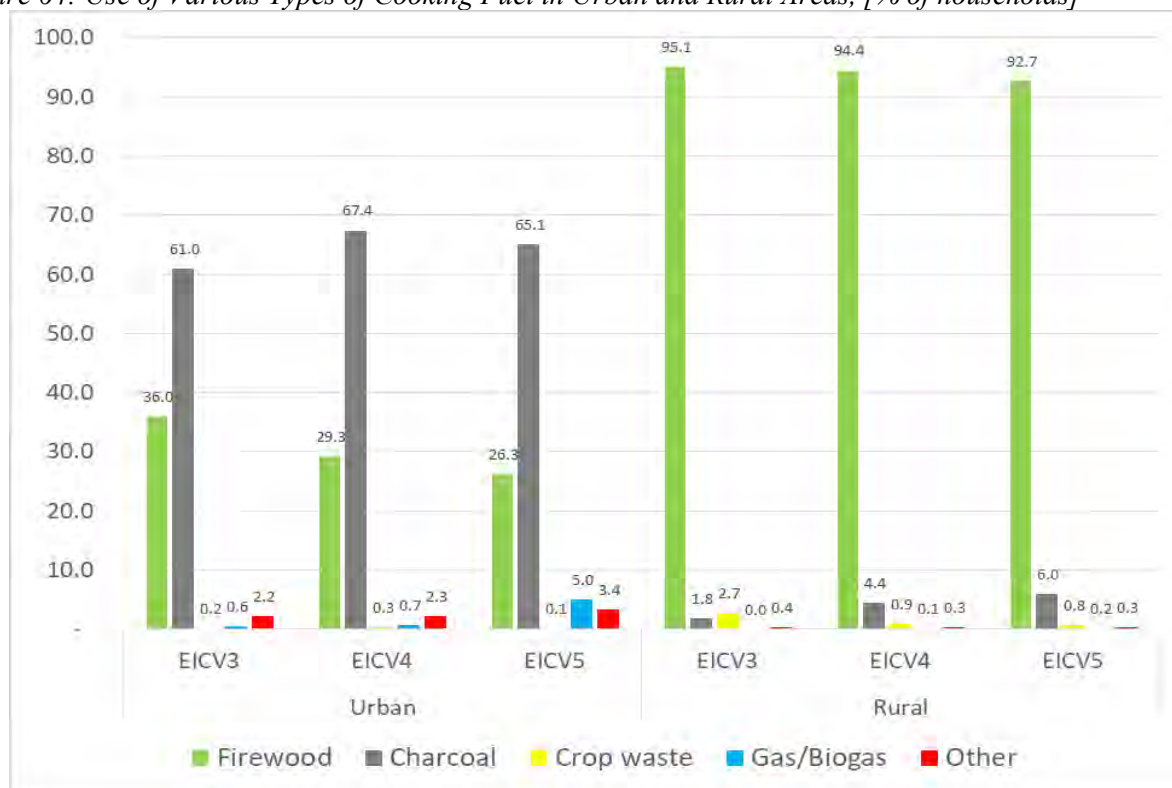
| Source | Percentage |
|-----------------|------------|
| Private forests | 43% |
| Public forests | 27% |
| Agroforestry | 26% |
| Shrublands | 4% |

Source: Forest Investment Program for Rwanda.
Ministry of Lands and Forestry, November 10, 2017

The demand for wood is generated by the way people use it. Based on the WISDOM Report⁵⁸⁴, the use of fuelwood at Rwandan households is estimated at 2.7 million tons per year and charcoal making accounts for about 50% of total fuelwood used. It has been further estimated that if nothing changes the deficit between wood supply and demand will grow from 4.3 million tons (oven dry weight) in 2017, to 7.5 million tons by 2026. This is due to a high increase in demand for firewood and wood for charcoal. The individual proportions of wood uses in that period will change as follows: wood for charcoal from 37% to 43%, wood for firewood from 56% to 50%, wood for poles and sticks from 6% to 5%, and wood for timber will stay at 1%. Unless alternative fuel options for cooking and more efficient ways of cooking become widely available to urban and rural residents, the over exploitation of forests will continue.

The use of various fuels has been documented in periodic household surveys performed by the NISR. The results are shown in Figure 64 and Figure 65.

Figure 64: Use of Various Types of Cooking Fuel in Urban and Rural Areas, [% of households]



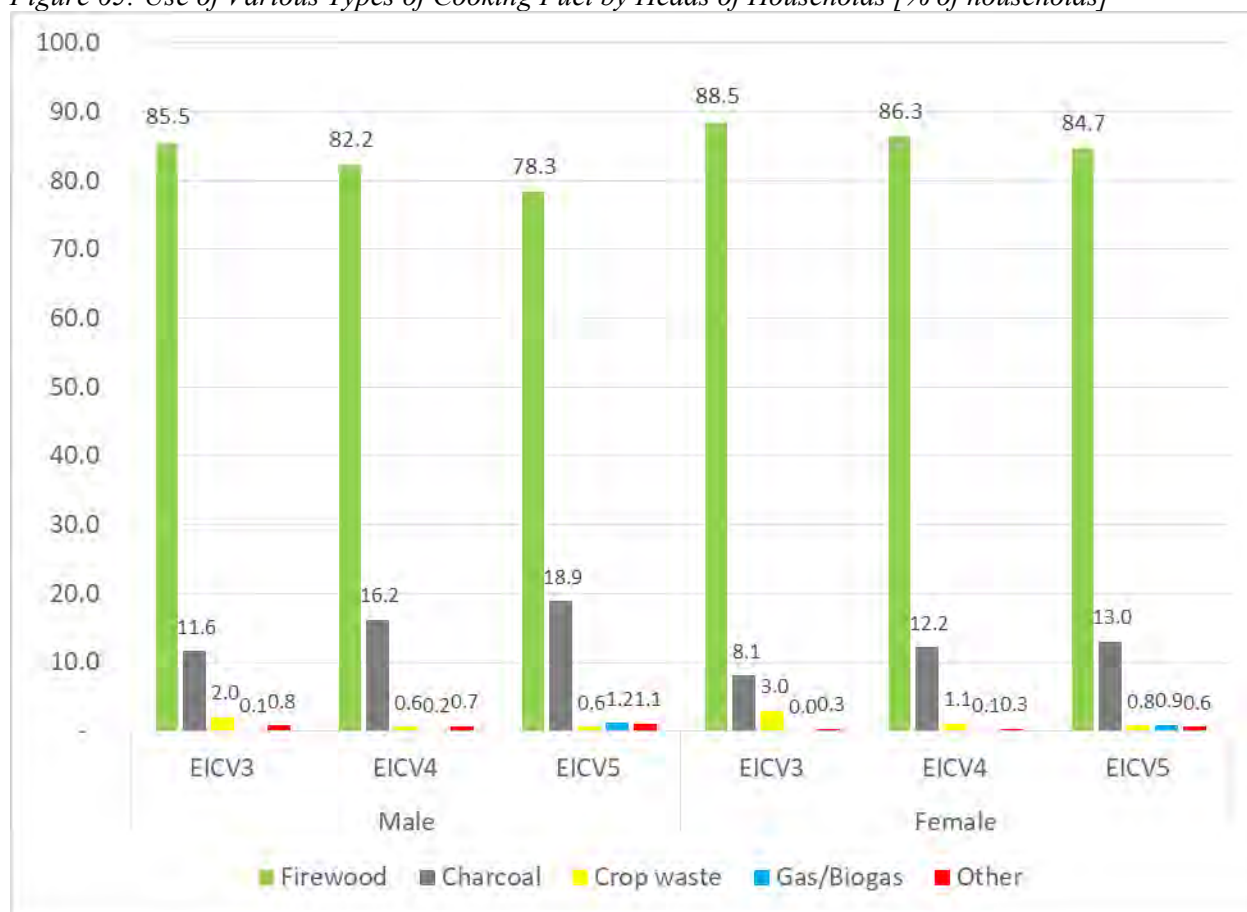
Source: EICV3, EICV4, EICV5

⁵⁸⁴ Forest Investment Program for Rwanda. Ministry of Lands and Forestry, Republic of Rwanda, November 10, 2017.

In urban areas, the use of firewood declines steadily and at a higher rate than in rural areas, while the growth of charcoal use, the dominant fuel source for cooking, is tapering off. Gas and biogas experienced a significant growth, becoming the very distant, third most popular fuel.⁵⁸⁵ The use of other, unspecified types of fuel, is increasing steadily, becoming the fourth most popular fuel.

Firewood is the dominant source of fuel for cooking in rural areas. Its use over time is declining very slowly. Charcoal emerges as the second fuel of choice, while crop waste, previously second choice, is now the third choice. The use of gas/biogas is very slowly getting traction. Some of the factors affecting low popularity of bottled gas is the initial cost of the container, limited distribution network and misconception that charcoal is less expensive in long-term use than LPG. Not without a merit is the fear that bottled gas is dangerous and prone to explosion. Clearly, more public awareness campaigns are warranted.⁵⁸⁶

Figure 65: Use of Various Types of Cooking Fuel by Heads of Households [% of households]



Source: EICV3, EICV4, EICV5.

In rural areas, firewood is used more in households headed by women while charcoal is the fuel of choice in men headed households. The use of crop waste, although a distant third choice, is preferred by women, while the emergence of gas and biogas use is slightly higher in male headed households.

In the informal survey⁵⁸⁷ conducted among the participants of the focus group, the responses to questions addressing the use of cooking fuels were as follows:

- firewood is used by almost all households.

⁵⁸⁵ In the NISR surveys gas (LPG) and biogas are kept together in one category. Biogas is not as popular as LPG and available primarily in rural areas while LPG's popularity and use is growing in both, urban and rural, areas.

⁵⁸⁶ Interviews with NGOs.

⁵⁸⁷ Interview of focus group in Ruhango district.

- charcoal is used by 5% of households.
- no gas or biogas is used.
- in 46% of households the cooking fuel is chosen by women.
- in 32% of households the decision of which fuel to use is made by both men and women; and,
- in 11% of households the cooking fuel is chosen by men.

As mentioned earlier under JC7.2, using charcoal has its “advantages” over clean fuels. It goes back to the culture of meal preparation, where charcoal, as a fuel, has its prominent place when it comes to the extended process of cooking, for example, beans. Even in new single-family housing construction, an outdoor kitchen is frequently added, where charcoal is used, even if the LPG is installed in the indoor kitchen.⁵⁸⁸ This trend may be difficult to change in the short-term. Last, but not least, is the presence of a well-established charcoal lobby. No ban on charcoal use is envisioned.⁵⁸⁹ Considering this fact, new guidelines for how to produce “green charcoal” have been developed. Although more expensive, it lasts longer. To increase the demand for it, a possible subsidization is considered.⁵⁹⁰

STRENGTH OF EVIDENCE: STRONG

Table 118: Overview of evidence for JC 7.3.

| | Documents and statistics | | | | Interviews | | | |
|--|--------------------------|-----|------------|------------|------------|-----|------------|--------------|
| | Other | EUD | World Bank | Government | EUD | NGO | Government | Focus groups |
| JC7.3: Energy is used in a rational and efficient manner; greater involvement of women in household decision making | | | | | | | | |
| I.7.3.1 Increased female participation in decision-making with regard to access and use of energy resources. | | | X | | | X | X | X |
| I.7.3.2 Reduced grid losses at each level from generation to end-users. | X | X | X | X | X | | X | |
| I.7.3.3 Improved balance between consumption and regrowth of biomass sources. | X | X | X | X | X | X | X | X |

JUDGEMENT CRITERION 7.4

INDICATOR 7.4.1

| JC7.4 | Improved competitiveness of the energy sector and overall | Indicators, annually 2015-2018 unless otherwise indicated |
|---------|--|---|
| I.7.4.1 | Decreased electricity costs as the generation fuel mix evolves | <ul style="list-style-type: none"> • Average cost of energy production |

During the past five years the annual system costs of electricity continued its downward trend⁵⁹¹ (Figure 66). Rwanda’s cost of electricity supply is high due to limited domestic energy resources and noncompetitively procured generation capacity.

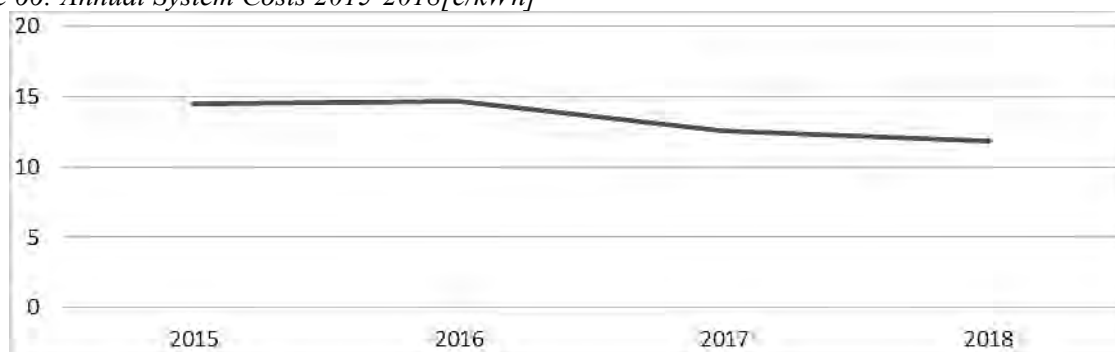
⁵⁸⁸ Interview with EUD.

⁵⁸⁹ Interview with Ministry of Environment.

⁵⁹⁰ Idem

⁵⁹¹ Based on the MININFRA’s reply on December 6, 2019: The numbers were calculated based on the electricity generated in each Fiscal Year according to RURA reports and the total cost of sales according to the financial reports of REG.

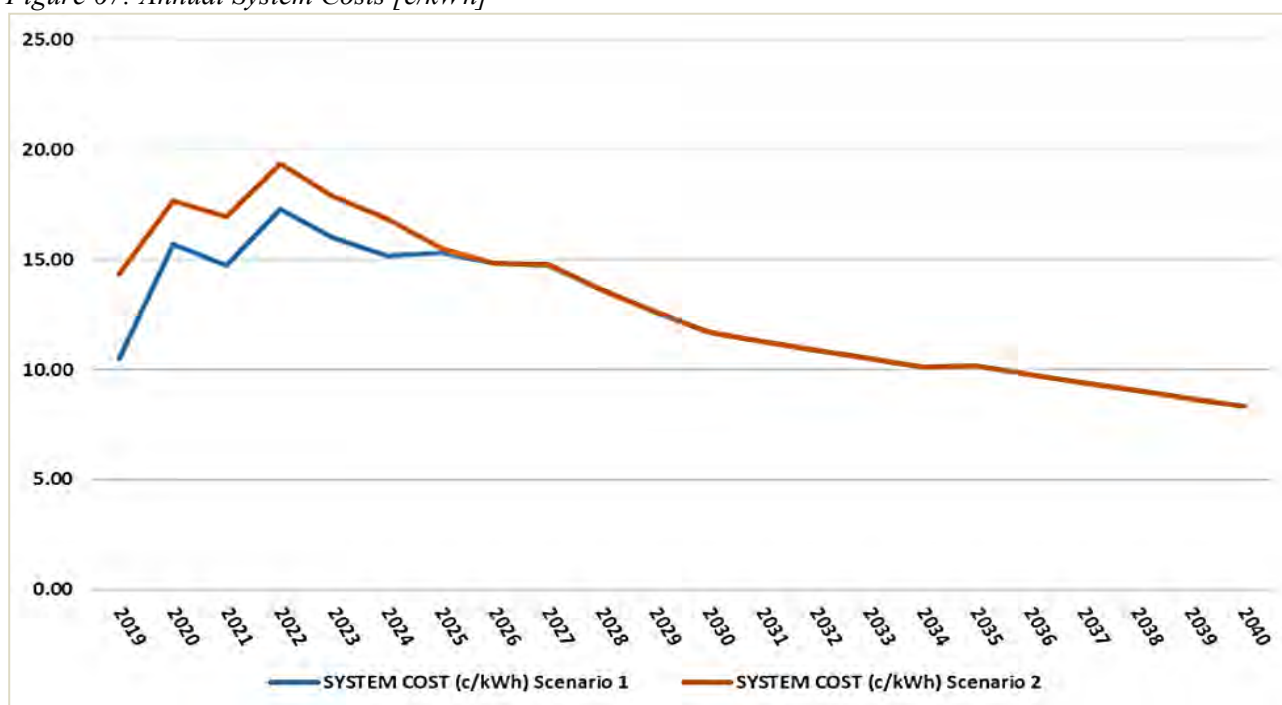
Figure 66: Annual System Costs 2015-2018[c/kWh]



Source: MININFRA.

In the future, according to the results of the two planning scenarios in the Least-Cost Power Development Plan,⁵⁹² the system-wide costs of generating electricity will keep rising until 2022; then a decrease may be experienced barring any major changes in the assumptions used in the simulations and provided that a stable political situation in the region is maintained. Within the 15-year planning horizon, the system costs may drop from the high of approximately \$0.17/kWh under Scenario 1 (\$0.19/kWh under Scenario 2), to \$0.10 /kWh under both scenarios in 2034; at least a 40% decrease (Figure 67).

Figure 67: Annual System Costs [c/kWh]



Source: Rwanda Least-Cost Power Development Plan (LCPDP) 2019-2040. Rwanda Energy Group, June 2019.

INDICATOR 7.4.2

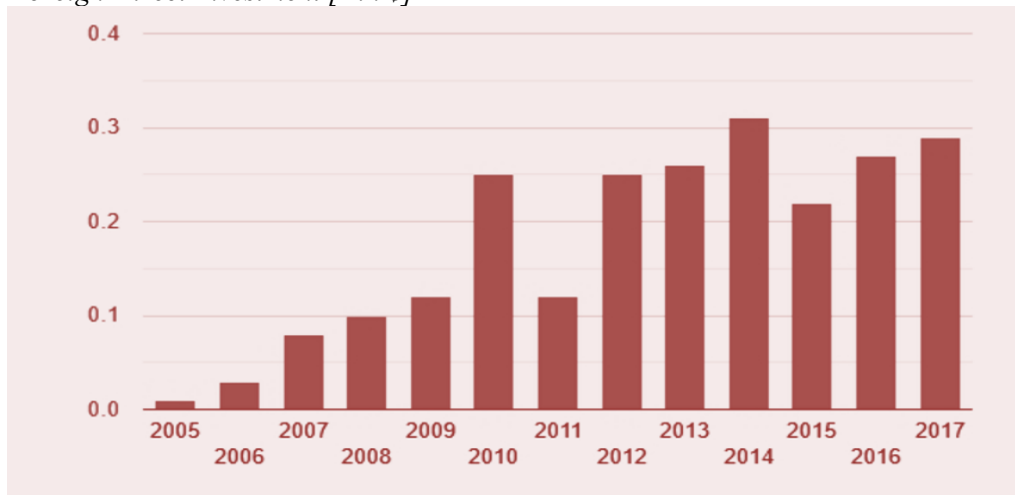
| JC7.4 | Improved competitiveness of the energy sector and overall | Indicators, annually 2015-2018 unless otherwise indicated |
|---------|---|--|
| I.7.4.2 | Improved internal and external competitiveness of the economy in general, and enhanced competition on the domestic market | <ul style="list-style-type: none"> • Inflows of foreign direct investment (FDI) • share of non-traditional exports in total exports • Productivity in manufacturing and commercial services |

⁵⁹² Rwanda Least-Cost Power Development Plan (LCPDP) 2019-2040. June 2019.

This indicator is meant to measure the effect of reduced energy costs and more reliable energy supply on the economy. As shown above, the reliability of energy supply has improved, and the government has recently introduced a subsidized rate for industrial and commercial users. Nevertheless, the 2017 “Integrated Business Enterprise Survey” finds that 32% of firms list “access to reliable energy” as a challenge. And while Rwanda has an overall rank of 41 in the global World Bank Doing Business Indicators, the rank for the subcomponent of “Getting electricity” is the worst, namely 119.⁵⁹³

Rwanda’s proves to be increasingly attractive for foreign investments. Figure 68 shows the Foreign Direct Investment (FDI)⁵⁹⁴ in Rwanda expressed in billions of dollars.

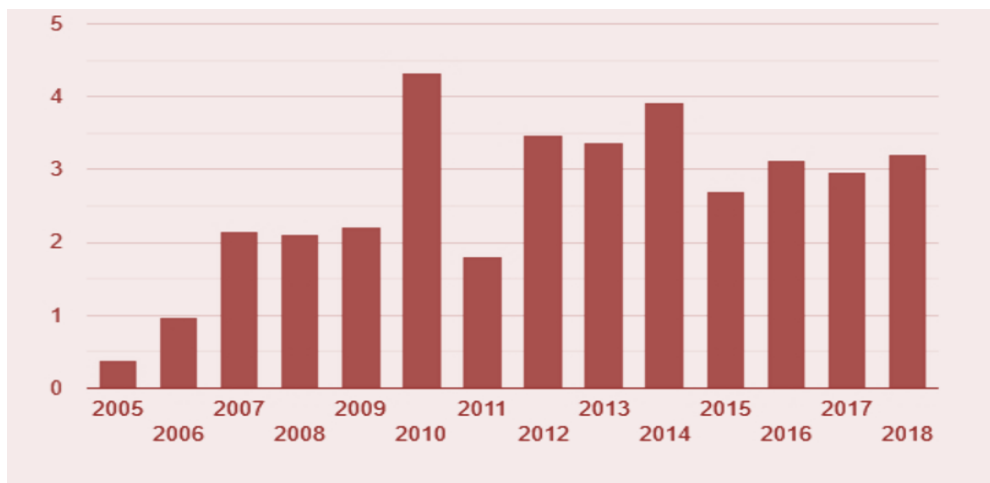
Figure 68: Foreign Direct Investment [Bln \$]



Source: TheGlobalEconomy.com, the World Bank.

Figure 69 below shows net inflows from foreign investors divided by GDP.

Figure 69: Foreign Direct Investment as a Percentage of GDP



Source: TheGlobalEconomy.com, the World Bank.

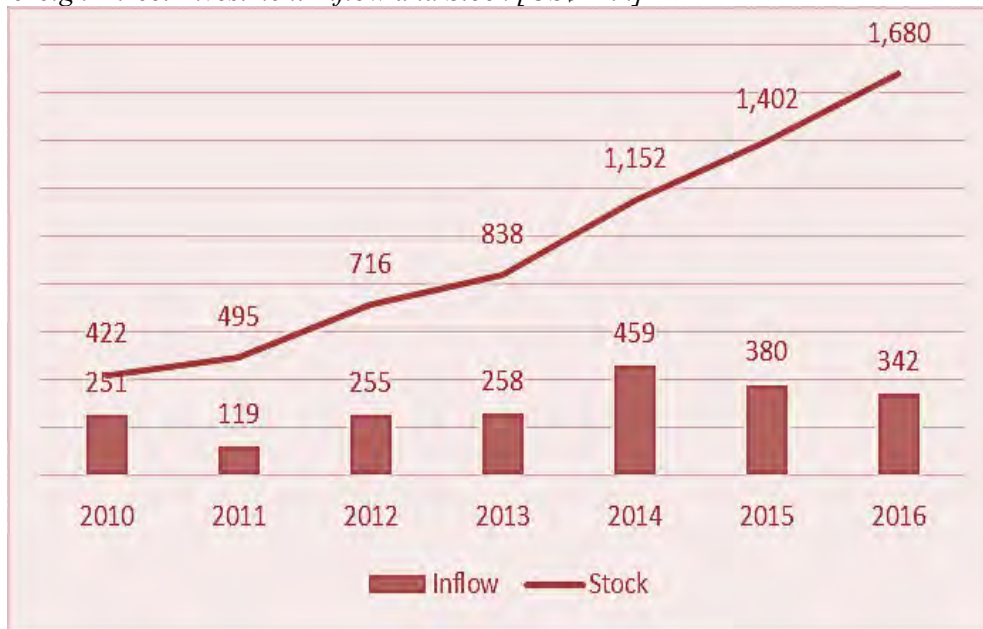
⁵⁹³ World Bank (2018) Rwanda Future Drivers of Growth, p. 183.

⁵⁹⁴ Foreign Direct Investment (FDI) are the net inflows of investment (new investment inflows less disinvestment), to acquire a lasting management interest (10 percent or more of voting stock), in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. The investment could be in manufacturing, services, agriculture, or other sectors. It could have originated as green field investment (building something new), as acquisition (buying an existing company), or joint venture (partnership).

FDI is reported on an annual basis, i.e. how much *new investment* was received in the country during the current year. In Rwanda it typically runs at about 2-3 percent of the size of the economy measured by its gross domestic product. If a country routinely receives FDI that exceeds 5-6% of GDP each year, then this is a significant success.

Another chart shows FDI with data from a different source-National Bank of Rwanda. While the inflow of FDI fluctuates annually, the stock of FDI continues to show a positive trend (Figure 70).

Figure 70: Foreign Direct Investment Inflow and Stock [US\$ Mln]



Source: Foreign Private Capital 2017. National Bank of Rwanda.

By 2015, the largest component of FDI was in ICT, followed by financial and insurance services and manufacturing (Table 119). According to the World Bank, factors behind this increase in FDI include the high rank (second highest in Africa) on the World Bank Doing Business Indicator, the tax incentives, and the active promotion of the Rwanda Development Board. However, Rwanda's stock of FDI in percent of its GDP is still much lower than that some other countries in the region, most notably example Tanzania and Uganda.⁵⁹⁵

Table 119: Stock of FDI by sector, in US\$ million and in %, 2015

| Sector | US\$ (millions) | Share (%) |
|--|-----------------|------------|
| Information and Communication Technology | 592 | 28 |
| Financial and insurance services | 477 | 22 |
| Manufacturing | 329 | 15 |
| Tourism | 219 | 10 |
| Agriculture | 104 | 5 |
| Mining | 90 | 4 |
| Wholesale and retail trade | 89 | 4 |
| Electricity, gas, steam | 70 | 3 |
| Other | 61 | 3 |
| Transport and storage | 46 | 2 |
| Total | 2139 | 100 |

Source: World Bank (2018), Rwanda: Future Drivers of Growth, p. 129.

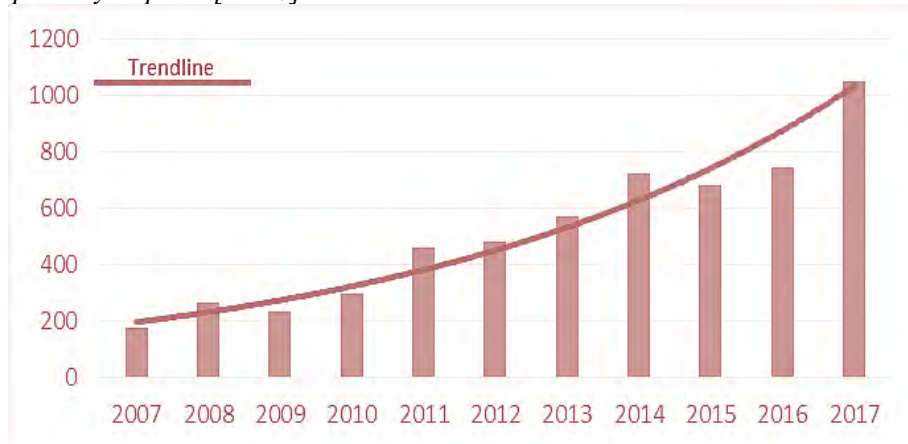
Rwanda's exports remained dominated by traditional products such as coffee, tea and minerals like tin, coltan, wolfram and cassiterite. Rwanda's main exports partners are China, Germany and United

⁵⁹⁵ World Bank (2018), Rwanda: Future Drivers of Growth, p. 129.

States. Rwanda imports mainly food products, machinery and equipment, construction materials, petroleum products, and fertilizers.

Figure 71 shows the positive trend in annual non-primary exports.

Figure 71: Non-primary Exports [mln \$]⁵⁹⁶

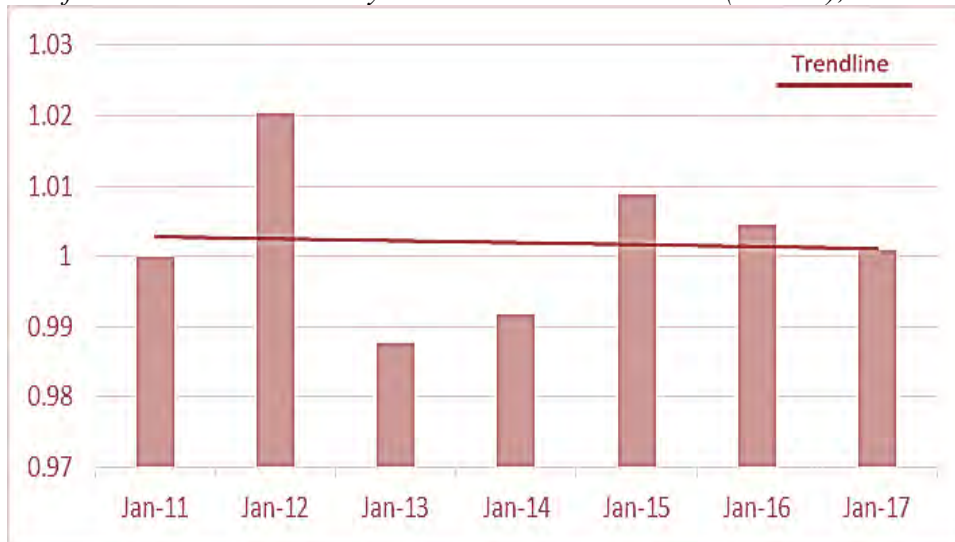


Source: Annual Reports. National Bank of Rwanda.

It is proposed to focus on Total Factor Productivity and labour productivity, and drop indices of commercial, industrial and manufacturing production from the scope of the research.

Total-Factor Productivity (TFP), also called multi-factor productivity, is usually measured as the ratio of aggregate output to aggregate inputs. It refers to how efficiently and intensely inputs are used in the production process. Figure 72 shows a slight decrease in the trend of TFP value in the seven-year period of the most recent available data. Rwanda's TFP is lower than that of other countries at similar levels of GDP per capita.⁵⁹⁷

Figure 72: Index of Total Factor Productivity at Constant National Prices (2011=1), 2011-2017



Source: University of Groningen and University of California, Davis, Total Factor Productivity at Constant National Prices for Rwanda [RTFPNARWA632NRUG], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/RTFPNARWA632NRUG>, July 3, 2019.

⁵⁹⁶ Non-primary exports include: other minerals, live animals, edible vegetables, edible fruits and nuts, cereals, flour, animal or vegetable fats, preparation of flours, juices of vegetables and fruits, beverages, spirits and vinegar, salt, Sulphur, earth and stone, essential oils, perfumery, cosmetic or toilet preparations, soap,, plastics and articles thereof, wood and articles of wood, pulp paper, textiles and textile articles, footwear, handicrafts, scrap iron, iron and steel, and other.

⁵⁹⁷ World Bank (2018), Rwanda: Future Drivers of Growth, p 185.

Labour productivity (average output per worker) is relatively low in Rwanda as compared with other countries in the region. Between 2005 and 2014 it increased, on average, by about 6 percentage points. It increased strongly in the financial sector, while also increasing in manufacturing, transport and ICT, and agriculture (from a very low base in the latter). However, average output per worker decreased in utilities, hotels and restaurants, and mining.⁵⁹⁸

STRENGTH OF EVIDENCE: MORE THAN SATISFACTORY

Table 120: Overview of evidence for JC 7.4.

| | Documents | | | | Interviews | | |
|---|-----------|-------------------------|--------------|------------|------------|--------|------------|
| | Other | National Bank of Rwanda | MININFRA/REG | World Bank | NGO | Donors | Government |
| JC7.4: Improved competitiveness of the energy sector and overall | | | | | | | |
| I.7.4.1 Decreased electricity costs as the generation fuel mix evolves | | | X | | | | |
| I.7.4.2 Improved internal and external competitiveness of the economy in general, and enhanced competition on the domestic market | X | X | | X | | | |

JUDGEMENT CRITERION 7.5

INDICATOR 7.5.1

| JC7.5 | Possible factors that can be related to the observed changes | |
|----------------|--|---|
| I.7.5.1 | Assessment of the extent to which the changes can be related to changes in macro-economic policies, in PFM systems, in government policies or policy processes or to other external/internal factors | <ul style="list-style-type: none"> Econometric study of factors determining some of the outcomes Perceptions on determining factors |

Positive changes in the energy sector include increased access and affordability of electricity, and better quality in the form of fewer interruptions. There is also some progress in improving energy efficiency, in the form of fewer losses in the system and a greater intention to plan generation capacity on the basis of a least-cost development plan. Electricity costs are high but are expected to decrease in the near future. However, there is hardly any progress in balancing the demand and supply of biomass sources and in the use of improved cooking methods.

Before analysing the possible causes of these developments, we discuss the possible effects of the budget support inputs on these changes, and in particular the relevant specific performance indicators to the SRC and of the policy dialogue.

Performance indicators

Table 121 presents the relevant performance indicators, their targets during the first four disbursement periods and the extent to which they were met, and the reasons why they were not met. The first two indicators and corresponding targets are related to increasing the access to on-grid and off-grid electricity, while indicator 5 aims to enhance the share of renewable resources. The targets were chosen on the basis of government policies, so the aims of EUD were aligned with those of the government.

The target for Indicator 6 was meant to create baselines for a range of indicators relevant for the sector. This target was met. Indicators 3 and 7 relate to the aims of improving the sustainability of forest use and avoiding unhealthy cooking practices. Especially in the latter area, government and EUD aims did not coincide. The EU attempted to create awareness of the dangers of using firewood

⁵⁹⁸ World Bank (2018) Rwanda: Future Drivers of Growth, p. 104.

for cooking (see also below, under policy dialogue). The two targets on using more efficient cook stoves were not met. In the area of sustainable forestry, the target related to making the inventory was met, but the actual reduction was not achieved in the next year.

Table 121: Overview of relevant indicators and performance targets of SRC Energy for the first four disbursements, and assessments

| Number and name of Indicator | Performance target | Disbursement date and number | Assessment | Reason for not reaching the target and full variable tranche disbursement |
|--|---|------------------------------|---------------|---|
| 1. On-grid electricity access | At least 25.5% of the population connected to the grid as number of active subscribers. | 09/2017 (3) | Partially met | Increase in on-grid connections by 1.3 rather than 2.5 percentage points (52% of the target). The GoR misinterpreted the calculation methodology and believed that it has reached over 95% of the target. |
| | At least 30% of the population connected (subscribers) to the grid. | 09/2018 (4) | Met | 27.8% of the population connected to on-grid (93% of the target). |
| 2. Off-grid electricity access ⁵⁹⁹ | At least 6% of the population with off-grid access (Electricity as main source of domestic light). | 09/2017 (3) | Partially met | Increase in off-grid connections by 2.5 rather than 5.0 percentage points (50% of the target). The GoR misinterpreted the calculation methodology and believed that it has reached 95% of the target. |
| | At least 8% of the population with off-grid access (Electricity as main source of domestic light). | 09/2018 (4) | Met | The GoR-reported 7.8% of households connected to off-grid (97.5% of the target), was accepted by the EU. |
| 3. Cook stove efficiency | At least 5% increase in HHs using Tier 1 and above cooking methods. | 09/2017 (3) | Not met | The GoR compared the percentage of households using Tier 1 to wrong baseline of 37% rather than the agreed baseline of 50%. The actual achieved level of 27.5%, rather than GoR-calculated 49%, is far below the target of 55%. |
| | At least 5% increase in HHs using Tier 1 and above cooking methods. | 09/2018 (4) | Not met | The GoR-provided increase of 5.61% was not accepted by the EU. Instead, the increase of only 0.9% was used as majority of the cook stove installations could not be verified. |
| 5. Share of generated electricity from renewable sources in the energy mix | Additional 14.50 GWh generated from renewable energy sources in energy mix including imports (hydro, geothermal) compared with 2015 baseline. | 09/2017 (3) | Met | Additional 69.5 GWh was generated by the RES, exceeding required 14.5 GWh. |
| | Additional 15.00 GWh generated from renewable energy sources in energy mix including imports (hydro, geothermal) compared with previous year | 09/2018 (4) | Partially met | Only 9.2 GWh (61.3% of the target) were generated. |
| 6. Sustainable biomass energy | Consumption baseline established, including use of cooking methodologies, forest coverage, use of electricity for domestic lights, demand supply/balance on biomass and gender aspects (for example time spent by women for collection firewood). | 09/2017 (3) | Met | An exhaustive analysis of the biomass sub-sector has been completed, baselines have been established, and elements of a proper planning have been identified. |

⁵⁹⁹ The stipulated source for this is the World Bank MTF survey, hence the numbers do not match with the results of the EICVs.

| | | | | |
|-------------------------|--|-------------|---------|--|
| 7. Sustainable forestry | Forestry inventory carried out with update on productivity by district and vegetation type (draft report available). | 09/2017 (3) | Met | An exhaustive analysis of forest resources has been completed, and elements for proper planning in order to improve the situation have been identified. |
| | Baseline + (100-Baseline)/20. | 09/2018 (4) | Not met | The proportion of annual wood demand sustainably met locally failed to increase to 81%. Instead, it decreased in 2017 to 47% and continues to go down to 30% until year 2021/22. |

Source: Documents EUD.

The reasons for partial compliance or non-compliance with the triggers for disbursements can be grouped into several categories:

1. Lower than necessary investments in the implementation of the measures.
2. Misunderstanding of the performance target calculation methodology, affecting the amount of the disbursement but not directly affecting the effectiveness of the implementation of the measures.
3. Slower than expected changes due to the attachment to culture-based habits.

The partial and full non-compliance of the indicators were not necessarily due to targets being too high; on the contrary, the Budget Support targets were more reasonable than similar targets for respective indicators listed in the GoR strategies. Other factors contributed to the indicators not reaching the targets.

The achievement of the target for Indicator 5 mainly depended on weather conditions, as discussed extensively under JC 7.1.2 above. Insufficient investment primarily affected the pace of new connections, both on- and off-grid, primarily during the early phase of the Budget Support activities (Indicators nos. 1 and 2). The on-grid investments were dependent on financial transfers from the GoR to REG, while the investments in off-grid connections were dependent on the private sector and thus were outside of the GoR control. During that early period both indicators were also improperly calculated, which shows a misunderstanding of the indicator calculation methodology. The situation improved in the following disbursement.

The slow adoption of efficient cook stoves and the persistence of traditional cooking habits seriously affected the compliance Indicator no. 3 with its targets. The unsatisfactory performance was primarily due to the pace of culture-dependent changes, which appeared to be outside of the GoR control.

Similarly, the omnipresent attachment to firewood as a primary cooking fuel caused serious non-compliance of Indicator no. 7 with its targets. While compliance with the delivery of the analysis of forest resources was fully met during the initial disbursement, the implementation was marred by the trend that was the opposite of what was expected. Instead of an increase in the demand for wood sustainably grown locally, a decrease in demand was observed, which, to make matters worse, is expected to continue in the near future. Again, this result appears to be beyond the control of the GoR.

Policy dialogue

Many interviewees, especially representing the Government of Rwanda,⁶⁰⁰ agreed that budget support approach contributed positively to energy sector development. The budget support inputs have improved the dialogue, discussions and coordination, especially through the indicators, and helped in policies' development. According to EUD, the policy dialogue had some success in three areas:

⁶⁰⁰ Interview with MININFRA.

- Creating awareness of negative effects of continuous use of biomass for cooking; steps taken towards implementation of improved cooking technologies and clean fuels to reduce the dependency on biomass.
- Revision of solar household systems' standards prepared by MININFRA.
- Shift to least-cost demand-driven approach for new generation and access to electricity.

These will be discussed below.

Reduction dependency on biomass for cooking

Due to the fact that not many projects were implemented under the Energy SRC complementary measures, the EUD, at the request of the GoR, decided to divert remaining funds to support installation of energy efficient cook stoves at schools and facilitate elimination of biomass for cooking to introduce cleaner fuels. The issue of decreasing the use of biomass is a challenging task considering the fact that there is limited expertise on the GoR side.⁶⁰¹ Officers of the Ministry of the Environment indicate that the advice from the EU on suitable indicators is very helpful. They are also of the opinion that the EU has had influence in this area. Thus, building this capacity and, most importantly, increasing awareness among the counterparts of the seriousness of the situation with unsustainable use of forest resources goes to EUD's credit. The presence of the indicators related to use of efficient cook stoves and promotion of sustainable forestry as performance targets further reinforced the message.

Standards for Solar Household Systems

The Energy Sector Working Group, through its development partners (WB, AFDB, GIZ, JICA, KfW, EUD, ENABEL and USAID), private sector representatives, and government stakeholders have been actively involved in establishing a transparent and predictable regulatory framework for off-grid access to electricity. As a result, minimum quality standards for off-grid devices, as well as incentives schemes that make the off-grid solutions affordable for low-income households and still attractive for private sector companies, were introduced. However, this was not an easy process. The standards originally introduced by MININFRA⁶⁰² ensured that only quality systems providing a minimum level of service could be imported and sold in Rwanda. Although undeniably intended for better consumer protection from substandard equipment - that would create bad publicity and discourage consumers from pursuing this technology, - the standards were set at unnecessary high levels. Since the customers who can afford solar house systems (SHS) have already purchased one, it would leave lower-income groups facing affordability issues caused by the costs of systems complying with such standards. The EU also raised this issue in the HLPD.⁶⁰³ The dialogue between the ESWG, the private sector and the government led to the latter agreeing to a less rigid approach, consistent with international best practice, and the adoption of revised guidelines, which were welcomed by all parties involved in the dialogue.⁶⁰⁴

Shift to Least-cost Planning

As a result of overly ambitious plans to expand electricity generation capacity⁶⁰⁵ the system grew disproportionately to the electricity demand, which did not materialize as anticipated. This triggered revenue shortages and the necessity of fiscal transfers to the sector. EUD, together with other development partners in the ESWG, as well as in the HLPD, had some success bringing a switch in energy sector policy from politically driven to least-cost and demand-driven approaches to system expansion.

⁶⁰¹ Interview with the EUD and GoR

⁶⁰² The Ministerial Guidelines were first published in August 2018.

⁶⁰³ Minutes HLPD September 2018.

⁶⁰⁴ The revised standards require systems being sold for the purpose of rural electrification to provide a minimum service level in addition to being internationally certified. Energising Development. Rwanda, Off-grid Sector Status Report 2018. Update August 2019.

⁶⁰⁵ EDPRS II, ESSP.

The Least-cost Power Development Plan was developed in 2017 and updated in 2018. Since then another version was prepared in May 2019. It is anticipated that instead of annual updates, the EDCL will produce revisions on a semi-annual basis. The first effects of the new approach are already visible -: no new power projects have been procured so far and it is intended to discontinue oil-fired generation after 2020 along with a decrease in fossil fuel generation. Generation using hydro resources, including cross-border transactions, methane-based, and natural gas-powered generation, will be emphasized instead. It is expected that this will eventually lead to a decrease in the cost of power generation although it will not happen before 2022 and fiscal transfers to the sector may have to continue and, possibly, increase.

Other possible explanatory factors

Access to and use of electricity has clearly increased over time. At least between 2013/14 and 2016/17, access to off-grid sources increased faster than access to on-grid. The regressions show that both increases are due to additional investment, especially in rural areas, and that increased access and use of on-grid electricity is also due to increased affordability. Off-grid solutions are mainly provided by the private sector and NGOs, so the influence of government policies or resources is limited.

Access to the grid did not proceed as fast as planned by the government – as reflected also in not fully meeting the targets for the SRC. Either the targets were too high and/or not sufficient budget resources were allocated to grid expansion. In view of the decreasing budget for energy between 2013/14 and 2016/17 (despite the EU budget support resources), the lack of resources may be the most important explanation for the slower growth in on-grid access.

In general, government policies and resources are by far the most important explanation for the observed changes – or lack of changes. We concluded in JC 6.4 that government policies and strategies have improved, that there is more coordination and a better policy dialogue in the SWG, and that more data on the sector are available, both substantive and financial data. In all this there is also a contribution of the EU budget support.

Nevertheless, in some areas, such as the sustainable use of biomass sources and improved cooking methods, progress is limited. Although the EU contributed to increasing awareness of these issues and to some extent to increasing capacities, government policies have changed very little so far. An additional problem for achieving improved cooking methods is that it is not easy to change traditional cooking habits.

With regard to possible other factors of influence, macro-economic stability is a necessary condition for achieving any improvement in living conditions, so also in energy-related living conditions. But the contribution of EU budget support on maintaining this stability is limited. The improvements in PFM systems and transparency may have contributed to the observed progress in the sector, and EU budget support played a small role in these achievements.

STRENGTH OF EVIDENCE: MORE THAN SATISFACTORY

Table 122: Overview of evidence for JC 7.5.

| | Documents | | | | Interviews | | |
|--|-----------|------------|-----|-----------------------|------------|--------|-----|
| | EU | World Bank | GoR | Own economic analysis | EUD | Donors | GoR |
| JC 7.5: Affordable and sustainable energy is provided and used | | | | | | | |
| I.7.5.1 | | | | | | | |
| Assessment of the extent to which the changes can be related to changes in macro-economic policies, in PFM systems, in | X | | X | | X | X | X |

| | | | | | | | |
|--|--|--|--|--|--|--|--|
| government policies or policy processes or to other external/internal factors. | | | | | | | |
|--|--|--|--|--|--|--|--|

EQ 8. SUSTAINABLE AGRICULTURE AND FOOD SECURITY

EQ8: To what extent, in the Agriculture sector, have the development outcomes (including nutrition, food security, gender and inclusive development) pursued through the policies and programmes supported by budget support been (or are being) achieved? Which have been the determining factors of their achievement?

JUDGEMENT CRITERION 8.1

INDICATOR 8.1.1

| JC8.1 | Increased use of agricultural inputs and rural infrastructure | |
|---------|---|--|
| I.8.1.1 | Increased use of fertilizers and improved seeds by famers | <ul style="list-style-type: none"> Use of improved seeds (kg/ha/year) by famers (f/m) Use of Inorganic fertilizer by famers (if possible, f/m) |

National distribution/use of improved seeds and fertilizers is related with (i) the Crop Intensification Program (CIP), to increase national agricultural productivity and meet food security and (ii) the Land Use Consolidation (LUC) Program as a major land agricultural transformation strategy in Rwanda (presented in paragraph 6.1.1 Agriculture)

Use of improved seeds (kg/ha/year) by famers (f/m)

The CIP towards crops production involves 5 targets; one of them is “Supply and use of agricultural inputs such as fertilizers and seeds”.⁶⁰⁶ The GOR decides which crops and seeds to be planted in the Land Use Consolidation (LUC) areas of the different regions of the country. Farmers benefitting from LUC have to plant selected crops and use the improved seeds distributed by MINAGRI/RAB. RAB provides information about the best seeds to use in different regions of the country. The GoR, which has always been a major buyer of grown maize, pays a higher price for hybrid maize grown in the LUC designated area to promote the system. The regular price for a kilogram of maize is 150 to 200 francs (US\$ 0.17-0.23/Kg). The Rwanda Agriculture Board paid 600 francs per kilogram (US\$ 0.70/kg) of the hybrid maize in 2018.⁶⁰⁷

According to Rwanda Agricultural Board, under Crop Intensification Programme (CIP), the use of improved seeds has risen from 3% in 2006 to 12.5% in 2018 in small scale farms and from 3% to 53.1% in large scale farms.⁶⁰⁸

Table 123 shows that 99 % of all agricultural households in the 2017 A&B Seasons used traditional seeds, while 24% in the 2017 Season A and 32 % in the 2017 season B used improved seeds.⁶⁰⁹ For both season A and B, male-headed households were more likely to use improved seeds than female-headed households.

Table 123: % of agriculture households using improved seeds by season, type of seeds and sex of household head

| | Season A 2017 | | | Season B 2017 | | |
|---------------|------------------------|---------------------|--------------------------------------|------------------------|---------------------|--------------------------------------|
| | Traditional seeds in % | Improved seeds in % | Total agricultural households (000s) | Traditional seeds in % | Improved seeds in % | Total agricultural households (000s) |
| Rwanda | 99 | 24 | 2,061 | 99 | 32 | 2,083 |

⁶⁰⁶ Accessibility and use of fertilisers. Nizeyimana, Jean de Dieu. National University of Rwanda. Faculty Agriculture. July 2012

⁶⁰⁷ Hybrid Maize Seeds, required by the Government, Frustrate Rwandan Farmers. July 3, 2018. Global Press Journal. Washington,

⁶⁰⁸ Seed Access Index reveals challenges that affect Rwanda’s seed industry Aug 8, 2019 By Elias Hakizimana. The Inspirer

⁶⁰⁹ Agricultural Household Survey 2017 Report, December 2018. NISR.

| Sex | | | | | | |
|--------|------|------|-------|------|------|-------|
| Male | 98.6 | 25.9 | 1,483 | 98.8 | 33.6 | 1,502 |
| Female | 98.7 | 18.6 | 578 | 98.9 | 26.9 | 581 |

Source: Agricultural Household Survey 2017 Report, December 2018. NISR.

The source of improved seeds in the 2017 Season A, was the following:

- 36% of agricultural households obtained improved seeds from government,
- 24% from government and market,
- 18% from the market,
- 16% from NGOs
- 8.5% from other sources.

It can be seen in Table 124 that expenditure on traditional seeds decreased between 2013/14 and 2016/17 while expenses on improved seeds increased.

Table 124: Household-level seeds expenses in RwF (Period 2013/14-2016/17)

| | EICV 4 | EICV 5 |
|----------------------------------|--------|--------|
| Expenditure on traditional seeds | 6,396 | 5,832 |
| Expenditure on improved seeds | 1,212 | 1,984 |

Source: Econometric Analysis (Annex 2).

Use of Inorganic fertilizer by famers (if possible, f/m)

With respect to the use of fertilizers for Season A&B in 2017, by total farmer households, we can list the following:⁶¹⁰

- A total of 28 % used inorganic fertilizers.
 - 64% use DAP.
 - 57% use Urea.
 - 32 % use NPK 17-17-17.
 - The distribution by sex shows that male headed households (31%) used more fertilizers than female headed households (20%).
- Approximately 80 % of all agricultural households used their own compost.
- The use of lime to increase soil pH was low, only 3 % of households used it in 2017.

CIP initially distributed vouchers to farmers so that they could access these fertilizers at subsidized prices. Nowadays the process is done by smart phone, through the Sector Agronomist; the latter provides the list of farmers to the distributor/dealer.

GoR has put big emphasis on promoting the use of fertilizers during the last decade. The process of intensification requires the supply and use of sufficient external nutrients in order to harmonize the balance between soil nutrient availability and removal during harvest. But farmers are still using low levels of fertilizers. A recent study⁶¹¹ was developed recently in Rwanda to identify the issues which affected fertilizer use by farmers. It concludes that Rwandan farmers apply lower levels of fertilizer than technically required,⁶¹² because of:

- High transaction costs for inorganic fertilizer; the fertilizer supply is limited, and the cost is prohibitive for Rwandan farmers as a result of high transportation costs due to long distances

⁶¹⁰ Agricultural Household Survey 2017 Report, December 2018. NISR.

⁶¹¹ Effect of Transaction Costs on Inorganic Fertilizer Use Intensity in Rwanda. Rutayisire Aime et al. International Journal for Research in Applied Science & Engineering Technology (IJRASET). Volume 6 Issue VI, June 2018- Available at www.ijraset.com

⁶¹² For example, for small holder Irish potato producers at Rutsiro District in 2017, the NPK fertilizer application rate was 178.5 Kg/ha on an average area of 0.889 ha, significantly less than the international upper limit of safe fertilization (225 kg/ha).

to rural markets and poor road infrastructures (feeder roads). The adoption and fertilizer use intensity decrease with the distance to the nearest input market.

- High risk: Sometimes farmers may choose to remain self-sufficient (not using inorganic fertilizers/or using organic fertilizer home-made) in order to minimize the risks related to the high costs.
- Lack of communication and information, e.g. access to a mobile phone is useful for information on costs of fertilizers and market prices.

Moreover, the econometric analysis found a reduction of farming household spending on inorganic fertilizers (which is probably more related to cheaper costs than to lower use); and a minor increase in organic fertilizer expenditure (Table 125).

Table 125: Household-level fertilizers expenses in RwF (Period 2013/14-2016/17)

| | EICV 4 | EICV 5 |
|-----------------------|--------|--------|
| Inorganic fertilizers | 6 334 | 4 787 |
| Organic fertilizers | 1 377 | 1 477 |

Source: Econometric analysis (Table 157 in Annex 2).

National policies that aim to reduce transaction costs through improved transportation, rural infrastructure and better access to information for smallholder farmers can be the most effective methods of increasing levels of fertilizers use.

INDICATOR 8.1.2

| JC8.1 | Increased use of agricultural inputs and rural infrastructure | |
|---------|--|---|
| I.8.1.2 | Increased use of irrigation and soil & water conservation infrastructure by farmers. | <ul style="list-style-type: none"> • No and % of farmers using irrigation systems, if possible, by f/m • No and % of farmers with access to land terraced with public funds, if possible, by f/m. |

No and % of farmers using irrigation systems, (if possible, by f/m)

Table 126 shows that 213,000 farmer households practiced irrigation during the 2017 agricultural year. This means that 10 % of all agricultural households in Rwanda use some type of irrigation. Most of them (66%) used traditional irrigation, which means irrigation by hand. In a situation of high labour supply, this is the most cost-effective way. Male-headed agricultural households practice irrigation more than female-headed agricultural households.

Table 126: Agricultural households by type of irrigation technique and sex of household head

| | Total agricultural households (000s) | Total agricultural household practicing irrigation (000s) | % of agricultural households practicing irrigation | By irrigation technique, in % of all farmer households using irrigation | | | | |
|--------|--------------------------------------|---|--|---|--------------------------|-----------------|----------------------|-----------------------|
| | | | | Surface irrigation | Flood irrigation (paddy) | Drip irrigation | Sprinkler irrigation | Traditional technique |
| Rwanda | 2,120 | 213 | 10 | 24 | 14 | 1 | 2 | 66 |
| Male | 1,530 | 176 | 12 | 25 | 12 | 1 | 2 | 67 |
| Female | 590 | 38 | 6 | 21 | 19 | 0 | 3 | 61 |

Source: Agricultural Household Survey 2017 Report, December 2018. NISR.

The econometric analyses found a small increase (22 RWF) of farming household spending in irrigation/drainage activities; and a minor increase from 4 % to 4.8% in area under irrigation (Table 127).

Table 127: Household -level irrigation expenses and area under irrigation (Period 2013/14-2016/17)

| | EICV 4 | EICV 5 |
|--|--------|--------|
| Expenditure irrigation/drainage in RwF | 90 | 112 |
| Area irrigated any time L3Y (%) | 4.0 | 4.8 |

Source: Econometric analysis (Table 157 in Annex 2).

No and % of farmers with access to land terraced with public funds, if possible, by f/m

Table 128 shows that 66 % of all agricultural households practiced some erosion control measures. A total of 127,890 (9 %) and 142,100 (10 %) of households has access to radical and progressive terracing respectively. The distribution by sex of household head shows similar access to both erosion control measures.

INDICATOR 8.1.3

| JC8.1 | Increased use of agricultural inputs and rural infrastructure | |
|----------------|---|---|
| I.8.1.3 | Increased use of credit by farmers. | <ul style="list-style-type: none"> No. and volume of credits awarded to farmers by Umurenge SACCOs and MFIs (disaggregated by sex) (Billion RwF/year in constant prices) (Period 2015-2018). |

SACCOs are Savings and Credit Co-Operatives (SACCO). In 2019, there are 439 Umurenge SACCOs, 38 non-Umurenge SACCOs and 20 Limited Liability Micro-Finance Institutions (MFI), throughout the country.⁶¹³ SACCOs have an important role in improving the socio-economic development in rural areas.⁶¹⁴ “They account for 44 % of the microfinance sector savings (RwF 62.4 billion)”⁶¹⁵

Table 128 shows that the volume of outstanding loans to the agriculture sector has increased from 52 to 90 million RwF between 2012 and 2015, also in real terms,⁶¹⁶ but there was a decrease in 2016. Also, it can be seen that the share of MFI/SACCOs has increased from 16% to 22 % in the same period. In real terms, the volume of loans from MFIs/SACCOs also increased until 2015, and it decreased slightly in 2016.⁶¹⁷

Table 128: Trend and composition of the Agriculture Loan Portfolio (in RwF Billion)

| Year | MFI/SACCOs | Rwanda Development Bank | Other Banks | Total | Total in real RwF billion | Share MFI/SACCO (in %) | MFI/SACCOs in real RwF billion |
|------|------------|-------------------------|-------------|-------|---------------------------|------------------------|--------------------------------|
| 2012 | 8.2 | 20.5 | 23.3 | 52.0 | 56.0 | 16.0 | 8.8 |
| 2013 | 9.9 | 30.6 | 23.2 | 63.7 | 63.5 | 16.0 | 10.3 |
| 2014 | 12.1 | 33.6 | 27.3 | 73.0 | 73.0 | 16.5 | 12.1 |
| 2015 | 19.2 | 33.8 | 44.9 | 97.9 | 97.6 | 19.6 | 19.1 |
| 2016 | 20 | 37.3 | 32.8 | 90.1 | 85.2 | 22.1 | 18.9 |

Source: World Bank Group, Agriculture Finance Diagnostic Rwanda. 2018

Notes: Figures for other banks are calculated on the basis of quarterly data.

The MFI/SACCOs figures are as of December of the respective years.

The Governor of the National Bank of Rwanda (BNR), John Rwangombwa, has challenged SACCOs to increase lending to their members, if they are to have an impact on rural development.⁶¹⁸ There has

⁶¹³ List of SACCOs and MFI 2019: <https://www.bnr.rw/index.php?id=174>

⁶¹⁴ Mbabazi J, Uwingenzi M (2018). Role of Saving and Credit Cooperatives in Improving Socio Economic Development in Rural Areas. Case Study Imboni Sacco Kageyo Sector. Global Journal of Management and Business, 5(2): 080-086. September 2018.

⁶¹⁵ The Governor of the National Bank of Rwanda (BNR), John Rwangombwa. The New Times. November 12, 2018.

⁶¹⁶ On the basis of the GDP deflator (2014=100) from World Development Indicators of the World Bank.

⁶¹⁷ BNR (2018) Annual Report.

⁶¹⁸ The Governor of the National Bank of Rwanda (BNR), John Rwangombwa. The New Times. November 12, 2018.

been a decline in credit from SACCOs despite a rise in savings in recent years. Access to adequate and affordable financial services to small farmers remains a big challenge in Rwanda.

Farmers mention some constraints to access to SACCOs loans:⁶¹⁹

- Difficult to align financing products to the agricultural cycles: loan repayment conditions are not linked to the seasonal nature of agriculture.
- Failure to present tangible collaterals.
- Limited capacity of small farmers to raise their own contributions to SACCO
- Limited knowledge on banking system procedures and limited skills in loan and project management
- Limited knowledge of climate-smart agriculture techniques that could avoid climate risk.

Although SACCOs are the more accessible to farmers than other banks institutions, (as they are available near them), most small farmers get loans in informal system (tontines).

According to a BNR officer responsible for SACCOs, a large share of agriculture credit is provided to agri-businesses (processing/SMEs) and not to small farmers production, as the latter is more or less risky. The main challenges to include small farmers are:⁶²⁰

- The majority of farmers are involved in subsistence farming with low demand to credit and very few are involved in market oriented (commercial) farming.
- Low savings by farmers and lack of information on farmers' operations: most of them are not able to present credible bank statements to financial institutions in their loan application
- High risk of agriculture production: environmental risks, the business capability of farmers, price variations, yields risks, and others creates market failures.
- High lending costs due to low individual levels of credit demand.
- Limited coordination among actors within value chains: successful and organised cooperatives have more chances to borrow (e.g. tea and coffee sectors).

Another problem is that as SACCOs are government projects, some people think that loans from SACCOs are grants from the government.⁶²¹ The share of non-performing loans in SACCOs stands at 12.7 %.

⁶¹⁹ Farmers Focus Groups discussion. Rulindo District.

⁶²⁰ Interview with staff of BNR -SACCO.

⁶²¹ The Governor of the National Bank of Rwanda (BNR), John Rwangombwa. The New Times. November 12, 2018.

Table 129: % of agricultural households by type of erosion control measures and sex of household head

| | Total agricultural households (000s) | Total households who practiced erosion control (000s) | % households who practiced erosion control | By type, in % of all farmer households using erosion control | | | | | | | |
|---------------|--------------------------------------|---|--|--|----------------------|----------|-------------------------------|----------------------|----------------|----------|---------------------------|
| | | | | Radical terraces | Progressive Terraces | Trenches | Trees/Wind break/Shelter-belt | Cover plants/grasses | Water drainage | Mulching | Beds/ridges Other type |
| Rwanda | 2,165 | 1,421 | 66 | 9 | 10 | 44 | 9 | 76 | 4 | 4 | 13 |
| Male | 1,563 | 1,049 | 67 | 9 | 10 | 45 | 9 | 76 | 4 | 5 | 13 |
| Female | 602 | 372 | 62 | 11 | 9 | 41 | 6 | 76 | 3 | 4 | 14 |

Source: Agricultural Household Survey 2017 Report, December 2018. NISR.

STRENGTH OF EVIDENCE: STRONG

Table 130: Overview of types of evidence for JC 8.1

| | Documents and statistics | | | | Interviews | | | | Econometric Analysis |
|--|--------------------------|-----|-------------------|----------------|------------|-----|---------------------------|-----|----------------------|
| | EUD | GoR | Academic articles | Press articles | EUD | GoR | Focus Group with citizens | CSO | |
| JC8.1: Increased use of agricultural inputs and rural infrastructure | | | | | | | | | |
| I.8.1.1 Increased use of fertilizers and improved seeds by farmers. | | X | X | X | | X | X | X | X |
| I.8.1.2 Increased use of irrigation and soil & water conservation infrastructure by farmers. | | X | | | | | | | X |
| I.8.1.3 Increased use of credit by farmers. | | X | | X | | X | X | | |

On the other hand, there are some positive innovations but so far with limited coverage:

- Specific innovations for improving access to agriculture financing (i.e.): fertilizer funding (NAEB for Coffee and Tea), technological innovations through mobile phone apps that enable farmers to access financing (by BK TechHouse and Kenya Commercial Bank/KCB).
- Some mechanism to reduce risks to agriculture loans address issues of collaterals through implementing credit guarantee funds for on-farm and off-farm managed by Business Development Fund (BDF)⁶²² and/or by providing insurance for agriculture, including: Agricultural Guarantee Fund (AGF), Rural Investment Fund (RIF), Women's Guarantee Fund.⁶²³ Also, MINECOFIN⁶²⁴ with the supports of DFID and WB provides loans at with 12% rate with value chain approach.

JUDGEMENT CRITERION 8.2

INDICATOR 8.2.1

| JC8.2 | Improved food and nutrition security among rural households | |
|---------|---|---|
| I.8.2.1 | Increased agricultural yields and productivity. | For priority crops (maize, paddy rice, wheat, beans, Irish potatoes and cassava): <ul style="list-style-type: none"> - Production (MT), also MT/household - Area (has) - Yield (t/ha) - Meat production (MT) - % of (pre) primary- and secondary schools and vocational training centres with nutrition gardens established. |

For priority crops (maize, paddy rice, wheat, beans, Irish potatoes and cassava) and meat

The highlights are the following (See Table 131):

- Production (in Metric Tons, MT, or T): There has been an increase during the period 2013-2018 in production of all crops: maize, paddy rice, wheat, beans, Irish potatoes and cassava.
- Area cultivated (has): maize, wheat, beans and Irish potatoes have increased; paddy remained almost stable and the area for cassava decreased during the period 2013-2018.
- Productivity (T/ha): Wheat had an impressive increase (by 53 %), from 0.72 T/ha in 2013/2014 to 1.10 MT/ha in 2017/2018. Irish potatoes and cassava had a smooth growth trend in productivity. Beans and paddy remained stable. Maize had a drop in the last two years.
- National meat production has increased from 91,087 tons to 162,470 tons (so by 78%) during the period 2013-2018 (Table 132).

Table 131: Production, area and yields⁶²⁵ for priority crops (2013/14-2017/18)

| Indicator | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 | 2017/2018 |
|-------------------|------------------|------------------|------------------|------------------|------------------|
| Maize | | | | | |
| *Production (MT) | 360,083 | 370,140 | 374,267 | 410,280 | 424,204 |
| *Area (has) | 233,150 | 241,713 | 237,658 | 295,739 | 296,330 |
| *Yield (ton/ha) | 1.54 T/ha | 1.53 T/ha | 1.57 T/ha | 1.39 T/ha | 1.43 T/ha |
| Paddy Rice | | | | | |
| *Production (MT) | 72,723 | 97,435 | 110,544 | 119,932 | 113,881 |
| *Area (has) | 23,770 | 30,204 | 33,431 | 34,206 | 33,677 |
| *Yield (ton/ha) | 3.06 T/ha | 3.23 T/ha | 3.31 T/ha | 3.50 T/ha | 3.38 T/ha |
| Wheat | | | | | |
| *Production (MT) | 7,886 | 7,995 | 9,923 | 10,875 | 13,475 |
| *Area (has) | 10,862 | 10,115 | 11,631 | 10,761 | 12,225 |

⁶²² BDF, a new established company to boost SMEs development. 2016

⁶²³ Interview with staff of BNR -SACCO.

⁶²⁴ Interview with chief economist MINECOFIN (Amina Rwakunda)

⁶²⁵ NISR 2018 report modified the yield calculation using harvested area. For yearly comparison the present report calculated yields on the basis of total area cultivated, not harvested.

| *Yield (ton/ha) | 0.72 T/ha | 0.79 T/ha | 0.85 T/ha | 1.01 T/ha | 1.10 T/ha |
|-----------------------|------------------|------------------|------------------|------------------|------------------|
| Beans | | | | | |
| *Production (MT) | 407,830 | 436,342 | 433,896 | 454,174 | 485,756 |
| *Area (has) | | 499,755 | 508,625 | 547,786 | 557,208 |
| *Yield (ton/ha) | | 0.83 T/ha | 0.85 T/ha | 0.83T/ha | 0.87 T/ha |
| Irish Potatoes | | | | | |
| *Production (MT) | 603,165 | 662,024 | 678,743 | 847,302 | 916,062 |
| *Area (has) | | 107,081 | 106,236 | 92,800 has | 119,220 has |
| *Yield (ton/ha) | | 6.18 T/h | 6.38 T/h | 9.13 T/ha | 7.68 T/ha |
| Cassava | | | | | |
| *Production (MT) | -- | 924,651 | 930,220 | 1,041,843 | 1,127,200 |
| *Area (has) | | 608,802 | 565,853 | 384,374 has | 383,203 has |
| *Yield (ton/ha) | | 1.52 T/ha | 1.64 T/ha | 2.71 T/ha | 2.94 T/ha |

Sources: For the first 2 years: NISR, for 2015/16: Seasonal Agricultural Survey 2016. NISR, December 2016; for 2016/17: Seasonal Agricultural Survey 2017 annual report, NISR; for 2017/18: Seasonal Agricultural Survey 2018 annual report, NISR. December 2018.

Table 132: Meat Production (2013/14-2017/18)

| Indicator | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 | 2017/2018 |
|-------------------------|-----------|-----------|-----------|-----------|-----------|
| Meat³ | | | | | |
| *Production (MT) | 91,087 | 94,730 | 117,294 | 152,029 | 162,470 |

Source: MINAGRI Annual Report 2017-2018. September 2018.

% of nursery, primary and secondary schools and vocational training centres with nutrition gardens established

The number and percentage of nutrition gardens established in the first three types of schools has increased during the period 2016-2018, and most spectacularly in nursery schools and secondary schools (Table 133). This has contributed to food security and nutrition of the school-going populations.

No data is available on nutrition gardens in vocational centres.

Table 133: Number and % nursery, primary and secondary with nutrition gardens established (Period 2016-2018)

| INDICATOR/YEAR | 2016 | 2017 | 2018 |
|---|--------------|--------------|--------------|
| Number of nursery schools with nutrition garden | 242 | 314 | 440 |
| % of nursery schools with nutrition garden | 8% | 10% | 14% |
| Number of primary schools with nutrition gardens | 1,105 | 1,173 | 1,173 |
| % of primary schools with nutrition gardens | 39% | 41% | 40% |
| Number of secondary schools with nutrition gardens | 483 | 1,027 | 1,175 |
| % of secondary schools with nutrition gardens | 31% | 66% | 68% |

Source: 2018 Education Statistics. MINEDUC. December 2018.

An evaluation of School Gardens (SG) was implemented with the following results:⁶²⁶

- 71% of SG were set up to enhance students' nutrition; 45% to support nutrition & agriculture education, 24% to spread better agriculture practices to the communities, 4% to generate income for the school and 10% to fulfil the Imihigo. SG mainly serve internal demonstration purposes: they enhance the children's nutrition and agriculture knowledge. Some basic knowledge on agriculture is introduced in primary and secondary schools. However, there is no systematic link between nutrition education and the school garden program, nor is there any involvement of the

⁶²⁶ Evaluation of Kitchen and School Garden Program in Rwanda, Final Report. AESA. May 2018.

neighbouring community in nutrition education. SG only contribute to nutrition in minor way; on average SG do not possess the surface to supply vegetables to schools with a few hundred students.⁶²⁷

INDICATOR 8.2.2

| JC8.2 | Improved food and nutrition security among rural households | |
|---------|--|--|
| I.8.2.2 | Reduced prevalence of chronic malnutrition among young children (m/f) and women of reproductive age. | <ul style="list-style-type: none"> Prevalence of stunting in children (f/m) aged 6-59 months Prevalence of wasting in women in reproductive age. |

Prevalence of stunting (chronic malnutrition) in children (f/m) aged 6-59 months

Rwanda's rapidly growing population and shortage of arable land present significant challenges to achieving food security. The Rwanda Comprehensive Food Security and Vulnerability Analysis (CFSVA) provides some pertinent information about the nutritional status of children under 5 years of age. Stunting (too low height-for-age),⁶²⁸ which is a key nutritional and chronic malnutrition indicator for children, decreased from 43 % in 2012 to 37 % in 2015 and 35 % in 2018 (Table 134). This means that child malnutrition in Rwanda went from "very high" to "high" according to international WHO criteria (Table 135).

Table 134: Trends of national child stunting in Rwanda

| Indicator | 2012 | 2015 | 2018 |
|---|------|------|------|
| Prevalence child stunting (age 6-59 months) | 43 % | 37 % | 35 % |

Source: CFSVA December 2012, CFSVA December March 2016, CFSVA December 2018

Table 135: Classification for assessing severity of malnutrition by prevalence ranges among children under 5 years of age (%)

| Indicator | Low | Medium | High | Very high |
|-----------|-----|--------|-------|-----------|
| Stunting | <20 | 20-29 | 30-39 | >40 |

Source: WHO, 1995. Cut-off values for public health significance. <http://www.who.int/nutgrowthdb/en>

The national average child stunting prevalence indicator masks significant district disparities. Therefore, Figure 73 shows these differences between districts. The stunting rate is still above the World Health Organization critical threshold of 40 % for "very high" in 11 districts (expressed in red and orange colours): Rutsiro (54 %), Nyabihu (53 %), and Rubavu (50 %) have the highest stunting prevalence followed by Burera (49 %), Ngororero (48 %), Nyaruguru (48 %), Nyamagabe (43 %), Kayanza (42 %), Nyam Tasheke (42%), Rulindo (42 %), and Gakenke (41 %).

The view of the National Early Childhood Development Program (NECPD) to reduce national stunting is based on the promotion of the parent's responsibility in caring of their children. It considers that most of children are affected by malnutrition not only by lack of food, but also by limited care of parents who are spending most of the time in economic activities and/or studies. NECPD implements in each village an Early Childhood Development (ECD) site provides food, health prevention measures and care to children below 2 years when parents are working. It also advises parents on how to take care of children at home. Another NECPD role is providing the global national view of malnutrition and coordination at Prime Minister Office level the actions of districts/cells/villages.⁶²⁹

NECDP activities at the district, cell and village levels include:

⁶²⁷ Field visit to School garden in Rulindo District.

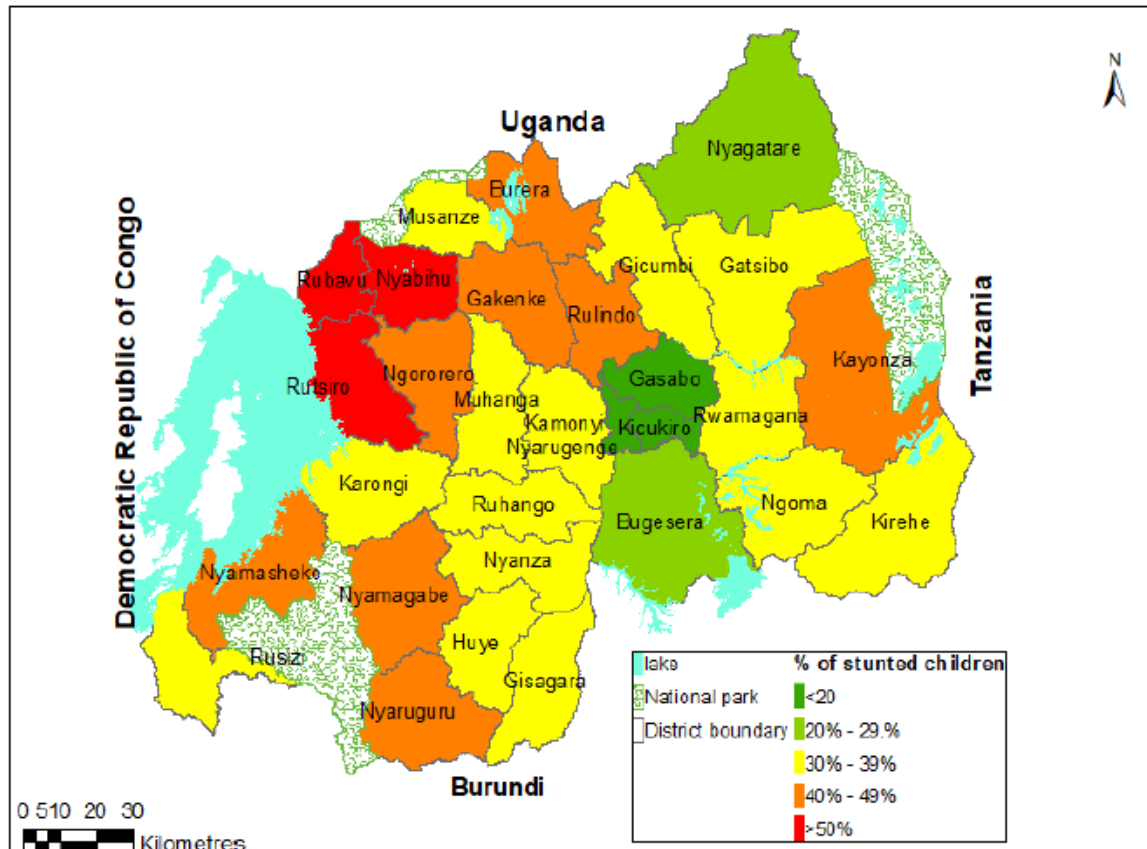
⁶²⁸ A child is considered stunted if its height-for-age is below minus 2 standard deviation from the median height-for-age of the reference population of WHO Child Growth Standards.

http://www.searo.who.int/entity/health_situation_trends/data/nutrition_stunting-in-children/en/

⁶²⁹ Interview with Coordinator NECPD Dr. Anita Assiimwe. October 2019.

- Developing a District Plan to eliminate malnutrition including several Ministries' actions.
- Establishing a Primary Health Care System: it provides the usual health services, but also developed an important Health Workers system in each village; these health workers visit families every month in order to identify pregnant women and undernourished children; this population is provided with High Fortified Food (HFF) and micronutrient powder, produced with local materials and purchased/distributed by the government; Health Workers also conduct cooking demonstrations in Village Kitchens, where mothers are trained how to cook a balanced diet for children.

Figure 73: Child stunting prevalence per district in 2018.⁶³⁰



Source: CFSVA December 2018.

- Improving the access to water, sanitation and hygiene through encouraging communities to have improved and clean latrines in the villages, encouraging CSOs and District to support poor families in having their own clean latrine and, promoting behaviour change on body cleaning, regular hand washing, boiling water, etc.⁶³¹
- Implementation of Kitchen Gardens by MINEDUC.
- Implementation by MINAGRI of support to rear small animal and birds (poultry) to address lack of animal protein. The average national consumption in Rwanda is 3 eggs/year and 42 litres of milk/year, which are very low.

⁶³⁰ We only present the most recent map, as the maps for 2012 and 2015 have a different scale and use different colours, so are not easily comparable.

⁶³¹ Interview District Officials Rulindo, Ruhango Districts

*Box 1: Village Health and ECD Workers in Tumba Sector*⁶³²

The Village Health Workers (VHW) are the basis of the health/nutrition system at community level. They are chosen by the communities and receive minor payment (2,000 RwF per 3 months).

There are 3 VHWs in the Cyohoha village (Tumba sector) with different responsibilities:

- One works with pregnant women and children
- Two provide medicines and family planning advice

VHW have been trained to detect and measure stunting and malnutrition in the villages through monthly measurement of all children under 5 years. It is possible that they include cases of children over 5 years.

When there is a birth, VHW visit the mother, give her advice, and encourage her to go to the health centre. Also, every last Thursday of the month, VHWs give a demonstration in the Village Kitchen on cooking using images^{633,634} and advise mothers on cooking a balanced diet.

The Rulindo District has an average of 42% of stunting.⁶³⁵ In this particular village, stunting has been eliminated, with the implementation of the Primary Health Care System and the NECPD approach. Only one case of acute malnutrition was detected and treated.

In general, few households (HH) have food insecurity in this Sector. The main cases of children with stunting can be found in big families that are not using family planning (FP) and among children of teenagers.

Prevalence of wasting in women in reproductive age

Wasting (too low weight-for-height) in women clearly decreased from 7% in 2012 to 5% in 2015 and 0.8% in 2018 (Table 136). The prevalence of acute malnourishment in women in 2018 was a little higher in the Southern Province (1 %) and especially in the districts of Nyaruguru (4.5 %), Gisagara (4.5 %) and Kamonyi (3.2 %).

Table 136: Trends of national women wasting (acutely malnourished) in Rwanda

| Indicator | 2012 | 2015 | 2018 |
|--|------|------|-------|
| Prevalence women wasting (pregnant and non-pregnant) | 7 % | 5 % | 0.8 % |

Source: CFSVA December 2012, CFSVA December March 2016, CFSVA December 2018.

CVSVA found a correlation between child wasting and mother's wasting ($p < 0.05$). Around 15 % of children under five years who were wasted had mothers who were also severely affected by acute malnourishment (wasting) against 2 % of wasted children with a well-nourished mother".⁶³⁶

INDICATOR 8.2.3

| JC8.2 | Improved food and nutrition security among rural households | |
|---------|---|---|
| I.8.2.3 | Reduced seasonal food and nutrition insecurity of vulnerable households | <ul style="list-style-type: none"> • % of Food Insecure Households (CARI) <ul style="list-style-type: none"> - Severely Food Insecure - Moderately Food Insecure - Marginally Food Secure - Food Secure • Food Consumption Score |

⁶³² Focus Group: Village Health Workers and ECD Workers in Tumba Sector: Cyohoha village.

⁶³³ Some were developed by NECDP and EU the Technical Assistance programme "Management4Health" (accompanying measures to Malnutrition BS).

⁶³⁴ Interview Team Leader EU-TA to Malnutrition SRC.

⁶³⁵ CFSVA December 2018.

⁶³⁶ CFSVA December 2018.

% of Food Insecure Households (CARI)

CARI is the Consolidated Approach for Reporting Indicators of Food Security. There is a slight tendency for improvement in food security during 2015-2018. The share of food secure households increased from 80.6% in 2015 to 81.3 % in 2018 (Table 137). Although the percentage of food insecure households decreased, 467,000 households still remain in a moderate or severe food insecurity situation.

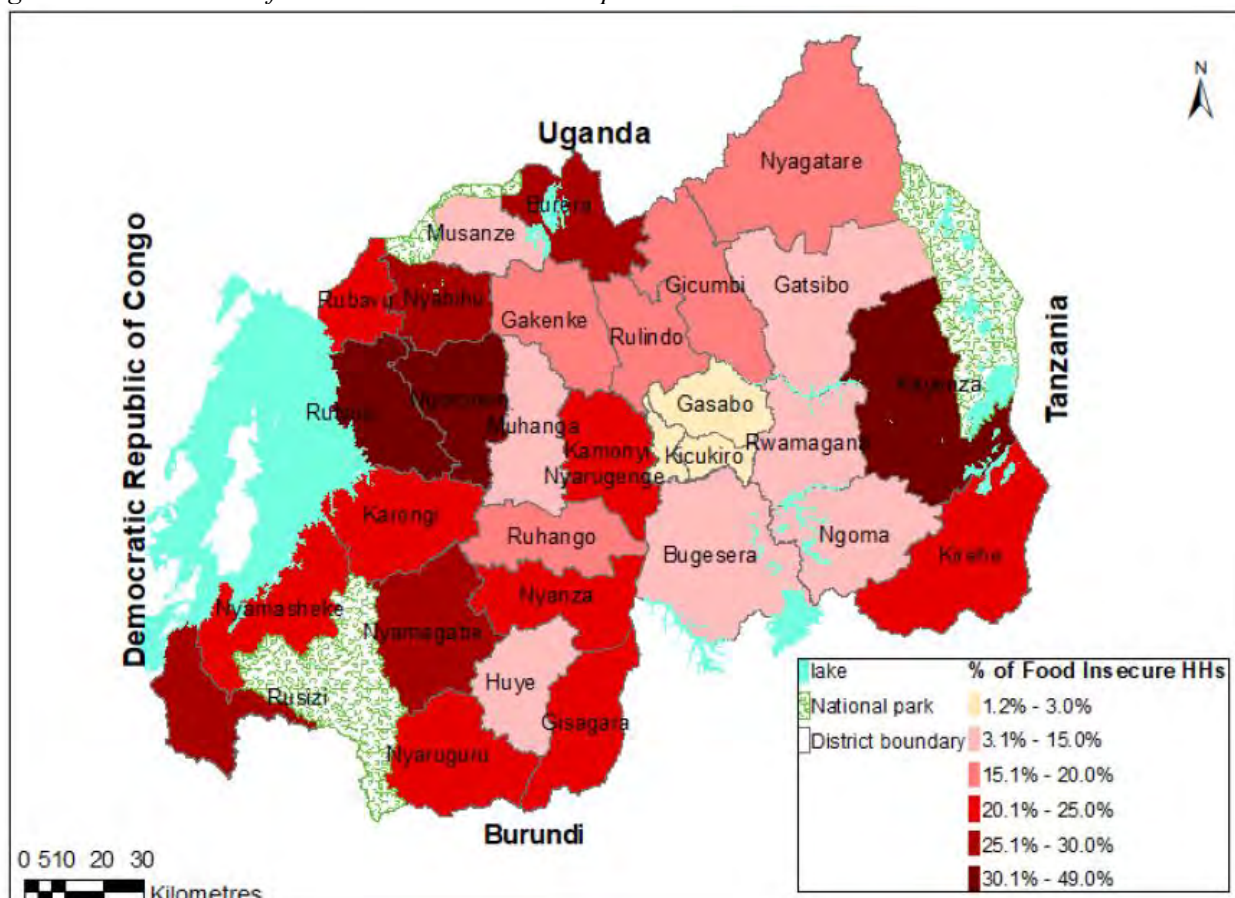
Table 137: Trends of national Food Security in Rwanda according to CARI indicator (% of Households)

| Indicator | 2015 | 2018 |
|--------------------------|--------|--------|
| Total Food Secure | 80.6 % | 81.3 % |
| Total Food Insecure | 19.4% | 18.7 % |
| Food Secure | 40.4 % | 42.7 % |
| Marginally Food Secure | 40.2% | 38.6 % |
| Moderately Food Insecure | 16.8 % | 17.0% |
| Severely Food Insecure | 2.6% | 1.7% |

Sources: CFSVA December March 2016, CFSVA December 2018.

CFSVA 2018 identified the Western Province as the region with the highest food insecurity (29.5% of households food insecure), followed by the Southern province (20.5%), Northern Province (17.8 %), Eastern province (16.2%) and Kigali City (2.2%) (Figure 74).

Figure 74: Prevalence of Food Insecure households per district in 2018

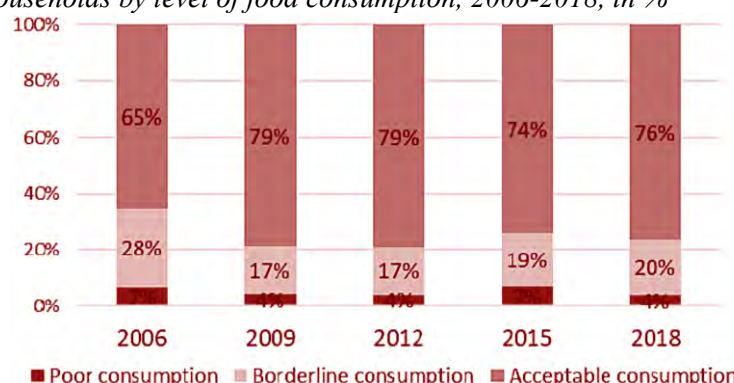


Source: CFSVA December 2018.

Food Consumption Score (FCS)

While food consumption increased between 2006 and 2009, there is no visible improvement since 2009 (Figure 75). In 2018, 76% of households have acceptable food consumption, 20% have borderline and 4 % poor food consumption.⁶³⁷

Figure 75: Share of households by level of food consumption, 2006-2018, in %



Source: CFSVA December 2018.

Based on EICV data, real food consumption per adult equivalent increased by 13.1% between 2013/14 and 2016/17, with a higher growth in urban than in rural areas: 15.5 versus 13.1%, respectively.⁶³⁸ However, most of this increase is due to people moving from rural to urban areas.

INDICATOR 8.2.4

| JC8.2 | Improved food and nutrition security among rural households | |
|---------|--|--|
| I.8.2.4 | <ul style="list-style-type: none"> Improved food utilization practices among rural households | <ul style="list-style-type: none"> % of households with acceptable food consumption: Household dietary diversity score (HDDS) % of households by frequency of nutrient-rich food items consumed |

% of households by frequency of nutrient-rich food items consumed (FCS-N)

The Food Consumption Score-Nutrition (FCS-N) provides information about the level of nutrient adequacy of the household. The consumption of nutrient-rich food items has not varied significantly during the period 2015-2018 (Table 138). But the Heme-iron consumption remains a constraint, and consumption even decreased in 2018; 79 % of the households did not consume any iron food items (meat, fish, seafood, etc.) before the survey. This deficiency leads to anaemia and reduces productivity and quality of life.⁶³⁹

Table 138: Households by food security status for different nutrient-rich food items (%)

| Indicator | | 2015 (**) | 2018 (***) |
|-------------------------|-----------------------------------|-----------|------------|
| Vitamin A rich food (%) | Consumed daily | 54 | 55 |
| | Consumed sometimes (1-6 days ago) | 41 | 40 |
| | Never consumed | 5 | 5 |
| Protein rich food (%) | Consumed daily | 65 | 69 |
| | Consumed sometimes (1-6 days ago) | 30 | 29 |
| | Never consumed | 5 | 2 |
| Heme Iron rich food (%) | Consumed daily | 4 | 1 |
| | Consumed sometimes (1-6 days ago) | 36 | 20 |
| | Never consumed | 61 | 79 |

Sources: (**) CFSVA December March 2016; (***) CFSVA December 2018.

⁶³⁷ CFSVA December 2018.

⁶³⁸ See Annex 2

⁶³⁹ CFSVA December 2018.

CFSVA 2018 identified the Western and Southern Provinces as those where lack of Heme iron consumption is most prevalent (Figure 76).

RAB through its Animal Resources Department is promoting small livestock production. Due to exiguity of land, they are encouraging people to rear small animals and birds (goats, pigs, poultry and rabbits). They also promote local forage for the animals: sorghum, cassava and residues.⁶⁴⁰

Household Dietary Diversity Score (HDDS)

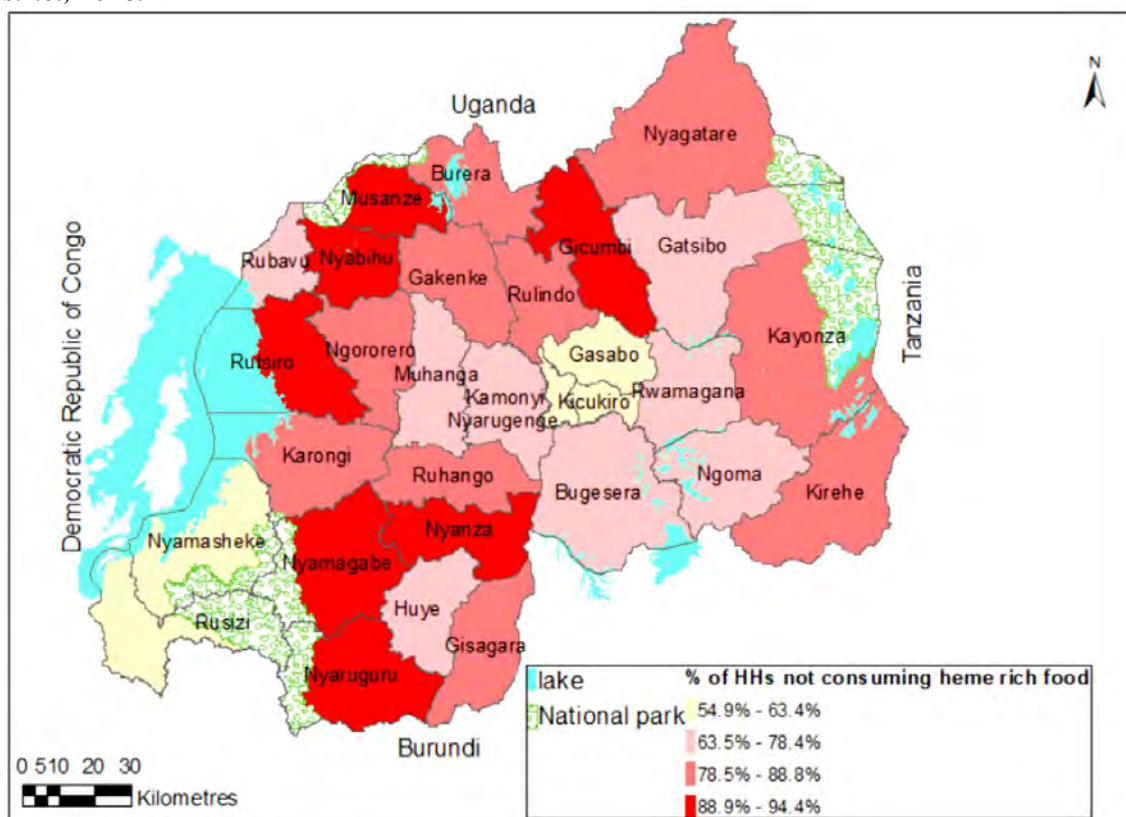
The HDDS reflects the economic ability of household to access a variety of foods. The indicator is calculated based on 12 food groups⁶⁴¹ consumed by each household the day before the survey. The trend 2015-2018 shows a slight decrease in dietary diversity. On average, Rwandan food secure households consume items from 6 food groups. Food insecure households (moderately + severely) generally consume less than five food groups (Table 139) Kigali shows the highest HDDS in the country; variety is often greater in urban areas.

Table 139: Average number of food items from different food groups consumed, by food security group

| Indicator | 2015 | 2018 |
|--------------------------|------|------|
| Food Secure | 7.2 | 6.6 |
| Marginally Food Secure | 5.9 | 5.4 |
| Moderately Food Insecure | 4.0 | 3.9 |
| Severely Food Insecure | 3.0 | 3.2 |

Source: CFSVA December March 2016, CFSVA December 2018

Figure 76: Prevalence of households’ not-consuming Heme iron in the week before the Survey, per district, 2018.



Source: CFSVA December 2018.

STRENGTH OF EVIDENCE: MORE THAN SATISFACTORY

⁶⁴⁰ Interview with the Head of Animal Resources Research and tech Transfer Department. RAB.

⁶⁴¹ The 12 food groups are: cereals, roots, pulses, meat, fish/seafood, eggs, dairy products, vegetables, fruits, oil, sugar, and spice.

Table 140: Overview of types of evidence for JC 8.2

| | Documents and statistics | | | Economic Analyses | Interviews | | | Econometric Analysis |
|--|--------------------------|-----|-----|-------------------|------------|-----|----------------------|----------------------|
| | EUD | GoR | WFP | | EUD | GoR | Focus Group citizens | |
| JC8.2: Improved food and nutrition security among rural households | | | | | | | | |
| I.8.2.1 Increased agricultural yields and productivity. | X | X | | | | | | |
| I.8.2.2 Reduced prevalence of chronic malnutrition among young children (m/f) and women of reproductive age. | | X | X | X | X | X | X | |
| I.8.2.3 Reduced seasonal food and nutrition insecurity of vulnerable households | | X | X | | | | | X |
| I.8.2.4 Improved food utilization practices among rural households | | X | X | | | X | | |

JUDGEMENT CRITERION 8.3

INDICATOR 8.3.1

| JC8.3 | Reduced vulnerability to climate change through the use of Sustainable, climate-change resilient agricultural practices | |
|----------------|---|---|
| I.8.3.1 | Increased climate change resilience of agricultural households. | <ul style="list-style-type: none"> No and % of farmers using irrigation systems, if possible, by f/m No and % of farmers with access to land terraced with public funds, if possible, by f/m No and type of new innovative smart agriculture practices adopted (e.g. Conservation Agriculture, Natural nitrogenous fertilization through the introduction of clover pastures⁷, etc.). |

No and % of farmers using irrigation systems, if possible, by f/m

See 8.1.2.

No and % of farmers with access to land terraced with public funds, if possible, by f/m

See 8.1.2.

No and type of new innovative smart agriculture practices adopted (e.g.) Conservation Agriculture, Natural nitrogenous fertilization through the introduction of clover pastures, etc.).

MINAGRI included as an output in its IMIHIGO 2017/18⁶⁴² the development of highly yielding forage germplasm for climate smart agriculture with the following characteristics: drought tolerant, acid soil adapted and low GHG. Four forage varieties were identified: Brachiaria hybrids, Cultivars Cayman and Mulato II, Panicum coloratum and Desmodium distortum. According to data provided by RAB,⁶⁴³ specific climate-smart agricultural practices (other than applying irrigation and agroforestry) are currently at early research stage or are in the seed multiplication phase. None is available for farmers and/or adopted by farmers yet.⁶⁴⁴

Another line of RAB research line related with climate change resilience is how to improve by breeding the adaptability of dairy cattle to the constraints of the small farmers and various climatic situations in Rwanda.⁶⁴⁵

⁶⁴² MINAGRI Annual Report 2017-2018. September 2018.

⁶⁴³ Interview with Head of Animal Resources Research and Tech Transfer Department. RAB.

⁶⁴⁴ Farmers Focus Groups discussion at Rulindo District.

⁶⁴⁵ Interview with Head of Animal Resources Research and Tech Transfer Department. RAB.

STRENGTH OF EVIDENCE: MORE THAN SATISFACTORY

Table 141: Overview of types of evidence for JC 8.3

| | Documents and statistics | | | Interviews | | | |
|--|--------------------------|-----|-------|------------|-----|---------------------------|-----|
| | EUD | GoR | Press | EUD | GoR | Focus Group with citizens | CSO |
| JC8.3: Reduced vulnerability to climate change through the use of Sustainable, climate-change resilient agricultural practices. | | | | | | | |
| I.8.3.1 Increased climate change resilience of agricultural households. | | X | | | X | X | |

JUDGEMENT CRITERION 8.4**INDICATOR 8.4.1**

| JC8.4 | An inclusive high value chain has been developed | Indicators for 2014/15 to 2017/18 unless otherwise indicated |
|----------------|--|--|
| I.8.4.1 | Increased quality standard compliance in agricultural and horticultural value chains | <ul style="list-style-type: none"> Establishment of food safety labs and testing equipment. |

Establishment of food safety labs and testing equipment

The EU-SRC is contributing to strengthen the capacity of NAEB/MINAGRI (including a TA implemented in May 2018) to provide support to the specialised export quality infrastructure of agricultural exports, including coffee, tea, fruit and fresh vegetables, honey, flowers, etc. It focuses on the accreditation of the laboratories according to the international standard (ISO /IEC 17025:2005) in order to promote Rwanda's agricultural exports. The implementation is on-going and includes the following:

- An improvement of the laboratory buildings to the level of international standards to allow the analytical equipment to be installed and operated in conditions which will allow the laboratory to be accredited against ISO 17025. The facilities are being refurbished and expanded before installing the new equipment. It will allow enough space and optimal conditions of operation (temperature of rooms, insulation from external contaminants, treatment of effluents, lighting, purified water, adapted power supply, etc.).⁶⁴⁶
- The tender for supplying and installation of the laboratory equipment was recently closed on 06/11/2019.⁶⁴⁷
- Two main labs are improved:
 - **the physical-chemistry Laboratory** will cover in the long run: microbiology, detection of mycotoxins, detection of pesticide residues, detection of residues of veterinary medicines and detection of heavy metals, as well as determination of key parameters related to the demonstration of essential quality and safety requirements for water, food products and the implementation of soil analysis.
 - **the sensory analysis laboratory** implemented in a common physical environment allowing its accreditation.
- Strengthening of technical advisory function of NAEB dedicated to catalysing the export growth.

⁶⁴⁶ Technical assistance to support NAEB's capacity to upgrade the specialised export quality infrastructure. Draft Interim Report 1, July 2018 CARDNO.

⁶⁴⁷ EuropeAid. 140135.

Accompanying Measures: Technical Assistance

From the point of view of NAEB authorities consulted, the EU TA approach had limited results, so far.⁶⁴⁸ EU TA started on May 2018 and the tender for supplying and installation of the laboratory equipment was open when the interview was done. It was recently closed on 06/11/2019.

INDICATOR 8.4.2

| JC8.4 | An inclusive high value chain has been developed | Indicators for 2014/15 to 2017/18 unless otherwise indicated |
|---------|---|--|
| I.8.4.2 | Increased jobs creation and increased contribution to inclusive economic development. | <ul style="list-style-type: none"> No of new agro-processing industries established. No of people employed in export oriented agricultural value chains (coffee, tea, pyrethrum, hide & skins, dairy products and horticulture) also by sex and age. |

No of new agro-processing industries established

According to data provided by NAEB,⁶⁴⁹ four agro-processing tea plants were newly established in the period 2014-2019 (Table 142). They employ 196 permanent and 8,610 temporary workers. According to the Rwanda Development Board, the number of new products in this sector is increasing; new products for example include stevia and essential oils. This has led to more diversified exports from the sector.⁶⁵⁰

Table 142: New Agro-processing plants for exports and people employed (Period 2014-2019)

| Existing Chain Value | No | New Factory Name | Establishment Date | Estimated number of people employed (2018) | |
|-----------------------------|-----|-------------------------|--------------------|--|----------------------|
| | | | | Agro-processing Plants | Farmers |
| Tea | 17 | Rutsiro Tea Factory | Nov 2014 | 14 PSt and 1,105 TSt | 11 PSt and 6 TSt |
| | | Muganza-Kivu | Jan 2016 | 60 PSt and 2,250 TSt | 10 PSt and 9 TSt |
| | | Gatare Tea Factory | Dec 2017 | 28 PSt and 2,000 TSt | 18 PSt and 17 TSt |
| | | Rugabano | 2019 | 10 PSt and 1,523 TSt | 45 PSt and 1,700 TSt |
| Coffee | 309 | Coffee Washing Stations | -- | 256 PSt | Tbd |
| | 14 | Coffee milling plants | -- | Tbd | Tbd |
| Pyrethrum | 1 | Pyrethrum plant | 1972 | 90 PSt and 114 TSt | 14 PSt and 1105 TSt |
| Horticulture, cereals, etc. | | Tbd | Tbd | Tbd | Tbd |

PSt: permanent staff; TSt: temporary staff

Source: Data provided by NAEB directly to Evaluation mission.

There exist some inconsistencies about NAEB information provided in interview and NAEB Strategic Plan 2019-2024⁶⁵¹ (I.8.4.3), which refers to 6 new tea factories (instead 4 new factories); and new flower parks.

Moreover, the Ministry of Trade and Industry⁶⁵² (MINICOM) is prioritising the agro-processing of six products; sugar, aquaculture, edible oils, rice, fertilizer and maize to recapture the domestic market and lower the imports there are efforts to add value to other different agricultural products. MINICOM is doing efforts to add value to several agricultural products, such as the current six for leather, dairy, Irish potato, wood, ceramics and honey.

⁶⁴⁸ Interview with NAEB

⁶⁴⁹ Interview with NAEB.

⁶⁵⁰ Rwanda Development Board (RDB).

⁶⁵¹ NAEB strategic plan 2019-2024. Increasing Agri-export revenues. May 2019.

⁶⁵² Govt prioritises 6 agricultural products to reduce trade deficit. The New Times Rwanda. January 21, 2020.

MINICOM DG mentioned, that notwithstanding the growth in the industrial sector, 34 large and medium sized agro-processing plants closed between the period 2016-2019. Some examples are: Gitare and Kitabi Mills in Nyamagabe District, Kinazi Cassava plant, Rwanda Agribusiness Industries (RABI), the Huye Based Food Processing Plant, Skins and Hides Processing Plant (Tannerie de Huye).

MINICOM expressed also that most of the local industries are still operating at 50 % of their required production capacity.

No of people employed in export oriented agricultural value chains (coffee, tea, pyrethrum, hide & skins, dairy products and horticulture) also by sex and age

The working population in agriculture contributes to the productivity of the national economy. During agricultural year 2017, 28.6 % of farmer households were in crop production only and 65.8 % of farmer households engaged in both crop production and livestock activities (Table 143). There is little difference by sex of household head, although female-headed households are slightly more represented in crop production only. Only very few farmer households are involved in livestock only, and here male headed households are dominant.

Table 143: Percentage of farmer households by type of agricultural activity and sex (2017)

| | Crop production only | Crop production and livestock | Livestock only | Both agricultural and non-agricultural activities | Total | Total working age farmers (000s) |
|---------------|----------------------|-------------------------------|----------------|---|-------|----------------------------------|
| Rwanda | 28.6 | 65.8 | 2.8 | 2.8 | 100.0 | 3,874 |
| Male-headed | 25.7 | 64.8 | 4.8 | 4.7 | 100.0 | 1,558 |
| Female-headed | 30.5 | 66.4 | 1.5 | 1.6 | 100.0 | 2,316 |

Source: Agricultural Household Survey 2017 Report, December 2018. NISR.

The majority of agricultural workers (more than 61%) are involved in subsistence agriculture. The proportion of persons mainly working in market-oriented agriculture has slightly decreased by 2 percentage points from February 2017 to February 2019, while the proportion of agricultural workers mainly involved in subsistence agriculture has increased by the same percentage point (Table 144). This is the opposite of the desired trend towards more workers in market-oriented agriculture.

Males are relatively more active in market-oriented agriculture, while females dominate subsistence agriculture. Young agricultural workers are slightly more represented in market-oriented agriculture than older workers.

Table 144: Trend in agriculture workers in market-oriented and subsistence agriculture, also by sex and age (February 2017, 2018 and 2019) (in %)

| | | Feb-2017 | Feb-2018 | Feb-2019 |
|---------------------|-----------------------------|----------|----------|----------|
| TOTAL | Market oriented agriculture | 39 | 38 | 37 |
| | Subsistence agriculture | 61 | 62 | 63 |
| Male | Market oriented agriculture | 45 | 45 | 45 |
| | Subsistence agriculture | 55 | 55 | 55 |
| Female | Market oriented agriculture | 36 | 34 | 33 |
| | Subsistence agriculture | 64 | 66 | 67 |
| Young (16-30 years) | Market oriented agriculture | 39 | 40 | 39 |
| | Subsistence agriculture | 61 | 60 | 61 |
| Adults (>31 years) | Market oriented agriculture | 40 | 37 | 37 |

| | | | | |
|--|-------------------------|----|----|----|
| | Subsistence agriculture | 61 | 63 | 63 |
|--|-------------------------|----|----|----|

Source: Labour Force Survey (LFS). NISR. May 2019.

INDICATOR 8.4.3

| JC8.4 | An inclusive high value chain has been developed | Indicators for 2014/15 to 2017/18 unless otherwise indicated |
|---------|--|--|
| I.8.4.3 | Increased agricultural products trade | <ul style="list-style-type: none"> Agricultural Sector Growth rate (%) and volume (RwF/year constant prices) Agricultural exports and imports in US\$ and growth in %. |

Agricultural Sector Growth rate (%) and volume (RwF/year constant prices)

In 2018, the Agriculture sector grew by 6 %, with a range of variation between 3-7% during period 2013-2018 and an average of 5.5% (Table 145). The PSTA 4 has a target of 10% growth for the period 2018-2024⁶⁵³, which may be initially difficult to reach with available instruments and investments. Nevertheless, an average growth of 5.5% is relatively high by international standards. The agriculture sector has contributed, on average, 30% to the overall GDP.

Table 145: Agricultural Sector Growth rate (%), production value (billion RwF, constant prices), and share in GDP (%) (2013-2018)

| Indicator | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|-------|-------|-------|-------|-------|-------|
| Growth rate agriculture (%) | 3 | 7 | 5 | 4 | 7 | 6 |
| Value agriculture sector (in billion RwF, constant prices) | 1,474 | 1,572 | 1,650 | 1,714 | 1,827 | 1,934 |
| Value added agriculture as share of over-all GDP (%) | 29 | 29 | 28 | 29 | 31 | 29 |

Source: Gross Domestic Product – 2018. NISR. March 15, 2019.

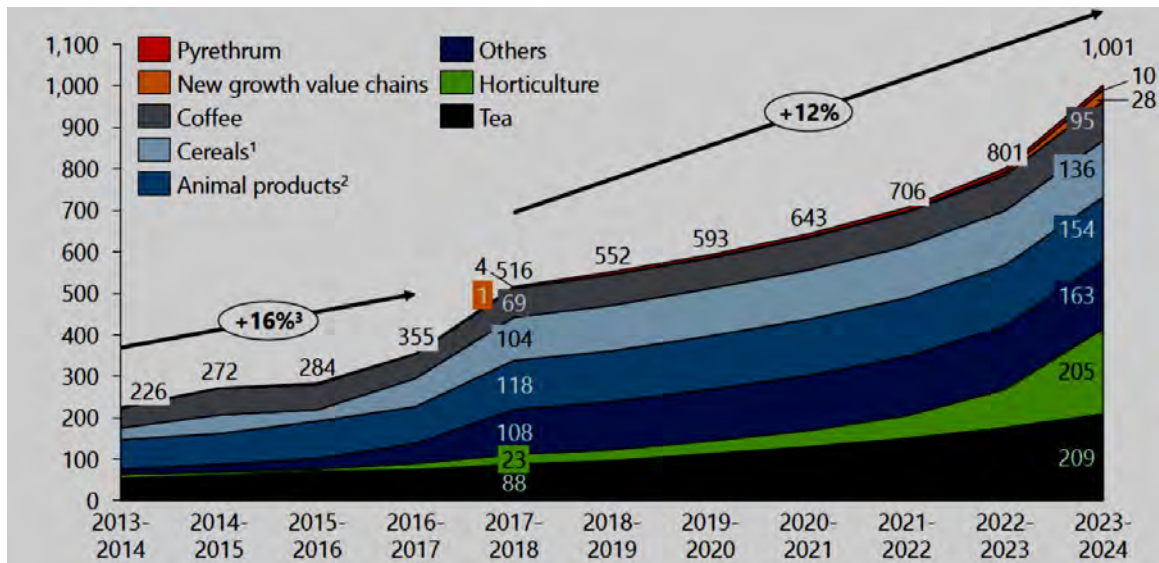
Agricultural exports and imports in US\$ and growth in %.

Agricultural exports are an important contributor to foreign exchange earnings in the economy and help to generate both farm and off-farm employment. The increasing trend is clear over the recent years at a compounded annual growth rate of 23% since 2013 to reach 516 million US\$ in 2018, led by moderate growth in traditional exports (tea, coffee, and pyrethrum) and non-traditional emerging export crop including horticulture, livestock, cereals, and other crops (essential oils, stevia, fish, etc.) (Figure 77). Traditional commodities grew at 11% between 2013 and 2018, while emerging commodities' exports grew at 29% within the same period⁶⁵⁴. Among the emerging export commodities, horticulture experienced the fastest growth due to (i) the development of flower parks for export production, and (ii) the establishment of new exporters of high-value horticulture crops. Cereals also grew more rapidly than other crops due to the introduction of local cereals processors to the country. The majority of Rwanda's cereal exports are re-exports, with a small portion (6.4%) of value-added re-exports as cereal flours, mainly exported to DRC. Animal products (including beef, milk, live animals, hides and skins) were the largest export sector accounting for 24% of Rwanda's total agriculture exports. Tea remained a key traditional export commodity, its growth was mainly driven by the construction of six new tea processing factories in the country. The coffee sector, despite remaining an important cash crop in Rwanda, experienced slower growth in recent years. In efforts to improve productivity and quality, NAEB and other sector stakeholders have expanded the number of coffees washing stations across the country and provided technical trainings to farmers.

⁶⁵³ Strategic Plan for Agriculture Transformation 2018-2024. MINAGRI. July 2018.

⁶⁵⁴ NAEB strategic plan 2019-2024. Increasing Agri-export revenues. May 2019.

Figure 77: Rwanda's agricultural exports value (US\$ millions) (Period 2013-2018)



Note: the uptick in 2017-2018 is due to the review of data collection approaches (improved inclusion of informal trade) for other exports, and the addition of new large operators in cereals coupled with growth of existing ones.

Source: NAEB strategic plan 2019-2024. Increasing Agri-export revenues. May 2019

The EU is the main export destination for traditional and high-value exports including tea, coffee, pyrethrum, and increasingly horticulture, followed by a few Asian countries which mostly import tea and horticulture products. Rwanda exports over 52% of its tea to Asia and 28% to the EU. Rwanda exports over 60% of its coffee to the EU, 20% to the US, and smaller quantities to the Asia/Pacific region. Rwanda has diversified its export markets for pyrethrum beyond the US to cover the EU and Asia. While most horticulture exports were regional, high-value horticulture crops including flowers, French beans, chilies, and passion fruits exports went to the EU market.⁶⁵⁵

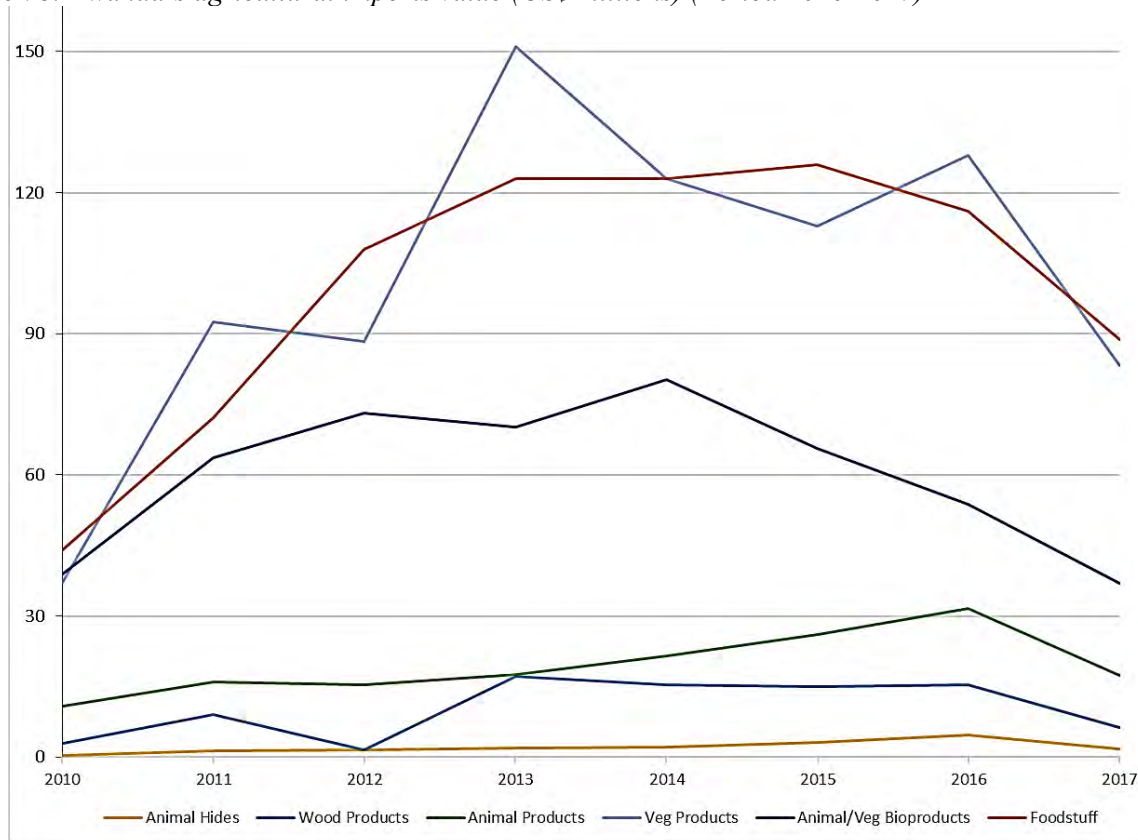
The NAEB Strategic Plan 2019-2024 aims to achieve 1 billion US\$ annual export revenue by 2024. This will require a doubling of exports of emerging crops, and a steadier growth of traditional exports crops.

Despite the existence of arable land and potential labour, the imports of agricultural products have increased from 134 million to 234 million US\$ in the period 2010-2017; with a maximum of 389 million US\$ in 2013. Figure 78 presents the distribution per category, being the vegetable products those of greater incidence, including cereal imports which are re-exported. Also, Rwanda spends every year: RWF 5 billion on seed imports, according to the Director General of Rwanda Agriculture Board (RAB), Dr Patrick Karangwa. Maize accounts for 75 % of the country's seed import. The country imports 3,000 tonnes of maize every year and a combined 1,000 tonnes of wheat and soya.⁶⁵⁶

⁶⁵⁵ NAEB strategic plan 2019-2024. Increasing Agri-export revenues. May 2019.

⁶⁵⁶ New partnership to reduce Rwanda's seed import bill. The New Times July 20, 2018.

Figure 78: Rwanda's agricultural imports value (US\$ millions) (Period 2010-2017)



Source: The Observatory of Economic Complexity (OEC). <https://oec.world/en/visualize/line/hs07/import/rwa/all/show/2010.2017/>

INDICATOR 8.4.4

| JC8.4 | An inclusive high value chain has been developed | Indicators for 2014/15 to 2017/18 unless otherwise indicated |
|---------|---|--|
| I.8.4.4 | Improved internal and external competitiveness of the economy in general, and enhanced competition on the domestic market | <ul style="list-style-type: none"> Exports in US\$ and export growth in % FDI in US\$ and in % of GDP Prices of main crops: maize, paddy rice, wheat, beans, Irish potatoes and cassava |

Imports/Exports in US\$ and export growth in %

Rwanda's exports remained dominated by traditional products such as coffee, tea and minerals like tin, coltan, wolfram and cassiterite. Rwanda's main exports partners are China, Germany and United States. Rwanda imports mainly food products, machinery and equipment, construction materials, petroleum products, and fertilizers.⁶⁵⁷

Due to favourable commodity prices, the exports in Rwanda has increased from \$ 591 million in 2012 to 1,050 million in 2017;⁶⁵⁸ representing almost 78 % growth. Imports had little fluctuation during this period. Consequently, Rwanda's trade deficit reduced from -1.376 million US\$ in 2012 to -871 million US\$ in 2017. (Table 146)

Table 146: Rwanda's global exports and imports (US\$ millions) (Period 2012-2017)

| Indicator | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | % growth |
|---------------|--------|--------|--------|--------|--------|-------|----------|
| Exports (FOB) | 591 | 703 | 723 | 684 | 745 | 1,050 | 78% |
| Imports (FOB) | 1.967 | 1.851 | 1.990 | 1.919 | 2.045 | 1,921 | -2 % |
| Trade Balance | -1.376 | -1.148 | -1.267 | -1.235 | -1.300 | -871 | -63% |

Source: BNR Annual Report. 2018.

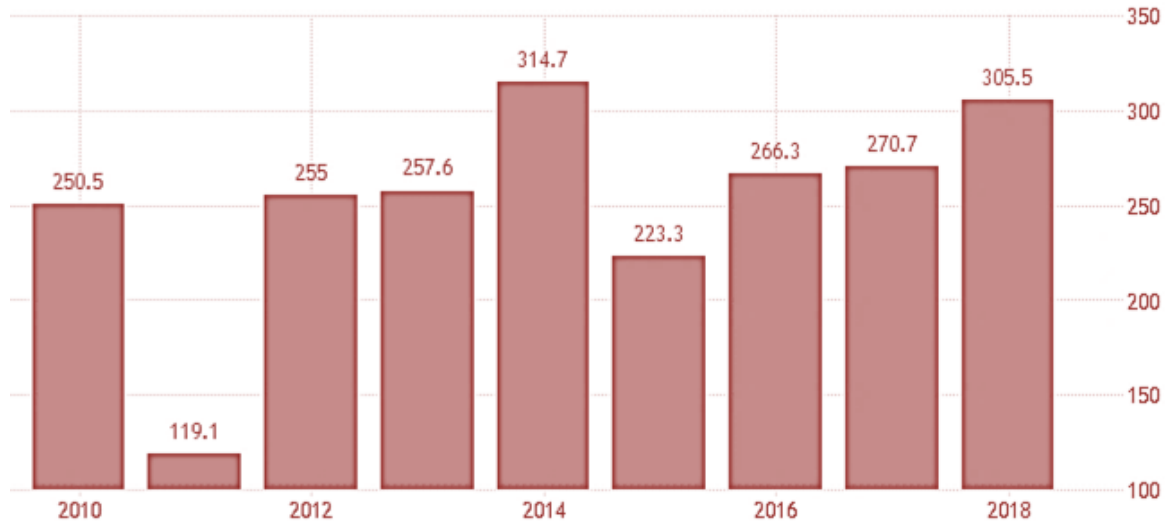
⁶⁵⁷ <https://tradingeconomics.com/rwanda/exports>

⁶⁵⁸ Annual Reports. National Bank of Rwanda

Foreign Direct Investment (FDI) in US\$ and in % of GDP

Foreign Direct Investment (FDI) in Rwanda increased to 305.5 US\$ million in 2018. FDI averaged 238 US\$ million from 2010 until 2018, reaching a maximum of 314.7 US\$ million in 2014 and a minimum of 119 US\$ million in 2009 (Figure 79).⁶⁵⁹

Figure 79: Rwanda's Foreign Direct Investment (US\$ millions) (Period 2010-2018)



Source: <https://tradingeconomics.com/rwanda/foreign-direct-investment>

Prices of main crops: maize, paddy rice, wheat, beans, Irish potatoes and cassava

In the capital, Kigali, wholesale prices of rice have an average price of US\$ 975/ton with a maximum of US\$ 1,315/ton in June 2013 and a minimum of US\$ 756/ton in December 2010. Maize has an average price of US\$ 349/ton with a maximum of US\$ 503 in July 2012 and a minimum of 172 in August 2010. Local prices seem to be much higher than international prices, for example actual Argentine maize FOB price is US\$ 146/ton (Table 147 and Figure 80).⁶⁶⁰

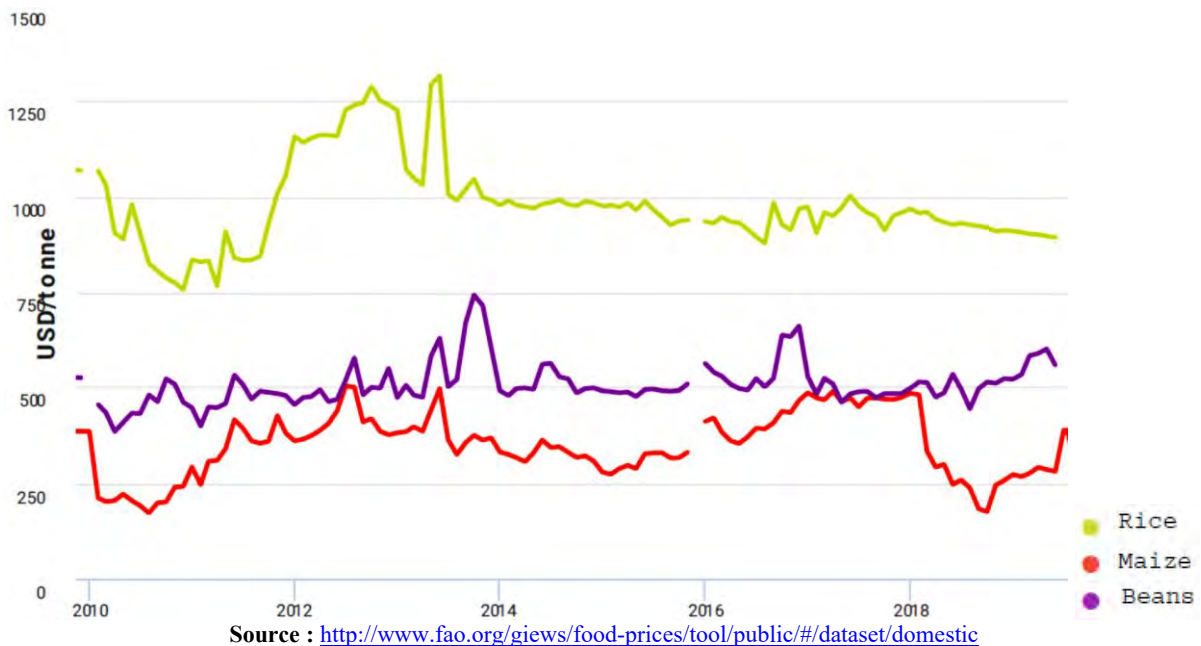
Table 147: Trend of prices of maize, paddy rice and beans in domestic market-Kigali (US\$/ton) (Period monthly- January 2010-set 2019)

| | Avg. Price | Min Price | Min Date | Max Price | Max Date | Price Range |
|-------|------------|-----------|----------|-----------|-----------|-------------|
| Rice | 975 | 756 | Dec 2010 | 1.315 | June 2013 | 559 |
| Maize | 349 | 172 | Aug 2010 | 503 | July 2012 | 332 |
| Beans | 508 | 385 | Apr 2010 | 742 | Oct 2013 | 357 |

⁶⁵⁹ <https://tradingeconomics.com/rwanda/foreign-direct-investment>

⁶⁶⁰ <http://www.fao.org/giews/food-prices/tool/public/#/dataset/international>

Figure 80: Prices of maize, paddy rice and beans in domestic market-Kigali (US\$/ton) (Period monthly- January 2010-set 2019).



STRENGTH OF EVIDENCE: MORE THAN SATISFACTORY

Table 148: Overview of types of evidence for JC 8.4

| | Documents and statistics | | | Interviews | | | |
|---|--------------------------|-----|------------|------------|-----|-------------|-----|
| | EUD | GoR | FAO, other | EUD | GoR | Focus Group | CSO |
| JC8.4: An inclusive high value chain has been developed | | | | | | | |
| I.8.4.1 Increased climate change resilience of agricultural households. | X | X | X | | X | | |
| I.8.4.2 Increased jobs creation and increased contribution to inclusive economic development | | X | | | X | | |
| I.8.4.3 Increased agricultural products trade | | X | X | | X | | |
| I.8.4.4 Improved internal and external competitiveness of the economy in general, and enhanced competition on the domestic market | | X | X | | | | |

JUDGEMENT CRITERION 8.5

INDICATOR 8.5.1

| JC8.5 | Possible factors that can be related to the observed changes | |
|----------------|--|---|
| I.8.5.1 | Assessment of the main determining factors that explain the achieved outcomes. | <ul style="list-style-type: none"> Econometric study of factors determining some of the outcomes. Perceptions on determining factors. |

Budget support Programmes: main inputs and outcomes

GoR has been implementing a long-term policy package (I 6.1.1 Agriculture) considering the structural issue of land use and looking for raising productivity levels in smallholder farms, as a vital way

for economic growth and poverty reduction in Rwanda. This strategy has led to high growth of agricultural production as shown above, under Indicator 8.2.1. But the transformation from subsistence farming to a competitive and market-oriented agricultural sector faces some challenges or unintended side effects related with deforestation, soil erosion, and increased vulnerability to climate change. Furthermore, while increased agricultural production fostered food security at the national level, it did not imply more food security at household level.

The EU Budget support SBS Agriculture Intensification (€ 15.5 M for the period 2010-2012), Decentralised Agriculture (€ 40 M for the period 2010-2018) and SRC Agriculture (€ 182 M for the period 2016-2021) have contributed to the outcomes of the agricultural strategy but also to the unintended side effects. One of the major successes of EU budget support is the inclusion of civil society and farmers' organisations in the policy development process of PSTA 4. Furthermore, the PSTA 4 is considered a better strategy than the previous ones. It has benefitted from broad participation (farmers organisations, CSOs and many DPs). This consultation process was managed by FAO as part of a CM of SRC Agriculture. However, the improvements in policy processes and policies are small and recent, so as yet there are limited effects on agricultural outputs or outcomes.

One main limiting factor for better outcomes is the inadequate implementation capacity of MINAGRI, RAB, NAEB and districts. EU budget support attempted to strengthen capacities for implementation and monitoring by several Complementary Measures. The Strategic Environmental Assessment (SEA)⁶⁶¹ of the Agriculture Sector in Rwanda done in 2012 provided broad information to optimise future policy development (PSTA 3 and EDPRS) on environmental management and resource use. The EU also contributed with the identification of limiting factors in strategic areas (soil & water management, acid soils & nutrients, crops selection, climate change, rural feeder roads, M&E) for agriculture development and environment; which were used in the SRC Agriculture to serve as triggers for the release of budget support funds. Some of these were successful, such as the support to National Institute of Statistics (NISR) for GIS/remote sensing and ICT-based data supplies for the collection, storage and management of agricultural survey data; and the support to the WB for the design, testing, implementation and dissemination of rigorous agricultural impact evaluation. The latter is still on-going. The support to NISR has improved its technical capacities and equipment to upgrade the National Seasonal Agriculture Survey; reports are available to the public. All reports are publicly available.

However, the EU-TA for MINAGRI to improve government policy, strategic planning, PFM and M&E capacities in the sector was much less successful. Although by end 2019 an evaluation of this TA is being conducted, it is already clear that there is no common understanding of its role. MINAGRI is questioning EU-TA, specifically TECAN⁶⁶² and the TA to NAEB (see for the latter 6.4). MINAGRI expects support on a day-to-day basis. It wants to optimise the TA program by applying time-based contracts rather than task-based contracts. In the view of EUD, TA is not supposed to do the daily work of government staff. In addition, the GoR should assign more technical counterpart staff in order to benefit from knowledge transfer, as, at the moment, staff absorption capacity is limited. Similar differences in views hold for other DPs' TA to MINAGRI, for example AGRI-TAF (DfID).

The EU supported agricultural policies, outputs and outcomes also with another budget support programme, namely the **Rural Feeder Roads Development Programme (RFRDP)**. It provided € 40 million, and performance indicators stipulated the rehabilitation of more than 700 kilometres and the maintenance according to specified procedures of 514 kilometres of feeder roads in 7 Districts. This was achieved. Three other donors contributed to expanding and rehabilitating the network: Netherlands, USAID and World Bank. RFRDP aimed to enhance market access and reduce transport costs

⁶⁶¹ SAFEGE. Strategic Environmental Assessment of the Agriculture sector in Rwanda. (SEA). January 2012.

⁶⁶² Interview with PS MINAGRI.

for people as well as for goods. An Impact Evaluation⁶⁶³ of feeder roads concluded that investing in feeder roads in Rwanda allows development of the most inaccessible and disadvantaged areas, finding that the feeder road rehabilitation increases average household income in remote villages by US\$74 per year. This implies a direct effect of this programme on poverty reduction and reduction of inequality.

Malnutrition

EU budget support interventions through SRC Agriculture (€ 182 M for the period 2016-2021) and SRC Malnutrition (€ 30 M for the period 2014-2019) aimed to contribute to enhance Food and Nutrition Security of rural households in Rwanda. The SRC Malnutrition directly supported Rwanda's National Multisectoral Strategy to Eliminate Malnutrition (NSEM). As shown above, national stunting decreased from 43 % in 2012 to 37 % in 2015 and 35 % in 2018;⁶⁶⁴ but it is still considered as "high" by international standards. Stunting in rural areas is still almost threefold that in Kigali, with 38% and 12.9%, respectively. Wasting among women in reproductive age also decreased.

The improvement in national stunting indicators appears not to be related to a better food intake, given that the indicators for food security hardly increased (see above JC 8.2). They are linked to the NSEM, and in particular (i) the development of a comprehensive view on malnutrition focusing on these vulnerable groups; and (ii) the importance given to malnutrition by the highest national hierarchies: Ministries' activities are coordinated at PMO level. This includes primary health care, early identification of pregnant women and undernourished children with provision of high fortified food, promotion of parents' responsibility, social transfers, kitchen gardens and many other measures.

The EU budget support can be said to have contributed to this policy and its favourable outcomes through its resources but also by specific complementary measures. These include (i) contracting WFP to enhance GoR capacities to coordinate and implement food and nutrition security assessments with the implementation of the Rwanda Comprehensive Food Security and Vulnerability Analysis 2015 (CFSVA),⁶⁶⁵ (ii) developing a country wide model for nutrition gardens in pre-primary, primary and secondary schools, and (iii) providing TA to improve the nutrition of mothers and children through innovative and cost effective behaviour change approaches towards improved nutrition outcomes. This TA support is considered very positive by the Rwandan authorities and was extended.⁶⁶⁶ Furthermore the SRC Agriculture helped financing the second CFSVA in 2018, thus providing continuity of CFSVA implementation, which was very useful in generating reliable and comparable data.

The less favourable development in food security at household level can be related to the agricultural policies, in particular CIP and LUC. One study showed that LUC had a positive impact on the consumption of roots and tubers, but led to a reduction in the consumption of meat, fish and fruits.⁶⁶⁷ LUC proved to encourage households to sell high quality nutritious food such as fruit, vegetables and animal-based proteins, for more voluminous amounts of nutritionally substandard goods, hence resulting in lower dietary diversity.⁶⁶⁸

In general, the academic studies cited above (6.1) show that the policies to increase agricultural production did not have a positive effect on improving nutrition and reducing vulnerability of rural

⁶⁶³ Rwanda Feeder Roads Impact Evaluation. Data and preliminary analysis. March 20, 2019. WB, EU and DIME.

⁶⁶⁴ CFSVA 2012, 2015, 2018.

⁶⁶⁵ WFP, UNICEF, MINAGRI, NISR, EU, USAID. 2018.

⁶⁶⁶ Interview with NECDP.

⁶⁶⁷ Del Prete et al. (2019), Land consolidation, specialization and household diets: evidence from Rwanda. Food Policy. Del Prete et al. 2019; 83:139–49 <https://doi.org/10.1016/j.foodpol.2018.12.007>

⁶⁶⁸ Weatherspoon et al., "Stunting, food security, markets and food policy in Rwanda", BMC Public Health (2019) 19:882. <https://doi.org/10.1186/s12889-019-7208-0>

households. This also holds for the One Cow and Garden policies: households with livestock or gardens proved to have a higher risk of stunting. Apparently, households prefer to increase their income by selling highly nutritious food.⁶⁶⁹

Recently, and in response to the revealed decrease in intake of heme iron in 2018, the EU through policy dialogue has encouraged the GoR to foster small animals' production at household level as a source of protein. RAB is promoting the small livestock production through its Animal Resources Department. Due to exiguity of land, RAB officers encourage people to rear small animals and birds (goats, pigs, poultry and rabbits). They also promote local forage production for the animals: sorghum, cassava and residues.⁶⁷⁰ However, in view of the results of academic studies, the result of this for improving nutrition can be questioned.

Data from the econometrics study

This section presents the main results of the econometric study (Annex 2) which, using the results of the NISR household surveys, explores the cause-effect relationship of these government policies and thus the expected outcomes of Agriculture budget support to Rwanda during the 2011-2018 period:

- Cultivated land remains the most important production input with around 50% elasticity of production. That means that each 10 % increase in cultivated land area-all else equal- translates into a 5% increase in gross crop production value at household level. However, as this chapter has shown, it is almost impossible to further increase land use. More off-farm job creation is needed if pressures on land, poverty, food insecurity are increasing. But it is a challenge to develop opportunities along the agriculture value chains, in services and in manufacturing to keep pace with the increase in population.⁶⁷¹
- **Most input expenses** made by farmers at household level have positive and significant effects on crop production value, as expected, especially hired labour, fertilizers, insecticides, and agricultural capital.
- Among the policy variables, only **erosion protection** seems to have had a robust positive effect on **crop production**, but the effect is related to the selection of the most productive farmers. As a result, it contributed to increased overall national production, but did not affect the individual farmer level. Plots equipped with protection against erosion have 18 % more crop production value in 2016-17 than in 2013/14. Also, as the erosion protection measures are much more widespread than irrigation, they had a bigger absolute effect on food security.
- On the contrary, the treatment effect of **irrigation** (farmers who adopt irrigation) was big, around 30 % of higher production levels for the same equivalent farm households, but this did not contribute to higher national production levels because it did not contribute significantly to increased production of the bigger producing and more productive farming households. There is more margin of improvement for irrigations schemes in the future (through better implementation and more use). Those results are somewhat contradictory to other impact assessments, such as the one done by Development Impact Evaluation (DIME) of the World Bank. The differences can be explained from the fact that this study focuses on aggregate crop production by household, while DIME looks at crop production by plot.
- When examining the effect of policy measures on food consumption, the use of irrigation and of erosion control proved to have a positive effect, but LUC did not. Irrigation was the only policy measure that contributed to food security improvement.
- **The growth in real consumption** per adult equivalent between 2014 and 2017, as revealed by the household surveys, was mostly driven by urban migration, since **consumption did not change**

⁶⁶⁹ Weatherspoon et al., "Stunting, food security, markets and food policy in Rwanda", BMC Public Health (2019) 19:882. <https://doi.org/10.1186/s12889-019-7208-0>

⁶⁷⁰ Interviews with EUD and RAB staff.

⁶⁷¹ Bizoza, A. Population Growth and Land Scarcity in Rwanda: The other side of the "Coin", University of Rwanda, 2014 Conference on Land Policy in Africa, Ethiopia

significantly within rural or urban areas (the change in rural/urban household status contributed for the most part of it).

On the whole, agricultural policies and policy interventions have contributed to support national production levels, especially erosion protection, but some were not well designed and implemented to have stronger and robust **causal effects at the aggregate level, although irrigation might have helped to reduce rural poverty.**

Finally, in the case of Rwanda, it is important to consider that some defined policies or instruments are not entirely efficient from an economic or productivity point of view. But there are other parameters that should be included in the analysis that are considered key in the decision-making process, such as food security and national security. For example, the cost of producing wheat in Rwanda is higher than importing it, but by producing it in Rwanda the national supply is assured, the local economy is stimulated and income to small producers is generated.

STRENGTH OF EVIDENCE: MORE THAN SATISFACTORY

Table 149: Overview of evidence for JC 8.5. Agriculture

| | Documents and statistics | | | | Interviews | | WB |
|--|--------------------------|-----|--------|-------------------|------------|-----|----|
| | EUD | GoR | Others | Econometric Study | EUD | GoR | |
| JC8.5: Possible factors that can be related to the observed changes | | | | | | | |
| I.8.5.1 Assessment of the main determining factors that explain the achieved outcomes. | X | X | X | X | | X | X |

EQ 9. GROWTH AND POVERTY REDUCTION

EQ 9: To what extent has sustainable and inclusive economic growth increased and has poverty been reduced? Which have been the determining factors?

JUDGEMENT CRITERION 9.1

INDICATOR 9.1.1

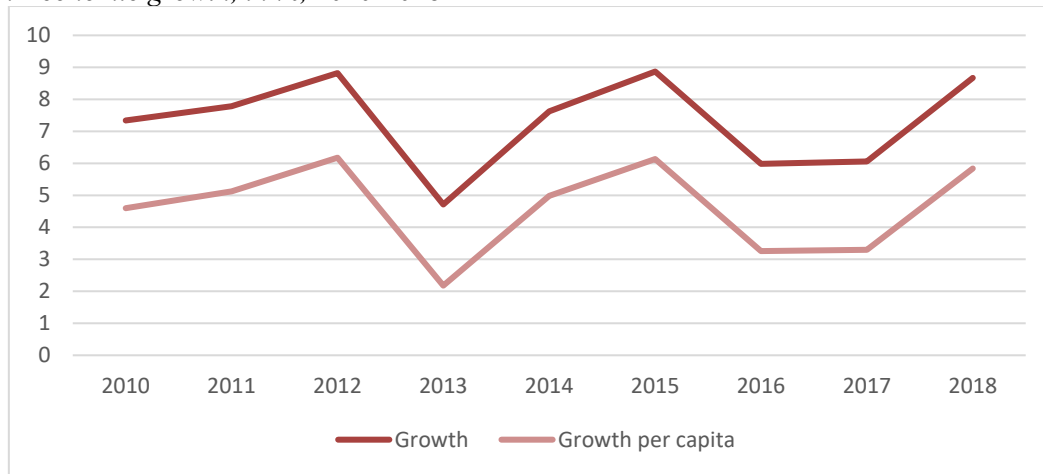
| JC9.1 | Economic growth has increased and has become more sustainable | Indicators, 2010-2018 unless otherwise indicated |
|----------------|---|--|
| I.9.1.1 | Increased economic growth, and evidence of its environmental sustainability and climate resiliency. | <ul style="list-style-type: none"> Economic growth, in %. CO2 emissions (kt). CO2 emissions (kg per 2010 US\$ of GDP). Indicators listed under JC 8.3. |

Economic growth has been high over the evaluation period, ranging between 5 and 9% with an average of 7.3%. Growth per capita has also been high (Figure 81). Growth is mainly driven by public investment, which has been at around 15% of GDP in recent years. Most of this investment is financed by foreign grants and loans. Domestic savings have increased but are still low at 10% of GDP. Most of these domestic savings come from foreign grants.⁶⁷² The fastest growing sectors over the period 2005-2017 are Transport & communication, Construction, and Utilities, and these are followed by Financial services, Other services and Hotels & restaurants. The production sectors manufacturing (7.2%), mining (6.5%) and agriculture (5.5%) registered the lowest annual average growth rates, but these rates are still high compared to other countries in the region. Although exports did increase, growth has not been export-led and exports still only constituted 20% of GDP in 2018.⁶⁷³

⁶⁷² World Bank, Systematic Country Diagnostic Rwanda, 2019, p. 5.

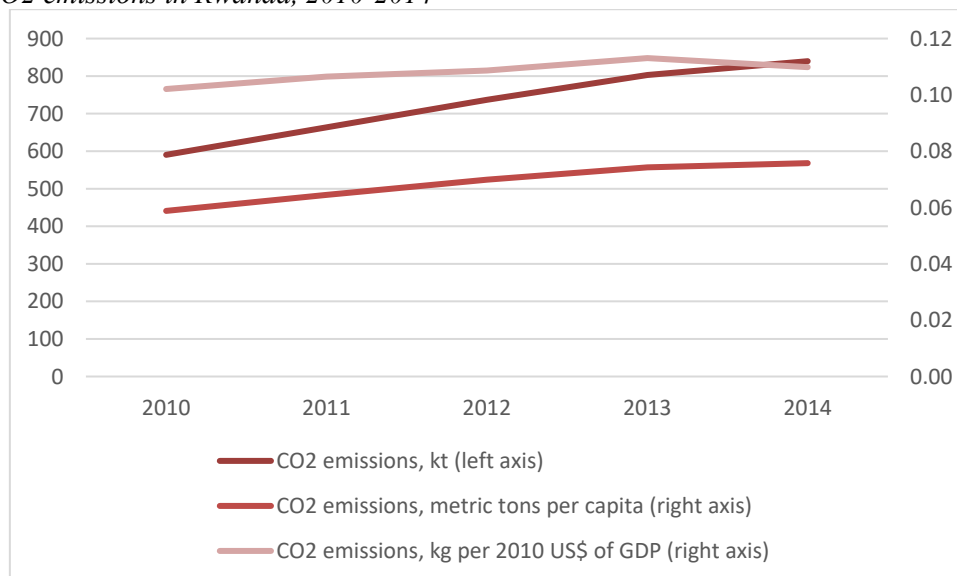
⁶⁷³ World Bank, Systematic Country Diagnostic Rwanda, 2019, p. 6-7.

Figure 81: Economic growth, in %, 2010-2018



Source: World Development Indicators, accessed 2 August 2019.

The contribution of Rwanda to climate change is low, and CO₂ emissions per US\$ of GDP have hardly increased over the evaluation period (Figure 82). However, the country is very vulnerable to climate change. Increased instances of extreme weather have already led to flooding, landslides, and droughts. It is estimated that the country will lose 1% of its GDP each year due to climate change by 2030 (even excluding the effect of floods), and a higher percentage after that year.⁶⁷⁴

Figure 82: CO₂ emissions in Rwanda, 2010-2014

Source: World Development Indicators, accessed 2 August 2019.

But there is evidence that the country is working on improving climate resilience and environmental sustainability. The government has submitted a proposal to the Climate Investment Fund, and it has carried out an Environmental Social Impact Assessment.⁶⁷⁵ In EDPRS 2, the environment and climate change are cross-cutting issues, and the government has adopted a Green Growth and Climate Resilience Strategy in 2011. It outlines a vision up to 2050 on these issues.⁶⁷⁶ In NST 1, the promotion of sustainable management of the environment and natural resources for the transition towards a Green

⁶⁷⁴ Stockholm Environmental Institute, Economics of Climate Change in Rwanda. Stockholm, 2009.

⁶⁷⁵ Strategic Programme for Climate Resilience (SPCR), MINISTRY OF ENVIRONMENT Rwanda, https://www.climateinvestmentfunds.org/sites/cif_enc/files/ppcr_21_11_strategic_program_for_climate_resilience_for_rwanda_final_3.pdf; Rural Green Economy and Climate Resilient Development Programme, Rwanda, http://www.environment.gov.rw/fileadmin/Media_Center/Announcement/Final_Draft_6_ESIA_RGCDP.pdf

⁶⁷⁶ Rwanda State of Environment and Outlook Report 2015 https://www.nmbu.no/sites/default/files/pdfattachments/state_of_environment_and_outlook_report_2015.pdf

Economy is one of the seven priorities.⁶⁷⁷ Five strategic interventions with accompanying policies are identified, related to i) forest management, ii) forest coverage and reforestation, iii) reduction of fire-wood use for cooking, iv) water resource management, and v) land administration and management.

As mentioned under EQ 7 (I 7.3.3), even though there are conflicting figures on the trend in forest coverage in Rwanda, the conclusion is that there is an increasing gap between demand and supply of wood, and consequently a depletion of forest resources. The transition to the use of gas for cooking and to improved cooking stoves goes very slowly. As to increased climate change resilience of agricultural households (8.3.1.), household expansion on irrigation has increased between EICV 4 and EICV 5 (full sample) but the trend in area under LUC or with erosion protection is less clear. In any case, the percentage of households with irrigation and benefiting from terraced lands is still low, at around 10%.

There is also evidence of concrete government policies to reduce environmental damage. Districts only provide construction permits when an environmental impact assessment has been carried out.⁶⁷⁸ The government has banned the use of plastic bags, and during our visit in October it announced to forbid all single-use plastics after a transition period of three years. In addition, a first electric car was introduced during our stay. A policy to forbid imported cars that are older than 8 years is under discussion.⁶⁷⁹ In the energy sector, the establishment of a second peat power plant does not longer have a high priority and the government aims to reduce reliance on fossil fuels.⁶⁸⁰ On the other hand, the government stimulates energy-intensive industries and lightens many roads, which is probably induced by the current excess supply of energy.⁶⁸¹

STRENGTH OF EVIDENCE: STRONG

Table 150: Overview of types of evidence for JC 9.1.

| | Documents and statistics | | | Interviews | | |
|--|--------------------------|------------|-------|------------|--------------|-----|
| | GoR | World Bank | Other | EUD | Other donors | GoR |
| JC9.1 Economic growth has increased and has become more sustainable | | | | | | |
| I.9.1.1 | | | | | | |
| Increased economic growth, and evidence of its environmental sustainability and climate resiliency | X | X | X | | X | X |

JUDGEMENT CRITERION 9.2

INDICATOR 9.2.1

| JC 9.2 | Growth has become more inclusive and income and non-income poverty has decreased in particular for beneficiaries of the energy and agriculture policies | |
|----------------|--|--|
| I.9.2.1 | Reduced poverty and reduced unemployment, with particular attention for males/females, youth, and people affected with HIV/AIDS. | <ul style="list-style-type: none"> Poverty in number of households and in %. Extreme poverty in number of households and in %. Poverty gap in %. Unemployment rate in % also by age and sex. Poverty among youth and among people affected with HIV/AIDS. |

Poverty has decreased over time, but more between 2010/11 and 2013/14 (and before!) than during the last three years (Table 151 and Figure 83). The same trend holds for the poverty gap (Table 151). This is the ratio of the distance to the poverty line and the poverty line itself (both in RwF, so the ratio is in %), and thus indicates the amount of income needed to lift all households above the poverty line. Given that growth rates have not been very different in the last period as compared to earlier

⁶⁷⁷ Republic of Rwanda, National Strategy for Transformation (NST 1), 2017-2024.

⁶⁷⁸ Interview with donor.

⁶⁷⁹ Interview with government officer.

⁶⁸⁰ The World Bank, Third Rwanda Energy Sector Development Policy Financing, the World Bank, August 2, 2019.

⁶⁸¹ Interview with donor.

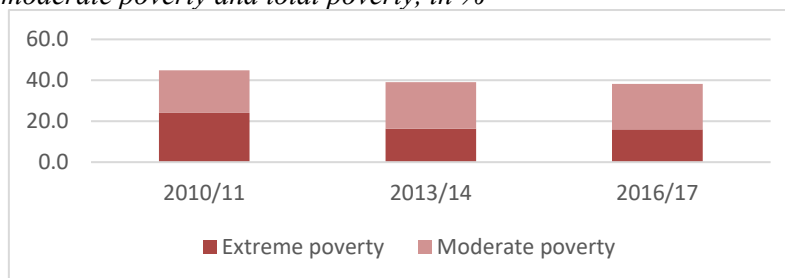
periods, one would expect income inequality to have increased, or decreased less, during the last 3 years. This proves indeed to be the case. The Gini coefficients decreased from 49.0% in 2010/11 to 44.8% in 2013/14, and then more slowly to 42.9% in 2016/17 (see also below under 9.2.2).

Table 151: Poverty indicators

| | 2010/11 | 2013/14 | 2016/17 |
|---|---------|---------|---------|
| Extreme poverty (headcount, in %) | 24.1 | 16.3 | 16.0 |
| Moderate poverty (headcount, in %) | 20.8 | 22.8 | 22.2 |
| Total poverty (headcount, in %) | 44.9 | 39.1 | 38.2 |
| Poverty gap (in %) | 15.1 | 11.7 | 10.8 |

Source: NISR, EICV 3, 4 and 5.

Figure 83: Poverty, moderate poverty and total poverty, in %



Source: NISR.

There has been some debate on the validity of the poverty figures of EICV 4, and in particular on their comparability with those provided by EICV 3. In its first poverty report on EICV 4, NISR stipulates that after maintaining the poverty line the same since 2000/01, it was now necessary to update the representative food basket underlying the poverty line.⁶⁸² In practice, this meant that the share of cheap, calorie rich staples (cassava, sorghum, maize) increased while the share of sweet potato, Irish potato and banana decreased. Reyntjens argues that this implies a decrease in the poverty line. If the new basket is applied retroactively to the previous survey data, poverty actually increased from 33 to 39% between 2010/11 and 2013/14.⁶⁸³

Two World Bank researchers confirmed that the use of a new Cost of Living Index (COLI) in 2013/14 implies that comparability with the earlier poverty figures cannot be guaranteed.⁶⁸⁴ In 2016 NISR published a new poverty report, in which it applied the new food basket to the survey results of the previous EICV. However, NISR seems to have adjusted the way for taking price changes into account as well. As a result, the fall in total poverty between 2010/11 and 2013/14 turns out to be even higher: from 46.0 to 39.1%, while extreme poverty decreased a bit less, from 22.4% to 16.3%. The World Bank paper assesses this second methodology as the better one and does not question the change in methodology for taking inflation into account.⁶⁸⁵ Sam Desiere shows that the Rwandan poverty figures are very sensitive to the inflation rate used. He examines just the food part of the poverty line and shows that with a total inflation of 16.7% between the three years, as NISR uses, poverty indeed decreased by at least 5 percentage points. In his view, however, the actual price increase for food,

⁶⁸² NISR, Rwanda Poverty Profile Report 2013/14.

⁶⁸³ Filip Reyntjens, Lies, damned lies and statistics: Poverty reduction Rwandan-style and how the aid community loves it. Africa Insiders Newsletter, 3 November 2015, <https://africanarguments.org/2015/11/03/lies-damned-lies-and-statistics-poverty-reduction-rwandan-style-and-how-the-aid-community-loves-it/>

⁶⁸⁴ F. Fatima and N. Yoshida (2018), Revisiting the poverty trend in Rwanda 2010/11 to 2013/14, World Bank Policy Research Working Paper No 8585, p. 12.

⁶⁸⁵ Anonymous, The cover up: Complicity in Rwanda's lies, <http://roape.net/2018/11/21/the-cover-up-complicity-in-rwandas-lies/>, Review of African Political Economy; F. Fatima and N. Yoshida (2018), Revisiting the poverty trend in Rwanda 2010/11 to 2013/14, World Bank Policy Research Working Paper No 8585, p. 12.

based on EICV survey data, was more likely to be 30%, and this leads to an increase in poverty of 1.2 percentage points.⁶⁸⁶

For analysing EICV 5, NISR maintained the same methodology for establishing the poverty line as in EICV 4, so the results are comparable.⁶⁸⁷ The fact that poverty reduction stagnated between 2013/14 and 2016/17 is not contested. One reason often mentioned is the drought or the erratic rainfall in 2015 and 2016.⁶⁸⁸ But several respondents on the donor side also mention other reasons, such as the limited government investment in the poor, most notably in agriculture and in human capital.

Over the longer period, poverty has undoubtedly declined a lot, but less so than one would expect based on the high growth rate of the economy. The growth elasticity of poverty reduction (the percentage change in poverty as a result of a percentage change in GNI per capita) was less than 20% between 2001 and 2017, and much lower than in Senegal, Burkina Faso or Uganda.⁶⁸⁹ One possible reason for this is that growth figures themselves are too high. An indication for this is that the data for private consumption as registered in the national accounts (that form the basis for GDP calculations) are much higher than those found in household surveys.⁶⁹⁰ According to the World Bank the three latest NISR surveys show an increase in per capita consumption of 0.8 percent per year, while the national accounts register an increase of 4% per year, and this is acknowledged as a major “knowledge gap”.⁶⁹¹

The World Bank provides several explanations for the low growth elasticity of poverty reduction.⁶⁹² While 70% of the population lives in rural areas, agriculture value added per worker is very low and lower than in most other SSA countries. In order to reduce poverty, agricultural productivity must increase, and/or there must be structural transformation in the form of rural to urban migration and a movement of workers from farming to non-farming sectors.

However, there is evidence that the growth rate of labour productivity in agriculture is declining. The annual average growth was 5.2% between 2001 and 2006, 4.5% between 2006 and 2011, and 3.2% between 2011 and 2017.⁶⁹³ In addition, the structural transformation from farming to non-farming sectors stagnated as well since 2011. The share of services in total employment increased between 2001 and 2011, from 9.6 to 21.1%, but then only increased to 22% in 2017. Between 2017 and 2019, the share of services in employment did not increase at all. After 2011, the share of farm workers in total employment increased, while this is the poorest occupational group in Rwanda. On the other hand, the share of independent non-farm workers decreased and the increase in the share of (dependent) non-farm workers slowed down. In addition, panel data between 2014 and 2017 show that migration to Kigali reduces the poverty rate among uneducated and former wage farm workers substantially, but these poor and uneducated constitute only a very small share of the migrants. In general, the World Bank argues that given the existence of both pull and push factors, migration to Kigali is surprisingly low and implies a “lost opportunity”. It is probably hindered by low human capital and by regulation.⁶⁹⁴ For instance, it is not allowed to sell goods in the streets of Kigali.⁶⁹⁵

⁶⁸⁶ Sam Desiere, The evidence mounts: Poverty, inflation and Rwanda, June 2017. <http://roape.net/2017/06/28/evidence-mounts-poverty-inflation-rwanda/>

⁶⁸⁷ NISR, EICV V Rwanda Poverty Profile Report 2016/17, p. 11.

⁶⁸⁸ Interviews government officer and several donors.

⁶⁸⁹ World Bank (2019), Rwanda Systematic Country Diagnostic, p. 15.

⁶⁹⁰ African Review of Political Economy, blog Poverty and development in Rwanda. <http://roape.net/category/poverty-and-development-in-rwanda/> and “Poverty in Rwanda, The devil in the details”, Economist, 17 August 2019.

⁶⁹¹ World Bank (2019), Rwanda Systematic Country Diagnostic, p. 70.

⁶⁹² World Bank (2019), Rwanda Systematic Country Diagnostic, p. 17.

⁶⁹³ World Bank (2019), Rwanda Systematic Country Diagnostic, p. 8.

⁶⁹⁴ ⁶⁹⁴ World Bank (2019), Rwanda Systematic Country Diagnostic, p. 33.

⁶⁹⁵ Ansoms, A., E. Marijnen, G. Cioffo and J. Murison (2017). Statistics versus livelihoods: questioning Rwanda’s pathway out of poverty. *Review of African Political Economy*, 44:151, 47-65.

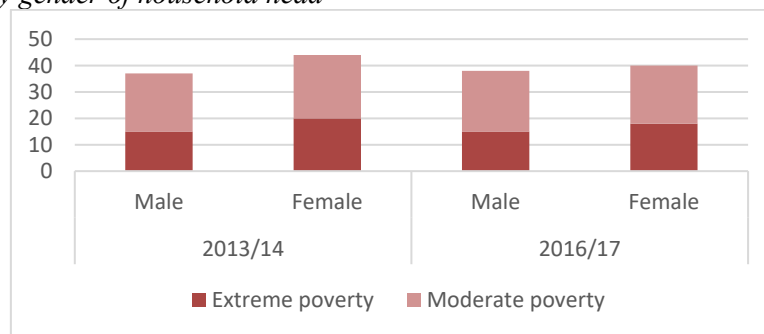
There are a few more indicators of a lack of pro-poorness of recent government policies. NISR figures show that net primary school attendance stagnates at around 85% since 2006, and net secondary school attendance stagnates since 2014. Similarly, the literacy rates among 15-24 year olds do not increase anymore since 2014 (Figure 86 below). Expenditure for social protection in percent of GDP increased until 2016 but then fell sharply.⁶⁹⁶

All in all, this analysis shows that the relatively low poverty reduction intensity of growth in Rwanda can be explained by structural reasons but also by a lack of pro-poor policies, especially since 2011 and in some cases since 2014 or 2016.

Poverty by gender, youth and people effected by HIV/AIDS

There are no sex-disaggregated data on poverty. Instead, poverty rates by gender of the household head are available (Figure 84). Unfortunately, this does not say much about poverty of women within households. What it does show, however, is that the reduction in poverty between 2013/14 and 2016/17 is due to a decrease in poverty of female-headed households. Moderate poverty increased slightly for male-headed households.

Figure 84: Poverty by gender of household head



Source: NISR.

Young people in Rwanda are not over-represented among the extreme poor. While the overall extreme poverty headcount in 2016/17 was 16%, rates among the youth are lower, but those for the youngest category, 16-20 years, come close to the all-population average (Table 152). However, extreme poverty rates among youth did not decrease between 2013/14 and 2016/17.

We have not been able to trace information on poverty rates among people with HIV/AIDS, and the lack of data on this was confirmed in interviews. However, HIV prevalence is low and has not increased over time (Table 153).

Table 152: Youth in extreme poverty, in %

| Age group | 2013/14 | | | 2016/17 | | |
|----------------------|---------|--------|---------|---------|--------|---------|
| | Male | Female | Overall | Male | Female | Overall |
| 16-20 | 14 | 14 | 14 | 15 | 14 | 14 |
| 21-25 | 9 | 9 | 9 | 8 | 10 | 9 |
| 26-30 | 7 | 12 | 10 | 7 | 12 | 10 |
| Total (16-30) | 11 | 12 | 11 | 10 | 12 | 11 |

Source: NISR 2018, Youth report.

⁶⁹⁶ World Bank (2019), Rwanda Systematic Country Diagnostic, p. 19-20.

Table 153: Trends in HIV prevalence by age

| Age | Women | | Men | | Total | |
|--------------------|-------|---------|------|---------|-------|---------|
| | 2010 | 2014/15 | 2010 | 2014/15 | 2010 | 2014/15 |
| 15-19 | 0,8 | 0,9 | 0,3 | 0,3 | 0,5 | 0,6 |
| 20-24 | 2,4 | 1,8 | 0,5 | 1,0 | 1,5 | 1,5 |
| 25-29 | 3,9 | 4,2 | 1,7 | 1,7 | 2,9 | 3,1 |
| 30-34 | 4,2 | 4,2 | 3,5 | 2,1 | 3,9 | 3,2 |
| 35-39 | 7,9 | 5,0 | 3,9 | 3,3 | 6,3 | 4,3 |
| 40-44 | 6,1 | 7,8 | 7,3 | 3,7 | 6,6 | 6,1 |
| 45-49 | 5,8 | 5,5 | 5,6 | 9,3 | 5,7 | 7,1 |
| Total 15-49 | 3,7 | 3,6 | 2,2 | 2,2 | 3,0 | 3,0 |

Source: Demographic and Health Surveys.

Unemployment

According to the World Development Indicators (original source: modelled ILO estimates), the unemployment rate in Rwanda was around 1% across all years 2010-2018, with a slightly decreasing trend since 2014. It is slightly higher for women than for men. However, the numbers appear to be very low and it is not clear on which they are based, as there were no labour force surveys in Rwanda before 2016.

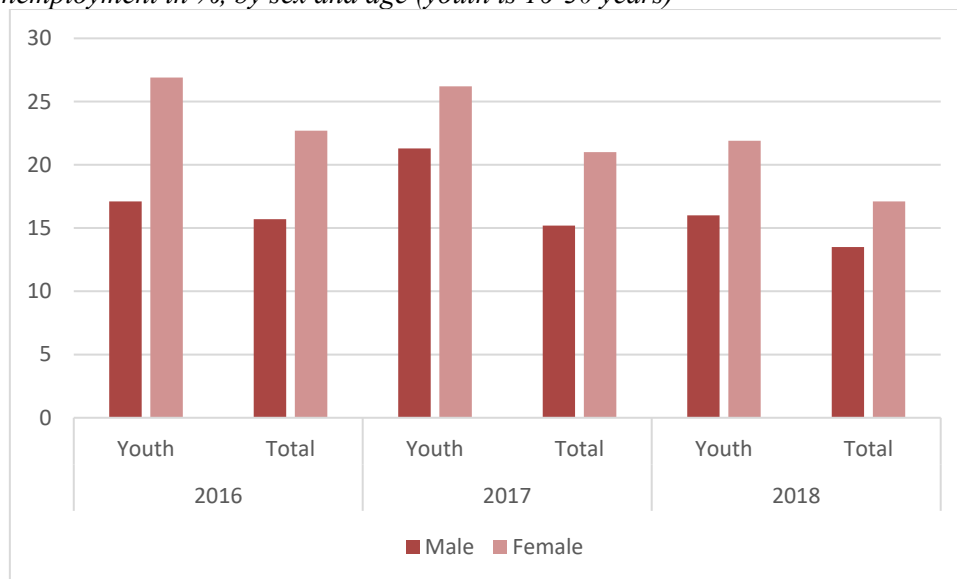
One can also doubt whether unemployment figures are relevant at all in a country like Rwanda. Most people cannot afford to be unemployed. They take on underpaid, less-than-year-round or less-than-day-round jobs in (subsistence) farming or in the large informal sector or set up informal activities themselves. The 2018 NISR Labour Force Survey estimates the total number of persons whose capacities are underutilized, including the unemployed, time-related underemployed, and potential labour force (the latter includes those working in subsistence farming but also discouraged workers) at 2,785,332 persons. This is 40% of the total working age population (>16 years old), and 43% of the working age population excluding students. Nevertheless, the unemployment trends in the labour force surveys conducted by the NISR since 2016 may be somewhat revealing, as well as the disaggregation by sex and age.

The overall unemployment decreased from 18.8% in 2016 to 15.1% in 2018. Unemployment rates are much higher for women than for men (Figure 85). Unemployment across all ages has decreased between 2016 and 2018 for both men and women: for men from 18.8 to 13.5%, and for women from 26.9 to 21.9%. This means that the difference between male and female unemployment rates has become smaller. Youth unemployment is higher than the overall rate for all years and for both men and women, but the difference is much larger for women. This can probably be explained by the fact that younger persons are in a better position to be able to “afford” to be unemployed, as they are supported by their parents or other family members.

The higher unemployment among girls and women can be explained by their lower average lower education levels (see below). In poor households, it is still common that girls cannot complete school because they have to take care of their younger siblings or carry out other tasks in the household or in farming.⁶⁹⁷

⁶⁹⁷ Interview EUD officer.

Figure 85: Unemployment in %, by sex and age (youth is 16-30 years)



Sources: Labour Force Surveys 2016, 2017, 2018.

INDICATOR 9.2.2

| JC 9.2 | Growth has become more inclusive and income and non-income poverty has decreased in particular for beneficiaries of the energy and agriculture policies | |
|---------|---|--|
| 1.9.2.2 | Reduced inequality (including gender inequality) | <ul style="list-style-type: none"> • Gini coefficient • Literacy rates m/f and by age group • School enrolment primary, secondary and tertiary m/f • Educational attainment m/f. |

According to NISR figures, so based on household surveys, there has been a strong reduction in income inequality. The Gini coefficient has decreased from 49.0% in 2010/11 to 44.8% in 2013/14 and then further to 42.9% in 2016/17 (Table 154). However, the NISR analysis of panel data shows a much smaller reduction in the GINI coefficient:⁶⁹⁸ Income inequality appears to be much higher in urban than in rural areas. But data on this is not available in the reports on EICV 5.

Table 154: Gini coefficients Rwanda

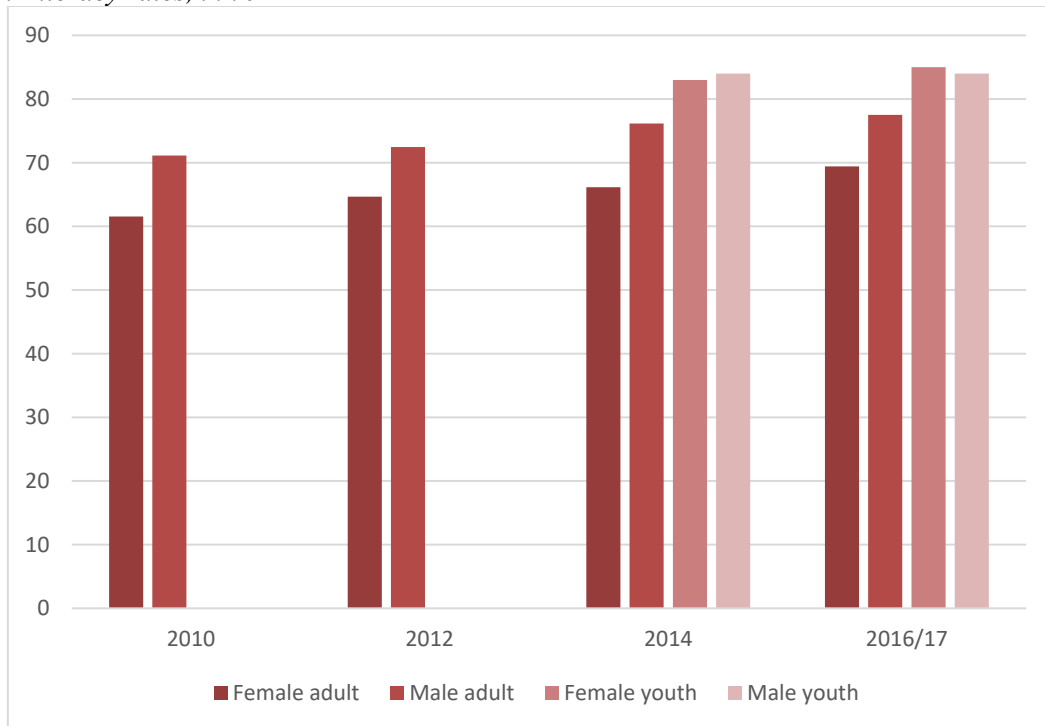
| | 2010/11 | 2013/14 | 2016/17 |
|---------------------|---------|---------|---------|
| Urban | 53.0 | 51.7 | |
| Rural | 35.4 | 34.9 | |
| Overall | 49.0 | 44.8 | 42.9 |
| Overall, panel data | 43.8 | 42.2 | 43.1 |

Sources: NISR, EICV 5 2016/17 Main indicators report; for panel data: NISR, EICV 5, 2016/17, Thematic Report, Rwanda Poverty Panel Report. p. 26; for urban/rural:

Women still have lower literacy rates than men, but for the younger cohort (16-30 years) the situation reversed between 2013/14 and 2016/17 (Figure 86). While male literacy rates decreased, female rates still increased. The lowering of the gap is also evident from the gross enrolment rates: more girls than boys are enrolled in pre-primary, primary and secondary education (Figure 86, left axis). In secondary education, the female enrolment rate was slightly lower than the male rate in 2010, but since 2011 women have overtaken men. By 2017 the relative rate was 112%. In tertiary education, women are also gradually catching up with men, but the relative enrolment rate still stood at 88% in 2017 (Figure 87, right axis).

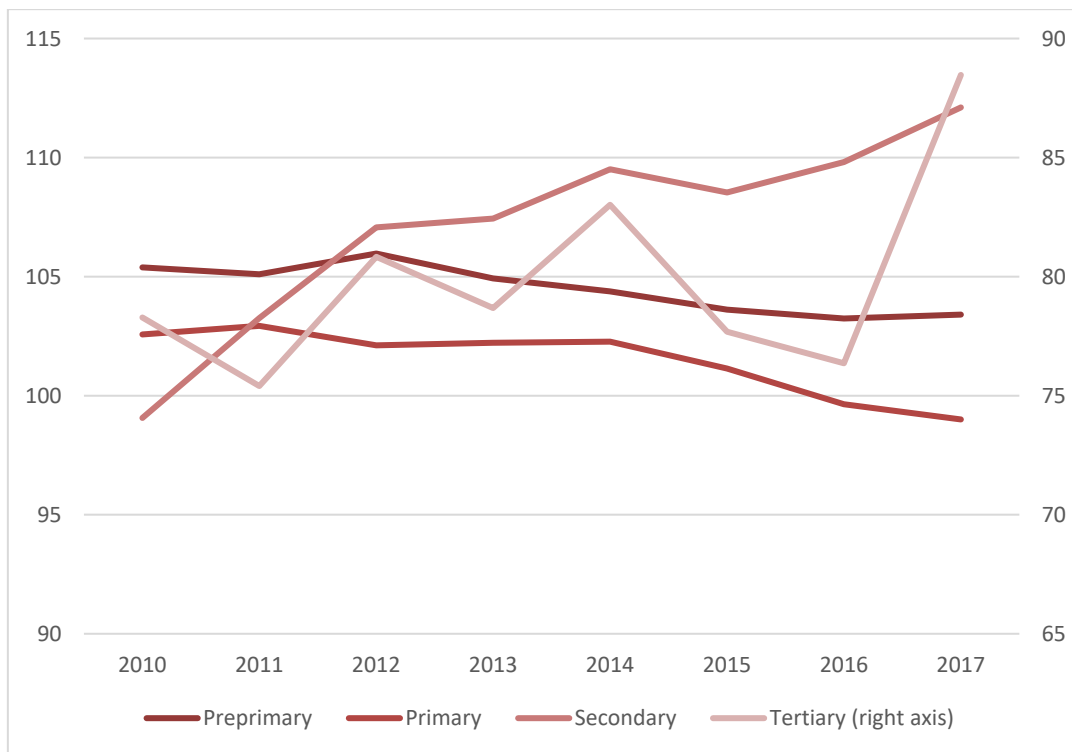
⁶⁹⁸ NISR, EICV V, 2016/17, Thematic Report, Rwanda Poverty Panel Report. p. 26.

Figure 86: Literacy rates, in %



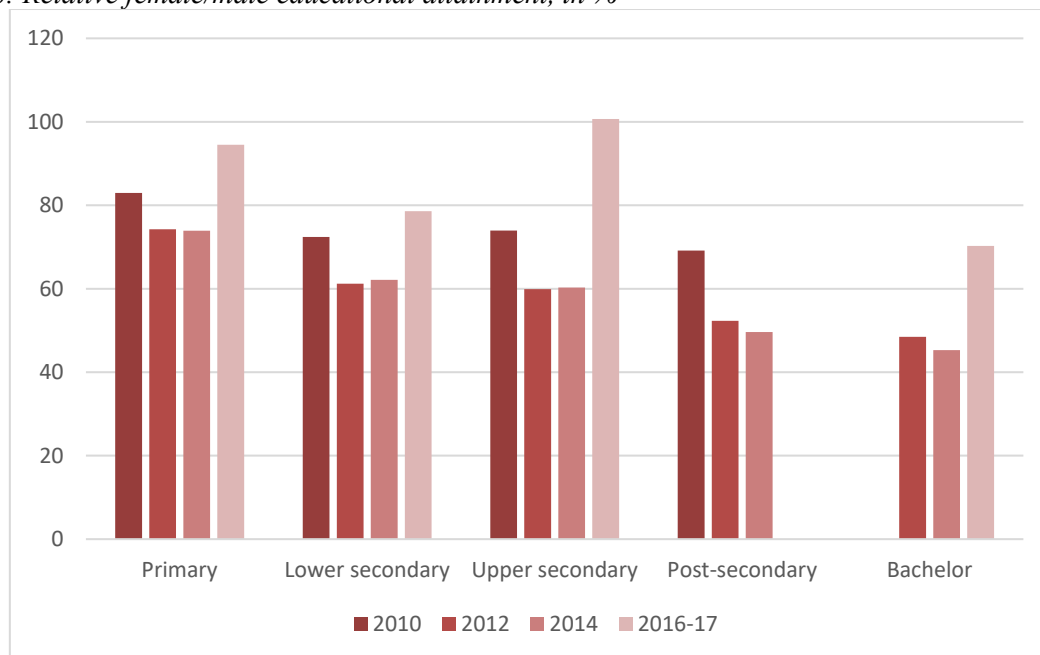
Source: World Development Indicators for 2010, 2012, 2014; NISR for 2016/17 and for youth literacy rates 2013/14 and 2016/17.

Figure 87: Relative female/male gross enrolment rates, in %.



Source: World Development Indicators, accessed 2 August 2019.

Figure 88: Relative female/male educational attainment, in %



Sources: World Development Indicators (accessed 2 August 2019) for 2010, 2012, 2014, and NISR, EICV 5 Main indicators report for 2016-17.

The numbers for educational attainment are somewhat less favourable for gender equality (Figure 88). Between 2010 and 2014, underlying data show that primary school completion rates improved, but much more for boys (from 30 to 38%) than for girls (from 26 to 28%). Thus, inequality increased. Given that female primary enrolment was higher than male enrolment in those years (Figure 54), more girls must have left school prematurely. According to the latest EICV, the situation appears to have improved dramatically: in 2016/17 69% of men and 65% of women had completed primary school.⁶⁹⁹ However, these figures may not be fully accurate or comparable, as the total population of school-going children has to be estimated.⁷⁰⁰ The inequality in secondary school attainment and university level attainment also decreased (Figure 88).

Interviews confirm that gender inequality in other areas is decreasing. The legal structure has improved, for example women now have equal inheritance rights and equal rights to ownership of land and houses. In practice, women own 50% of these properties. But decision-making in households changes only very slowly. It is still common that men decide on the share of the harvest that is sold and on the use of the money earned. Gender-based violence remains a big issue, and traditional norms on the gendered division of labour still prevail.

STRENGTH OF EVIDENCE: STRONG

Table 155: Overview of types of evidence for JC 9.2.

| | Documents and statistics | | | | Interviews | | |
|---|--------------------------|-----|------------|-----------------------------|------------|-----|--------------|
| | EUD | GoR | World Bank | Academic articles and other | EUD | GoR | Other donors |
| JC 9.2 Growth has become more inclusive and income and non-income poverty has decreased in particular for beneficiaries of the energy and agriculture policies | | | | | | | |
| I.9.2.1 Reduced poverty and reduced unemployment, with particular | | X | X | X | X | X | X |

⁶⁹⁹ EICV V, Main Indicators Report.

⁷⁰⁰ Interview with EUD officer.

| | | | | | | | |
|---|--|---|---|--|---|---|---|
| attention for males/females, youth, and people affected with HIV/AIDS | | | | | | | |
| I.9.2.2 Reduced inequality (including gender inequality) | | X | X | | X | X | X |

JUDGEMENT CRITERION 9.3

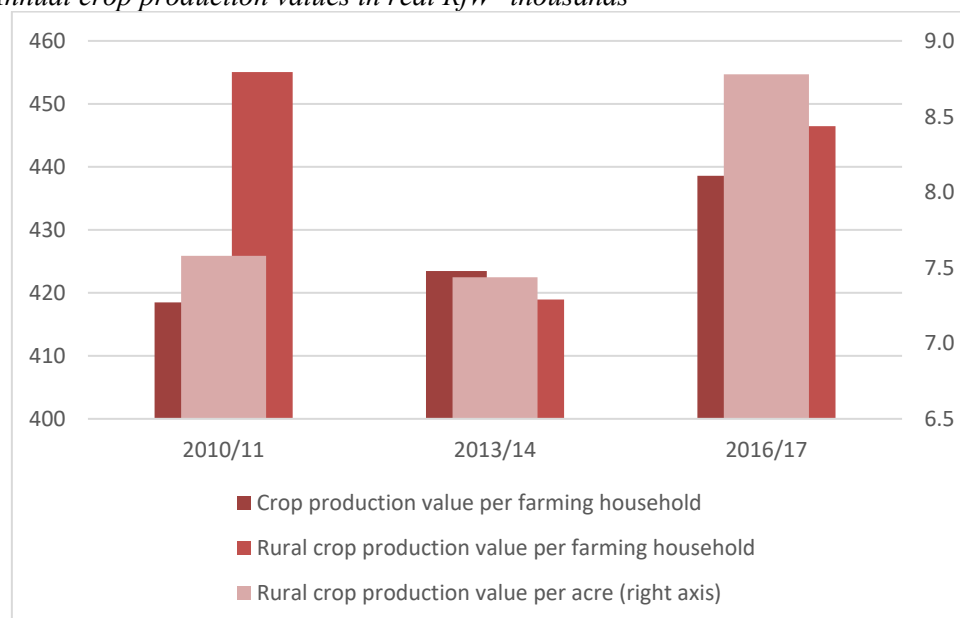
INDICATOR 9.3.1

| JC. 9.3 | Changes observed in the agriculture and energy sectors have contributed to sustainable growth and poverty reduction | Means of verification |
|----------------|--|--|
| I.9.3.1 | Evidence of direct or indirect causal links with the different outcomes observed in the agriculture and energy sectors | <ul style="list-style-type: none"> • Conclusions of steps 1 and 2, and of EQs 1-8. • All of the above indicators (EQ9) |

The main factor behind the high growth rates is the high public investment in construction. Sectors like Transport and communication, and Utilities also experienced high growth rates. The growth rate in Agriculture is the lowest of all sectors, but still higher than in other countries of the region. There may have been a contribution from EU budget support in sustaining the growth in Agriculture and in Utilities, next to a contribution to expanding the public resource envelop for investment.

In energy, several outcomes may have contributed to economic growth. Some progress was achieved in improving energy efficiency: there are fewer losses in the system and GoR shows a greater intention to plan generation capacity on the basis of a least-cost development plan. Tariffs for commercial consumers were reduced, and electricity costs, currently very high, are expected to decrease in the future. The quality of energy supply improved in the form of fewer and shorter interruptions; EU project aid played a big role in this. In agriculture, production of almost all major crops and of meat increased (I 8.2.1). Our econometric study,⁷⁰¹ using EICV 3, 4 and 5, finds that most increase in production and in productivity was achieved between 2013/14 and 2016/17 and not between 2010/11 and 2013/14 (Figure 89).

Figure 89: Annual crop production values in real RfW¹ thousands



¹ Corrected for spatial and time inflation, base month January 2014.

Source: Econometric analysis (Table 157 in Annex 2).

⁷⁰¹ See Annex 2

Decomposition analysis shows that most of this increase in crop production value was not due to increased input use or returns to these inputs (irrigation, LUC or anti-erosion measures), but to unexplained factors represented in the constant term: possibly these include price increases higher than the CPI, and/or increases in Total Factor Productivity, possibly by improved and increased extension services – the latter would be a policy effect.

Through the different budget support inputs (resources, policy dialogue, indicators and CM) the EU attempted to make growth somewhat more sustainable and climate change resilient. An overall assessment is difficult, but it is clear that there are still huge challenges. For example, despite EU efforts through complementary measures, policy dialogue and performance indicators, adoption of climate resilience practices in agriculture and of improved cooking stoves goes far too slowly, and the gap between supply and demand of biomass resources is widening.

Although poverty and inequality clearly reduced over the long run (since 2006), the growth elasticity of poverty reduction in Rwanda is very low.⁷⁰² This is due to structural factors, but also to a lack of pro-poor policies, especially since 2011, and, in some cases 2014 or 2016. Rural poverty did not decrease at all between the two most recent surveys, and the rural-urban income gap remains huge. By focusing on agriculture and energy, the EU in principle, contributed to reducing this inequality.

Access to and affordability of electricity increased and more so in rural than in urban areas. Between EICV 4 and EICV 5, access to off-grid energy systems expanded faster than access to the grid, and this occurred in particular among the third and fourth income quintile.⁷⁰³ Our econometric study also shows that most of the increased access to both energy sources is due to increased investment, especially in rural areas. The new block structure for tariffs, with lower tariffs for very low consumption levels helped to increase access to on-grid electricity.

The results in the area of reducing malnutrition are a bit contradictory (I 8.2.2 and 8.2.3). On the one hand there are reductions in stunting among children, and there was a large decrease in wasting among women in reproductive age. NECDP, the government programme for reducing malnutrition, and that has come about on the instigation of the donors, focuses on these two groups. However, stunting was still high in 2018 (35%) and is concentrated in rural areas. On the other hand, the share of households with acceptable food consumption decreased from 79% to 74% between 2012 and 2015, and then increased somewhat to 76% in 2018. And the Household Dietary Diversity Score did not improve between 2015 and 2018.

Nevertheless, data from EICV 4 and 5 show that food consumption per adult equivalent increased, although slightly more in urban than in rural areas (15.5 versus 11.1 percent) so this did not contribute to reducing rural-urban inequality.⁷⁰⁴ The econometric analysis shows that the value of small crop production contributes most to this increase, and twice as much as the value of commercial crop production.⁷⁰⁵ This is in line with recent academic research on Rwanda, showing that land fragmentation has beneficial effects on food quality and food security.⁷⁰⁶ Conversely, land consolidation may have led to increased production of priority crops at the national level, but not to improved food security at the household level.⁷⁰⁷

⁷⁰² World Bank (2019) Rwanda Systematic Country Diagnostic.

⁷⁰³ The fifth quintile is highest, Annex 2.

⁷⁰⁴ Annex 2.

⁷⁰⁵ Per adult equivalent in the households.

⁷⁰⁶ Ntihinyurwa, P.D. et al. (2019), The positive impacts of farm land fragmentation in Rwanda. *Land Use Policy* 81, pp. 565-581.

⁷⁰⁷ Chigbu, U.E, et al. (2019), Why Tenure Responsive Land-Use Planning Matters: Insights for Land Use Consolidation for Food Security in Rwanda. *International Journal of Environmental Research and Public Health*, 16, 1354, pp. 1-24, and Del Prete, D. et al. (2019), Land consolidation, specialization and household diets: Evidence from Rwanda. *Food Policy*, 83, pp. 139-149.

The effect of in-kind transfers (social protection) on food consumption is of about the same magnitude as that of the value of small crop production, and increased over time. Among the policy variables that may have been of influence, irrigation had the largest effect on food consumption, possibly through the possibility to grow higher value crops. Erosion control also had a positive effect, but LUC did not. As more farming households benefit from erosion protection than from irrigation, the absolute effect from erosion control on food consumption is larger. Another interesting finding is that the estimated benefits from erosion protection and LUC decreased over time, while those of irrigation increased.

Unemployment slightly decreased between 2016 and 2018, but unemployment figures are not very relevant in Rwanda. More importantly, the share of workers in market-oriented agriculture decreased in recent years,⁷⁰⁸ despite EU efforts to enhance agriculture value chains and to increase the number of agro-processing industries. The structural transformation from farming to non-farming sectors stagnated as well, and already since 2011.

There has been an improvement in several indicators of gender equality in Rwanda (I 9.2.2), but the contribution of outcomes in energy or agriculture is limited. As I 1.1.3 shows, objectives and FA of EU budget support do refer to gender equality, but performance indicators do not. Yet, there are a few indicators in the broad agriculture and energy areas that are important for women, most notably access to an improved water source (as women usually fetch water) and use of improved cooking stoves (as women usually cook). On the first, UNICEF data presented above show a decrease in access between 2014 and 2017, while the use of modern cooking stoves was low at 13.5% in 2016/17.⁷⁰⁹

STRENGTH OF EVIDENCE: STRONG

Overview of types of evidence used: all previous findings and corresponding sources.

⁷⁰⁸ See I 8.4.2. This occurred between 2017 and 2019, there is no data available before 2017.

⁷⁰⁹ No data on the trend available.

ANNEX 2: ECONOMETRIC ANALYSIS

AGRICULTURAL PRODUCTION AND FOOD CONSUMPTION

This section reviews the data sources and protocols that are used to produce statistical analyses of various outcomes of interest in Rwanda during the 2011-2018 period and relate them to various policy components as much as possible. As stressed several times, there are no proper ways for rigorous identification of causality linkages between policies and outcomes but existing data exhibit sufficient micro-level variation over time and households to allow for decomposition and analyses of key patterns.

The analyses focus on EICV household data available for around 15,000 households (cross sectional) per survey wave in Rwanda, from which a sub-sample of households were tracked over time (the panel sample). While the full sample is used to get nationally representative estimates and perform decompositions of patterns, the panel sample is used for better identification strategies and in order to achieve more consistent estimates of the policy effects.⁷¹⁰ Waves 4 (2013-14) and 5 (2016-17) were used as they allowed for easier merging and appending data files with a consistent definition and measures of the main variables of interest over time, and tracking panel households. Potential of future analysis from earlier wave 3 (2010-11) is kept for future work but some basic analysis and indicators for agricultural production only in EICV 3 are presented separately.

From the raw data available at household, plot, and crop levels, some key information was extracted from households on their key expenses for farming and farm-related activities, key information on crops (production, commercialization, prices of sales), aggregate and disaggregated consumption and consumption value (in nominal and real terms, with NISR using specific spatial and time deflators depending on when and where households were interviewed) as well as poverty and wealth status, and plot-level information on farming practices, exposure to policies and technologies.

To match all the information at the household and farm levels and create variables and indicators that are consistent over time and space, the raw variables were transformed. One key limitation was that crop and plot files were not fully matched with one another, so it was not possible to identify on which plot specific crops were grown and on which plot specific input expenses were assigned. Therefore, it was impossible to get yield estimates and perform regressions at the plot and crop levels. Instead, **the total crop production value was considered as our key crop production indicator** and was calculated by aggregating the sales/market value of all production (whether sold or not, based on average sales prices in each district and each crop we got from the sales variables in the crop files) at the household level.

Crop production value was deflated in EICV5 to get an estimate of real crop production value at January 2014 prices (using only a CPI deflator calculated in the Jan 2014-17 period = 1.135), as for food consumption (using the consumption spatial and time deflators this time as food prices did vary widely within years and across districts and food consumption was recorded at different points in time within the survey periods).⁷¹¹ While we acknowledge that CPI deflation was most likely not the best one for calculating real consumption and that some have cast doubt on the EICV 4 poverty estimates based on it, for crop production value it must have been sufficient, as per the growth rates obtained in real crop production values over time in the below table. Ideally, we should have worked with a food price index which we could not gather back from the EICV surveys although it was implicit in the consumption modules and could have also been captured in the ancillary market price surveys that often go with such type of LSMS-like type of survey. Noting that food prices, at least

⁷¹⁰ The EICV5 panel survey (general sample, not the VUP recipients only) component was used to build a balanced panel dataset for both waves 4 and 5. See later for more details on how the panel used in the below analyzes was constructed.

⁷¹¹ Conversely for EICV3, the variables were re-inflated by the amount of CPI inflation between 2011 and 2014.

for the biggest and most produced and consumed crops have increased more in the 25-30% range than 13-15% (see Desiere)⁷¹² our real crop production value indicator might have not been deflated enough for EICV5 in order to represent a pure quantity index, so we are interpreting it as a real value index instead, relative to the cost of a standard consumption basket found in Rwanda (as per how CPI is supposed to be constructed).

This section starts by looking at basic indicators at the national level using sampling weights (for households and individuals) and observe some key patterns. Second, we look at the specific variables used in the regression and decomposition analyses.

The basic indicators in Table 156 are in line with official statistics and show that the reduction in poverty and the growth in real consumption per adult equivalent between 2013 and 2018 was mostly driven by urban migration since consumption did not change significantly within rural or urban areas (the change in rural/urban household status contributed for the most part of it). In addition, poverty was reduced much less in rural than in urban areas. While urbanization remains low in Rwanda, it did increase by 10% in relative terms within the course of just 3 years and implies less farming and a lower number of farmers. This is corroborated by the indicators on total cultivated land which went down over time, on average, at the household level (but the effect of population growth still means more land cultivated and bigger national production). Urbanization and less cultivated land came together with smaller household sizes and a large number of household split-offs (tracked in the panel sample) from earlier survey waves (younger household heads and smaller households moving to urban centres, having less children...from their original parent household).

Food consumption instead grew quite sharply and at much bigger pace than total consumption, also because food prices inflated more than non-food prices, but still increased faster in quantities with higher-value food consumption growth especially in cities and reduction of food insecurity and malnutrition in rural areas. As a result, the food share of total consumption did increase in most parts of the country, showing strong food demand overall (that should help support local prices and rural producers).

Crop production did increase more modestly at the household level on average (contributing to high food price inflation) owing to a lower number of farming households and workers (within households) and urbanization of former rural areas. **But crop production still seems dynamic within current rural areas and when related to farming household size in adult equivalents, as well as on a per cultivated acre basis while crop productivity has improved on small parcels.** Note that crop production value did increase by only 1 percent between EICV3&4 for the average farm household although it increased a bit more on a per capita basis but still significantly less than between EICV4 and 5 waves. The policies that were implemented earlier might have started to be more impactful only from the second half of the evaluation period. We also note that real crop production value per acre decreased a bit on average between EICV 3 and 4 while the average cropped area decreased significantly. The full productivity growth was therefore captured by the changes observed between EICV 4 and 5. Therefore, expansion of agricultural land to new households or increase in the number of larger farm estates which are not well captured by the survey mean that crop production might have increased more than what the household survey indicates (capturing mostly smallholders and owner-operators, but not commercial or some mid-size farms).

⁷¹² Sam Desiere, The evidence mounts: Poverty, inflation and Rwanda, June 2017. <http://roape.net/2017/06/28/evidence-mounts-pov-erty-inflation-rwanda/>

Table 156: Core household and national-level crop production, and food consumption indicators

| | EICV 5 | EICV4 | Change btw EICV4&5 | EICV3 |
|---|--------|--------|-----------------------|--------|
| Poverty H0 (headcount ratio in %) | 37.51 | 39.08 | -4.0% | 42.40 |
| Extreme poverty H0 (headcount ratio in %) | 15.68 | 16.32 | -3.9% | 21.76 |
| Rural poverty H0 (headcount ratio in %) | 42.74 | 43.83 | -2.5% | 44.45 |
| Real consumption per adult equivalent | 291528 | 283178 | 2.9% | |
| <i>Rural consumption</i> | 218199 | 217704 | 0.2% | |
| <i>Urban consumption</i> | 610847 | 607914 | 0.5% | |
| Urbanization rate | 18.68 | 16.89 | 10.6% | 10.53 |
| Average HH size | 4.39 | 4.52 | -2.9% | |
| Real food consumption per adult equivalent (ae) | 158908 | 140487 | 13.1% | |
| <i>Rural food cons value</i> | 144110 | 129753 | 11.1% | |
| <i>Urban food cons value</i> | 223349 | 193320 | 15.5% | |
| Crop production value per farm (farming hhs only) | 438593 | 423463 | 3.6% | 418478 |
| Rural crop production value per farm (farming hhs only) | 446458 | 418950 | 6.6% | 455056 |
| Rural crop production value per on-farm ae | 108797 | 100881 | 7.8% | |
| Rural crop production value per cropped acre | 8779 | 7437 | 18.0% | 7578 |

Below are presented the main variables used for the analyses on total crop production value per household. Note that crops can be categorized in either large crops (the one most grown and sold with more commercial or market interest) and small crops (more traditional or used for self-consumption). A key distinction was made between both categories of crops in the food consumption analyses.

The panel sample was constructed in a balanced way (same number of observations for each wave, so differences over time for each observation can be calculated), which means that any new household observation in EICV5 (split-offs) was reassigned and tracked to its original parent household.⁷¹³ Panel sample show statistics that differ a bit, sometimes more significantly than the full sample. **It is better therefore to rely on the full sample for nationally representative estimates and assessment of changes. Panel data is going to be very useful for more causality inference and assessment of the policy effects.**

Table 157: Farm-level indicators (input expenses and policy exposure), used for the analysis of crop production value

| | Panel sample | | Full sample | |
|----------------------------------|--------------|---------|-------------|---------|
| | EICV 4 | EICV 5 | EICV 4 | EICV 5 |
| Real total crop production value | 457 317 | 464 473 | 423 463 | 438 593 |
| Exp. Hand tools | 2 011 | 1 695 | 2 244 | 37 312 |
| Exp. Traditional seeds | 5 789 | 4 087 | 6 396 | 5 832 |
| Exp. improved seeds | 674 | 2 250 | 1 212 | 1 984 |
| Exp hired labor (non-terracing) | 16 125 | 10 875 | 17 298 | 13 520 |
| Exp rented equipment | 8 | 91 | 82 | 215 |
| Exp organic fertilizers | 722 | 909 | 1 377 | 1 477 |
| Exp inorganic fertilizers | 5 500 | 2 913 | 6 334 | 4 787 |

⁷¹³Note that this forces some parent household observations to be duplicated in EICV4, when those households generated multiple households in the new wave. Duplicated observations in the first wave are not an issue when applying sampling weights of the last wave, which are based on the final households among whom weights are smaller when they are small, so that a synthetic bigger sampling weight of the original parent household can be reconstructed in the second wave by summing over the sampling weights of their multiple split-off households of the second wave).

| | | | | |
|--|-------|-------|-------|-------|
| Exp insecticides | 1 964 | 1 114 | 1 997 | 1 692 |
| Exp irrigation/drainage | 95 | 35 | 90 | 112 |
| Exp terracing wages | 3 | 29 | 36 | 54 |
| Exp pole for beans | 910 | 1 670 | 719 | 730 |
| Total cultivated area | 69.5 | 60.7 | 56.3 | 55.0 |
| Percent area irrigated any time L3Y | 3.2% | 4.2% | 4.0% | 4.8% |
| Percent area with erosion protection | 71.7% | 73.7% | 74.1% | 68.5% |
| Percent area undergoing production shock | 19.1% | 33.6% | 27.4% | 37.2% |
| Percent area under a LUC activity | 16.1% | 17.0% | 15.2% | 14.2% |
| Percent of area with a new crop planted | 14.6% | 18.9% | 14.6% | 13.0% |

A general observation from Table 157 is that average input expenditures are quite low and did not change that much over time for the average farming household. But they actually comprise many zeroes for a majority of non-spending households depending on the expenditure category. Actually, a minor share of households did spend something significant in most expenditure categories. Those average numbers therefore hide a wide variety of situations. What is noteworthy is the reduction per farming household in inorganic fertilizers and insecticides expenses (although it is much likely related to their cheaper costs than lower uses), traditional seeds (but expenses in improved seeds did increase), and hired labour with a reduction in farm sizes.

As for the policy related variables, household-level ratios of farm cultivated land under specific technologies which have been essentially policy supported (irrigation and erosion protection), subject to a production shock, or policies directly (LUC, or new crops planted imposed) were calculated. Those ratios have been computed by summing the different plot sizes (to which specific technologies or policies were assigned/in use) and dividing them by total cultivated area at the household level. To get into national percentages, those household-level ratios were further weighted by household sampling weights and household cultivated land areas. While irrigation coverage did increase significantly, evidence on erosion protection is more mixed although the bigger sample seems to indicate it has increased further from already good coverage in EICV 4. LUC activities have remained more or less stable and applied to around one out of 6 plots (on a weighted average basis by the product of plot size and household sampling weight) in the country while new crops planted have only increased for panel farms, but not in the nationally representative sample. As most of those variables have not changed dramatically, they may not have contributed significantly to changes in crop production in the 2013-18 period but may have played a role on their absolute levels and may explain spatial variation too. It is also possible that their effect on crop productivity has changed over time (because policies or technologies became more efficient/better used or implemented). This is what the regressions and decomposition analyses below are going to establish.

The statistical analyses of crop production proceeds as follow. The outcome indicator of gross crop production value above introduced is estimated using standard OLS (ordinary least squares) estimation techniques for each wave of the survey separately, and then for the pooled sample in order to look at average gross returns to input use and policy exposure and their respective changes over time. The econometric estimation of crop production value is specified as a standard Cobb-Douglas production function in which the specific input expenses and policy variables above discussed are used and estimated as production factors. The Cobb-Douglas production function writes:

$$Y_{it} = A_t \prod_{k=1}^n X_{ikt}^{\alpha_k}$$

such that $\sum_{k=1}^n \alpha_k < 1$, (this is to ensure decreasing returns to scale) where Y_{it} is a production outcome variable on farm i at time t , A_t is a time-specific constant (which represents average total factor

productivity: TFP, which measures how much the combined use of all production factors/inputs converts into production), X_{ikt} is a production input variable for input k (for a total of n production factors), and α_k is the specific output return to factor/input k (also known as elasticity of production to factor k). Once each production factor is powered by its α_k elasticity parameter, they are all multiplied together to get a product that is multiplied by the TFP parameter.

To translate this into a simple linear form that can be estimated by OLS, the Cobb-Douglas function is transformed in logarithmic terms and put into a vector-matrix notation across farms to form the below empirical estimation:

$$\ln Y_t = \ln A_t + \sum_{k=1}^n \alpha_k \ln X_{kt} + \varepsilon_t$$

Which can be estimated by OLS regressions. The regression coefficients to be estimated are the input elasticities of production in gross production value terms and TFP (constant or wave-specific). The unexplained heterogeneity of gross production value is captured by the error term of the model ε_t , which is assumed to be identically and independently normally distributed (following a Normal distribution law) across farms.

Table 158 shows the regressions results for all farming households by EICV wave and for the two cross sections pooled. This allows us to see how powerful and sensitive some specific factor variables are in explaining global variations in production and productivity (in gross value terms since our outcome variable Y_t was chosen to be aggregate crop production value) and how this may have changed over time. **Input variables are both input expenses (for which the below coefficients are estimates of their production elasticities) and policy exposure** (for which the coefficients below can be interpreted merely as their relative effect on production value increases or decreases).

Table 158: OLS estimates of production input elasticities, policy effects, and TFP on gross production value by wave and on the pooled sample (full sample)

| | EICV 5 | | | EICV 4 | | | Pooled cross sections | | |
|--|----------------|--------|-----|---------------|--------|-----|-----------------------|--------|-----|
| | Coef. | t stat | | Coef. | t stat | | Coef. | t stat | |
| Tot crop production value | | | | | | | | | |
| Expenses hand tools | 0.0312 | 14.37 | *** | 0.0201 | 9.44 | *** | 0.0227 | 14.63 | *** |
| Exp. Traditional seeds | 0.0103 | 5.16 | *** | 0.0053 | 2.86 | *** | 0.0068 | 4.85 | *** |
| Exp. improved seeds | 0.0132 | 5.15 | *** | 0.0072 | 2.76 | *** | 0.0176 | 9.54 | *** |
| Exp. hired labor (non terracing) | 0.0554 | 28.40 | *** | 0.0440 | 25.02 | *** | 0.0461 | 34.41 | *** |
| Exp. rented equipment | -0.0014 | -0.20 | | 0.0215 | 3.27 | *** | 0.0097 | 1.98 | ** |
| Exp. organic fertilizers | 0.0018 | 0.63 | | 0.0036 | 1.33 | | 0.0046 | 2.24 | ** |
| Exp. inorganic fertilizers | 0.0281 | 11.95 | *** | 0.0322 | 15.50 | *** | 0.0316 | 19.77 | *** |
| Exp. Insecticides | 0.0496 | 17.52 | *** | 0.0505 | 19.75 | *** | 0.0499 | 25.55 | *** |
| Exp. irrigation/drainage | 0.0233 | 2.62 | *** | 0.0058 | 0.70 | | 0.0145 | 2.33 | ** |
| Exp. terracing wages | 0.0285 | 1.87 | * | -0.0109 | -0.61 | | 0.0205 | 1.73 | * |
| Exp. pole for beans | 0.0171 | 5.67 | *** | 0.0151 | 5.37 | *** | 0.0170 | 8.06 | *** |
| Total cultivated area | 0.4511 | 57.34 | *** | 0.5520 | 69.71 | *** | 0.4805 | 84.30 | *** |
| Percent area irrigated any time L3Y ¹ | -0.1070 | -2.10 | ** | -0.0025 | -0.05 | | -0.0310 | -0.84 | |
| Percent area with erosion protection | 0.1779 | 8.27 | *** | 0.1399 | 6.57 | *** | 0.1384 | 8.93 | *** |
| Percent area undergoing production shock | -0.1293 | -6.84 | *** | -0.1461 | -7.53 | *** | -0.0744 | -5.40 | *** |
| Percent area under a LUC activity | 0.0773 | 2.19 | ** | 0.0318 | 0.93 | | 0.0536 | 2.13 | ** |
| Percent of area with a new crop planted | -0.0535 | -1.52 | | 0.0339 | 0.98 | | -0.0431 | -1.71 | *** |

| | | | | | | | | | |
|-------------------------|---------|--------|-----|--------|--------|-----|---------|--------|-----|
| Constant | 10.2968 | 361.84 | *** | 9.7009 | 324.88 | *** | 10.0809 | 479.16 | *** |
| R SQ | 0.4760 | | | 0.524 | | | 0.476 | | |
| Observations households | 12329 | | | 12746 | | | 25075 | | |

¹ L3Y is last three years.

Most input expenses made by farmers have positive and significant coefficients as expected, especially hired labour, fertilizers, insecticides, and agricultural capital. Cultivated land remains the most important production input with around 50% elasticity of production. That means that each 10 percent increase in cultivated land area-all else equal- translates into a 5% increase in gross crop production value. Returns to land are the first determinant of crop production measured in gross value, which mean that land quality/management, better crop allocation/land use, investments, and rights/norms as well as land market functioning/regulations are key intervention areas for agricultural growth and food security.

As for the policy variables, we note that the more households irrigate, the lower their crop production value which can be a surprising result. However, irrigation often entails smaller plots and more investments without necessarily more production. Even when controlling for cultivated land area, irrigated land seems to be negatively associated with crop production and this negative association has only become significant and reinforcing recently in the EICV 5 wave (maybe due to underperformance of new irrigation schemes or lack of training/support of newly irrigating farms).

Those results are contradictory to other impact assessment studies done recently, such as DIME. This may be due to the fact that the outcome variable here is household-level aggregate crop production value while earlier the focus was on productivity (e.g. crop yields) or plot-level crop production. While it is well acknowledged that irrigation entails a two to three fold increase in crop yields on a given plot in a given farm for a given crop (and thereby a potential growth of 2 to 3 times crop production and revenues all else equal on this plot) if technology is used efficiently with sufficient levels of extension and other inputs, adoption of irrigation also entails reallocation of plots, labour, and crops within a given farm. In the current context of rural Rwanda, most irrigation schemes seemed to have entailed too much labour and land concentration in smaller irrigated plots for plot-specific crop production increases that did not make up with the production losses made on other plots by other crops where less land was cultivated by less labour. This distraction effect seems to lie at the core of what the above regression analyses suggest. This negative correlation with crop production is not causal (see panel results which introduce a positive relationship once household fixed effects are used below) but it is noteworthy highlighting it because it shows that irrigation efforts and investments have not correlated well with improved returns and questions the efficiency/behaviours/project designs behind. Letting farmers choose irrigation where profitability is clear would have likely led to better results, manifested in a positive correlation.

Strong positive effects are however associated with erosion protection a more extensive production growth strategy, with strong returns. Plots equipped with a protection against erosion yield, on average, 18 percent more crop production value in 2016-17, and this extra production value was a 14 percent premium in 2013-14. Interestingly, farms under LUC also exhibited a positive association with their crop production levels and value in 2016-17 with an 8 percent premium in gross crop revenues while the effect was not significant (and around 3 percent only) in EICV 4. It seems to show that LUC activities had improved and delivered farmers with higher production value (and possibly income, depending on production costs, crop prices of sales, and commercial behaviour) over time. The effect of new crops planted (directed crop land decisions) had a mixed effect and was not significant (nor stable over time either). However, from the pooled sample, the effect turns negative and significant. Imposing crop allocation decisions may induce suboptimal farming decisions, possibly moral hazard issues (e.g. lack of investment incentives or ownership of farm outcomes); and thereby lower agricultural production.

Note that those estimates did not account for potential biases driven by policy and farm assignment: Policies were not randomly assigned but presumably applicable everywhere it was relevant. However, the degree of implementation and public investments have varied widely depending on agronomic potential and idiosyncratic features such as farm, local public officers and local public budgets, and location characteristics. The policy effect discussed above may therefore pick up assignment effects rather than actual returns to production, if, for instance, LUCs or irrigation schemes were implemented to areas and farms with well-above or below production potential. Further control variables for agronomic potential, soil fertility, etc., could have been introduced but no good quality data on those dimensions was available, leaving us with some potential concern over the interpretation of the estimated policy effects.

To better control for unobserved determinants of agronomic potential differences across locations,⁷¹⁴ the above regressions were rerun with district fixed effects as a robustness check. Introducing district fixed effects does not significantly affect most estimates of the above table. However, some policy related variables are a bit less significant since location effects capture some potential implementation biases.⁷¹⁵

Table 159: Comparison of estimates of production factors elasticities and policy effects on crop production value when district location fixed effects are introduced

| | W/o district effects | With district effects | Difference | SE of the difference | |
|--|----------------------|-----------------------|------------|----------------------|-----|
| Expenses hand tools | 0.0227 | 0.0255 | 0.0028 | 0.0016 | |
| Exp. Traditional seeds | 0.0068 | 0.0049 | -0.0019 | 0.0014 | |
| Exp. improved seeds | 0.0176 | 0.0156 | -0.0020 | 0.0018 | |
| Exp. hired labour (non-terracing) | 0.0461 | 0.0450 | -0.0011 | 0.0013 | |
| Exp. rented equipment | 0.0097 | -0.0004 | -0.0101 | 0.0049 | ** |
| Exp. organic fertilizers | 0.0046 | 0.0047 | 0.0001 | 0.0020 | |
| Exp. inorganic fertilizers | 0.0316 | 0.0345 | 0.0029 | 0.0016 | |
| Exp. Insecticides | 0.0499 | 0.0470 | -0.0029 | 0.0020 | |
| Exp. irrigation/drainage | 0.0145 | 0.0182 | 0.0037 | 0.0062 | |
| Exp. terracing wages | 0.0205 | 0.0157 | -0.0047 | 0.0117 | |
| Exp. pole for beans | 0.0170 | 0.0114 | -0.0056 | 0.0021 | ** |
| Total cultivated area | 0.4805 | 0.4821 | 0.0016 | 0.0058 | |
| Percent area irrigated any time L3Y | -0.0310 | 0.0091 | 0.0401 | 0.0369 | |
| Percent area with erosion protection | 0.1384 | 0.1313 | -0.0072 | 0.0157 | |
| Percent area undergoing production shock | -0.0744 | -0.0244 | 0.0500 | 0.0141 | *** |
| Percent area under a LUC activity | 0.0536 | 0.0469 | -0.0067 | 0.0253 | |
| Percent of area with a new crop planted | -0.0431 | -0.0499 | -0.0069 | 0.0252 | |

The last robustness check performed consists of rerunning those regressions on the panel sample, and then adding a household fixed effect together with district fixed effects. While the panel sample is less representative than the full national one, fixed unobserved heterogeneity (constant over time) across panel households can be controlled for since those households are tracked over time. This enables one to remove a lot of idiosyncratic bias in the estimation of production factors elasticities and policy effects and better attribute changes in outcomes to changes in policies and agricultural inputs.

⁷¹⁴ There is considerable heterogeneity in household-level crop production value owing to the very disaggregated level of data used and many unobserved determinants of land fertility, farmers' performance and practices and so on. The simple regressions above with basic input expenses data and policy variables already capture around 50 percent of total heterogeneity. The rest is attributable to local and individual idiosyncrasies as well as measurement errors, especially on specific prices that were not available at individual levels but rather used as average local price levels for measuring crop production value, on top of crop production measurement ones (and reporting biases) and errors in the explanatory variables used (input expenses, plot sizes, and so on).

⁷¹⁵ But magnitude and signs of the policy effects remain robust and changes in the coefficients are not significant, as further confirmed from non-rejection of a Hausman test. Only the coefficient for the effect of production shock is significantly reduced, but admittedly captured by district effects, noting that most agricultural production shocks are geographically specific and correlated.

Again (not shown here), adding a district effect does not affect the results significantly. One point of note below is that the coefficients of input and policy related variables are different by wave and for the pooled OLS regressions than the ones displayed for the full sample. That highlights the fact that the panel sample is quite different from the full sample, by construction first, and also because of attrition and other sample composition effect (no new households introduced in the sample) as well as original sampling design of the panel sample from scratch. On average, panel households have bigger farms and undertook a bit more LUC and new crops planted activities than their counterparts in the full sample, having also higher production levels in value.

Table 160: Production factors and policy effects estimates on crop production value by wave and pooled for both the full sample and the panel sample (the latter with household fixed effects)

| | Coefficients by wave | | | | | | Panel fixed effect regression | |
|--|----------------------|-----|---------|-----|------------|-----|-------------------------------|-----|
| | EICV 4 | | EICV 5 | | Pooled OLS | | | |
| Exp. Hand tools | 0.0355 | *** | 0.0328 | *** | 0.0353 | *** | 0.0255 | *** |
| Exp traditional seeds | 0.0032 | | 0.0151 | * | 0.0088 | | 0.0247 | *** |
| Exp improved seeds | 0.0218 | * | 0.0212 | * | 0.0266 | *** | 0.0075 | |
| Exp packing | 0.0737 | *** | 0.0367 | *** | 0.0534 | *** | 0.0507 | *** |
| Exp hired labor non terracing | 0.0374 | *** | 0.0356 | *** | 0.0367 | *** | 0.0250 | *** |
| Exp fencing | 0.0189 | | -0.0149 | | 0.0046 | | -0.0009 | |
| Exp harvest and transport | 0.0086 | | 0.0333 | ** | 0.0243 | ** | 0.0296 | ** |
| Exp storage | 0.0458 | | 0.0333 | | 0.0375 | | -0.0037 | |
| Exp equipment rented | -0.0589 | | 0.0010 | | -0.0134 | | 0.0314 | |
| Exp organic fertilizers | 0.0043 | | -0.0055 | | 0.0008 | | -0.0065 | |
| Exp inorganic fertilizers | 0.0163 | * | 0.0285 | *** | 0.0199 | *** | 0.0081 | |
| Exp insecticides | 0.0705 | *** | 0.0504 | *** | 0.0609 | *** | 0.0238 | ** |
| Exp. Irrigation drainage | 0.0240 | | -0.0048 | | 0.0112 | | 0.0870 | * |
| Exp terracing wages | 0.0301 | | 0.0230 | | 0.0185 | | -0.0013 | |
| Exp pole for beans | -0.0143 | | -0.0031 | | -0.0107 | | 0.0025 | |
| Exp other | 0.0380 | | 0.0260 | | 0.0273 | | 0.0501 | * |
| Total cultivated area | 0.4530 | *** | 0.4752 | *** | 0.4583 | *** | 0.3211 | *** |
| Percent area irrigated any time L3Y | 0.1557 | | 0.0299 | | 0.1145 | | 0.3115 | * |
| Percent area with erosion protection | 0.2003 | *** | 0.1785 | ** | 0.1842 | *** | -0.0375 | |
| Percent area undergoing production shock | 0.0250 | | -0.1142 | | -0.0373 | | -0.1060 | |
| Percent area under a LUC activity | 0.2332 | | 0.1172 | | 0.1064 | | 0.1062 | |
| Percent of area with a new crop planted | -0.2595 | * | 0.1710 | | -0.0044 | | 0.2215 | * |
| Constant | 9.8013 | *** | 9.9263 | *** | 9.8813 | *** | 10.5538 | *** |

Table 160 shows that most input variables coefficients are in the same range as those of the full sample but key differences are lower agricultural output returns to hired labour (but more labour hired in levels, so it can just be due to marginally decreasing returns to labour), fertilizers, and higher production returns to insecticides while returns to land are not significantly different.

In terms of the policy related variables, irrigation seems to have more beneficial effects than in the full sample on total production value, but it is very heterogeneous and not much significant either in the pooled OLS estimates. LUC activities also have more positive coefficients but not significant among panel households. **This shows that the positive association found in the full sample are most likely not robust.** Interestingly, erosion protection is confirmed to be the only robust and powerfully significant policy variable that had beneficial effects on production and its effect has even increased over time.

The panel fixed effect estimates control for fixed unobserved heterogeneity among households and farms and enables one to get more robust and consistent estimates as explained above. Although the panel sample is not as representative as the full sample, it helps bring better identification of causality linkages. The panel fixed effect estimates are less significant than the pooled OLS for the panel households, which means that input use and access is endogenous and well correlated with specific farm and household characteristics (at least those that are time invariant). It is quite expected that more

input-intensive households are also the bigger producers and land holders with higher land productivity, and therefore introducing fixed effects that capture unobserved production and productivity potential attenuates and reduces the significance and magnitude of input variables in the regression. This is particularly true for returns to land or fertilizers when one compared panel fixed effect with pooled OLS coefficients.

As for the policy variables, the effect of erosion protection is now insignificant, which means that the full positive effect of erosion protection measures is driven by the most productive and bigger farms, all captured in the fixed effects. On the contrary, irrigation now becomes significant with a 30% premium of production for equivalent farms (fixed effects accounted for), as well as new crops planted. The fact that the adoption by and the effect of those two policies on bigger and more productive farms were low or even negative explains why they did not positively contribute to national crop production levels. But irrigation was actually positive for the small and low-productive farms as per what the panel fixed-effect estimates say.

To conclude on the policies, only erosion protection seems to have had robust positive effects on crop production but those were mainly channelled through the selection of and adoption from the most productive farms and farmers. This contributed to increased national production but did not improve it exogenously for any random farmer. LUC had some positive effects but to a lesser extent, less robust, and also channelled through those selection/assignment effects. On the contrary, the treatment effect of irrigation (on the adopters) was big around 30% (albeit with strong variation and moderate significance) of higher production levels for the same equivalent farms but did not contribute to higher national production levels because it did not support or contribute significantly to increase production of the bigger producing and more productive farms (or even contributed to decrease their production levels). The same applies to new crops planted (it likely supported very small farmers' production levels but did the reverse on most productive ones). All in all, agricultural policies and policy interventions have contributed modestly to support national production levels, especially erosion protection, but were not well designed and implemented to have stronger and robust causal effects at the aggregate level although irrigation might have helped to reduce rural poverty.

Evidence shown by all regressions above points to the limitations of directed technological change when it may induce suboptimal choices of farmers, not to mention disincentivized behaviour. Imposing irrigation on productive farmers who can otherwise produce on larger plots with their bigger capital and labour endowments may in turn prove counterproductive if not designed properly within the reality of their agricultural practices and management of their farming systems. Some farms were also replaced by new irrigation cooperatives and farmers had to be displaced to new places or join the new irrigation scheme, often cultivating lower plots and with lower aggregate production value potential for those who used to cultivate crops on large plots before. The productivity-induced growth might have first benefitted the poorest farmers who used to cultivate crops on very small holdings.

To finish on the crop production impacts, decomposition results from Oaxaca-Blinder techniques are examined so as to highlight the relative contributions to the change in farm-level crop production values between EICV 4 and 5 waves.

Based on wave by wave regressions, the Oaxaca-Blinder technique decomposes the estimate of average crop production value changes (given by the prediction performed by the two regressions) between the two waves into changes in the *levels* of the explanatory production and policy factors (*changes in usage/exposure*) and changes in the value of their effect (*changes in returns*). Comparing the values across factor for both changes in levels and changes in effects allows one to identify the order of drivers.

Table 161: Oaxaca-Blinder decomposition results for crop production average value

| | FULL SAMPLE | | PANEL SAMPLE | |
|--|--|-------------------------------------|--|-------------------------------------|
| | Contribution from change in levels/use | Contribution from change in returns | Contribution from change in levels/use | Contribution from change in returns |
| Expenses hand tools | -1.2% | 6.6% | -0.8% | -1.2% |
| Exp. Traditional seeds | -0.1% | 3.8% | -0.1% | 6.7% |
| Exp. improved seeds | 0.5% | 0.8% | 1.6% | -0.1% |
| Exp packing | | | -4.5% | -7.3% |
| Exp. hired labour (non-terracing) | -4.5% | 4.6% | -0.3% | -0.6% |
| Exp fencing | | | -0.1% | -0.4% |
| Exp harvest and transport | | | 0.2% | 1.5% |
| Exp storage | | | 0.2% | -0.1% |
| Exp. rented equipment | 0.0% | -0.5% | -0.6% | 0.3% |
| Exp. organic fertilizers | 0.0% | -0.3% | 0.1% | -0.7% |
| Exp. inorganic fertilizers | 0.0% | -1.5% | 0.0% | 2.8% |
| Exp. Insecticides | -0.4% | 0.0% | 1.5% | -2.9% |
| Exp. irrigation/drainage | 0.0% | 0.2% | 0.0% | -0.2% |
| Exp. terracing wages | 0.0% | 0.1% | 0.0% | 0.0% |
| Exp. pole for beans | 0.0% | 0.3% | 0.2% | 1.1% |
| Exp other | | | 0.5% | 0.0% |
| Total cultivated area | -15.0% | -30.0% | -7.5% | 7.2% |
| Percent area irrigated any time L3Y | 0.0% | -0.5% | 0.1% | -0.4% |
| Percent area with erosion protection | -0.9% | 1.0% | -0.4% | -1.6% |
| Percent area undergoing production shock | -1.4% | 0.5% | 0.1% | -3.6% |
| Percent area under a LUC activity | 0.0% | 0.7% | -0.4% | -1.8% |
| Percent of area with a new crop planted | 0.0% | -1.0% | -0.1% | 6.7% |
| Constant term | | 42.2% | | 12.5% |

Table 161 shows that for most inputs and policy variables, change in returns and levels did little to support production levels, because there was no specific improvement in adoption, access/usage, and efficiency (returns) over time, although returns to erosion protection and LUC increased a bit in the full sample. The decomposition results are more nuanced for the panel sample but show that production returns to irrigation, erosion protection or LUC activities decreased over time while adoption was stable. Interestingly, the effect of new crops planted became less negative over time, especially for panel households, which contributed the most among the above explanatory variables to support production levels. The most important result above is that the bulk of the observed change in production is not explained by policy or input variables but by the change in the constant term, which can be explained by growth in total factor productivity (TFP) and real crop prices (higher than the inflation indices used as deflators). Additional evidence shows that 50 to 70 percent of actual production growth is likely price related and demand driven (together with urbanization and wage inflation in the non-farm sector), rather than technology related. But it may also mean that agricultural research and development as well as technical extension have been the main policy factors behind crop production growth, rather than the policies under scrutiny that are captured at the plot level in this micro-level empirical analysis. This is consistent with the findings under JC 6.3 (Annex 1): ; it appears that the irrigation policies are not producing sustainable results because their costs is being borne by the government without maintenance incentives for farmers while extension services and delivery of inputs have improved significantly.

Our last robustness check is to look at EICV 3 data and compare regression coefficients and the same input expenses and policy variables with those of EICV 4 and 5.

Table 162 below compares regression coefficients across the three waves. Note that the irrigation variable is defined differently in EICV3 and only refers to whether the plots of a given farm household are irrigated or not in the last crop season and not “anytime within the last three years”. There is no variable in EICV3 that captures the occurrence or farm experiences with specific production shocks

either. That limits comparability over waves but there is a significant number of common explanatory variables to make the below table of interest.

The main patterns observed between EICV4 and 5 look robust to introducing EICV3. We see a more sustained and even stronger growth of the constant term (capturing food real prices, TFP growth and other productivity growth in unobserved variables/inputs of farm production) over the whole period. Returns to most input expenses are also consistent in EICV3 versus the latter two waves. While the below results confirm that productivity of most inputs did not change significantly over time, one can see a continuous increase in hired labour productivity.

Table 162: Robustness checks of agricultural production coefficients from EICV3 to EICV5

| | EICV 5 | | | EICV 4 | | | EICV 3 | | |
|--|----------------|--------|-----|---------------|--------|-----|---------------|-------|-----|
| Tot crop production value | Coef. | t | | Coef. | t | | Coef. | t | |
| (all in log terms) | | | | | | | | | |
| Expenses hand tools | 0.0312 | 14.37 | *** | 0.0201 | 9.44 | *** | 0.0335 | 11.78 | *** |
| Exp. Traditional seeds | 0.0103 | 5.16 | *** | 0.0053 | 2.86 | *** | 0.0054 | 2.35 | ** |
| Exp. improved seeds | 0.0132 | 5.15 | *** | 0.0072 | 2.76 | *** | 0.0115 | 3.46 | *** |
| Exp. hired labour (non-terracing) | 0.0554 | 28.40 | *** | 0.0440 | 25.02 | *** | 0.0286 | 12.53 | *** |
| Exp. rented equipment | -0.0014 | -0.20 | | 0.0215 | 3.27 | *** | -0.0023 | -0.29 | |
| Exp. organic fertilizers | 0.0018 | 0.63 | | 0.0036 | 1.33 | | -0.0066 | -1.71 | * |
| Exp. inorganic fertilizers | 0.0281 | 11.95 | *** | 0.0322 | 15.50 | *** | 0.0222 | 8.03 | *** |
| Exp. insecticides | 0.0496 | 17.52 | *** | 0.0505 | 19.75 | *** | 0.0359 | 11.29 | *** |
| Exp. irrigation/drainage | 0.0233 | 2.62 | *** | 0.0058 | 0.70 | | 0.0316 | 2.24 | ** |
| Exp. terracing wages | 0.0285 | 1.87 | * | -0.0109 | -0.61 | | -0.0105 | -0.66 | |
| Exp. pole for beans | 0.0171 | 5.67 | *** | 0.0151 | 5.37 | *** | 0.0128 | 3.72 | *** |
| Total cultivated area | 0.4511 | 57.34 | *** | 0.5520 | 69.71 | *** | 0.5513 | 57.57 | *** |
| Percent area irrigated any time L3Y* | -0.1070 | -2.10 | ** | -0.0025 | -0.05 | | 0.2409 | 2.97 | *** |
| Percent area with erosion protection | 0.1779 | 8.27 | *** | 0.1399 | 6.57 | *** | 0.1020 | 3.96 | *** |
| Percent area undergoing production shock | -0.1293 | -6.84 | *** | -0.1461 | -7.53 | *** | | | |
| Percent area under a LUC activity | 0.0773 | 2.19 | ** | 0.0318 | 0.93 | | -0.0438 | -0.79 | |
| Percent of area with a new crop planted | -0.0535 | -1.52 | | 0.0339 | 0.98 | | -0.0541 | -0.91 | |
| Constant | 10.2968 | 361.84 | *** | 9.7009 | 324.88 | *** | 7.0275 | 207.2 | *** |
| R SQ | 0.4760 | | | 0.524 | | | 0.4250 | | |
| Observations households | 12329 | | | 12746 | | | 13340 | | |

New results are worth mentioning too. Rental equipment did not look very productive in EICV3 while it turned to be so in EICV4, which could have had some policy drivers. Insecticides were also much less efficiently used in EICV3 versus the other two waves. Land productivity was on par with EICV4. On the other hand, irrigation expenses and coverage did look much more productive than in EICV 4 with a 25 percent production value premium over non-irrigated farms while this advantage vanished at the average household level in the subsequent survey wave. This supports our crowding-out effect and raises questions on the effectiveness, implementation, or design quality of specific policies. This also shows that new irrigation schemes are on average less productive and efficient than older ones for adopters (and that those who adopted the new ones are seemingly less productive, a clear selection issue). Otherwise, erosion protection was also much less efficient in EICV3 than in the other surveys while LUC activities, wherever they started in EICV3 did not have any significant effect on production value by then.

To conclude; introducing EICV3 adds robustness to the main results and arguments derived so far and shows that the most important policy driver of observed crop production growth was erosion protection followed by LUC while agricultural TFP growth was the most important contributor.

Data from EICV also shows specific consumption data along with consumption aggregates for the main consumption categories, including food. Food consumption is calculated by recording food purchases as well as imputing values from self-consumption from own crop production. Specific consumption deflators by district, month, and year of the interviews that were used in the EICV surveys were also applied to food consumption to get a real food consumption estimate per adult equivalent in monetary terms at January 2014 prices with equivalent purchasing power across locations. It was already shown earlier that the average real food consumption growth across individuals in the survey increased by 13% within the span of three years, mostly driven by rural-urban migration.

Table 163 shows the results of a simple regression in which we explain real food consumption per adult equivalent by household income, household size and district effects (well controlling for available production levels and local prices), while the production value of large and small crops for farming households is also introduced as an explanatory factor since this is a key focus of the food security impacts of agricultural policies. The goal is to show how important household crop production is for food consumption and food security at similar income levels and in similar locations.

Table 163: Real food consumption per adult equivalent regression estimates

| | EICV 5 | | | EICV 4 | | | Pooled regression | | |
|---|-------------|--------|-----|-------------|--------|-----|-------------------|--------|-----|
| | Coef. | t stat | | Coef. | t stat | | Coef. | t stat | |
| Real food cons per ae | | | | | | | | | |
| Household size in members | -9178 | -25.01 | *** | -6869 | -16.74 | *** | -4856 | -23.91 | *** |
| quintile: Q1 = refence | | | | | | | | | |
| Q2 | 30938 | 12.25 | *** | 28716 | 10.47 | *** | 31479 | 24.47 | *** |
| Q3 | 58865 | 23.33 | *** | 55811 | 20.4 | *** | 60658 | 47.11 | *** |
| Q4 | 103993 | 40.43 | *** | 93809 | 34.11 | *** | 104506 | 79.56 | *** |
| Q5 | 241720 | 88.77 | *** | 229819 | 80.08 | *** | 219512 | 150.71 | *** |
| Large crops' production value per adult equivalent in deflated value | 3.4% | 6.18 | *** | 2.7% | 5.77 | *** | 4.9% | 20.73 | *** |
| Small crops' production value per adult equivalent in deflated value | 8.4% | 5.3 | *** | 4.0% | 4.78 | *** | 6.5% | 13.37 | *** |
| Value of In kind transfers received | 8.8% | 11.11 | *** | 4.4% | 3.38 | *** | 4.4% | 6.74 | *** |
| Constant | 137090 | 28.1 | 0 | 68676 | 12.39 | *** | 78596 | 17.64 | *** |
| District effects | Yes | | | | | | | | |
| R2 | 0.567 | | | 0.467 | | | 0.523 | | |

The regressions above show that income effects and crop production have been very significant for food consumption and that they both contributed to increase it among farming households. More importantly, income and crop production effects seem to have increased as well, possibly because of higher real food prices but also because of easier access/affordability and income growth (bigger aggregate purchasing power). While our micro-level analysis and the above regressions lend support to significant increase in real food consumption per adult equivalent, this contrasts with more qualitative measures of food consumption, such as dietary diversity and the consumption score that have remained stagnant since 2009 (see Annex 1, JC 8.2). Note that the change in the constant term controls for changes in income that are not explained by the aggregate and constant quintile effects, nor by agricultural production.

Oaxaca-Blinder decompositions (not shown here) were also applied to the real food consumption per adult equivalent outcome variable to show that the bulk of the improvement in food consumption per adult equivalent was driven by the change in the constant term, that is by unexplained income/price effects rather than specific quintile or crop production effects. The main non-income contributor to food consumption increase was channelled through the effect of small crops' production -the ones which are not commercialized significantly- with both increased levels of production and improving returns to food consumption over time, explaining around 10 percent of the total increase in food consumption per ae. This is three times more than the contribution from big crops which are admittedly more commercialized and grown for income objectives rather than for food security.

All in all, while food production was important and significant, and is still a key determinant of food security, **total income growth and disposability mattered more than food crop production.**

Another regression for farming households in which crop production variables were replaced by the policy related variables of the previous analyses on crop production impacts were run (Table 164).

Table 164: Real food consumption per adult equivalent regression estimates with agricultural policy variables

| Real food consumption per adult equivalent | EICV 5 | | | EICV 4 | | |
|--|--------|--------|-----|--------|--------|-----|
| | Coef. | t stat | | Coef. | t stat | |
| Household members | -5727 | -21.76 | *** | -4964 | -15.85 | *** |
| Quintile 1=reference | | | | | | |
| Q2 | 34496 | 20.79 | *** | 29974 | 15.38 | *** |
| Q3 | 66374 | 40.06 | *** | 58306 | 29.91 | *** |
| Q4 | 116872 | 69.13 | *** | 98686 | 50 | *** |
| Q5 | 241325 | 129.16 | *** | 213928 | 100.42 | *** |
| Total cultivated area | 1 | 0.27 | | 49 | 8.74 | *** |
| Percent area irrigated any time L3Y | 10119 | 3.2 | *** | 8824 | 2.15 | ** |
| Percent area with erosion protection | 6220 | 4.45 | *** | 6918 | 3.89 | *** |
| Percent area undergoing production shock | 1277 | 0.89 | | -7529 | -4.49 | *** |
| Percent area under a LUC activity | -2828 | -1.24 | | -2627 | -0.91 | |
| Percent of area with a new crop planted | -1318 | -0.57 | | 4751 | 1.6 | * |
| Value of in-kind transfers | 0 | 6.32 | *** | 0 | 3.54 | *** |
| cons | 84326 | 16.35 | *** | 58722 | 7.96 | *** |

Policy related variables seem to be positively associated with food consumption, especially irrigation and erosion protection but LUC activities are not, and new crops planted were only significantly positive in EICV 4 but turned insignificant in EICV 5. While irrigation did not contribute to increase crop production at aggregate levels, because of counterproductive effects and design or implementation/assignment issues, it did improve food consumption, possibly by focusing on higher value (monetary but also nutritionally) crops. The effect of irrigation also strengthened between the two survey waves. Erosion protection did also contribute a lot although its relative effects are of lower magnitude. But given that adoption of erosion protection measures is much more widespread than irrigation, it had a bigger absolute effect on food security. However, neither erosion protection adoption/implementation nor its returns improved over time, which limited its contribution to food consumption growth. Only adoption of irrigation contributed to food security improvement, in line with its poverty-reduction effect (but with little final effect on aggregate crop production growth, see previously). There is admittedly more margin of improvement for irrigation measures in the near future (through better implementation and benefits; higher agricultural returns, and more adoption) with strong potential benefits on both crop production/productivity and food security.

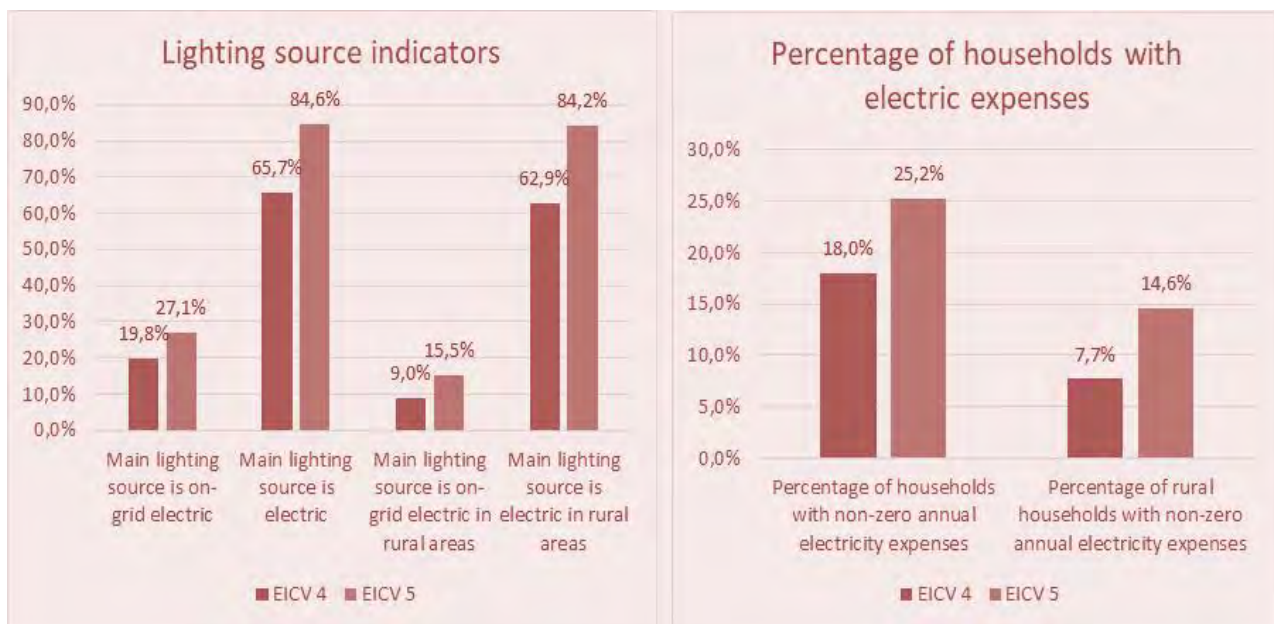
ELECTRICITY CONSUMPTION, USAGE, AND ACCESS

The goal of this section is to provide empirical and statistical evidence on the changes in access and use of on-grid and off-grid electricity and in particular on the drivers of these changes.

Comprehensive electricity consumption data from multiple sources and surveys was not available at the micro level, hence we reverted to EICV surveys since they are also nationally representative and capture some key patterns in electricity consumption. The focus is on EICV 4 and 5 since they are in the period of interest during which several electrification programs were implemented, electricity tariffs for national grid distributors were reformed several times and regulated by RURA, and off-grid electricity projects were also scaled up, especially solar panels.

Three main indicators emerge from EICV survey waves that are comparable over time and across households: main lighting source, electricity monthly payments for households subscribing to the national grid providers, and total annual electricity payments (all in nominal terms), both on and off-grid connections included. We also constructed another indicator which is the percentage of households with non-zero annual expenses in electricity. Looking at absolute levels along this indicator together with patterns over time, it looks pretty similar to the percentage of households whose main lighting source is on-grid electricity, which confirms the validity of main lighting source indicator as a good proxy of energy and (on-grid) electricity access. Below are charts about how patterns have changed and how they differed between rural and urban areas for those key indicators.

Figure 90: Changes in key energy consumption indicators among EICV households between 2013/14 and 2016/17



Increases in access to on-grid electricity as per the main lighting source indicator as well as usage of off-grid electricity are quite significant, in both urban and rural areas. For on-grid electricity, the growth in rural areas is steeper than the national average, while the additional coverage achieved is about the same: around 7 percentage points. For off-grid electricity (the difference between all electric and on-grid), urban and rural areas also had significant increases in access with rural areas now on the same foot as urban ones when both sources of electricity are accounted for. This is probably due to the big deployment efforts of off-grid projects and equipment in areas where on-grid electricity was not available or affordable, especially solar panels. The much lower percentage of households paying for electricity (right panel in Figure 90) can be explained by the fact that payments are only done by users of the grid.

Between the two waves of 2013-14 and 2016-17, annual expenses in nominal terms have increased significantly for the average household, but this contrasts with the decrease in average monthly payments to the on-grid electricity providers (among on-grid users only) (Table 165). This holds true even when controlling for survey month of interview (seasonality of electricity consumption, looking at differences between the two surveys month by month) since, in the monthly payment indicators, electricity payments to the providers are only captured for the last month preceding the survey interviews. That means that despite a greater access, usage might have decreased (but costs also decreased in the meantime at least for the small consumers), possibly at the benefit of off-grid consumption.

One explanation is a crowding out effect. As more households started to pay a subscription to the grid providers, there was an increase in the number of marginal households with very low consumption levels which were a bigger share of the on-grid household subsample in EICV 5 vs EICV 4, and these households benefited from lower tariffs in the low-rate consumption blocks. This crowding out effect almost explains it all, since when including zeroes of both samples (non-grid users with zero subscription and consumption fees), we see a proportionate increase as to the one for total electricity payments (and monthly payments to electricity on-grid providers are the lion's share of total annual electricity expenses, off-grid electricity payments are generally very marginal) -i.e. 23 percent in nominal value (despite reduced costs of kwh). Therefore, along with increased access, usage growth has been significant for on-grid electricity while off-grid electricity has increased in both access and usage as well. One key reason of increased usage could be the costs but also the reliability and quality of the electricity provision service. Some data is available on those qualitative dimensions only for EICV 5, so we do only provide a descriptive statistical analysis on those indicators later.

Table 165: Average changes in electricity consumption over time

| | EICV 4 | EICV 5 | Change |
|---|--------|--------|--------|
| Total annual electricity expenses ¹ (non-grid households included) | 6 616 | 8 148 | 23.2% |
| Last month on-grid electricity payment among on-grid households only | 2 641 | 2 256 | -14.6% |
| Last month electricity payment (non-grid households included) (zeroes) | 483 | 594 | 23.0% |
| Total annual electricity expenses (non-grid households included) in rural areas | 2002 | 3191 | 59.4% |
| Last month electricity payment among rural on-grid households only | 1743 | 1460 | -16.2% |
| Last month electricity payment among rural households (non-grid households included) (zeroes) | 141 | 229 | 62.4% |

¹Annual electricity payment may include payments for off-grid systems, while monthly payments are only for on-grid use

In real terms, electricity expenses have increased more around 9-10% between the two waves for total expenses (off-grid and on-grid combined) as well as for on-grid electricity payments only, when we account for CPI inflation. However, since tariffs have decreased especially for the low and poor consumers, the increase in consumption should be bigger than that of nominal expenses. To assess this, we would need to impute actual consumption from stated expenses from the two survey waves. We can do it with the knowledge of RURA electricity tariffs by blocks for residential usage. We have not done it yet because the information on tariffs for the period of the EICV 4 survey between late 2013 and late 2014 was missing. As it is now available, this analysis could be done in the future.

We expect that actual consumption in kWh of on-grid electricity has increased more in the 25-30 percent range nationwide alongside the increased usage and access of many small consumers benefiting from low tariffs. One interesting thing too is that part of the EICV 5 sample was interviewed by late 2016 and January 2017 which mean that they reported electricity expenses before the January 2017 tariff changes. A sub-sample analysis within the EICV 5 is therefore possible. But all in all, electricity costs were lower for most households during the EICV 5 wave than the EICV 4 one. EICV surveys therefore point to evidence of both significant increases in access and usage of electricity

with a significant share of that growth coming from the consumption growth of new low-consuming households.

The regression analyses therefore focus on those above lighting indicators by wave and across waves. As micro-level policies such as in the agricultural sector are not assessed here, there was less of a need to use the panel sample which is in any case not as powerful and nationally representative than the full and pooled sample across waves. Global electrification projects, on and off-grid investments as well as tariff changes can be directly assessed by controlling for location and time effects and explain heterogeneity in household access and usage through income effects.

Table 166: Regression coefficients on three electricity usage indicators

| | Pooled OLS | | | Pooled OLS | | | Ordered probit | | |
|--|--|---------|-----|---|--------|-----|--|---------|-----|
| | On grid electricity = main lighting source (0/1) | | | Electricity on or off grid = main lighting source (0/1) | | | main lighting source (1=non elec/2=off grid/3=on grid) | | |
| | Coef. | t stat | | Coef. | t stat | | Coef. | t stat | |
| quintile#consumption income | | | | | | | | | |
| Q1 | 8.74E-07 | 50.78 | *** | 2.16E-06 | 97.16 | *** | 5.83E-06 | 91.92 | *** |
| Q2 | 2.99E-07 | 12.83 | *** | 5.52E-07 | 18.35 | *** | 1.51E-06 | 17.74 | *** |
| Q3 | 6.33E-07 | 35.15 | *** | 8.93E-08 | 3.84 | *** | 1.23E-06 | 18.67 | *** |
| Q4 | 8.57E-07 | 98.98 | *** | -7.41E-09 | -0.66 | | 1.54E-06 | 48.48 | *** |
| Q5 | 7.38E-08 | 205.95 | *** | 4.98E-08 | 107.88 | *** | 1.27E-06 | 304.88 | *** |
| Urban = reference category | | | | | | | | | |
| Rural | -0.3327 | -708.05 | *** | -0.0208 | -34.26 | *** | -0.6708 | -372.24 | *** |
| Quintile effects: Q1= reference | | | | | | | | | |
| Q2 | 0.0679 | 18.89 | *** | 0.1487 | 32.05 | *** | 0.4331 | 32.94 | *** |
| Q3 | 0.0271 | 7.19 | *** | 0.2215 | 45.53 | *** | 0.5039 | 36.51 | *** |
| Q4 | -0.0237 | -8.34 | *** | 0.2538 | 69.12 | *** | 0.4599 | 43.95 | *** |
| Q5 | 0.3588 | 226.68 | *** | 0.2977 | 145.84 | *** | 0.6937 | 110.9 | *** |
| EICV 5 vs EICV 4 conditional difference | 0.0496 | 178.27 | *** | 0.1844 | 514.21 | *** | 0.4702 | 447.02 | *** |
| Constant | 0.5360 | 305.21 | *** | 0.4551 | 200.96 | *** | - | | |
| cut 1 for ordered probit | | | | | | | -0.96246 | | *** |
| cut 2 for ordered probit | | | | | | | 0,76777 | | *** |
| District fixed effects | Yes | | | Yes | | | Yes | | |

Regression results in Table 166 show the main determinants of three electricity usage indicators: on-grid electricity as the main lighting source, electricity on or off grid as the main one, and an ordering variable ranking from 1 to 3 from non-electricity to off and on grid as the main one. Off-grid electricity categories regrouped connections to mini-grids and solar panels, batteries, and use of mobile phones and torches as the main lighting source.

Explanatory variables considered are wealth quintiles (Q1-Q5 from poorest to richest groups), Urban/Rural location, and income per adult equivalent (within each quintile). A time variable is also introduced to estimate the conditional change in each indicator over time when the income and location variables and effects are controlled for.

Regressions show that the income effect of electricity consumption is bigger for the poorest households (within the poorest quintile: which means that an income increase among the poor leads to a bigger increase in electricity consumption than the same increase among the rich). At the same time, electricity consumption increases (inelastically) steadily from the poorest to the richest quintiles. The consumption gradient across quintiles is wider for on-grid electricity access than for total electricity access – off-grid included, which means bigger on-grid electricity consumption inequality than total electricity consumption, controlling for location.

Another result from these regressions is that usage of on-grid electricity for the main lighting source is 33 percent less likely in rural than in urban areas across the two waves but only 2 percent less likely when both on-grid and off-grid electricity sources are considered, income and districts effects controlled for. For on-grid electricity this is quite a big gap since the descriptive indicators show that, for example, in EICV V the unconditional difference in on-grid electricity between rural on the one hand, and total on the other, is 12 percentage point.

Looking at details of district fixed effects estimates (not shown here), electricity access is still very much biased towards the Kigali districts vs rest of the country with an average 30 percent difference in usage of on-grid electricity as the main lighting source, all else controlled for (income and rural/urban population shares). With all income and location controls, conditional increase in on-grid electricity as the main lighting source between the two waves amounts to 5 percent more households (versus the 7.3 percent unconditional shown above in the descriptive charts, so the rest is attributable to income effects and location changes such as rural-urban migration and non-Kigali to Kigali moves). We believe that this 5 percent conditional effect is the result of both improved access and lower tariffs, but we do not have yet the data to decompose that further into single costs versus infrastructure/access components.

Looking at total electricity consumption including off-grid connections, differences across districts are much less marked and much less biased towards Kigali. However, improved access and reduced costs meant a total of 18 percent more households as conditional increase in electricity usage as per the main lighting source, very close to the unconditional increase of 19 percent, all else equal. That means that despite significant income and location effects that explain at least one third of increased use and access of on-grid electricity, those were much less powerful and contributed much less in the increase in total electricity access and use. Where income or locations did not allow for consistent use of the electricity grid, it was basically compensated for by increased use of and access to off-grid connections.

We now run a separate regression on off-grid connection as the main lighting source to highlight this point. Table 168 shows that while income elasticity decreases with income as for on-grid connection, absolute off-grid consumption levels are the highest for the intermediate quintiles but the richest quintile actually connects less off the grid than the poorest ones. That echoes the result that the richest quintiles are the main users of the grid. **While on-grid electricity has been made more affordable and accessible, it remains mostly used by the richest, and despite infrastructural improvements, increase in off-grid use has been twice that of on-grid. This increase has been driven by the middle class, especially in rural areas.** We can see here that the conditional urban-rural bias is the opposite of that of on-grid use, consistent with our compensation hypothesis drawn above. And the time effect is also a 13% increase in use, all else controlled for, in line with the unconditional estimate. Hence, the on-grid public investments had also effects on making off-grid electricity access and use more affordable and accessible, driving middle-class rural households to use off-grid electricity (and marginally to the national grid) while strengthening and expanding the existing customer base for on-grid usage, especially among the rural rich.

Table 167: Regression estimates of the determinants of off-grid usage

| | Pooled OLS | | |
|--|--|--------|-----|
| | Off-grid electricity is the main lighting source | | |
| | Coef. | t stat | |
| quintile#consumption income | | | |
| Q1 | 1.26e-06 | 53.74 | *** |
| Q2 | 2.53E-07 | 7.93 | *** |
| Q3 | -5.80E-07 | -23.59 | *** |
| Q4 | -8.57E-07 | -72.54 | *** |
| Q5 | -2.41E-08 | -49.26 | *** |
| Urban = reference category | | | |
| Rural | 0.3109 | 484.63 | *** |
| Quintile effects: Q1= reference | | | |
| Q2 | 0.0784 | 15.97 | *** |
| Q3 | 0.1992 | 38.68 | *** |
| Q4 | 0.2719 | 69.94 | *** |
| Q5 | -0.0635 | -29.38 | *** |
| EICV 5 vs EICV 4 conditional difference | | | |
| | 0.1326 | 349.19 | *** |
| Constant | -0.0768 | -32.02 | *** |
| District fixed effects | Yes | | |

Looking at coefficients by survey wave and decomposing contributors of change (not shown here), we see that improved on-grid access in rural areas meant that the rural-urban gap (conditional on income and location) shrunk from 36 to 30 percent for on-grid electricity usage, making on-grid access more easily for rural households over time (but mostly for the rural rich). While off-grid consumption is the preferential electricity source among rural households, on-grid access improved regardless of income or locational changes of households, reducing the gap with urban areas. Income effects did change a little but not that much. Changes in location effects involved a bigger bias for on-grid consumption in Kigali districts versus non-Kigali districts, accentuating spatial discrimination. As for off-grid consumption, the opposite results prevail to a lesser extent with an aggravation of the urban-rural gap in usage in favour of rural areas, and much bigger increase in off-grid access in non-Kigali districts versus Kigali ones.

Oaxaca-Blinder decompositions show that the bulk of the increase in on-grid usage is explained by the change in the urban-rural bias across survey waves, capturing most of the time effects of policy reforms (access and costs), leaving only one percent out of the 7 percent increase in on-grid usage to the change in the unexplained term (Table 168). One third of improved on-grid access is explained by income and location changes over time. **Better access and more affordability for rich rural households as well as improved income and migration to Kigali and other urban areas were therefore the key drivers.**

For off-grid increased use, all of the growth has been driven by changes in the coefficients rather than changes in income or location. This underlies the fact that off-grid connections have been favoured increasingly over time at similar income levels and for given locations, because of more affordability and access, but also because of more profitable use comparatively with on-grid usage. The further increase in the rural-urban bias in favour of rural areas also highlights the better access of off-grid

solutions when on-grid ones are not (conditionally). We hypothesize that other unexplained time effects include specific infrastructural improvements for off-grid connectivity.

Table 168: Relative contributions of the main drivers of increases in on-grid and off-grid electricity usage

| | Oaxaca-Blinder decompositions | |
|---|-------------------------------|----------|
| | On-grid | Off-grid |
| EICV 5 predicted use | 27.1% | 57.2% |
| EICV 4 predicted use | 19.8% | 45.9% |
| Difference | 7.3% | 11.4% |
| Effects of changes in income, location | | |
| income effects | 0.5% | -0.3% |
| rural-urban migration | 0.8% | -0.6% |
| location changes | 0.9% | -0.5% |
| Contribution from changes in income and location effects | | |
| income effects | -3.5% | 2.7% |
| rural-urban bias | 9.4% | 5.2% |
| location effects | -1.6% | 1.7% |
| Time effects | 1.0% | 3.7% |

ANNEX 3: PROJECT TERMS OF REFERENCE

EUROPEAN COMMISSION
Directorate-General for International Cooperation and Development

FRAMEWORK CONTRACT COM 2015

EuropeAid/137211/DH/SER/Multi

Evaluation of EU Budget Support to Rwanda 2011-2018

TERMS OF REFERENCE

1 **MANDATE AND GENERAL OBJECTIVES**

This evaluation is commissioned by the European Commission (EC). Systematic and timely evaluation of its programmes, activities, instruments, legislation and non-spending activities is a priority⁷¹⁶ of the European Commission⁷¹⁷ in order to demonstrate accountability and to promote lesson learning to improve policy and practice⁷¹⁸.

The general purpose of the evaluation is:

- to provide the parties involved in this evaluation and the wider public with an overall independent assessment of budget support operations in Rwanda.
- to identify key lessons and to produce recommendations to improve current and inform future cooperation with Rwanda (in particular for the EU, as the pre-identification for the next programming period will start in 2019).

The main users of this evaluation will be the European Union (EU) Headquarters and Delegation, the European External Action Service (EEAS), the Government of Rwanda (in particular the Ministry of Finance and Economic Planning MINECOFIN, Rwanda Ministry of Infrastructure MININFRA, the Ministry of Agriculture and Animal Resources MINAGRI, and related agencies), as well as other Member States and development partners involved in the sectors covered by this evaluation, and other stakeholders such as the civil society, research entities, farmer organisations and the private sector.

2 **EVALUATION RATIONALE AND SPECIFIC OBJECTIVES**

The specific rationale for undertaking this evaluation is to assess to what extent General Budget Support and Sector Budget Support in Rwanda contributed to achieve its expected results, notably through giving means to the Government of Rwanda (GoR) to implement country's policies. In order to avoid duplication, this evaluation will produce the information expected from the mid-term reviews of the on-going EU Energy and Agriculture Sector Reform Contracts.

The evaluation should also help to assess how budget support has helped enhance the efficiency and effectiveness of policies, strategies and spending actions, as well as administration capacities, thus contributing to sustainable results on growth and poverty reduction. In addition, the evaluation should

⁷¹⁶ EU Financial Regulation (art 27); Regulation (EC) No 1905/2000; Regulation (EC) No 1889/2006; Regulation (EC) No 1638/2006; Regulation (EC) No 1717/2006; Regulation (EC) No 215/2008.

⁷¹⁷ SEC(2007) 213 "Responding to Strategic Needs: Reinforcing the use of evaluation"; Better regulation package

⁷¹⁸ COM (2011) 637 "Increasing the impact of EU Development Policy: an Agenda for Change"

analyse how budget support has contributed to strengthening Public Financial Management (PFM), and to improving transparency and accountability since both are general eligibility criteria for budget support. It should put a particular emphasis on Domestic Revenue Mobilisation.

The evaluation will consider other aid modalities (basket funds/projects) and other donors' interventions in the targeted sectors in order to assess the complementarity and synergies with budget support operations as well as other dimensions (donor coordination, policy dialogue, CSO involvement, mix of a top-down and bottom-up approach). This is especially relevant for the Basket Fund on PFM and to a lesser extent to the Basket Fund on statistics. It should also provide a judgment on National Statistical, Monitoring and Evaluation systems, including the availability and credibility of data produced.

The evaluation will take stock of what has been achieved with the main purpose to extract the lessons learnt and formulate recommendations.

Conclusions are to be drawn, for instance on:

- the conditions under which budget support has an effect (evidence of why, whether and how results observed are linked to budget support operations) and the possible intensity and nature (positive or negative) of such effect in Rwanda.
- the policy dialogue related to the design and the implementation of Budget Support operations in Rwanda.
- the existing constraints in government policies, transparency, institutional structures and administrative arrangements in Rwanda which might impede the overall effectiveness and impact on spending actions and targeted public policies and reforms.
- the complementarity and synergies existing (or absent) between the different aid modalities that are used by development partners to provide support to the sectors covered by this evaluation in Rwanda (e.g. Basket Fund on PFM).
- the continuity and complementarity of the budget support operations between the 10th EDF and 11th EDF;⁷¹⁹
- the monitoring of fundamental values during the implementation of budget support, including participation of civil society to the monitoring.

Deriving from these conclusions, recommendations will inform, for instance, on:

- the relevance, design and implementation of future budget support operations in Rwanda, and moreover in the ACP Countries.
- improvements to be set up by the EU and the GoR to maximize the impact of current and future budget support in Rwanda.
- improvements to be set up by development partners and by the GoR regarding the coordination and synergies between the different aid modalities coexisting in Rwanda to provide support to the sectors covered by the evaluation.
- how future or ongoing budget support programmes can maximise their efficiency at having an impact on progress towards the attainment of the Sustainable Development Goals.

3 BACKGROUND

3.1 Rwanda's context and policy framework

With 12 million people (2018), Rwanda's population density is amongst the highest in Africa (455 inhabitants / km²). Its population is young, with 43.3% of the population aged 15 and under, and 53.4% between 16 and 64 (2012 census). Rwanda is a landlocked country situated in Central Africa,

⁷¹⁹ in particular the Feeder Road Budget Support, the Sector Reform Contract to Support the National Multi-Sectoral Strategy to Eliminate Malnutrition, the Sector Reform Contract to support the Land Tenure Regularisation Programme and the Sector Budget Support

in the African Great Lakes region. It is amongst the smallest countries in Africa, and its geography is dominated by mountains in the west and savanna to the east, with numerous lakes throughout the country. It is bordered by Uganda, Tanzania, Burundi and the Democratic Republic of Congo.

Rwanda has recorded a number of remarkable socio-economic achievements in recent years and has been one of the African best-performing economies over the last decade, with annual GDP growth averaging 7.8% from 2000 to 2017. Rwanda's economic transformation has been accompanied by a remarkable reduction in poverty, albeit from a high starting point. According to the latest Household Living Conditions Survey (2018), income poverty fell sharply from 58.9% in 2000/01 to 38.2% by 2016/2017, while extreme poverty fell from 40% of the population in 2000/01 to 16.0% in 2016/2017. Social inclusion is also progressing positively: in terms of non-income dimensions of poverty, Rwanda achieved almost all the Millennium Development Goals (MDG) by 2015. These performances are in line with Rwanda's ambition translated over time in its policy framework, in particular in the Economic Development and Poverty Reduction Strategy (EDPRS) 1⁷²⁰ and 2⁷²¹, Vision 2020⁷²², and more recently in its National Strategy for Transformation (NST-1). Building on its successes to date, the government is designing new long-term development strategies, with a view to attaining upper middle- income status by 2035, and high-income status by 2050.

Despite the long-term growth trends and improvements in some social indicators, discrepancies between urban and rural areas and between men and women still appear to be significant. Many households in rural areas continue to be below the poverty line while others remain vulnerable to shocks, particularly in the agriculture sector.

Macroeconomic policy

Rwanda's economy growth has remained relatively robust since the start of the decade, with an average growth around 7%. Its economic expansion had relied heavily on state investment projects, construction (real estate), services (trade, tourism, MICE⁷²³) and on agriculture.

Downturns occurred in 2013 due to an aid shock, and in 2016-2017 due to a fall in global commodity prices for traditional Rwandan exports, an aid shock with a drawdown in ODA, and an environmental shock caused by adverse weather conditions and erratic rainfalls. The trade deficit significantly reduced in 2017 to around 11 percent of GDP from close to 19 percent of GDP in 2015, even lower than the level the country had before the commodity price shock, thanks to the policies put in place by the Government. As a result, after a very high depreciation of the Rwandan franc in 2016 close to 10 percent, there was no major pressure on the exchange rate the past two years with respectively 3 and 4 percent at end 2017 and 2018.

Rwanda has been able to run a current account deficit thanks to significant capital inflows and more recently a boost in exports. In order to face large investment needs and tighter fiscal space, the government appears to have resorted to increasing public debt, however mostly concessional.

In 2010, Rwanda has committed through the Policy Support Instrument (PSI) - second generation of the non-financial programme with the International Monetary Fund (IMF) - to maintaining macroeconomic stability and sustaining rapid and inclusive growth over the medium term. With Rwanda's risk of debt distress having improved from "moderate risk" to "low risk", the IMF's Standby Credit Facility (SCF) had provided for flexibility to issue US\$200m in non-concessional debt. The PSI confirmed the prudent macroeconomic stance of the government and focuses on key policy priorities aiming at maintaining a sustainable fiscal position, modernizing the monetary policy to curb

⁷²⁰ <http://siteresources.worldbank.org/INTRWANDA/Resources/EDPRS-English.pdf>

⁷²¹ <http://www.minecofin.gov.rw/index.php?id=149>

⁷²² http://www.minecofin.gov.rw/fileadmin/templates/documents/NDPR/Vision_2020_.pdf

⁷²³ MICE: Rwanda national meetings, incentives, conferences/conventions and events/exhibitions

inflationary pressures, and preserving external stability. Despite the challenging economic environment, the IMF after the tenth and final review of the PSI, continues to endorse the current fiscal and monetary policy stance of government, which it believes has helped maintain stability and growth even when the external environment has deteriorated in 2015-2016, as well as address structural weaknesses. The exchange rate functioned as the main policy adjustment model, complemented by modest fiscal consolidation and monetary tightening. These demand management policies were accompanied by the government's "Made in Rwanda" initiative, which aims to substitute imports with domestically produced goods, and enhance the value-addition of Rwandan exports over the medium-term with a view to addressing external imbalances, including Rwanda's structural trade deficit.

In terms of potential external shock, the IMF believe that adverse weather conditions, a sharp deterioration in export receipts and continued delays in project implementation (particularly infrastructure) could all undermine economic performance and significantly reduce Rwanda's medium-term growth potential. Given Rwanda's continued aid dependency, delays in donor disbursements also undermine the authorities' management of the economy and pose risks for growth, although this would be expected to be short-lived. The IMF emphasises that sustaining progress on domestic revenue mobilization will be critical to Rwanda's development in the medium-term, as ODA receipts continue to fall. Ongoing initiatives to mobilize domestic resources should help reduce reliance on ODA and coupled with efforts to diversify the export base and promote import-substitution, should help increase the resilience of the economy. During the past year the IMF has also re-emphasised the need for Rwanda to replenish FOREX reserves and maintain exchange rate flexibility, as a means of strengthening policy buffers against further external shock. In the longer-term, the IMF states that the main challenge is to continue Rwanda's transition from a public sector-led, aid-dependent economy to a more private sector-led economy. In recent years, Rwanda has invested heavily in a bid to become a regional business and travel hub, with major public investments, among others, in the Kigali Convention centre, RwandAir and upgrading Kigali's infrastructure.

Public Financial Management (PFM)

Rwanda has conducted a series of PFM reforms in the past years (PFM Sector Strategic Plan 2008-2012 and PFM-SSP 2013-2018) that were considered by all development partners to be relevant and sufficiently credible to strengthen the PFM system of Rwanda. A revised PFM-SSP for the period 2018-2024 has recently been approved. Policy dialogue on PFM issues takes place regularly through PFM Coordination Forum and Technical Working Group which are responsible for the follow-up and implementation of the PFM Sector Strategic Plan. Two sub-groups have also been formed to discuss reforms related to tax administration and to external audit. The EU currently is co-chair of the PFM Technical Working Group and Coordination Forum since late 2016, along with the Government and other-development partners. Steady progress has been observed regarding the quality of dialogue between the government and stakeholders, and in particular the timeliness and substance of meeting held and quality of reports. However, there remains room for improvement to achieve substantive discussion of PFM related issues.

Regarding PFM-related issues specific to the energy and agriculture sectors, very little detailed diagnostic work is made available. The available diagnostic reports (PEFA, etc.) tend to focus on PFM systems at the central and sub-national levels. It is nonetheless possible to draw some generalised conclusions about PFM at the sectoral level from these standard PFM assessments, since line ministries apply the standard budget allocation, budget execution and financial reporting systems of government.

Transparency and oversight of the budget

Transparency International's Global Corruption Barometer 2014, and follow-up assessments, suggest that Rwanda is among the least corrupt countries on the African continent and among the least corrupt nations in the world.

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

Several detailed assessments of PFM reforms have been undertaken in Rwanda in recent years. Each of these reviews noted gradual progress in Rwanda, while highlighting considerable scope for improvement. The 2016 PEFA assessment gave Rwanda an A-rating in terms of comprehensiveness of information included in budget documentation (PI-6) and a B-rating in terms of public access to key fiscal information (PI-10). PEFA 2016 scores Rwanda poorly in terms of the quality and timeliness of in-year budget reports and financial statements, while noting that the situation has improved since 2010 in light of the roll-out of IFMIS. Successive Open Budget Index (OBI) Surveys have taken a less positive stance towards fiscal transparency in Rwanda, noting that while plans and policies are well disseminated and readily available on Ministry websites, reports of actual performance and budget execution to be available to the public are much less in evidence. Nonetheless, both PEFA and OBI note that significant improvements have been made with respect to legislative oversight of budgets and external audit.

Agriculture sector

Sustainable agriculture is of utmost importance for Rwanda and touches other important aspects (i.e. youth employment, private sector, economic growth, food security and environment). There have been long-term interventions of a large number of donors (under various aid modalities) in this sector.

The Government of Rwanda has clearly prioritised the development of the Agriculture sector as a means of reducing poverty and reducing the risk of food insecurity, and of driving economic growth through a sustainable decentralisation policy. The Government's ambition was implemented through the Strategic Plan for the Transformation of Agriculture (PSTA phase 2 and phase 3) which covered the period of Rwanda's EDPRS-1 and 2 (2008-13 and 2013-18). The 1st and 2nd Agriculture Sector Investment Plan (ASIP 1 and 2, 2008-13 and 2013-18) operationalised the PSTA-2 and 3. A Strategic Environmental Assessment (SEA) was prepared in 2012 to inform the better integration of environmental and climate change-related concerns in the preparation of PSTA-2 and the formulation of the EU budget support programme.

ASIP1 and 2 supported all programmes and sub-programmes, contained the economic and social justification for the chosen strategic priorities and a comprehensive Monitoring and Evaluation (M&E) Framework for PSTA 2 and 3. The M&E framework of PSTA-2 and 3 included high-level indicators to establish the growth-, export-, poverty-reduction-, nutrition security- and sustainability contributions of the agriculture sector to EDPRS-1 and 2 and outcome- and output indicators for the 4 programmes and 24 sub-programmes of PSTA-3. These include sub-programmes that link the agriculture sector with the National Food and Nutrition Strategic Plan, the Environmental Sector Strategy, the Decentralisation Policy and Private Sector & SME development. A PSTA-4, whose elaboration was supported by the EU, has been approved in 2018 in relation to NST-1 and is presenting an improved budgeting and logic of intervention in the sector.

The overall target of growth of 8.5% percent of PSTA 3 was not reached, but still a robust growth of 4.7% is observed over the period of support, strongly supported by an excellent performance of the livestock sector. However, this result is less significant compared to the previous period (2008-2012)

of PSTA 2, where a 6.0% growth was observed, strongly supported by good performance of food crops. Several factors can explain this slowdown of the agriculture growth. First, crop yields increased significantly with the start of the Crop Intensification Programme (CIP) in 2007 and the beginning of land consolidation in 2008. According to MINAGRI, total production quantity for the CIP priority crops grew by more than 150% between 2007 and 2013 in CIP supported plots and yields of all the targeted commodities improved. However, additional gains since 2013 have been harder to achieve: while a few crops are currently performing above their 2013 level (paddy rice and climbing beans), most priority crop yields in 2017 were similar to the 2013 level and growth gains were achieved mostly through an increased production area. In addition, in 2016-17 a drought combined with government difficulties to distribute seeds and fertilizers on time, severely affected the growth of the sector for 3 consecutive seasons. Extreme weather events are expected to increase in frequency and intensity under climate change, further affecting the sustainability of food production, especially of monocropping. Severe levels of soil erosion continue affecting land productivity, especially in relation to cultivation in slopes.

The sector has increased its capacities in terms of attracting the private sector. Major investments are watched closely by the government and the choice of priority crops is often in line with needs for private sector development. There is a strong under representation of Small and Medium Enterprises. The poor network of SMEs is slightly compensated by an important network of cooperatives and around 800 agro-dealers in the country. Access to finance remain a major concern.

Investment in extension and research represented 0.7% of the expenditures in the agriculture sector under PSTA 3 period⁷²⁴. The Twigire Muhinzi system is based on a network of Farmer Field Schools and Farmers Promoters. This approach- which targets all farmers including small subsistence farmers - has created favourable conditions for technology adaptation and adoption, and information exchange among producers, farmer organizations and different partners. Its sustainability is however in question as long as the government does not commit significant domestic funding for this programme.

Agriculture employment in Rwanda represent 45.9% of total employment. This figure is underestimated as many farmers are considered "unemployed" as they do not reach the minimum threshold of revenue and working hours. They are involved in subsistence farming with no decent employment conditions. Typically, unemployed subsistence farmers are middle-age poorly educated women.⁷²⁵ There is still a lack of attention towards the most vulnerable parts of the employed population such as the agriculture daily workers (the national average hourly cash income for employees as main job was 228 RWF (0.2€) per hour in agriculture), who are also those most vulnerable to food insecurity.

Over the last decade, the production growth slowdown, a poor redistribution of wealth, high prices, drought spikes, prevalent soil erosion and recurrent institutional mismanagements have impacted the levels of food security and hunger. Hunger reached a 7 years high of 36.1% in 2015-17 according to FAO data (SOFI report of 2018) and the Food Consumption Score did not progress since 2009 (WFP

2018). The new strategy (PSTA 4) seems to have a more balanced understanding of agricultural growth and national self-sufficiency on the one hand and household food security and resilience on the other hand.

Energy sector

Energy was also and is still one of the top priorities for the Government of Rwanda. The development of this sector is considered a prerequisite for the achievement of its main development goal of becoming middle-income country. It aims at providing access to modern energy to a large part of the

⁷²⁴ WB, AgPER 2017

⁷²⁵ <http://www.statistics.gov.rw/publication/labour-force-survey-report-february-2017>

Rwandan population and developing its productive (industrial) activities. Energy is one of the bottlenecks for private sector development and economic growth in Rwanda. Successive business surveys reveal that unreliable and high-cost energy is a major impediment to foreign investment.

The Government of Rwanda has set the objective of the energy sector in its EDPRS-2 and NST-1, and with the National Energy Policy (NEP) in 2015, the Energy Sector Strategic Plan (ESSP –revised in 2018), and several sub-sector strategies (e.g. rural electrification, biomass, energy efficiency, electricity generation). These ambitious policy frameworks aim at : i) ensuring the availability of sufficient, reliable and affordable energy supplies for all Rwandans; ii) promoting rational and efficient use of energy; and iii) establishing environmentally sound and sustainable systems of energy production, procurement, transportation, distribution and end use. In addition, GoR has subscribed to the Sustainable Energy for All (SE4All) initiative and has developed a SE4All Action Agenda. A Strategic Environmental Assessment (SEA) was prepared for the energy sector in 2015 with the aim of informing the better integration of environmental and climate change related concerns in the EU budget support programme.

Progress towards the objectives of the NEP and the ESSP have been observed. The total capacity installed is ~218 MW, covering the needs of the country although the use of diesel is still higher than expected (the peak demand is at ~140MW). Access to electricity has now reached ~45% (~34% grid-connected and ~11% off-grid), and still over seven million people lack access. Several energy efficiency actions are being implemented to reduce losses on the national grid and to manage electricity demand. Access to improved cooking methods has at best stagnated around 30% in the recent past due to a lack of action, but interest towards the biomass / cooking sub-sector has recently revived and improvements are expected.

The new ESSP establishes the following main objectives of universal access to electricity by 2024 (52% on-grid and 48% off-grid), power generation matching demand (with a 15% reserve margin - figure above 500 MW have also been quoted; it was 563MW for the previous ESSP), new targets for quality of electricity supply (reduced number of service interruption, and reduced average duration). Losses in the transmission, distribution networks and commercial are expected to be reduced to 15% and access to improved cooking technologies should double until 2024 (to more than 60%).

Despite general positive progress, some aspects of the government action are still a source of concern for various stakeholders. First, the Government objective for electricity generation by 2024 remains ambitious, despite a revised target in the revised ESSP. As Rwanda heavily relies on private companies with whom it has energy capacity payments (take-or-pay contracts), achieving their target could lead to substantial financial pressure for the utility Rwanda Energy Group (REG). REG has the financial liability towards the various independent power producers (and thus would impact negatively the Government's budget). The development of a regional power trade may also impact the situation in Rwanda. Second, while access to electricity is making constant progress, the government's ambition to service the most vulnerable people has not yet been fully met and various challenges remain (affordability of the stand-alone systems in rural areas, enabling environment for private companies active in off-grid electrification etc.). Third, as stated above, access to improved cooking has stagnated in the recent past and remains a challenge in Rwanda.

The Ministry of Infrastructure (MININFRA) is the lead organisation for energy development in Rwanda. The utility Rwanda Energy Group Ltd (REG) is a major actor of the energy sector (established in 2015 after the former Energy and Water & Sanitation Authority (EWSA) was dismantled). The private sector also plays a major role in developing the energy sector in Rwanda, on two main sub-sectors: power generation grid connected (several independent power producers are operating or developing power plants in Rwanda) and off-grid electrification (several start-ups have established business in Rwanda and are expanding with innovative business models based on ICT such as Pay-

As-You-go). A few companies (and NGOs) are also active in the cooking sub-sector, where civil society is somehow present otherwise quasi inexistent in the energy sector.

Decentralisation

Decentralisation is enshrined in Rwanda's Constitution (Article 167). It has been a key policy of the Government of Rwanda since the adoption of the National Decentralisation Policy in 2001. The policy aimed at establishing a mechanism to achieve good governance principles, enhance local economic development and offer quality and accessible services to the citizens.

After establishing democratic and community development structures at the District level (accompanied by a number of legal, institutional and policy reforms), Rwanda entered in a deepen decentralisation process, guided by the Vision 2020 and the Economic Development and Poverty Reduction Strategy (EDPRS II, 2013-2018). While progress has been achieved through strengthening the capacities of districts and the territorial reorganisation of decentralised administrative entities, challenges persist, including capacity, sufficient resources, and quality of public services. Significant progress has been witnessed in Districts. However, a more systematic rethinking is needed to reorient the available capacity, build new capacity and increase resources to local government. A recent Agriculture Public Expenditure Review also points out that decentralized expenditures have little discretionary or devolved content despite an official policy to the contrary and evidence that districts can take on greater responsibilities. Planning with Imihigos/performance contracts has been partially deconcentrated, and District Development Plans have been developed for NST 1 implementation.

3.1 Development Cooperation with Rwanda

In 2006, Rwanda has set an Aid Policy that states what the Government will do to make aid more effective, to ensure that aid is spent in a manner that has maximum impact on economic development and poverty reduction in Rwanda. The Policy also calls on Rwanda's donors to ensure that they give aid in line with national priorities, simplify procedures, and enhance local ownership of development activities.

Rwanda is an important recipient of ODA which has been quite stable in recent years (after the diminution of 2012): USD 1 099 million in 2013, 1 035 million in 2014, 1085 million in 2015, 1 147 million in 2016 and 1 225 million in 2017.⁷²⁶ Thirty-two donors are currently active in Rwanda. The three main donors are the World Bank (23%), the United States (16.5%) and the United Kingdom (10.8%)⁷²⁷. Other European donors provide aid to Rwanda, such as the EU (6 %), Belgium, the Netherlands (ended in 2018), Germany, Sweden and to a lesser extent, France and Luxembourg.

Aid Coordination

GoR has taken a strong lead in managing aid, beginning with the 2008 Division of Labour (DoL) agreement with partners effectively implemented, with an average of number of sectors per donor of 3.5 and donors providing at least 70% of their aid to the 3 most important sectors. The aid coordination structure consists of a series of development forums, sector working groups, mutual accountability principles based on clear guiding documents.⁷²⁸ The Development Partners Coordination Group (DPCG) is composed of GoR Permanent Secretaries, heads of bilateral and multilateral donor agencies, representatives of civil society and private sector. The objectives are to serve as a forum for dialogue in the coordination of development aid to Rwanda; monitor the implementation of EDPRS (now NST1); harmonize the Development Partners' programmes, projects, and budget support; and review progress by donors as against international commitments. The major event is the annual retreat

⁷²⁶ ODA USD million, 2014 prices and exchange rates, net ODA receipts <http://www.oecd.org/countries/rwanda/aid-at-a-glance.htm#recipients>

⁷²⁷ <http://www.devpartners.gov.rw>

⁷²⁸ <http://www.devpartners.gov.rw>

where among other things the Donor Performance Assessment Framework⁷²⁹ (DPAF) is presented and discussed. The DPAF is a mutual review process designed to strengthen mutual accountability at the country level, drawn from international and national agreements on the quality of development assistance to Rwanda. The DPAF reviews the performance of bilateral and multilateral donors against a set of established indicators on the quality and volume of development assistance to Rwanda. In addition, GoR's Development Assistance Database⁷³⁰ (DAD) provides full information on external resources.

In the Agriculture sector, the Sector-Wide Approach (SWAp) has been the basis of the dialogue process between the Government of Rwanda and the Development Partners (DPs) to ensure coordination, efficiency and effectiveness in the use of resources in the sector. Within this framework, the Permanent Secretary of MINAGRI and the lead-donor (i.e. EU) are chairing the Sector Working Group (SWG) that meets at least twice annually for Joint Sector Reviews (JSR), in which the forward and backward looking sector performance are reviewed and discussed. The SWG also meets every month to discuss other issues as they emerge as part of the joint sector planning and consultative process. The Agriculture Sector-Wide Approach (SWAp) has not been very active, though recently became a new priority of the Agriculture Minister to push the implementation of the PSTA4. More broadly, the DPs coordination is led by MINECOFIN. DPs that have been active in the sector are : the EU, the WB, the African Development Bank (AfDB), the Governments of Belgium (Enabel), Japan (JICA), the Netherlands (+SNV), United Kingdom (DFID), United States of America (USAID), Korea (KOICA) and some United Nation agencies (FAO, IFAD, WFP).

In the energy sector, the Energy Sector-Wide Approach (eSWAp) was launched in 2008 to ensure proper coordination, efficiency and effectiveness in the use of resources in the Rwandan energy sector. The Government of Rwanda and the sector stakeholders, including Development Partners (DPs) participate in this dialogue process. The eSWAp is anchored within the ministry of infrastructure (MININFRA) and led by the eSWAp secretariat with Technical Assistance support funded by Belgium, and more recently by the EU. The Permanent Secretary of MININFRA and the lead-donor (i.e. the World Bank) are chairing the Sector Working Group (SWG) that meets at least twice annually for Joint Sector Reviews (JSR). The SWG also meets when needed to discuss other issues as they emerge as part of the joint sector planning and consultative process. DPs that have been active in the sector include the EU, the WB, the African Development Bank (AfDB), the Governments of Belgium (Enabel), Germany (GIZ/KfW) and Japan (JICA), among others.

Joint Programming

In June 2013, the seven EU donors in Rwanda – Belgium, France, Germany, the Netherlands, Sweden, the UK and the EU– invited interested bilateral donors – Japan, South Korea, Switzerland and the US - to prepare a Joint Analysis of the new policy framework presented by the GoR, the EDPRS II. They produced a Joint Response to the Government's policy. The Joint Response included a table that showed the engagement of the 11 donors plus the European Investment Bank across 14 sectors (including the degree of engagement: active; phasing out; silent partner). The probable funding available was only provided for the two first fiscal years – a total of around USD 660-690/million per year – since a number of partners could not commit or provide indicate frames further ahead than this. More recently, DPs have conducted a joint assessment of Rwanda's new National Strategy for Transformation (NST1) for the period 2017-2024, which can be considered a form of joint programming. The NST1 could become a basis for DPs to develop joint target or triggers.

⁷²⁹ http://www.devpartners.gov.rw/fileadmin/templates/documents/DPAF_FY2013-2014.pdf

⁷³⁰ <https://dad.minecofin.gov.rw/#>

Table 1: Sectors supported by the EU and its MS from 2011 to 2018⁷³¹

| | Agriculture | Energy | Governance & De-centralisation | Social Protection | JRLO | Environment & Natural resources | Transport | Health | Education | PSD and Youth employment | Non-State Actors | General Budget Support |
|-------------|-------------|--------|--------------------------------|-------------------|------|---------------------------------|-----------|--------|-----------|--------------------------|------------------|------------------------|
| Belgium | X | X | X | | X | X | | X | X | | | |
| EC | X | X | X | X | X | | X | | | | X | X |
| Germany | | X | X | | | | | | | X | | X |
| Netherlands | X | X | X | | X | | | | | X | | |
| UK | X | | X | X | | X | | X | X | X | | X |
| Sweden | | | | | | X | | | X | | X | |
| France | | | X | | | | | | | X | | |
| Luxembourg | | | | | | | | X | | | | |

3.3 Budget Support to Rwanda

Rwanda started to receive General Budget Support (GBS) in 1999 what contributed on average 12% of the government's budget between 2002 and 2014. Budget support was considered by the donor community to be instrumental to foster political stability in post-genocide Rwanda to prevent the country from slipping back into conflict. In 2003, a 'Budget Support Harmonization Group' was established to enhance the coordination of budget support in Rwanda.

Rwanda received a total of USD 823 million in GBS and over USD 1 billion in SBS between 2000 and 2013. The largest donor of GBS was the UK, and the World Bank was the largest donor of SBS. Budget support payments by Germany amounted to USD 46 million in GBS (6% of total GBS), and USD 8.5 million in SBS (1% of total SBS).

After allegations of Rwanda's involvement in human rights violations in the Democratic Republic of Congo (DRC), GBS donors gradually suspended their activities between 2008 and 2013. Sweden and the Netherlands were the first to suspend their GBS payments in 2008. In 2012, the EC, Germany and the UK followed suit by suspending their payments.

Since 2013, the total amount of donor financing reached levels similar to the GBS period, although the majority of it is provided in the form of project funding. In 2013, budget support by the EC and the UK was reinstated but shifted to SBS. Since the exit from GBS, SBS disbursements in fact increased and remained at more or less constant levels. However, only a single or very few donors per sector provide SBS in accordance with the government's 'Division of Labour' plan. Mostly positive effects of budget support contrast with mixed effects of the exit from budget support. While the effect was negative on public expenditure, policy dialogue and harmonization, the effect on domestic accountability and service delivery was positive and constant for non-income poverty and PFM.⁷³²

The European Union

The European Union provided €379M during the programming cycle 2007-2013 and will provide

⁷³¹ Draft table to be finalised by the evaluation team. "JRLO" stands for Justice, Reconciliation, Law and Order Sector; "PSD" stands for Private Sector Development

⁷³² "The Future of integrated policy-based development cooperation" DEval, 2018 (p. 45-48)

€460M from the 11th EDF during 2014-2020 (21% increase over the previous cycle).

Under the 10th EDF and the National Indicative Programme (NIP) 2008-2013, the cooperation with Rwanda featured as main objective to alleviate poverty in the context of sustainable development, while according a high priority to human rights and good governance issues. Three focal sectors were agreed: rural development, support to infrastructure and regional interconnectivity.

Under the 11th EDF and the NIP 2014-2020, the cooperation followed the same main objective, focusing the support in the three following focal sectors: economic and democratic governance, agriculture & rural development, and energy. Sector budget support was foreseen in the agriculture and energy sectors. Aside the general conditions linked to the two programmes, a support linked to macroeconomic performance and public financial management was foreseen under the "economic and democratic governance" focal sector.

Most of the 11th EDF has been implemented through Sector Budget Support programmes while General Budget Support was mainly used in the 10th EDF. Since 2011, the European Union has increasingly provided budget support in Rwanda. From 2011 to 2016, around 549 M€ have been disbursed by the EU under this aid modality through ten BS programmes (cf. Annex 5). Most of the programmes have been coupled with technical assistance for institutional capacity development, support to the elaboration of coherent policies, and/or evaluation, visibility and communication activities.

The most recent EU budget support programmes focus the support on the agriculture and energy sectors. In 2018, the GoR has requested amendments to the Financing Agreements of the on-going Sector Reform Contracts (SRC) in the agriculture and energy sectors. The amendment for the energy SRC mainly relates to an adjustment of the implementation modalities for the complementary measures, a revision of the methodology for calculating the variable tranche payment, the modification of some indicators not relevant anymore and an update of the targets for the indicators of the variable tranches. Amendments to the agriculture SRC mainly relates to extend the periods of contracting, implementation and execution of the Financing Agreement as well as a revision of the methodology for calculating the variable tranche payment, the modification of some indicators and an update of the targets for the indicators of the variable tranches.

In addition, several EU budget support programmes have also put a focus on decentralisation. One Sector Reform Contract focused specifically on Decentralisation in the agriculture sector and several other Contracts were closely linked to decentralisation such as the SRC on social protection and the SRC feeder roads.

3.4 Other donors providing Budget Support

This aid modality was also applied by other development partners in the sectors covered by the EU budget support operations, in particular by the World Bank,⁷³³ and in a lesser extent by the African Development Bank.⁷³⁴

4 EVALUATION SCOPE

4.1 Legal scope

The overall engagement of the EU development cooperation with Rwanda must be considered including agreements (e.g. ACP-EU Partnership Agreement; EU-East African Community Economic

⁷³³ http://projects.worldbank.org/search?lang=en&searchTerm=&countrycode_exact=RW

⁷³⁴ https://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Rwanda_%E2%80%93_Combined_2012-2016_Country_Strategy_Paper_Mid-Term_Review_with_Country_Portfolio_Performance_Review.pdf

Partnership Agreement), the cooperation framework and any other official commitments. This includes the country interventions financed under the 10th and 11th EDF and laid out in the Country Strategy Paper and in the National Indicative Programme (CSP/NIP 2008-2013 and NIP 2014-2020).

4.2 Geographical and Temporal scope

The evaluation covers the EU Budget Support operations to Rwanda from 2011 to 2018.

4.3 Thematic scope

The evaluation will focus on the impact of Budget Support on Rwanda's:

- Reforms in Public Finance Management (PFM)
- Sustainable Agriculture development
- Nutrition and Food Security
- Energy development
- Inclusive Economic growth
- Macro-economic stability
- Income and non-income Poverty reduction
- Decentralisation

The evaluation will assess how and to what extent gender equality, jobs creation, youth, good governance, environmental sustainability, climate resilience, right-based approach, HIV AIDS have been mainstreamed through EU Budget Support operations in Rwanda.

5 **EVALUATION ISSUES AND APPROACH TO THE EVALUATION, INCLUDING PROPOSED TOOLS**

The evaluation should take into account all budget support operations and will cover, in particular:

- i. the inputs provided through budget support programmes over the period concerned.
- ii. the relevance of the indicators for the variable tranches, in particular regarding their definition, use (including in the dialogue) and monitoring; highlighting the conditions that had/could have a transformative impact.
- iii. the performance of the budget support inputs, in terms of direct and induced outputs.
- iv. the changes (including level, quality and sustainability) which have occurred during the period under evaluation as regards the outputs, outcomes and impacts of supported government policies, strategies and actions (including governance and reform), and the key causal factors driving or hindering progress towards those changes;
- v. the extent to which budget support has contributed to the results identified at the outcome and impact levels and the sustainability of these outcomes and impacts, considering both positive contributions to public policy-making and implementation processes and any (unwanted) negative side-effects which may have arisen;
- vi. the overall relevance of the budget support programmes in view of the evolving partner country and sector specific contexts, the aid policies and the related goals.
- vii. the efficiency of budget support operations, considering both the process and the relation between effects (direct outputs, induced outputs and outcomes) and inputs.
- viii. the coherence and complementarity of budget support programmes with other DPs interventions (provided through budget support or other modalities) in the sectors covered by the evaluation, including dialogue amongst them.
- ix. the coherence of the budget support programmes with the EU strategy in the sectors covered by the evaluation.

- x. the EU added value of budget support programmes (in terms of design, implementation and effects) with regard to the benefits to what would have resulted from Member States' and other donors' interventions only.

Regarding policy dialogue, the evaluation should provide insights about its definition and how to measure it. A comprehensive analysis covering the process and substance of policy dialogue is expected, as well as an assessment of the role of policy dialogue on any changes of the effects of budget support.

Complementarity, synergies and divergences with the regional programmes as well as thematic programmes⁷³⁵ which aim at promoting specific aspects of development should also be covered. In addition, it should be assessed how the mix of aid modalities (basket funds/projects/budget support/technical assistance) has been used in the framework of the development cooperation in the sectors concerned.

Interventions funded by the European Investment Bank (EIB) are not part of the evaluation scope. However, the interaction between these interventions and the strategy/ies evaluated shall be examined.

Budget Support interventions funded by other donors (e.g. World Bank, AfDB) will be at some extent taken into account in the analysis as it is not possible to distinguish donor's specific contribution to the effects observed in a given sector.

The evaluators are required to use the standard methodology for budget support evaluation developed within the framework of the OECD/DAC⁷³⁶ and presented in this section. This methodology combines a comprehensive evaluation framework discerning five levels of analysis within the so-called 'three step approach' and includes proposals for the assessment of impacts.

The Evaluation Framework discerns five levels of analysis as follows:

Level 1: Budget Support inputs: design (objectives, budgeting, provisions, etc.), funding, policy dialogue, disbursement conditions, and complementary support measures.⁷³⁷

Level 2: Direct outputs of Budget Support: the country opportunities that are expected to improve as a direct consequence of the deployment of budget support inputs. e.g.: the new fiscal space created by the transfer of funds; increased predictability of funds, reduced transaction costs, a more aligned and coordinated policy dialogue and capacity strengthening activities conducive to reforms; improved monitoring of reforms; the products or services delivered by the complementary support measures.

Level 3: Induced outputs: expected improvements in the partner's legal and regulatory framework, public policies, public sector spending and public sector delivery, i.e., reform steps expected to be achieved by the public institutions (and/or other stakeholders) supported by budget support, as a consequence of their appropriation and implementation of the new opportunities provided (the direct outputs). These induced outputs should facilitate the achievement of outcomes. Some examples are an improvement of the institutional and legislative framework on prevention and repression of corruption, improved PFM systems, improved business environment (e.g. related legal, regulatory and

⁷³⁵ E.g. EIDHR, CSO-LA, DCI FOOD, DCI ENV, Intra-ACP.

⁷³⁶ OECD/DAC (2012), Evaluating Budget Support. Methodological Approach, Paris.

⁷³⁷ This will typically include one or more of the following: i) capacity development measures aimed at strengthening the capacity of the public institutions to coordinate, implement, monitor, evaluate and communicate the public policy in question; ii) capacity development measures aimed at strengthening the capacity of civil society to contribute to the implementation and monitoring of public policies; iii) monitoring, evaluation and supervision TA of the EU-funded action; and iv) support for the design and implementation of a visibility and communication strategy

institutional frameworks, and new services), improved delivery mechanisms for public services. The focus is on institutional improvements and not on their use by the final beneficiaries, which is part of the outcomes.

Level 4: Outcomes: positive changes in the behaviour of the targeted beneficiaries – services users, economic and institutional actors – to the changes in policies, organisational management and service delivery, which are supposed to open the way towards the longer term impacts. Examples of outcomes include increased business confidence and private sector investment, or an improvement in corruption perception. In certain cases, outcomes can also include behavioural changes at the organisational level constituting a response by institutional actors (for example in the agriculture sector this could be the effective use of statistics and of the monitoring and evaluation systems, that would open the way toward longer-term impacts, such as effective planning or better targeting of interventions).

Level 5: Impact: the expected longer term and intermediate changes leading to the achievement of the country's strategic goals to which budget support is expected to contribute: sustainable agriculture development, sustainable energy development, reduced income and non-income poverty, empowerment and social inclusion of disadvantaged groups (including women) and other impact areas, depending on the specific partnership framework.

In addition, the approach discerns three 'steps' in the evaluation. This 'three step approach' recognises the different roles of donors and government in Budget Support processes, as well as the indirect impact of Budget Support on poverty alleviation (ie. through government policies):

- The first step foresees an assessment of the inputs, direct outputs and induced outputs of Budget Support (level 1, 2 and 3 described above), and an analysis of the causal link between these three levels.
- The second step aims at an assessment of the expected and actual outcomes and impacts as targeted by the government which donors supported with Budget Support in the sectors under evaluation, and identification of the main determining factors of those outcomes and impact (level 4 and 5).
- Finally, based on the findings in step one and two, step three aims at exploring the contribution of budget support to the government's policies, strategies and spending actions, which have produced and/or contributed to the outcomes and impacts (intended but also unintended) identified in step 2. This is carried out by combining and comparing the results of Step 1 and 2.

The key issues to be addressed by the evaluation team are derived from the framework and the three-step approach:

| | |
|-------------------|--|
| Step1, Level 1 | <p>Comparison between planned budget support inputs and those actually provided (including timely implementation, efficient and effective use of complementarity measures, identifying in which conditions they had/could have a transformative impact). Relevance and appropriateness of the design of the budget support programmes (including variable tranche indicators and related implementation provisions) and the mix of budget support inputs in relation to:</p> <ul style="list-style-type: none"> □ the political, economic and social context of the partner country. □ the government's policy framework. □ the CSO and private sector's needs. □ the European Commission development assistance strategy (including its continuity between the 10th EDF and the 11th EDF). □ cross-cutting issues : gender equality, jobs creation, youth, good governance, environmental sustainability, climate resilience, right-based approach, HIV AIDS including the extent to which dedicated studies improved the design and performance of the budget support programmes (e.g. uptake of recommendations made in Strategic Environmental Assessments) ; □ the MSs and other DPs development assistance strategies. <p>Appropriateness and efficiency of the working methodology between the EU and the GoR. Effectiveness of the Risk Management Framework to assess and mitigate risks.</p> |
| Step1, Level 2 | <p>Contribution of budget support to:</p> <ul style="list-style-type: none"> □ increased size and share of external funding subject to the government's budgetary process. □ increased size and share of the government budget available for discretionary spending. □ improved predictability of aid flows. □ the establishment of an efficient and effective policy dialogue framework focussed on strategic government priorities and supported by reporting requirements. □ the provision of well-coordinated technical assistance and capacity building activities focussed on strategic government priorities (at central and decentralised levels). □ greater harmonisation and alignment of external assistance as a whole and in particular between EU and Member States (including complementarity between aid modalities), and between the EU and the World Bank (main donors in agriculture and energy sectors). □ reduced transaction costs of external assistance as a whole. □ enhanced government's communication capacities. □ efficient and effective policy dialogue between the main stakeholders (government, donors, CSOs, private sector, etc.). □ Assessment of the extent to which the above-mentioned changes can be related to □ budget support inputs and / or to other external or internal factors. |
| Step1, Level 3 | <p>Improvements in the areas supported through budget support programmes and identification of the role played by budget support (including thorough policy dialogue and technical assistance, at central and at decentralised level when relevant) in determining these changes, e.g.:</p> <ul style="list-style-type: none"> □ macroeconomic and budget management (domestic revenue mobilisation and expenditure policies, inflation and debt management, monetary and foreign exchange policies, better planning and improved financial sustainability). □ quantity and quality of goods and services provided by the public sector. □ PFM and procurement systems (fiscal discipline, enhanced allocative and operational efficiency, transparency, etc.). □ Improved decentralisation systems. □ Improved social protection programmes management, targeting and coordination. □ public policy formulation and implementation processes, including quality of the policy setting, strengthened public sector institutions, democratic accountability, and enhanced dialogue with sector stakeholders (i.e. not only amongst the institutions directly impacted by the operations such as Ministries, Agencies and National Institute of Statistics, but also regarding the collaboration and co-operation with other stakeholders such as private sector, farmer organisations, NGOs, etc.); □ Improvement of the energy policy and regulations as well as of the governance of the sector including its financial sustainability. □ Improvement of the agriculture policy and regulations. □ fight against corruption and fraud. □ improved transparency within government systems. □ improved monitoring and evaluation systems (availability and credibility of data, use of results information to facilitate informed policy dialogue between the different stakeholders -CSOs, private sector, Parliament, donors- and evidence-based decision making). □ links between the government and oversight bodies in terms of policy formulation and approval, financial and non-financial accountability, and budget scrutiny. □ improved composition of pro-poor public spending. |

| | |
|---------------------|--|
| | <p>Assessment of the extent to which the above-mentioned changes can be related to budget support direct outputs and / or to other external or internal factors.</p> <p>Identification of Budget Support mechanisms (flow of funds, policy and in-situational effects, others) enabling sustainably improved macroeconomic indicators and Public Financial Management system.</p> |
| Step2, Levels 4 & 5 | <p>Assessment of expected achievements in terms of development results at outcome and impact level as defined in the budget support agreements, e.g.:</p> <ul style="list-style-type: none"> □ changes in the internal and external competitive structure of the economy (enhanced competition on the domestic market; increased capacity and openness of financial services) and impact in terms of sustainable and inclusive economic growth. □ changes in the use and resulting quality of public services and their impact on the livelihoods of the targeted population. □ changes in income and non-income poverty for the direct beneficiaries of the supported policies. □ jobs creation, private sector development, and contribution to inclusive economic development. □ changes in other key issues defined in the budget support agreements, such as gender equality, jobs creation, youth, good governance, environmental sustainability, climate resilience, right-based approach, HIV AIDS. □ improved access to electricity and clean cooking systems and fuels, development of renewable energy and energy efficiency. □ improved agricultural yield, food security, nutrition, preservation of the environment, climate resilience of agricultural systems, trade of agricultural products and agricultural inputs, economic impact on rural Households for agriculture, and observable Corporate Social Responsibility where industrialisation in the sector took place. <p>Assessment of the extent to which the above-mentioned changes can be related to changes in macro-economic management, to PFM systems, to changes in other government policies or policy processes and / or to other external or internal factors.</p> |

The evaluation team will consider the degree to which the issues identified in the table above fully reflect those implied by the theory of change in Rwanda. This analysis should form the basis for the evaluation team's proposed set of evaluation questions. The evaluation should focus on a limited number of key evaluation questions (maximum 12).

The evaluation team will need to clearly identify and formulate judgement criteria (JCs) and indicators for each of the evaluation questions (EQs) to be developed. This should provide a framework for the data collection and is to be done during the inception phase of the evaluation.

The evaluation team should apply methods and techniques that allow for a rigorous assessment of the impact of budget support. In both stages Step 1 and Step 2 the evaluators shall combine qualitative analyses (building on the literature and interviews) with quantitative methods and techniques.

The analyses for step 1 (levels 1 to 3) will rely on a desk analysis of secondary data from existing evaluation reports, analytical studies (e.g. SEAs, gender analysis), reviews, monitoring data, other official documents and academic literature, information on financial flows, micro- and macro-economic data and other indicators, complemented by interviews of key stakeholders and experts (including at headquarter level). Contribution Analysis is used.

Step 2 involves a description of the translation of sector budgets into sector programmes and investment, and an assessment of the impact of these investments (levels 3 to 5). The sector analysis shall combine quantitative techniques with more qualitative approaches, such as interviews, focus group discussions, field visits, and a literature review. Statistical / econometric analyses are required. These analyses will be based on administrative data and existing household surveys.

Further, in Step 3, the contribution of budget support as a factor of change or as a leverage for change to the attainment of the development results identified in Step 2 is to be determined. Contribution Analysis is used.

The evaluation will take stock of existing reviews, evaluations and data (see indicative list in Annex 1). A comprehensive list of already existing evaluations and studies shall be part of the Inception report. Furthermore, the Inception report will have to provide more information on the feasibility and usefulness to undertake econometric analysis in the sectors included in the scope of the evaluation.

The evaluation can only be successful with the collaboration of the Government of Rwanda and particularly of the relevant Ministries. It is therefore important that the evaluators are able to communicate with the partner country in such a way that shows that the evaluation is in the interest of all the parties (particularly the EU and the GoR, and more broadly other donors and stakeholders) as it seeks to contribute to an improvement of the effectiveness of budget support operations in Rwanda, and moreover of aid effectiveness in the country.

6 RESPONSIBILITY FOR THE MANAGEMENT OF THE EVALUATION

The progress of the evaluation will be followed closely by a Management Group consisting of the Government of Rwanda (GoR) (represented by MINECOFIN and the main institutional stakeholders of each budget support programme i.e. MININFRA, MINALOC, MINIRENA and MINAGRI), the evaluation service of DG DEVCO, the EU Delegation, the main concerned services in DEVCO Headquarters and the EEAS. The Management Group will be co-chaired by the GoR and DEVCO evaluation service.

The Management Group is responsible for overseeing the evaluation process and the quality of the deliverables. Its principal functions will be to:

- ensuring that the evaluation is supported by and accompanied by the government and that key stakeholders are involved.
- maintaining regular contacts with the evaluation team and with the Country Reference Group (see below).
- ensure that the evaluation team has access to and consults all relevant information sources and documentation on the activities undertaken (this includes the government's sources as well as the EU services').
- discuss and comment on the quality of the work and deliverables (draft reports) produced by the evaluation team and approval of the deliverables at each stage.
- provide feedback on the findings, conclusions and recommendations of the evaluation.
- communicate (on the evaluation) to immediate stakeholders and to the wider development community, including the dissemination of the draft final report as set out in these ToR (section 7.5).

The Evaluation manager in DG DEVCO's evaluation unit will provide a pivotal role in facilitating the evaluation process and quality assurance. The Management Group communicates with the evaluation team via the Evaluation manager. The meetings of the Management Group will be organised via Video Conference Brussels-Kigali.

A Country Reference Group will:

- serve as a resource and provide feedback to the Management Group and the Evaluation team.
- review the draft reports produced during the evaluation process.

This Country Reference Group consists of key stakeholders such as representatives of other Ministries concerned, the civil society, farmers' organisations, private sector, Parliament, Think Tanks, academics and development partners. It will be chaired by a representative of the EU Delegation.

7 PROCESS AND DELIVERABLES

The basic approach to the assignment consists of five main phases (see table below). Deliverables in the form of slide presentations and reports should be submitted at the end of the corresponding stage.

Deliverables are expected according to the timing given under Annex 2 and are subject to the formal approval of the Management Group in their reviewed version after discussion of the content. In case the evaluation team decides not to take into account some of the comments from the Management Group, the decision must be duly justified on each aspect. The evaluators will provide a table explaining how the comments of the management group have (or have not) been taken into account in the new version of the reports. If necessary, the evaluation team's responses to the comments made by the Management Group can be annexed to the Final report. The formal approval of deliverables will also include the authorisation to move to the next phase.

All meetings with the Management Group will be attended at least by the team leader and by one expert, member of the evaluation team. Other experts will be available to be reached by phone. For the kick-off meeting, the presence of the team leader in Brussels may be sufficient. For all meetings, the contractor shall prepare draft minutes to be finalised and distributed by the Evaluation manager to the participants for their agreement.

The draft final report and the final report will include an executive summary of no more than 5 pages. The length of the final main report should not exceed 70 pages (written in Arial or Times New Roman minimum 11 and 12 respectively, single spacing).

All reports will be written in English. The Inception report, Desk Report and Draft Final report will be delivered only electronically. The Final report will be delivered in electronic and hard copies (30 copies without annexes, 2 with annexes). The Executive summary as well as the cover page photo (free of any copyright, free of charge) will be delivered separately in electronic form. In addition, the Executive summary will also be delivered in Brochure format (A5 format) in electronic and paper (50 copies). The electronic versions of all documents need to be delivered in both editable (WORD) and not editable format (PDF).

The table below summarises the five main phases of the assignment:

| Evaluation phases | Stages | Deliverables |
|--|--|--|
| 1. <u>Inception phase</u> | <input type="checkbox"/> Structuring of the evaluation <input type="checkbox"/> Data collection and analysis | <input type="checkbox"/> Slide presentation of the Technical proposal <input type="checkbox"/> Inception report and Slide presentation |
| 2. <u>Desk phase</u> | <input type="checkbox"/> Data collection and analysis | Desk report and Slide presentation |
| 3. <u>Field phase</u> | <input type="checkbox"/> Data collection Verification of the <input type="checkbox"/> hypotheses | <input type="checkbox"/> Country notes <input type="checkbox"/> Slide presentation of preliminary findings |
| 4. <u>Analysis and Synthesis phase</u> | <input type="checkbox"/> Analysis <input type="checkbox"/> Judgements (conclusions) <input type="checkbox"/> Recommendations | <input type="checkbox"/> Draft final report (incl. a 5 pages Executive summary) +Slide presentation <input type="checkbox"/> Reviewed Draft final report, including executive summary |
| | <input type="checkbox"/> Dissemination / | <input type="checkbox"/> Slide presentation for discussion <input type="checkbox"/> Final report and Executive summary |

| | | |
|------------------------|---|---|
| 5. Dissemination phase | <input type="checkbox"/> discussion <input type="checkbox"/> Final version of the report with an executive summary | <input type="checkbox"/> Electronic and Paper versions of the Final report. <input type="checkbox"/> Electronic and Paper versions of a Brochure for dissemination purposes. |
|------------------------|---|---|

7.1 Inception phase

The evaluation will start with a 1/2-day kick-off meeting in Brussels of the evaluation team leader (TL) with the Management Group (in videoconference with Kigali). The main objectives of this meeting are:

- to discuss and clarify the objectives and requirements stated in the ToR and in the technical proposal.
- to present the added value of each member of the team of experts.
- to discuss on the availability and quality of existing data.
- to discuss on the arrangements for the first mission to Rwanda.

Individual interview can be also foreseen at this stage with Management Group members. After this kick-off meeting, the inception phase will consist of:

- a. the collection of further documentation available and a first extensive desk-based review of documentation
- b. a first mission to Rwanda of at least one week. During this mission the evaluation team will get a good understanding of the budget support arrangements to be evaluated and of the key features of the partner country context. A ½ day workshop will be organised in Kigali, at which the team leader, the members of the Management Group, the members of the Country Reference Group and other main stakeholders involved in BS in Rwanda will be invited. The purpose of the workshop is to inform all the stakeholders of the evaluation objectives, methodological approach, timing and tasks to be carried out. The workshop logistics (room rental, catering etc) costs will be covered by another contract and therefore are not to be included in this offer.
- c. the identification of the main specific features to be introduced in the Comprehensive Evaluation Framework (adapted Theory of change of Budget Support)
- d. the agreement on the Evaluation Framework and preliminary list of Evaluation Questions (EQs), Judgement Criteria (JCs) and indicators
- e. the orientations of the field mission activities
- f. A ½ day Inception meeting in Brussels with the Management Group (videoconference with Kigali), where the evaluation team will present the draft Inception report (slide presentation). The purpose of the meeting is:
 - to receive comments and discuss the evaluation framework and design, including the data collection and the analysis strategy presented by the evaluation team in the Inception report.
 - to discuss whether there are significant data shortcomings that make it impossible to carry out certain foreseen analysis.
 - decide whether the analysis carried out so far provides enough guaranties for the continuation of the evaluation.
 - make arrangements for the compilation / preparation of data in the areas where there are possible gaps.

The electronic version of the Inception report should be sent at least 2 weeks before the meeting. The Management Group will be allowed 2 weeks²⁴ to comment on the inception report, both to point out any omissions or errors and to provide oral and written feedback. Feedback will be consolidated by the Evaluation Manager and sent to the evaluation team after the meeting. The evaluation team will

revise the report addressing all the comments received. Within two weeks after this meeting, a reviewed version of the Inception Report will be submitted by the evaluation team to the Management Group for approval.

The Inception report, as the first of the key deliverables, requires formal approval, accompanied by a formal authorization to continue with the evaluation. Without the authorization to continue, the evaluation comes to a halt and the related contract may be terminated.

The Inception report should contain the following elements:

- the national background/context (political, economic, social, etc.) and the cooperation context between the European Union and Rwanda.
- a concise description of the EU cooperation rationale with Rwanda.
- the intervention logic (IL) and theory of change (ToC) of the cooperation evaluated (comprehensive and several sectoral IL- ToC).
- an inventory of spending and non-spending activities object of the evaluation.
- the validated evaluation questions (upon validation by the Evaluation unit, the evaluation questions become contractually binding); a limited number of appropriate judgment criteria per evaluation question and a limited number of quantitative and/or qualitative indicators related to each judgment criterion.
- hypotheses and assumptions to be tested.
- an inventory of the data existing together with the suitable methods of collection and analysis of this data and information, indicating any limitations.
- an outline of the details of the field mission activities, including the tools that will be used to collect the information and a list of intended interviews.
- a detailed work plan for the next phases.

In the Inception report, the evaluation team will have to identify the main risks and challenges for the successful completion of the evaluation and how they propose to manage them.

If necessary, the report will also suggest modifications to the composition of the evaluation team and/or to the work plan and schedule.

7.2 Desk phase

Following the approval of the Inception report, the evaluation team will review the additional information and documents gathered in order to finalise the evaluation framework and design, in particular completing as far as necessary the JCs and indicators. Complementary interviews to support the analysis can be undertaken with relevant stakeholders (in headquarters and in videoconference with key stakeholders in Rwanda). Additional data collection tools can be used if needed.

Based on existing technical reports and data from the period preceding the evaluation, the Desk report should define the baseline situation or at least the situation before the interventions under evaluation to be able to compare key variables and results and see changes over time.

As this evaluation is also intended to fulfil the mid-term review of on-going Sector Reform Contract, the desk report should clearly present information on levels 1, 2 and 3 (step 1) of the Agriculture and Energy ongoing budget support programmes, to inform any adjustment needed (e.g. for commentary measures). In addition, specific information on the evolution of the design and monitoring framework indicators of these programmes (2016-2018) is to be provided in a consolidated table.

This phase will be concluded with the submission of a Desk report which will be presented (slide presentation) and discussed with the Management Group in a meeting in Brussels (videoconference with Kigali). The electronic version of the desk report should be sent at least 2 weeks before the

meeting. The Management Group will be allowed 2 weeks²⁵ to comment on the desk report, both to point out any omissions or errors and to provide oral and written feedback. Feedback will be consolidated by the Evaluation Manager and sent to the evaluation team after the meeting. The report will be finalised on the basis of the comments received and submitted within two weeks following the meeting to the approval of the Management Group.

The Desk report should include at least the following elements:

- the agreed evaluation questions with judgement criteria and their corresponding quantitative and qualitative indicators, slightly revised if necessary.
- the results of the documentary analysis and the econometric analyses.
- a first analysis and first elements of response to each evaluation question.
- the remaining hypotheses and assumptions to be tested in the field phase.
- complementary data required for analysis, specifying data to be collected during the field mission.
- the comprehensive list of BS activities finalised, and a list of activities examined during the desk phase, bearing in mind that activities analysed in the desk phase must be representative;⁷³⁸
- methodological design, including data collection tools to be applied in the field phase, and appropriate methods to analyse the information collected, indicating any limitations.
- a work plan and schedule/protocols for the field phase: a list with brief descriptions of activities for in-depth analysis in the field, duration, number of experts, category, etc. The Evaluators must explain their representativeness and the value added of the planned visits.

Analyses presented in the Desk report will be completed by a qualitative analysis (interviews and focus groups) during the field phase.

The field mission cannot start without the authorisation of the Management Group. This authorisation will be given on the basis of a detailed outline of all the activities that the evaluation team wants to carry out in the country, including the list of the people to be interviewed. The detailed outline must explain the relationship between each activity and the information it seeks to obtain and how this information will inform the EQs.

7.3 Field phase

The field phase includes a mission of the evaluation team to Rwanda of at least 2 weeks, excluding travel time. The evaluation team should spend sufficient time for visits in a number of districts/cells/sectors. The districts/cells/sectors to be visited will be agreed based on specific criteria outlined in the Inception report. Interviews and focus groups should be organised in this framework.

At the beginning and at the end of the field mission, the evaluation team will hold a briefing and a debriefing with the EU staff in the Delegation in Kigali.

At the end of this phase the evaluation team will present preliminary findings (slide presentation) to the Management Group during a ½ day meeting in Brussels (videoconference with Kigali).

7.4 Analysis and Synthesis phase

Thereafter the evaluation team will carry out the overall analysis and synthesis of the collected information and will draft the final report.

⁷³⁸ The representativeness must address the different dimensions (percentage of funds, sample size and choice – diversity, illustration of the chosen interventions ...).

A first draft final report will be submitted to the Management Group in conformity with the structure previously agreed with the group. An indicative outline can be found in Annex 3. The draft final report will be presented by the evaluation team (slide presentation) and discussed with the Management Group during 1/2-day meeting in Brussels (videoconference with Kigali). The electronic version of the report should be delivered to the Management Group at least two weeks before the meeting.

The Management Group will be allowed 3 weeks⁷³⁹ to comment on the draft final report, both to point out any omissions or errors and to provide oral and written feedback on the findings, conclusions and strategic/operational recommendations. Feedback will be consolidated by the Evaluation Manager and sent to the evaluation team after the meeting.

The reviewed draft final report will be submitted to the Management Group within two weeks after the meeting for further comments and for approval before its discussion during the country's seminar.

7.5 Dissemination phase and finalisation of the report

The discussion seminar in Kigali

The draft Final Report (revised) will be presented by the evaluation team in a 1-day discussion seminar in Kigali and discussed with the relevant stakeholders (donor community, political leaders, CSOs, academics, private sector, etc.).

The evaluators will take minutes of the seminar's main messages and will revise the draft final report, as deemed appropriate, in order to take into account these messages in the final version of the report. These comments should be taken into consideration without compromising the independence of the evaluation team's value judgements. The evaluation team may either accept or reject the comments, but in case of rejection must justify the reasons in writing (if necessary, these comments and the evaluation team's responses can be annexed to the report).

The Seminar logistics (room rental, catering, etc.) costs will be covered by another contract and therefore are not to be included in the offer. All costs related to the experts, including presence to the Seminar (travel cost, per diem, etc.) are to be covered by the offer.

Other seminars and/or dissemination activities may be requested by the Contracting Authority. In case of financial implications on the total contractual amount, such request (requests) will be formalised via a rider.

The finalisation of the report

The contractor shall submit the minutes of the seminar that once approved by the Evaluation manager, will be included as an annex of the Final report.

Once both the comments received during the seminar and the minutes will have been incorporated into the report, the contractor will submit the new report to the Management Group for final approval.

8 THE EVALUATION TEAM

The evaluation team as such is expected to possess expertise in:

- development cooperation in general.
- budget support modalities.
- methods and techniques for rigorous complex evaluations, in particular for budget support evaluations and including experience in econometric analysis.

⁷³⁹ This time frame can only be guaranteed if the evaluation team respects the agreed timeline.

- evaluation methods and techniques and, if possible, of evaluation in the field of external relations and development co-operation.
- previous relevant experience in Rwanda / East Africa.
- the following fields: energy (electrical engineering, energy systems, biomass / cooking, energy public policies, energy infrastructure development, climate change mitigation and adaptation), agriculture (rural development, agriculture public policies design, environmentally sustainable and climate-smart agriculture, implementation and monitoring, agronomy, value chains development, land tenure, nutrition and food security); poverty reduction, macroeconomics, public finance management (in particular government budget processes) and decentralisation;
- the working knowledge of the following language(s): English; French; Kinyarwanda.

The team leader should have:

- at least three references as team leader for multi-disciplinary evaluation teams.
- strong experience of budget support modalities and budget support evaluation techniques, including an in-depth knowledge of the methodological approach for BS evaluations developed within the OECD/DAC framework.
- a thorough knowledge of development co-operation.
- experience in managing complex evaluations.
- fluent English: French would be a plus.

The team leader will participate in the overall coordination of the evaluation, provide particular support on the provision of budgetary data and analysis, and provide quality assurance of the sector experts' inputs. It is expected that the team leader will be an expert of category Senior.

All members of the evaluation team shall be committed to an effective and efficient teamwork. The offer should clearly state which of the proposed team members cover which of the above qualifications, the category of each team member and which tasks the proposed team members are supposed to take responsibility for and how their qualifications relate to the tasks (if this is not self-evident from their profile). A breakdown of working days per expert must also be provided. The team composition should be justified, and the team coordination and members' complementarity should be clearly described.

The team members must be independent from the programmes/projects/policies evaluated. Should a conflict of interest be identified in the course of the evaluation, it should be immediately reported to the Evaluation manager for further analysis and appropriate measures.

The team will have excellent writing and editing skills. The Contractor remains fully responsible for the quality of the report. It is compulsory to do a quality control (including proof reading) before submission of all the deliverables. Any deliverable which does not meet the required quality will be rejected.

The evaluation team is responsible for:

- defining the work plan and applying of the agreed methodology.
- drafting and finalizing the deliverables.
- drafting minutes proposal for MG meetings.
- presenting the methodology and the results of the evaluation during the foreseen seminar.

A lumpsum of 10 working days can be foreseen in the financial offer for one graphic designer to be employed in the final reporting phase (for example to produce infographics or other visual tools that would ease the reading and facilitate the transmission of key messages). No CV is requested in the tendering process.

The Framework Contractor must make available an appropriate logistical support for the experts, including their travel and accommodation arrangements for each assignment, the secretarial support, appropriate software and communication means. The experts will be equipped with the standard equipment, such as an individual laptop, computer, mobile phones, etc. No additional cost for these items may be included in the offer.

9 **INDICATIVE PLANNING**

The expected duration of the evaluation is of 8 months. Its implementation is due to start in March 2019. As part of the technical offer, the framework contractor must fill-in the timetable in the Annex

This table shall not start by a precise date but by "day/week 1".

10 **OFFER FOR THE ASSIGNMENT**

The total length of the technical offer (excluding annexes) may not exceed 20 pages. Each annexed CV may not exceed 4 pages. References and data relevant to the assignment must be highlighted in bold (font minimum Times New Roman 12 or Arial 11).

The financial offer will be itemised to allow the verification of the fees compliance with the Framework contract terms.

The offer is expected to demonstrate the team's understanding of the ToRs in its own words. Should the offer contain quotations, these sections must be clearly identified, and sources indicated.

Offers shall be submitted within the deadline exclusively to this functional mailbox: EuropeAid-DIR-R-CRIS-FWC-OFFERS@ec.europa.eu.

11 **TECHNICAL OFFERS SELECTION CRITERIA**

The Contracting Authority selects the offer with the best value for money using an 80/20 weighing between technical quality and price.

Technical quality is evaluated on the basis of the following grid:

| | Maximum |
|--|---------|
| Total score for Organisation and methodology | 40 |
| Understanding of ToR and the aim of the services to be provided | 10 |
| Organization of tasks (including timetable, and quality control mechanism) | 10 |
| Evaluation approach (including estimate of difficulties and challenges, analysis approach, and working method) | 20 |
| Experts/ Expertise | 60 |
| Team leader | 20 |
| Other experts | 40 |
| Overall total score | 100 |

During the offers evaluation process the contracting authority reserves the right to interview by phone one or several members of the evaluation team proposed.

12 ANNEXES

The contracting authority reserves the right to modify the annexes during the FWC implementation.

ANNEX 1: INDICATIVE DOCUMENTATION AND DATA TO BE CONSULTED FOR THE PURPOSE OF THE EVALUATION BY THE SELECTED CONTRACTOR

From the EU:

- CRIS⁷⁴⁰ (information on the projects), ROM⁷⁴¹ (e.g. ROM on the Social Protection Programme) and other databases concerning the financed projects, engagements, payments, etc.
- Legal texts and political commitments (i.e. 10th and 11th EDF)
- Country Strategy Paper of Rwanda and Indicative Programmes for the periods 2008-2013 and 2014-2020. Conclusions of the Mid-term Review of CSP 2008-2013
- Relevant evaluation reports (i.e. ongoing study DIME World Bank co-funded by the EU; the evaluation of kitchen and school gardens project for agriculture, the EU strategic evaluation on its cooperation on energy (Rwanda was one of the case studies), and the ongoing evaluation of the Feeder Roads Sector Support Programme, the Mid-term review of the PSTA 3, the final review of PSTA 3, EU delegation review of eligibility)
- Strategic Environmental Assessments (2012 for agriculture sector and 2015 for energy sector)
- Budget support and sustainable energy – Methodological note, DEVCO, 2017 Joint Programming documents. Other resources:
- Programme(s) identification studies; Programme(s) feasibility / formulation studies; Programme(s) financing agreement and addenda; Programme(s)'s quarterly and annual progress reports, and technical reports, budget support disbursement files.
- Sector Working Groups and Joint Sector Reviews meeting reports and minutes
- Data from the National Institute for Statistics of Rwanda (NISR <http://statistics.gov.rw/>) and from RWANDA DEVELOPMENT PARTNERS website (<http://devpartners.gov.rw>)
- Relevant national / sector policies and plans from National and Local partners
- Development strategies and other strategic documents from other donors
- Relevant documentation from national/local partners and from other donors, including existing Impact Assessments (e.g. DFID reviews of the Land Tenure Regularisation Programme and foreseen evaluation related to the impact on sustainable land management, DEval studies “The Future of Integrated Policy-Based Development Cooperation” and “What we know about the effectiveness of Budget Support”)
- High Level Policy Dialogue minutes and reports

Note: The evaluation team has to identify and obtain any other document worth analysing, through independent research and during interviews with relevant informed parties and stakeholders of the Programmes.

⁷⁴⁰ Common RELEX Information System

⁷⁴¹ Results Oriented Monitoring

ANNEX 2: INDICATIVE PLANNING

| EVALUATION PHASES AND STAGES | DELIVERABLES | DATE | MEETINGS/COMMUNICATIONS |
|--|--|------|--|
| 1. Inception phase | | | |
| Kick off meeting | Slide presentation of the technical proposal | | Meeting with MG (videoconference with Rwanda) in Brussels |
| Preliminary desk review + visit of evaluation team to Rwanda | | | Meeting with relevant stakeholders in Rwanda |
| Draft of the Inception report | Draft Inception report + Slide presentation | | Meeting with MG (videoconference with Rwanda) in Brussels |
| Review of Inception report | Final Inception report | | Approval of Inception report by MG |
| 2. Desk Phase | | | |
| Preparation of desk report + detailed data collection protocol | Draft desk report+ Slide presentation | | Meeting with MG (videoconference with Rwanda) in Brussels |
| Review of desk report + detailed data collection protocol | Final desk report | | Approval of the desk report by MG |
| 3. Field Phase | | | |
| Field visit of evaluation team to Rwanda | | | Interviews with Country MG, relevant stakeholders, focus groups, etc. Briefing and debriefing with EU Delegation |
| Presentation of the main findings | Slide presentation | | Meeting with MG (videoconference with Rwanda) in Brussels |
| 4. Analysis and Synthesis Phase | | | |
| Writing Draft final report | Draft final report + Slide presentation | | Meeting with MG (videoconference with Rwanda) in Brussels. |
| Receipt of comments and review of the Draft final report (up to 2- 3 rounds) | Reviewed Draft final report | | Approval of Draft final report by MG |
| 5. Dissemination phase | | | |
| Seminar in Rwanda | Slide presentation + minutes | | 1/2-day seminar in Kigali |
| Drafting of the Final Report and other deliverables | Final Report + Brochures | | |

ANNEX 3: OVERALL STRUCTURE OF THE FINAL REPORT

The overall layout of the Final report is:

- A summary (1).
- Context of the evaluation and methodology.
- Evaluation questions and their answers (findings).
- Conclusions (2); and
- Recommendations (3).

Length: the final main report may not exceed 70 pages excluding annexes. Each annex must be referenced in the main text. Additional information regarding the context, the activities and the comprehensive aspects of the methodology, including the analysis, must be put in the annexes.

The evaluation matrix must be included in the annexes. It must summarise the important responses at indicator/ judgement criteria level. Each response must be clearly linked to the supporting evidence. The matrix must also include an assessment of the quality of evidence for each significant finding. The table below presents an example of how the quality of evidence may be ranked. This is purely indicative. The contractor should present a specific approach for assessing the quality of evidence.

| Ranking of Evidence | Explanation of ranking of quality of evidence |
|-------------------------------|---|
| Strong | The finding is consistently supported by a range of evidence sources, including documentary sources, quantitative analysis and qualitative evidence (i.e. there is very good triangulation); or the evidence sources, while not comprehensive, are of high quality and reliable to draw a conclusion (e.g. strong quantitative evidence with adequate sample sizes and no major data quality or reliability issues; or a wide range of reliable qualitative sources, across which there is good triangulation). |
| More than satisfactory | There are at least two different sources of evidence with good triangulation, but the coverage of the evidence is not complete. |
| Indicative but not conclusive | There is only one evidence source of good quality, and no triangulation with their sources of evidence. |
| Weak | There is no triangulation and / or evidence is limited to a single source. |

A summary (maximum 5 pages)

The summary of the evaluation report may not exceed 5 pages (3.000 words). It should be structured as follows:

- 1 paragraph explaining the objectives and the challenges of the evaluation.
- 1 paragraph explaining the context in which the evaluation takes place.
- 1 paragraph referring to the methodology followed, spelling out the main tools used (data on the number of projects visited, number of interviews completed, number of questionnaires sent, number of focus groups conducted, etc.).
- The general conclusions related to sectorial and transversal issues on one hand, and the overarching conclusion(s) (for example on poverty reduction) on the other hand.
- A limited number of main conclusions should be listed and classified in order of importance; and
- A limited number of main recommendations should be listed according to their importance and priority. The recommendations have to be linked to the main conclusions.

The chapters on conclusions and recommendations should be drafted taking the following issues into consideration:

Conclusions

- The conclusions should be substantiated by the findings of the evaluation.
- The conclusions have to be assembled by homogeneous "clusters" (groups). It is not required to set out the conclusions according to the evaluation criteria. However, all the evaluation criteria must to be covered by the conclusions.
- The general conclusions related to sectorial and transversal issues and the overarching conclusion(s) (for example on poverty reduction).
- Specific conclusions on each financial instrument indicated in the ToR section "4.1. Legal scope". These conclusions will focus on effectiveness, efficiency, added value, complementarity and synergies with other financial instruments.
- The chapter on conclusions must enable to identify lessons learnt, both positive and negative.

Recommendations

- Recommendations should be substantiated by the conclusions.
- Recommendations have to be grouped in clusters (groups) and presented in order of importance and priority within these clusters.
- Recommendations have to be realistic and operational.
- The possible conditions of implementation (who? when? how?) have to be specified and key steps/action points should be detailed when possible.

Annexes (non-exhaustive)

- National background.
- Methodological approach;
- Evaluation matrix.
- Monograph, case studies.
- List of documents consulted.
- List of institutions and persons met.
- Results of the focus group, expert panel etc.
- Slide presentations in the country/regional seminar and the seminar minutes.
- All databases constructed for the purpose of the evaluation.

EDITING

The Final report must:

- be consistent, concise and clear.
- be well balanced between argumentation, tables and graphs.
- The presentation must be well spaced and use graphs, tables and small paragraphs to ease the reading. The graphs must be clear (shades of grey produce better contrasts on a black and white printout); be free of linguistic errors.
- include a table of contents indicating the page number of all the chapters listed therein, a list of annexes (whose page numbering shall continue from that in the report) and a complete list in alphabetical order of any abbreviations in the text;
- Contain a summary of maximum 5 pages (or summaries in several linguistic versions when required).
- Be typed in single spacing and printed double sided, in A4 format.
- Reports must be glued or stapled; plastic spirals are not accepted.

The contractor is responsible for the quality of translations and their conformity with the original text.

ANNEX 4: QUALITY ASSESSMENT GRID

This grid will be sent to the evaluation team with the comments on the Draft final report. It will be updated with the approval of the final report.

| Concerning these criteria, the evaluation report is: | Appraisal* | Comment |
|--|------------|---------|
| 1. Meeting needs: Does the evaluation adequately address the information needs of the commissioning body and fit the terms of reference? | | |
| 2. Relevant scope: Is the rationale of the policy and its set of outputs, results and outcomes/impacts examined fully, including both intended and unexpected policy interactions and consequences? | | |
| 3. Defensible design: Is the evaluation design appropriate and adequate to ensure that the full set of findings, along with methodological limitations, is made accessible for answering the main evaluation questions? | | |
| 4. Reliable data: Are the primary and secondary data selected adequate? Are they sufficiently reliable for their intended use? | | |
| 5. Sound analysis: Is quantitative and qualitative information appropriately and systematically analysed according to the state of the art so that evaluation questions are answered in a valid way? | | |
| 6. Credible findings: Do findings follow logically from, and are they justified by, the data analysis and interpretations based on carefully described assumptions and rationale? | | |
| 7. Validity of the conclusions: Does the report provide clear conclusions? Are conclusions based on credible findings? | | |
| 8. Usefulness of the recommendations: Are recommendations fair, unbiased by personal or stakeholders' views, and sufficiently detailed to be operationally applicable? | | |
| 9. Clearly reported: Does the report clearly describe the policy being evaluated, including its context and purpose, together with the procedures and findings of the evaluation, so that information provided can easily be understood? | | |
| Taking into account the contextual constraints on the evaluation, the overall quality rating of the report is considered | | |

* “Unacceptable”, “Poor”, “Good”, “Very good” or “Excellent”

ANNEX 5: EU BUDGET SUPPORT PROGRAMMES FROM 2011 TO 2018

| Programme (EU Decision / Contract num- ber)) | Indicative amounts* & Implementation period | Overall Objective | National strategies supported |
|---|--|--|--|
| Agriculture Intensification (D 021-623) | 15.5 M€ 2009-2012 | Support to the Government in their food crisis response by helping to bridge the current financing gap to ensure the availability of fertilizers and support the sustainable distribution and use of fertilizer by smallholder food farmers | |
| Social protection (D 022-173) | 20 M€ 2011-2015 | Achieve sustainable economic growth and reduce poverty by contributing to the achievement of objectives related to social protection and community development policies developed by the government of Rwanda | National Social Protection strategy |
| Decentralised Agriculture (D 021-572) | 37.4M€ +0.4M€ complementary measures 2010-2015 | Support the SPAT II which aim is to ensure that the agriculture sector contributes to sustainable poverty reduction and supports economic growth, through increasing and diversifying household incomes while ensuring food security for all the population. | PSTA 2 (Agricultural national policy) |
| GCCA (D 037-416 & D 021-553) | 8 M € 2010-2017 | Promote climate-proof investments by farmers through improved land administration and land use monitoring capacities at central and local government level. | Land Tenure Regularisation programme |
| MDG contract General Budget Support (D 021-004) | 166.25 M€ (from which 99.2M€ as from 2011) 2009- 2014 | Support MDGs achievement through an open and informed dialogue with stakeholders, and enhanced harmonisation, alignment and transparency. | EDPRS |
| Reconciliation, law and order sector (D- 021-680) | 14.5 M€ 2010-2014 | Contribute to the strengthening of the rule of law to promote good governance and a culture of peace. | JRLO Strategy |
| Support to the National Multisectoral Strategy to Eliminate Malnutrition (D-024-780) | 25.6 M€ 2014-2017 | Contribute to the reduction of all forms of malnutrition in Rwanda, but in particular the still high prevalence of chronic malnutrition in children aged under 5 years. | NSEM (National Multisectoral Strategy to Eliminate Malnutrition) |
| SPSP Rural Feeder Roads (D 023-259) | 36 M€ +4M€ complementary measures 2013-2018 | Contribute to the improvement of the rural road network in Rwanda; to facilitate access to markets and basic economic-social services, enhance access to food, and improve rural transport policies at local (decentralised) level. | PSTA 3 |
| Energy Sector reform Contract | 156 M€ +21M€ complementary | Contribute to the implementation of government's energy policy and strategy | EDPRS-2 SE4All Action |

| | | | |
|---|--|--|--------------------------------|
| (D-038-107 / C 375-269; C 397-046, C 388-569, C394-204) | measures 2016-2021 | framework, thereby increasing the availability of sufficient, reliable and affordable energy supplies, promoting the rational and efficient use of energy and the establishment environmentally sound and sustainable systems of energy production, procurement, transportation, distribution and end-use. | Agenda |
| Agriculture Sector Reform Contract (D- 037-486 / C-376-376, C 387-988, C 385-290, C 383-580, C 383-603, C 385-535, C 393-705, C 388-739) | 184 M€ +19.68M€ complementary measures 2016-2021 | Contribute to enhanced food and nutrition security, sustainable and efficient use of land and water resources, development of agricultural high-value chains and strengthening of PFM capacities in the agriculture sector, with specific emphasis in gender and inclusive economic development. | EDPRS-2 PSTA-3 NST 1 PSTA 4 |

*The exact amounts will be provided at the inception phase

ANNEX 4: OBJECT OF THE EVALUATION

The evaluation object is constituted by the ten Budget Support operations of the EU that were implemented between 2011 and 2018, see Figure 91. We intend to evaluate the effects of the different inputs:

- Resources.
- Policy dialogue including the entry conditions (regarding sector policies, macro-economic management, PFM and fiscal transparency), and the broader dialogue on (sector) strategies, policies and implementation.
- Disbursement indicators and criteria for the variable tranches, in particular for on-going budget support programmes.
- Complementary measures, including technical assistance, studies and audit, evaluation and communication activities provided within the budget support package.

In addition, the EU has carried out many other projects in order to complement the budget support inputs. Although these interventions are not part of the main scope of the evaluation, we took them into account when assessing whether the EU has carried out a “good mix” of interventions in order to achieve the Rwandan development goals.

Table 169 gives an overview of the resources involved. The total disbursed amount (row 2) is substantially below the committed amount, but this is partly due to the fact that the two largest contracts run until 2021. In addition, some of the planned Complementary Measures have not (yet) been contracted or have not yet been paid. And finally, planned disbursements on the core financial contract are lower because the country did not always meet the agreed targets for the indicators. Given that our evaluation period is from 2011-2018, the evaluation object in financial terms covers EUR 538 million (row 8), as 18 million has been disbursed before 2011 (row 7). However, it was of course part of the evaluation to investigate why some of the tranches have not been disbursed, and why certain complementary measures have not been implemented. In that sense, the financial object of the evaluation is the full EUR 616 million (row 9).

Table 169: Evaluation object in EUR million (rounded)

| | | |
|---|---|-----|
| 1 | Total committed on 10 contracts | 725 |
| 2 | Total disbursed (Budget support tranches and complementary measures) | 556 |
| 3 | Difference, is sum of 4, 5, and 6: | 169 |
| 4 | To be disbursed after 2018/19 (Energy and Agriculture SRCs) | 92 |
| 5 | Total non-paid tranches (left overs) | 39 |
| 6 | Non-contracted or not yet paid Complementary Measures | 36 |
| 7 | Disbursed in 2009/2010 (Decentralised Agriculture, JRLO and MDG/General Budget Support) | 18 |
| 8 | Disbursed between 2010/11 and 2018/19 (2 minus 7) | 538 |
| 9 | Disbursed between 2010/2011 and 2018/2019 plus non-paid and non-contracted resources (8+5+6) | 613 |

Source: Elaboration of data provided the file: “Inventory – disbursements vs. 3” provided by evaluation manager/EUD.

Figure 91: Overview of the ten EU budget support contracts, with time period and disbursed amounts (including CMs)

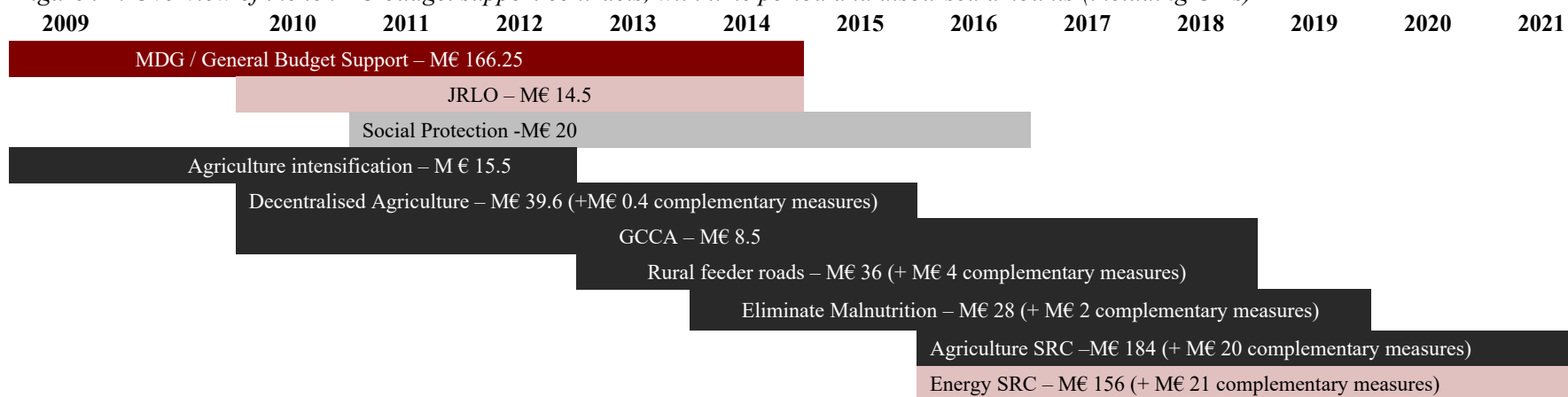


Table 170: Annual disbursements on fixed and variable tranches, in EUR millions

| | Disbursements per fiscal year | | | | | | | | | | Total | Leftovers |
|-----------------------------|-------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|-----------|
| | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | | |
| Agriculture Intensification | | 7.8 | 7.7 | | | | | | | | 15.5 | 0.1 |
| Social protection | | | 4.0 | 5.0 | 6.0 | 5.0 | | | | | 20.0 | 0.0 |
| Decentralised Agriculture | 4.0 | 5.0 | 6.5 | 4.3 | 1.8 | 6.0 | 4.8 | 5.0 | | | 37.4 | 2.4 |
| GCCA 037-416 | | | | | | | 2.0 | 1.6 | | | 3.6 | 0.1 |
| GCCA 021-553 | | 2 | 2 | | | | | | | | 5 | 0 |
| MDG - GBS | 11.0 | 26.0 | 30.0 | 30.4 | 33.1 | 35.8 | | | | | 166.3 | 8.8 |
| JRLO | 3.0 | 3.0 | 2.5 | 3.0 | 3.0 | | | | | | 14.5 | 0.5 |
| Eliminate Malnutrition | | | | | | 10.0 | 8.0 | 6.0 | | | 24.0 | 4.0 |
| Rural Feeder Roads | | | | | 6.0 | 8.0 | 12.0 | 10.0 | | | 36.0 | 0.0 |
| Energy SRC | | | | | | | 29.0 | 32.0 | 29.6 | 26.7 | 117.3 | 8.7 |
| Agriculture SRC | | | | | | | 20.0 | 25.0 | 27.5 | 32.8 | 105.3 | 14.7 |
| Total | 18.0 | 44.1 | 53.0 | 42.7 | 49.9 | 64.8 | 75.8 | 79.5 | 57.1 | 59.5 | 544.3 | 39.4 |

Source: Own elaboration of data provided in file "Inventory disbursements vs. 3".

Note: in red: lower disbursements than planned

Payment on the fixed tranches has always been 100 percent. This means that the country has always met the conditions regarding sector policies, macro-economic management, PFM reforms, and budget transparency. Payment on the variable tranches has sometimes been lower than planned, due to the country not meeting the agreed targets on the indicators. This held for MDG/GBS in 2011/12, for JRLO in 2011/2012, for Decentralised agriculture in 2013/14, for Energy SRC in 2015/16, 2017/18 and 2018/19, and for Agriculture SRC for 2017/18 and 2018/19 (see Table 170), lower-than-planned disbursements in red). For the latter contract, reasons for non-disbursement included that an agreed activity was not performed or that the monitoring system for the agreed indicator was not in place.

With respect to the policy dialogue, we assessed relevance of objectives, entry conditions and performance assessment frameworks, as well as the actual functioning of the policy dialogue (EQs 1 and 2) for all ten contracts. However, it was done in a more comprehensive manner for the two on-going contracts in energy and agriculture. The assessment of the *effects* of the policy dialogue was done for the outputs and outcomes in these two sectors, as well as for the general conditions macro-economic management, PFM and transparency, and local governance in so far as related to PFM, transparency and policy implementation in energy and agriculture.

Table 171: Value of Complementary Measures (including studies, audits, evaluations and communication activities) per Budget Support contract, and disbursements and number per type of activity; amounts in EUR thousands (rounded)

| | Total commitments | Total disbursements | Amounts disbursed per type | | | | Number per type | | | | |
|------------------------------------|-------------------|---------------------|----------------------------|---------|----------------------------------|---------------------------|-----------------|----|---------|----------------------------------|---------------------------|
| | | | TA | Studies | Evaluation, audit, communication | Other (usually equipment) | Total | TA | Studies | Evaluation, audit, communication | Other (usually equipment) |
| Agriculture Intensification | 100 | | | | | | | | | | |
| Social protection | | | | | | | | | | | |
| Decentralised Agriculture | 200 | 186 | | 186 | | | 1 | | 1 | | |
| GCCA 037-416 | 100 | 7 | | | 7 | | 1 | | | 1 | |
| GCCA 021-553 | | | | | | | | | | | |
| MDG - GBS | | | | | | | | | | | |
| JRLO | | | | | | | | | | | |
| Eliminate Malnutrition | 2000 | 1661 | 1368 | | 163 | 130 | 10 | 5 | | 4 | 1 |
| Rural Feeder Roads | 4000 | 3394 | 2963 | 96 | 335 | | 15 | 7 | 1 | 7 | |
| Energy SRC | 21000 | 1032 | 835 | | 197 | | 3 | 2 | | 1 | |
| Agriculture SRC | 20000 | 5104 | 4053 | | | 1051 | 9 | 4 | | | 5 |
| Total | 47300 | 11383 | 9219 | 282 | 702 | 1181 | 39 | 14 | 2 | 13 | 6 |
| In percent | | 100 | 81 | 2 | 6 | 10 | 100 | 46 | 5 | 33 | 15 |

Source: For first column: Excel file, "Inventory – disbursements vs. 3" provided by evaluation manager/EUD; for other columns the "List of Complementary measures" provided by evaluation manager.

Table 171 gives an overview of the complementary measures (CM) including studies, audit, evaluation and communication activities, and "other" activities. The latter usually involved the provision of equipment. Not all budget support contracts were accompanied by these measures, and it appears that CM have become more important over time. The recent and on-going contracts included more committed resources for CM than the earlier ones. Most of the funds in CM are spent on technical assistance (TA) projects (81%), and TA projects represent almost half of the total number of activities.

The audit, evaluation and communication activities represent one-third of the total number of activities, but they are often much smaller in size, so they constitute only 6% of resources. Only two studies have been carried out, representing 5% of the total CM value.

ANNEX 5: METHODOLOGY AND FULL EVALUATION MATRIX

METHODOLOGY

We applied the Comprehensive Evaluation Framework (CEF) recommended by the OECD/DAC.⁷⁴² This Framework is based on an Intervention Logic of budget support, consisting of five *levels*: inputs, direct outputs, induced outputs, outcomes, and impact. Taking into account the effects of other inputs (government resources and policies, other external assistance, etc.) and of other factors (weather conditions, changes in export prices, etc.), and if a number of assumptions is met, the Intervention Logic (IL) reflects the causal chain through which budget support inputs can be expected to contribute to the planned impact.

The higher the level of analysis, the more other factors can possibly influence the expected effects of budget support, so the more difficult it is to establish the contribution of budget support.

The CEF framework not only distinguishes between five *levels* in the causality chain, but also between three different *steps* in the analysis. Both step 1 and step 2 examine whether the expected effects at the different levels come about. However, the two steps have different approaches. Step 1 involves a contribution analysis; it attempts to trace the possible causal links from inputs, via direct outputs to induced outputs (levels 1, 2 and 3) by taking all other possibly influencing factors into account. Step 2 involves an attribution analysis. It starts from the other side: it first identifies the actual outcomes and impact as intended by the government, and then examines what the determining factors for these outcomes and impact variables are. Throughout all five levels of analysis, we also looked for unintended side effects of budget support.

The OECD methodology recommends carrying out quantitative analysis in order to examine to what extent government interventions and other factors have contributed to outcomes and/or impact variables, so to establish attribution. We did so for some of the intended outcomes in the sectors of energy and agriculture, and the results are presented in Annex 2.

Some of these factors may have a relation with budget support inputs. Examining to what extent this is the case was done in the final step 3. This implied carefully looking at, and comparing of, the results of steps 1 and 2. This was again a contribution analysis. In step 3 we not only examined the contribution of budget support to the identified outcomes and impact, but we also revisited the conclusions drawn with respect to inputs and direct and induced outputs. The final analysis, and after knowing more about achieved outcomes, also addressed the questions:

- 1) Were Budget Support inputs chosen adequately to reach outcomes?
- 2) Were the Budget Support inputs used and managed efficiently and effectively?

In Figures Figure 91, Figure 92 and Figure 94 below we present the Comprehensive Evaluation Framework (CEF) for, respectively, the full evaluation, and for the two focal sectors of this evaluation: the energy sector, and the agriculture and nutrition sector. These CEFs give a basic idea of the causality chain underpinning the budget support operations under evaluation. We provide more detailed information on what we assessed, and how, in the evaluation matrices.

⁷⁴² Van der Linde, M., & Valmarana, C. (2012). *Evaluating budget support: Methodological approach*. Report of the Budget Support Evaluation Steering Group. Paris: OECD DAC.

Figure 92: Comprehensive Evaluation Framework

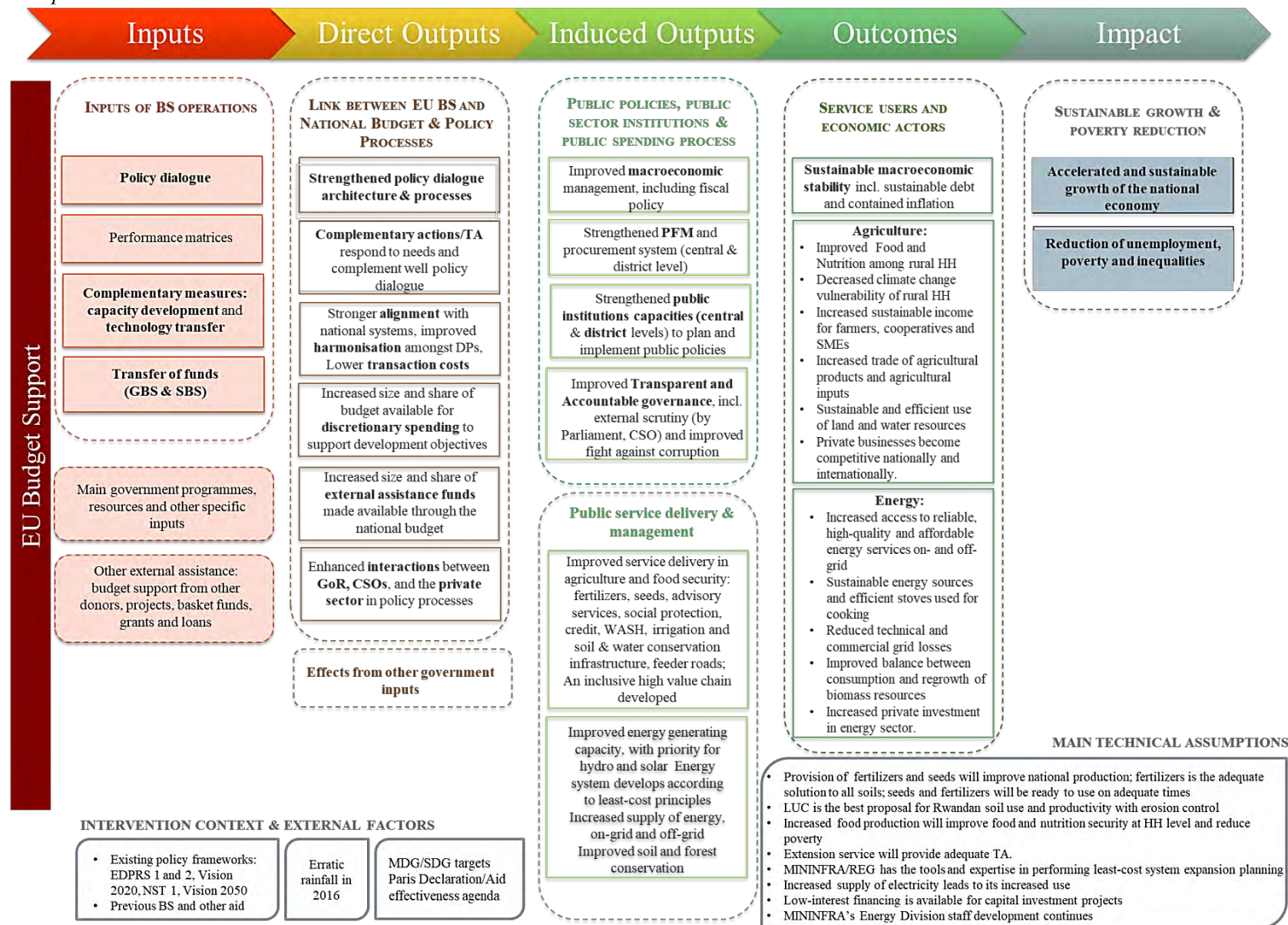


Figure 93: Comprehensive Evaluation Framework for Energy sector

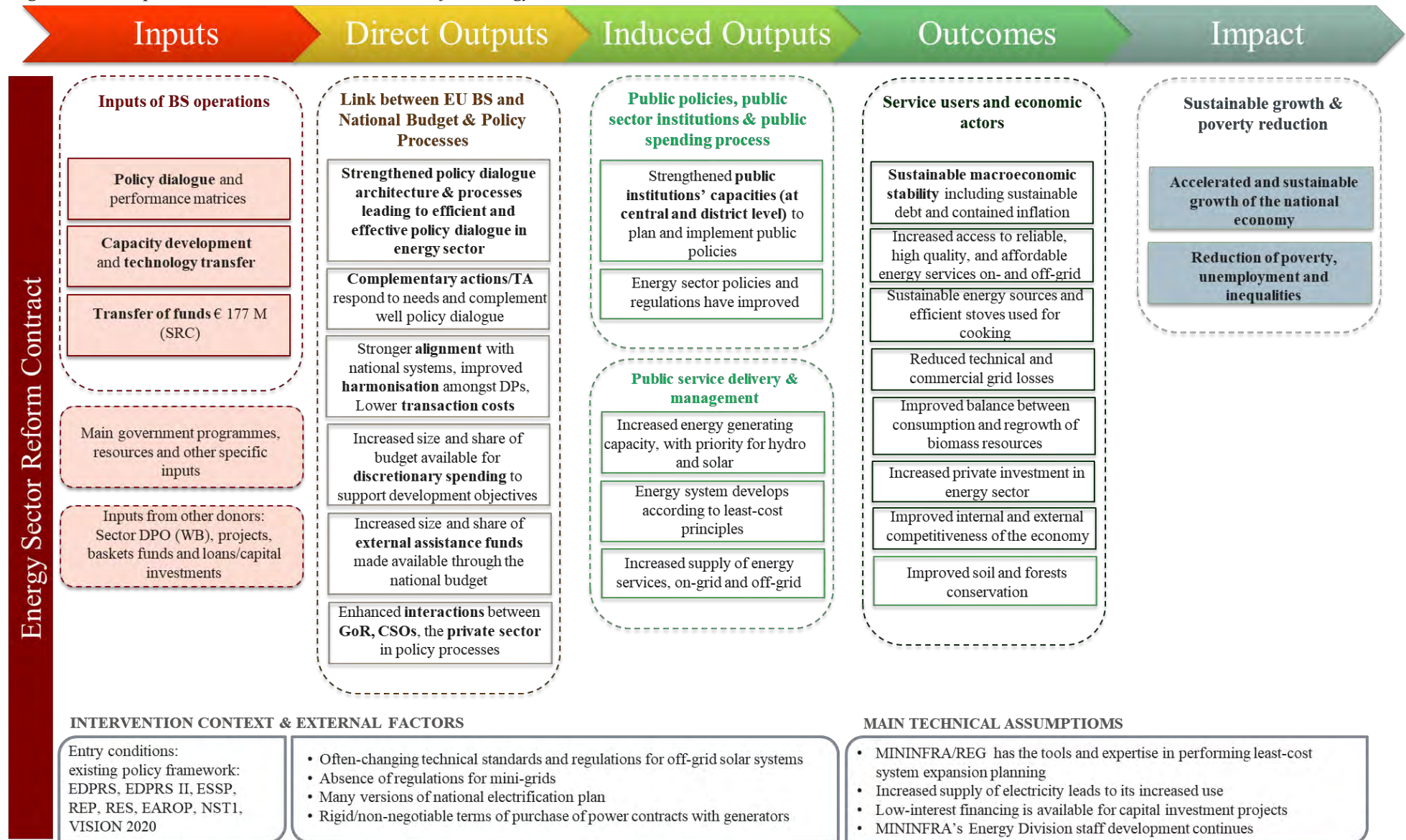
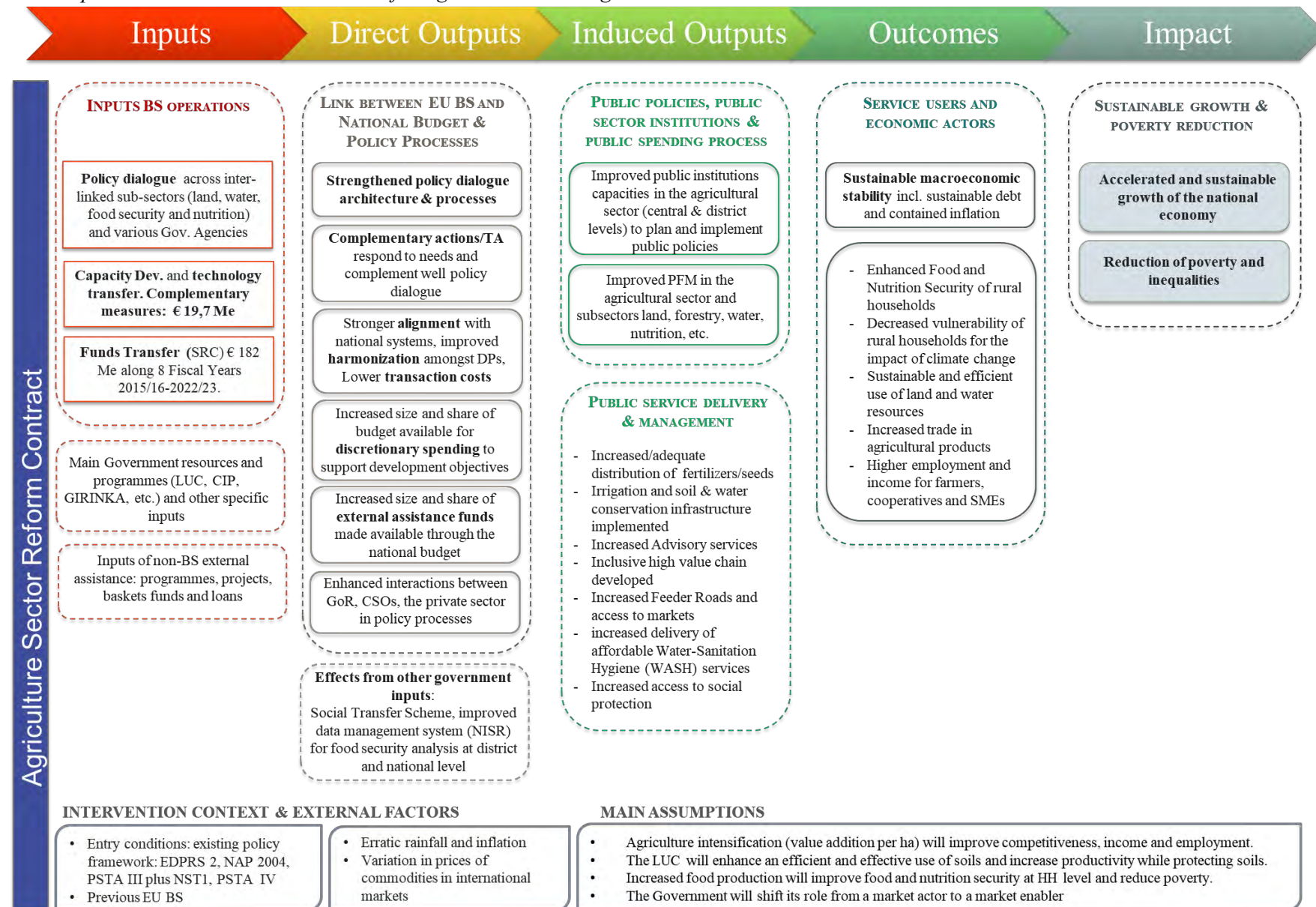


Figure 94: Comprehensive Evaluation Framework for Agriculture sector agriculture



OVERVIEW OF EVALUATION

The team members visited Rwanda twice. There was a first visit of one week in May 2019, in which the evaluation was presented and discussed with all stakeholders and a first round of interviews was held. After this visit, the Inception Report was written. The first draft was submitted to the Management Group in June 2019 and it was approved at the end of July 2019. In August 2019, a meeting with the Country Reference Group led to some further small changes in the Inception Report.

The desk phase started after the writing of the Inception Report. During the desk phase, we collected data on all Judgement Criteria and Indicators of the Evaluation Matrix. We did so by collecting a wide range of documents and statistics, and by conducting a few more interviews. The Desk Report included preliminary and partial answers to the Evaluation Questions as well as the results of the econometric analysis. The report was presented and discussed during a meeting of the Management Group on the first day of the field visit in October 2019. The evaluation team received a large number of helpful comments from Management Group members, also in written form. These comments were taken into account in the field work and helped to improve the final report.

The field work took place from 17 to 31 October and had two aims:

- 1) Filling the remaining information gaps and
- 2) Test the hypotheses as identified in the desk report.

After this second field visit, the consultants first wrote all (final) answers to JCs and indicators (Annex 1), and then started writing the main report.

METHODS FOR DATA COLLECTION

Data collection methods included studying a large number of documents, conducting interviews and focus groups, and some participant observation. With regards to documents, we studied policy documents, reports, studies, evaluations, and statistics available on the web and provided by the EU and GoR, as well as academic literature.

During the field work more than 60 semi-structured interviews and focus group discussions were held in Kigali as well as in some districts. The evaluation team visited four districts (for selection, see below). A small part of the interviews was conducted by skype or phone, all others were held in person. The interviews were semi-structured, and the focus groups as well. This means that we prepared a set of numbered questions for each interview or focus group. The answers were open, and it was possible to add other questions if interesting issues came up. In addition, we sometimes asked the questions in a different order. Virtually all interviews were conducted by (at least) two team members. Interviews were not recorded but they were meticulously reported and all team members present corrected and added to the draft reports made.

Table 172 gives an overview of the respondents intended to be interviewed and the EQs covered. Most respondents mentioned have been interviewed, but there are a few exceptions. The exceptions include the following:

- It proved difficult to make appointments with former staff members of ministries and agencies, so the number of respondents in that group is smaller than envisaged
- It proved difficult to make appointments with independent experts. In the end, just one such interview could take place.
- Unfortunately, it proved impossible to have an interview with REG staff.

- Some of the intended interviews in fact became focus groups. This holds for some interviews with ministries and agencies, but also for those with district staff.

Table 172: Intended respondents for interviews and focus groups

| Respondent type | EQs |
|---|---------------------------|
| Current and former DEVCO staff Brussels | 1 |
| Former and current EUD staff | 1, 2, 3, 4, 5, 6, 7, 8, 9 |
| Former staff of MINECOFIN | 1, 2, 3, 6, 9 |
| Current staff of MINECOFIN | 1, 2, 3, 6, 7, 9 |
| Former staff of MINAGRI | 2, 6, 8 |
| Current staff of MINAGRI | 2, 6, 8 |
| Former staff of MININFRA | 2, 6, 7 |
| Current staff of MININFRA | 2, 6, 7 |
| Staff RDB | 1 |
| Private sector representatives | 1, 2, 5, 7, 8 |
| Civil society representatives | 1, 2, 4, 5, 8 |
| Current and former TA providers | 2, 7, 8 |
| IMF representative | 3 |
| WB economist | 3 |
| Economists of other DPs | 3 |
| OAG | 4 |
| Independent experts | 5, 6, 7, 8 |
| District officers in selected districts | 5, 6, 7, 8 |
| CSOs in selected districts | 5, 6, 7, 8 |
| Private sector in selected districts | 5, 6, 7, 8 |
| Citizens in selected districts | 5, 6, 7, 8 |
| M&E staff of MINAGRI and RAB, NAEB | 6, 8 |
| RAB | 8 |
| NAEB | 8 |
| MIS unit of MININFRA and REG | 6, 7 |
| RURA | 7 |
| REG | 7 |
| Key informants, energy sector | 7 |
| Key informants, agriculture sector | 8 |

Table 173 gives the list of intended focus group discussions. Unfortunately, and in part due to the late planning of the main field visit in October, it proved impossible to have focus group discussions with the Sector Working Groups or with the Parliamentary Committees. Instead, we were able to conduct interviews with most chairs of the Sector Working Groups and/or with the co-chairs or important members. The evaluation team was also able to attend one meeting of the Sector Working Group on Agriculture (participant observation). Instead of the focus groups with Parliamentary Committees, we were able to conduct interviews with the Speakers of both the Chamber of Deputies and the Senate. For the focus group discussions, we used a similar list of numbered questions as for the interviews. The focus group discussions with citizens in the districts were conducted in Kinyarwanda and were facilitated by interpreters.

Table 173: Intended focus group discussions

| Group | EQ |
|--|---------------|
| DPCG | 2, 6 |
| Sector Working Group and selected Technical Working Groups in PFM | 4, 5 |
| Sector Working Group and selected Technical Working Groups in Decentralisation | 5 |
| Sector Working Group and selected Technical Working Groups in Energy | 1, 2, 6, 7 |
| Sector Working Group and selected Technical Working Groups in Agriculture | 1, 2, 5, 6, 8 |
| Male and female citizens in selected districts | 6, 7, 8 |
| Parliamentary Budget Committee | 4 |
| Parliamentary Accounts Committee | 4 |

SELECTION OF DISTRICTS

For the answering of, in particular, EQs 5, 6, 7 and 8, we visited four districts. The visits were made by two team members plus one interpreter, and each team of three visited two districts. The team leader accompanied one of the teams in one of the districts. Each visit comprised 1 to 1.5 days. The visit started at the district government office with interviews with the mayor (or somebody replacing the mayor) and with staff responsible for planning, budgeting, reporting, agricultural and nutrition services, energy, and the Joint Action Development Forum (JADF). Subsequently, interviews and focus group discussions were held with representatives of CSOs, private sector, cooperatives, and with groups of female and male citizens. The latter often were members of cooperatives.

According to the Inception Report (IR), we would select four districts out of the 27 non-Kigali districts. The main reason for excluding the city of Kigali was that examining possible improvements in (capacities for) rural service delivery and rural outcomes are an important objective for the field work.⁷⁴³ Another reason for not selecting Kigali was that the city is in the middle of an administrative reorganisation. The following criteria for the selection of districts were listed in the IR:

1. Geographic distribution across the four provinces.
2. Different levels of poverty and food insecurity.
3. Different vulnerability to erosion and climate change.
4. Different levels of performance in PFM.
5. Not visited in recent evaluations, for example during the MTR of PSTA III.

We took into account criterion 1, and selected districts from all four provinces. Criterion 2 and 3 highly overlap. In the selection, we made sure to include districts with high levels of poverty⁷⁴⁴ and with high levels of food insecurity and/or child stunting.⁷⁴⁵ Criterion 4 proved difficult to apply. The most recent PEFA that analysed district capacities for PFM (in 2015), only examined 8 districts, and the average scores proved to be highly similar across them. Criterion 5 was taken into account.

In addition, we included some other criteria. First, we looked at citizen satisfaction as measured in the RGB Citizen Report Card 2018 and included districts with relatively high and with relatively low citizen satisfaction. Second, we made sure to include a district with a secondary city. And third, we made sure to include districts with some cash crop cultivation and/or agrobusiness, as it will be easier to find Civil Society Organisations (CSOs) or private sector organisations (cooperatives) in those districts.

⁷⁴³ Districts hardly have a role in the provision of electricity, although recently they proved to have one energy maintenance officer.

⁷⁴⁴ Source: EICV 5.

⁷⁴⁵ Source for food insecurity and child stunting: CFSVA December 2018.

This led to the following selection: Nyagatare, Rubavu, Ruhango and Rulindo. Table 174 shows how these districts score on the main criteria, poverty and citizen satisfaction. Rubavu and Rulindo have a high incidence of food security and/or stunting. Rubavu and Nyagatare have a secondary city. And all have cash crops or agribusiness: Nyagatare (rice, milk), Rulindo (tea, horticulture), Rubavu (meat, milk), Ruhango (cassava).

Table 174: Summary table district selection

| | Poverty | |
|----------------------|---------------|-------------|
| Citizen satisfaction | High | Medium |
| High | Rulindo (N) | Rubavu (W) |
| Low | Nyagatare (E) | Ruhango (S) |

DATA ANALYSIS

During the field phase, team members already started writing reports of all interviews and focus groups discussions held. These reports were completed immediately after this, and then each report was checked and complemented by at least one other team member. The reports were structured along the EQs, JCs, and Indicators, which facilitated their use in subsequent writing. For the writing of Annex 1 of the final report, team members took the Desk Report as starting point and then they collected and analysed all the information from the different interviews and focus groups on this particular indicator. Of course, the comments from the Management Group and additional information received were also taken into account.

LIMITATIONS

The evaluation team is confident that most findings and all conclusions are based on sufficient evidence. However, the evidence could have been stronger without the following limitations encountered during the evaluation process.

- As mentioned above, it was not possible to conduct interviews with all intended respondents. Some important respondents proved not available, such as REG staff, several former government officials, and also some of the donor representatives. It was also unfortunate that it was impossible to conduct focus group discussions with (representatives of) the Sector Working Groups. With more respondents, the evidence on some of the indicators could have been stronger.
- The team experienced many problems with data collection. It often took a long time before we received the requested reports or data. This held to some extent for information requested from EUD, but much more for data requested on the energy sector from MININFRA and REG. In some cases, the data were not given at all. This complicated and sometimes delayed the evaluation process but in the end, it did not weaken the results.
- During the district visits the local governments were helpful in identifying and contacting possible respondents from CSOs, private sector and also in arranging the focus groups with citizens. The downside of this assistance was that this may have led to a somewhat biased selection of respondents, and sometimes also biased answers, as a) local government officials sometimes were present during the interviews and focus groups, and b) interpreters and Rwandan team members informed us that respondents were often instructed to give certain (i.e., positive) answers. However, given that we could triangulate these answers with information from other sources, the team is confident to have presented a balanced picture.

Another reflection on the methodology is that with hindsight, the number of Indicators and sub-indicators for the different JCs and EQs as presented in the full Evaluation Matrix proved excessive. Not all indicators were equally relevant for the conclusions and we could probably have come to the same results with a smaller number.

FULL EVALUATION MATRIX

The CEFs presented above visualise the theory of change, which constitutes the backbone of the evaluation. Based on these CEFs and the preliminary work carried out in the inception phase, nine evaluation questions (EQs) have been formulated being the key issues of the CEF that will be assessed. Each EQ is structured around a limited number of judgement criteria (JCs) that constitute the hypotheses to be tested, and that will be assessed through the analysis of specific indicators. The table below provides a schematic overview of the coverage of the evaluation criteria and key issues of each evaluation question.

Table 175: Evaluation criteria covered by each evaluation question

| | EQ 1 | EQ 2 | EQ 3 | EQ 4 | EQ 5 | EQ 6 | EQ 7 | EQ 8 | EQ 9 |
|----------------------------------|-----------------------|--|--------------------------|---------------------------|------------------|-------------------------------------|--------|-------------------------|------------------------------|
| | Budget support design | Direct effects on national budget and policy processes | Macroeconomic management | Public Finance Management | Local governance | Policy formulation & implementation | Energy | Agriculture & nutrition | Growth and poverty reduction |
| Relevance | √√√ | √ | | | | | | | |
| Efficiency | | √√√ | √ | √ | √ | √ | √√ | √√ | |
| Effectiveness | | √√√ | √√√ | √√√ | √√√ | √√√ | √√√ | √√√ | |
| Impact | | √ | | | | | √√√ | √√√ | √√√ |
| Sustainability | √ | √ | √ | √ | √ | √ | √√√ | √√√ | √√√ |
| EU value added | √√√ | √ | √ | √ | √ | √ | | | |
| Coherence | √√√ | | | | | √ | | | |
| Coordination and complementarity | √√√ | √√ | √ | √ | √ | √ | | | |

√√√ Largely covered

√√ Covered

√ Also covered

EQ 1- RELEVANCE OF BUDGET SUPPORT

| EQ1 – Relevance and Design of Budget Support | To what extent was the design of the budget support programmes appropriate and relevant in view of the political, economic and social context in Rwanda, the GoR's policy framework, and the EU and other Development Partners' development strategies? | | | |
|--|---|--|--|---|
| JC1.1 | The focus and design of budget support operations responded to the evolving GoR priorities and country context | Indicators | Means of verification | Possible Limitations |
| I.1.1.1 | Degree of alignment of budget support operations' objectives with evolving GoR priorities and policies (incl. sector policies). | <ul style="list-style-type: none"> Objectives of budget support operations are in line with GoR national policies Objectives for complementary measures are in line with GoR priorities and needs Adaptation of budget support operations to the evolution of GoR needs, priorities and policies. Existence and use of a planning tool for technical assistance | <ul style="list-style-type: none"> Budget support FA Budget support contracts for complementary measures National policy documents Minutes of the drafting process of FA and the minutes of political dialogue Interviews with current and former staff of government and EU in agriculture and energy Interviews with RDB for coordination of complementary measures. | Former staff of government and of EU may not be available. |
| I.1.1.2 | Quality (ownership, coverage, measurability and distribution of fixed and variable tranches) of budget support performance assessment frameworks. | <ul style="list-style-type: none"> Degree (%) to which indicators mentioned in budget support performance assessment frameworks are based from national policies. Degree to which indicators are measurable and have a relevant coverage Distribution of fixed and variable tranches is in line with the EU guidelines for budget support. Relation between process and output/outcome indicators is in line with country context and with EU guidelines for budget support. | <ul style="list-style-type: none"> Budget support performance assessment frameworks. National policy and strategy documents. Minutes of the drafting process of FA and the minutes of political dialogue. Interviews with stakeholders in the EUD and with GoR in agriculture and energy. | Former staff of government and of EU may not be available. |
| I.1.1.3 | Degree of adjustment of all budget support inputs and PAF to the evolutions in the country political, economic and social context. | <ul style="list-style-type: none"> Existence of addenda to budget support operations which permit adjustments to changed context. | <ul style="list-style-type: none"> Review of addenda, internal notes of EUD; review of contracts for complementary measures. | Former staff of government and of EUD may not be available. |

| | | | | |
|---------|--|--|--|--|
| | | <ul style="list-style-type: none"> • Degree to which complementary measures including TA, studies, and audit, evaluation and communication activities are adjusted to evolving context. • Degree to which EU complementary projects are launched in response to evolving needs. • Changes in performance indicators, and reasons for changes. | <ul style="list-style-type: none"> • Interviews with current and former government sector stakeholders. • Interviews with EUD officers responsible for the 10 contracts, so current and former EUD staff. | |
| I.1.1.4 | Existence of risk assessments (analysis of key contextual changes likely to affect effectiveness and efficiency of budget support documented and their implications), quality of these risk assessments and use to mitigate risks. | <ul style="list-style-type: none"> • Number and quality of risk assessments made by the EUD. • Extent of use to mitigate risk. | <ul style="list-style-type: none"> • Risk assessments. • Interviews with EUD officers. | <ul style="list-style-type: none"> • EU risk assessments should be accessible • Former EUD staff may not be available. |
| I.1.1.5 | CSO, Private Sector and farmer organisations evolving needs are taken into account in the design (incl. later adjustments) of budget support operations. | <ul style="list-style-type: none"> • Degree to which interests of CSO, PS and farmers organizations are included in the financial proposals, financial decisions and TAPs. • Participation of civil society and private sector organizations in design of budget support operations. • Mechanisms to collect/identify evolution of needs of CSO PS FO in place. | <ul style="list-style-type: none"> • Financial proposals, financial decisions, TAPs, PAFs. • Interviews with EUD officers, GoR, and representatives of private sector organizations and civil society. | None |
| JC1.2 | The design of EU budget support operations has been coherent with the evolution of EU and other DPs' strategic orientations at country and global level | Indicators | Means of verification | Possible Limitations |
| I.1.2.1 | Level of coherence of EU budget support in Rwanda with EU cooperation strategy in Rwanda. | <ul style="list-style-type: none"> • Budget support cooperation is foreseen in the same amounts and the same sectors in the EU country road maps and NIPs. | <ul style="list-style-type: none"> • Review of budget support FAs, road maps and NIPs. • Interviews with current and former EUD staff. | None |
| I.1.2.2 | Level of consistency and coherence between EU budget support in Rwanda with EU global strategic orientations. | <ul style="list-style-type: none"> • EU Budget support cooperation is in line with EU global development strategies. | <ul style="list-style-type: none"> • EU global strategic orientations valid during the programme design and implementation period. • Budget support operations (FAs). • Interviews with current and former EUD officers and with current and former EU staff in Brussels. | None |

| | | | | |
|---------|---|--|--|---|
| I.1.2.3 | Degree of synergies and complementarities between EU budget support and aid provided by other DPs (and in particular Member States) in the sectors covered by EU budget support. | <ul style="list-style-type: none"> • Degree to which the different inputs of EU budget support contribute to creating synergies with other donors' interventions. • Evidence of complementarities or missed opportunities between EU budget support and other DPs' interventions, in terms of funding, TA and policy dialogue. | <ul style="list-style-type: none"> • Inventory of EU, other MS and other DP interventions in agriculture and energy. • ODA reports. • Documents related to the Sector Wide Approaches for agriculture and energy. • List of EU complementary measures in agriculture and energy and of technical assistance from all donors in these sectors • Minutes of meetings related to discussions of DPs and GoR on i/ the provision of technical assistance; ii/ division of labour; iii/mix of aid modalities. • Interviews with EU, GoR (in particular MINECOFIN), Member States and other DPs • Focus groups with SWGs in agriculture and energy. | <ul style="list-style-type: none"> • Not all EU MS and DP interventions may be reported. |
| I.1.2.4 | Degree of value added of EU budget support as compared to support from MS (the subsidiarity principle) | <ul style="list-style-type: none"> • Evidence of added value of EU interventions as compared with interventions of the MS | <ul style="list-style-type: none"> • Interviews with EU, GoR (MINECOFIN), Member States and other DPs • Focus groups with SWGs in agriculture and energy | <ul style="list-style-type: none"> • |
| JC1.3 | Cross-cutting issues (i.e. gender equality, jobs creation, youth, good governance, environmental sustainability, climate resilience, right-based approach, HIV/AIDS) have been addressed and mainstreamed in the design of budget support operations | Indicators | Means of verification | Possible Limitations |
| I.1.3.1 | Integration of aspects related to gender equality and to a right-based approach in the objectives and performance assessment frameworks of budget support operations. | Degree to which gender equality and right-approach are mentioned in the objectives and performance assessment frameworks of budget support operations. | <ul style="list-style-type: none"> • Financial proposals, financial decisions, TAPs and PAFs. • Interviews with EUD officers. | <ul style="list-style-type: none"> • None |
| I.1.3.2 | Integration of aspects related to job creation and youth in the objectives and performance assessment frameworks of budget support operations. | Degree to which aspects related to job creation and youth are mentioned in the objectives and performance assessment frameworks of budget support operations. | | <ul style="list-style-type: none"> • None |

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| I.1.3.3 | Integration of aspects related to good governance in the objectives and performance assessment frameworks of budget support operations. | Degree to which aspects related to good governance are mentioned in the objectives and performance assessment frameworks of budget support operations. | | <ul style="list-style-type: none"> • None |
| I.1.3.4 | Integration of aspects related to environmental sustainability and climate resilience in the objectives and performance assessment frameworks of budget support operations. | Degree to which aspects related to environmental sustainability and climate resilience are mentioned in the objectives and performance assessment frameworks of budget support operations. | | <ul style="list-style-type: none"> • None |
| I.1.3.5 | Integration of aspects related to HIV/AIDS in the objectives and performance assessment frameworks of budget support operations. | Degree to which aspects related to HIV/AIDS are mentioned in the objectives and performance assessment frameworks of budget support operations. | | <ul style="list-style-type: none"> • None |

EQ 2 - DIRECT OUTPUTS

| EQ2 – Direct effects | To what extent have the financial and non-financial inputs of EU budget support contributed to creating new opportunities for the GoR and improved the aid framework? And which have been the determining factors? | | | |
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| JC2.1 | Increased size and share of budget available for discretionary spending, and improved predictability of aid flows | Indicators | Means of verification | Possible Limitations |
| I.2.1.1 | Increased national budgets and sector budgets for agriculture and energy. | <ul style="list-style-type: none"> • Budget support transfers as a % of national budgets, tax revenue, deficit before grants and development expenditure, 2010/11-2018/19. • Budget support annual transfers compared to total and per capita expenditure in sectors supported by budget support. • Agriculture expenditures per district compared to total district budget. | <ul style="list-style-type: none"> • Budget data from 2010/11 - 2018/19. • Agriculture Public Expenditure Review 2017. • MAFAP/FAO Public expenditure reviews. | The budget for the agricultural sector is not very clear (as there is overlapping with other sectors). |
| I.2.1.2 | Increased external aid alignment to the GoR budgeting processes. | <ul style="list-style-type: none"> • Evolution of external aid aligned to the GoR budgeting processes. • Evolution of aid provided as (sector) budget support and in other similar modalities: results-based aid, basket funds, and on-budget projects. | <ul style="list-style-type: none"> • MINECOFIN aid data. | Difficulty of how to treat result-based projects of DPs; |
| I.2.1.3 | Budget Support funds committed by EU have been actually disbursed timely and have been more predictable. | <ul style="list-style-type: none"> • Comparison between committed and disbursed budget support financial transfers. | <ul style="list-style-type: none"> • Review of all budget support tranche disbursements notes and orders. | None |

| JC2.2 | Frameworks for policy dialogue with the GoR have been strengthened and cover both performance assessments and broader policy issues | Indicators | Means of verification | Possible Limitations |
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| I.2.2.1 | Formalised frameworks for policy dialogue have been established at national, sectorial (agriculture and energy) and (where appropriate) thematic levels and are functioning; and a specific policy dialogue framework for EU budget support in agriculture and energy has been established and is functioning. | <ul style="list-style-type: none"> • Comparison of planned disbursement dates with actual disbursement dates. • Reasons for late or non- disbursement. | <ul style="list-style-type: none"> • Interviews with current and former EUD staff, sector stakeholders and MINECOFIN. | None |
| I.2.2.2 | The different frameworks for policy dialogue involve relevant DPs and national stakeholders, from Government, the private sector and civil society. | <ul style="list-style-type: none"> • Number of planned and actually held meetings for national, sectorial and thematic policy dialogue for a. • Clear mandate defined for each policy dialogue. | <ul style="list-style-type: none"> • Evidence of active participation of all DPs involved in the sector regardless of the aid modality used and the amount of their assistance. • Evidence of active participation of all relevant national stakeholders • Evidence of active participation of relevant GoR services | <ul style="list-style-type: none"> • Interviews with EUD officers, and sector stakeholders. • Interviews with other DPs in agriculture and energy. • Minutes of DPCG, sector working groups and technical working groups meetings. <p>List of participants from different sectors and DPs in meetings.</p> <ul style="list-style-type: none"> • Interviews with EUD and GoR staff, DPs, sector stakeholders and private sector and civil society representatives. <p>List of participants of different Sectors and DPs may be difficult to access.</p> |
| I.2.2.3 | The different dialogues cover both performance assessment and broader policy issues and are supported by reporting requirements (joint monitoring of the implementation). | <ul style="list-style-type: none"> • Evidence of policy dialogue covering both performance assessment and broader policy issues. • Reporting requirements are clearly defined. • Evidence of use of performance reports in the policy dialogue. | <ul style="list-style-type: none"> • Minutes of DPCG and sector working groups on policy dialogue. • Interviews with current and former EUD officers. • Focus groups with SWGs in agriculture and energy and if possible, with DPCG (and otherwise interviews with participants in DPCG). | Possible difficulties to access high level policy documents. |
| I.2.2.4 | Evidence that the two parties (GoR and EU/DPs) share a common understanding and interest to foster policy dialogue at both overall and sectoral levels and deploy appropriate resources at the different levels to feed the policy dialogue. | <ul style="list-style-type: none"> • Existence of specific studies, committed by any of the two parties, to inform policy dialogue. • Level of participation on both sides. | <ul style="list-style-type: none"> • Interviews with current and former EUD staff, sector stakeholders and private sector and civil society representatives. <p>Specific studies to inform policy dialogue</p> <ul style="list-style-type: none"> • Interviews with EUD officers, other DPs in the sectors, and government sector stakeholders. | This indicator refers partly to “perceptions”. |

| JC2.3 | Accompanying measures have strengthened the areas targeted by Budget Support | Indicators | Means of verification | Possible limitations |
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| I.2.3.1 | Adequacy of accompanying measures provided within the budget support package (technical assistance, studies and communication activities) | <ul style="list-style-type: none"> • Clear rationale for TA and studies requests. • Adequacy of other accompanying measures (evaluations, audits and communication activities) in view of strengthening budget support programmes and increasing EU visibility. | <ul style="list-style-type: none"> • Reports of technical assistance activities and other accompanying measures. • Minutes of meetings related to discussions of DPs and GoR on the provision of technical assistance. • Interviews with EUD officers, MINECOFIN, Technical Assistance providers and sector stakeholders. • Focus groups with SWGs in agriculture and energy. | None |
| I.2.3.2 | Degree of coordination of capacity building activities provided by different stakeholders in the sectors covered by budget support. | <ul style="list-style-type: none"> • Evidence of identification of existing capacity building activities in the sectors before launching a new TA. • Existence and use of a (formal or informal) planning tool for technical assistance. | <ul style="list-style-type: none"> • List of EU TA and of TA from all donors in these sectors. • Minutes of meetings related to discussions of DPs and GoR on i/ the provision of technical assistance; ii/ division of labour. • Interviews with EUD officers and with RDB. • Interviews with Technical Assistance providers and sector stakeholders. • Focus groups with SWGs in agriculture and energy and possibly with relevant TWGs as well. | <ul style="list-style-type: none"> • The information provided by different stakeholders may be difficult to verify. • No documentation may be available. |
| I.2.3.3 | Effective and efficient use of complementary measures of EU budget support programmes (e.g. timely production of analytical work, use to inform policy dialogue or to improve implementation). | <ul style="list-style-type: none"> • Extent to which contracted capacity building and technical assistance have been actually implemented. • Improvements in policies and/or implementation due to technical assistance. • Extent to which accompanying measures in the form of studies have | <ul style="list-style-type: none"> • Analysis of implementation period of complementary measures. • Interviews with EUD officers, Technical Assistance providers and sector stakeholders. • Focus groups with SWGs in agriculture and energy. • Focus groups with relevant TWGs in agriculture and energy. | |

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| | | been produced timely and used in policy dialogue and/or to improve policies. | | |
| JC2.4 | EU budget support has contributed to the increase of the overall level of donor coordination and the decrease of transaction costs | Indicators | Means of verification | Possible Limitations |
| I.2.4.1 | Evidence of strengthened coordination mechanisms managed by GoR and increased level of donor coordination (at the design and the implementation levels) facilitated by the use of budget support by the EU. | <ul style="list-style-type: none"> • Evolution of the division of labour. • Extent of donor coordination in policy dialogue, commissioning and use of studies, and capacity development. | <ul style="list-style-type: none"> • ODA reports. • Interviews with MINECOFIN EUD and other DPs. • Focus groups with SWGs in agriculture and energy: • Plus means of verification mentioned above | None |
| I.2.4.2 | Decreased transaction costs per unit of EU external aid. | <ul style="list-style-type: none"> • % of interviewees that consider that transaction costs have diminished compared to project approach. • Comparison transaction costs (time spent by sector and EU stakeholders) per unit of aid between EU budget support and EU other support. • Comparison transaction costs (time spent by government and EU/other DP stakeholders) per unit of aid between EU budget support and aid modalities applied by other donors in agriculture and energy. | <ul style="list-style-type: none"> • Interviews with Sector Stakeholders, EUD and other DPs. • Focus groups with SWGs in agriculture and energy. | This will be based on estimates of time spent. |

EQ 3 - MACRO-ECONOMIC MANAGEMENT

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| EQ3 – Macro-economic management and outcomes | To what extent and through which mechanisms (funds, dialogue and TA) has budget support contributed to improving the quality of macroeconomic management and to the effectiveness of domestic revenue mobilization? | | | |
| JC3.1 | Fiscal policy and domestic revenue mobilization have improved | Indicators, all for FY 2010/11 to 2018/19 | Means of verification (JC 31, JC 32 and JC33 together) | Possible limitations |
| I.3.1.1 | Increased domestic revenue mobilization. | <ul style="list-style-type: none"> • Tax revenues and total domestic revenues in RWF and in % of GDP. | <ul style="list-style-type: none"> • Approved and executed budgets, including revenues and expenditure. | Former staff of EUD and MINECOFIN may not be available. |
| I.3.1.2 | Improved respect for aggregate expenditure, revenue and deficit targets. | <ul style="list-style-type: none"> • Aggregate expenditure, revenues and deficit in RWF and in % of GDP. | | |

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| I.3.1.3 | Greater allocative efficiency in the composition of public spending and increased and improved pro-poor spending. | <ul style="list-style-type: none"> Capital and recurrent expenditure as % of total expenditure. Pro-poor spending as % of total spending. Pro-poor spending per capita. Evolution of the composition of pro-poor spending. | <ul style="list-style-type: none"> National Bank of Rwanda Annual Reports and other documents. EU annual macro-economic assessments. Reports of IMF art. 4 consultations, IMF PSI reviews, PSI Letter of Intent, and other IMF reports. WB Public Expenditure Reviews and other reports, e.g. "Rwanda Future drivers of growth". Interviews with former and current MINECOFIN staff Interviews with current and former EUD staff. Interviews with IMF and WB staff. Interviews with economists of other DPs. Minutes of DP GoR meetings Reports of TA provided. | |
| I.3.1.4 | Improved cautiousness in financing deficits, taking debt sustainability into account. | <ul style="list-style-type: none"> Types of financing of public deficit: share of grants, share of internal and external loans, share of bonds, and conditions of loans and bonds. | | |
| JC3.2 | Macro-economic stability has improved | Indicators, all for 2010-2018 | | |
| I.3.2.1 | Maintenance of low inflation rates. | <ul style="list-style-type: none"> Annual change in consumer prices, in %. | | |
| I.3.2.2 | Reduced domestic interest rates. | <ul style="list-style-type: none"> Average nominal and real interest rates on loans to private sector and on T-bills. | | |
| I.3.2.3 | Improved debt sustainability. | <ul style="list-style-type: none"> Public internal and external debt as % of GDP, public debt service as % of GDP and of public expenditure. | | |
| I.3.2.4 | Improved exchange rate stability. | <ul style="list-style-type: none"> Annual change in exchange rate RWF –USD. | | |
| I.3.2.5 | Reduced trade and current account deficits on the balance of payments. | <ul style="list-style-type: none"> Trade and current account deficits in RWF and in % of GDP. | | |
| JC3.3 | Budget support has contributed (directly or indirectly) to the observed changes in ways which could not have occurred through alternative aid modalities | Indicators | | Possible limitations |
| I.3.3.1 | Evidence of direct or indirect causal links with the different budget support inputs (in interactions or not with other effects generated by GoR). | <ul style="list-style-type: none"> Direct or indirect links with the different budget support inputs will be examined for all of the indicators above. | | Assessment of causal links with budget support must partly be based on subjective assessments. |
| I.3.3.2 | Comparative analysis between budget support and other forms of aid. | <ul style="list-style-type: none"> Perception of key stakeholders regarding the comparative value of budget support against other modalities Extent to which budget support was the best modality to achieve the | | Comparative analysis must be based on subjective assessment by stakeholders. |

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| | | above outcomes (if any) in comparison with other aid modalities. | | |
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EQ 4 - PUBLIC FINANCE MANAGEMENT

| EQ4 – PFM | | | | |
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| To what extent and through which mechanisms (funds, dialogue and TA) has budget support contributed to improving the quality of Public Finance Management? | | | | |
| JC4.1 | The budget has become more credible and transparent | Indicators | Means of verification | Possible Limitations |
| I.4.1.1 | Improved aggregate budget performance. | <ul style="list-style-type: none"> Variance (in %) in budget aggregate expenditure outturn as compared to budget. | <ul style="list-style-type: none"> PEFA reports, 2010,2015, PI-1,2,3 Budget Law (Finance Law) approved by Legislature. Annual budget execution reports for evaluation period (2010/11-2018/19) Agriculture Public Expenditure Review 2016. Budget execution reports for agriculture and energy sectors. | |
| I.4.1.2 | Improved maintenance of fiscal targets for different types of revenues and different categories of expenditure. | <ul style="list-style-type: none"> Variance (in %) in expenditure composition outturn as compared to budgeted allocation, by function and economic classification. Variance (in %) in aggregate revenue outturn as compared to budget, and also by type of revenue. Variance (in %) in budget outturn for energy and agriculture sectors against the GoR budget allocation. | | |
| I.4.1.3 | Improved strategic planning and budgeting. | <ul style="list-style-type: none"> Existence and quality of Medium-Term Expenditure Framework. Correspondence of MTEF with annual budgets. | <ul style="list-style-type: none"> PEFA reports. EUD PFM reports. Focus group with SWG in PFM. Interviews with current and former EUD officers. | |
| I.4.1.4 | Improved budget transparency including budget comprehensiveness. | <ul style="list-style-type: none"> Adequacy of budget classification, in general and in view of possibility to compare with sector budget support funding. Transparency, comprehensiveness and user friendliness of budget information. | <ul style="list-style-type: none"> PEFA reports, 2010,2015, PI-4. Budget Law approved by Legislature. In-year budget execution reports. Open budget Index (OBI). Budget Citizen Guides. Focus group with SWG in PFM. Interviews with current and former staff of EUD. | |
| JC4.2 | Improved predictability, control and reporting in budget execution (PEFA Pillars 5 and 6) | Indicators | Means of verification | Possible Limitations |

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| I.4.2.1 | Improved revenue administration and accounting for revenue. | <ul style="list-style-type: none"> Timely, easy access and accurate information on tax obligations and payments. Extent of revenue arrears monitoring. | <ul style="list-style-type: none"> PEFA 2010,2015, PI- 19 and 20 RRA annual reports. | |
| I.4.2.2 | Reduced stocks of arrears. | <ul style="list-style-type: none"> Stock of expenditure arrears. Monitoring of expenditure arrears. | <ul style="list-style-type: none"> PEFA 2010,2015, PI-22 MINECOFIN budget data and consolidated annual financial statements. | |
| I.4.2.3 | Improved procurement rules, procedures, and practice. | <ul style="list-style-type: none"> Procurement methods. Procurement monitoring. Public access to procurement information. Procurement and complaint management. | <ul style="list-style-type: none"> PEFA 2010,2015, PI-24 Rwandan Public Procurement Authority annual reports. Focus group with SWG in PFM Interviews with current and former staff of EUD | |
| I.4.2.4 | Improved internal controls on budget execution. | <ul style="list-style-type: none"> Coverage and nature of internal audits Response to internal audits. | <ul style="list-style-type: none"> PEFA 2010,2015, PI-26. OAG annual reports. Interview with OAG. Focus group with SWG in PFM. Interviews with current and former staff of EUD. | |
| I.4.2.5 | Improved accounting, recording and reporting | <ul style="list-style-type: none"> Comprehensiveness, accuracy, and timeliness of information on budget execution | <ul style="list-style-type: none"> PEFA 2010,2015, PI-29. Annual OAG reports. Annual financial statements for energy and agriculture sector. Interview with OAG. Focus group with SWG in PFM. Interviews with current and former staff of EUD. | |
| JC4.3 | Oversight activities have become more effective | Indicators | Means of verification | Possible Limitations |
| I.4.3.1 | Improved legislative scrutiny of budgets. | <ul style="list-style-type: none"> Changes in the scope and procedures for legislative scrutiny of the annual budget. | <ul style="list-style-type: none"> PEFA 2010,2015, PI-18 Focus group with Parliamentary Budget Committee | |
| I.4.3.2 | Improved scope and quality of external audits. | <ul style="list-style-type: none"> Financial reports including revenue, expenditure, assets, and liabilities of all central government entities have been audited using IS-SAIs or consistent national auditing standards. The extent of independence of the OAG. | <ul style="list-style-type: none"> PEFA 2010,2015, PI-30. OAG annual reports. Interview with OAG. Focus group with SWG in PFM. Interviews with current and former staff of EUD. | |

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| I.4.3.3 | Improved capacity of parliament to discuss audits and to follow up on recommendations. | <ul style="list-style-type: none"> • Timeliness of audit report scrutiny by Parliament. • The Public Accounts Committee of Parliament makes recommendations and monitors whether these are executed. | <ul style="list-style-type: none"> • PEFA 2010,2015, PI-31. • Parliament Accounts Committee (PAC)'s Official Records. • OAG annual reports. • Interviews with OAG. • Focus group with Parliamentary Accounts Committee. | |
| I.4.3.4 | Increased use of budget information and audit reports by civil society and evidence that this feeds back into policy dialogue with GoR. | <ul style="list-style-type: none"> • Extent of use of budget information and OAG reports by civil society. • Civil society uses this information in policy dialogue, in particular in PFM, energy and agriculture. | <ul style="list-style-type: none"> • Interviews with CSOs. • Focus group with SWG in PFM. • Interviews with current and former staff of EUD. | |
| JC4.4 | Budget support has contributed (directly or indirectly) to the observed changes in ways which could not have occurred through alternative aid modalities | Indicators | Means of verification | Possible Limitations |
| I.4.4.1 | Evidence of direct or indirect causal links with the different budget support inputs (in interactions or not with other effects generated by GoR. | <ul style="list-style-type: none"> • Direct or indirect links with the different budget support inputs will be examined for all of the indicators above. | <ul style="list-style-type: none"> • Joint Sector reviews and minutes of SWGs (PFM, Agriculture) and relevant TWGs. • Minutes of specific EU policy dialogue in agriculture. • All of the above-mentioned interviews | |
| I.4.4.2 | Comparative analysis between budget support and other forms of aid. | <ul style="list-style-type: none"> • Extent to which budget support was the best modality to achieve the above outcomes (if any) in comparison with other aid modalities. | | |

EQ 5 - LOCAL GOVERNANCE

| EQ5 – Local governance | | | | |
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| To what extent and through which mechanisms (funds, dialogue and TA) has budget support contributed to strengthening local governance? | | | | |
| JC5.1 | Fiscal framework for decentralisation strengthened | Indicators | Means of verification | Possible Limitations |
| I.5.1.1 | Improved policy and legal framework for fiscal decentralisation. | <ul style="list-style-type: none"> • Changes in laws on decentralisation • Changes in presidential and ministerial orders and regulations on fiscal decentralisation. | <ul style="list-style-type: none"> • PEFA reports. • Website Prime Minister. • Website MINECOFIN and MINALOC • Organic Budget Law and accompanying regulations. | |

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| I.5.1.2 | Increased transfers to districts and increased district revenue mobilization. | <ul style="list-style-type: none"> Earmarked transfers to districts, especially for agriculture Block grants to districts District Revenues. | <ul style="list-style-type: none"> PEFA reports, PI-7.1. Budget execution report of MINECOFIN. MINAGRI and MININFRA budget execution reports. District annual financial reports. RRA Annual reports. | |
| I.5.1.3 | Improved reliability (actual allocations/budget) and timeliness of transfers. | <ul style="list-style-type: none"> In-year timeliness of transfers from HLG (compliance with timetable for in-year distribution of disbursements agreed within one month of the start of the district fiscal year. | <ul style="list-style-type: none"> PEFA reports (PI-7.2). Budget execution report of MINECOFIN. MINAGRI and MINIFRA execution reports. | |
| JC5.2 | Local government capacities and local accountability improved | Indicators | Means of verification | Possible limitations |
| I.5.2.1 | Improved capacities for service delivery at district level, in particular for the agriculture sector | <ul style="list-style-type: none"> Perception of changes in staff skills at district level, in particular for the agriculture sector | <ul style="list-style-type: none"> Joint Sector Reviews Decentralisation, PFM and Agriculture Interviews with district officers in selected districts Focus groups with SWGs in PFM, decentralization, and agriculture. Interviews with independent experts. | Access to stakeholders in decentralisation SWG may be difficult as EU does not participate |
| I.5.2.2 | Improved local government planning and budgeting capacities. | <ul style="list-style-type: none"> Extent of comprehensiveness of district budgets. Extent to which districts apply multiyear perspective for revenues and expenditure. % of districts submitting a Strategic Issues Paper for the coming budget year. | <ul style="list-style-type: none"> PEFA report. Joint Sector Reviews Decentralisation, PFM and Agriculture. Budget execution report of MINECOFIN. MINALOC and LODA reports. MINAGRI/RAB/NAEB annual reports Interviews with district officers in selected districts. Focus groups with SWGs in PFM, decentralization and agriculture Interviews with independent experts. | |
| I.5.2.3 | Improved local government procurement and financial accounting capabilities. | <ul style="list-style-type: none"> District procurement methods. District procurement monitoring. Public access to procurement information at district level. Procurement complaint management at district level. | <ul style="list-style-type: none"> PEFA reports. Joint Sector Reviews Decentralisation, PFM, and Agriculture. Budget execution report of MINECOFIN. | |

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| | | <ul style="list-style-type: none"> Quality and timeliness of district annual financial statements. | <ul style="list-style-type: none"> Annual reports of Rwanda Public Procurement Authority. District Annual Performance Reports. OAG annual report. Interviews with district officers in selected districts. Interviews with independent experts. Focus groups with SWGs in PFM, decentralization and agriculture. | |
| I.5.2.4 | Improved transparency of district budgets and improved reporting on service delivery, especially in agriculture sector. | <ul style="list-style-type: none"> Extent to which district budgets and financial reports are transparent and user-friendly. Comprehensiveness and quality of reporting on services delivered, especially in agriculture sector. | <ul style="list-style-type: none"> PEFA reports. Joint Sector Reviews of Decentralisation, PFM and Agriculture Rwanda Budget Citizen Guide. District Annual Performance Reports for selected districts. Evaluated reports of district performance contracts for selected districts. MINAGRI annual reports. Interviews with CSOs and private sector, also in selected districts PER and PETS in agriculture. Interviews with independent experts. Focus groups with SWGs in PFM, decentralisation and agriculture. | |
| I.5.2.5 | Improved citizen/CSO/private sector participation in district plans and budgets. | <ul style="list-style-type: none"> Extent of citizen participation in district plans and budgets, for example via Joint Action Development Forum. | <ul style="list-style-type: none"> Existing evaluations of JADF. RGB reports. Joint Sector Reviews of SWG Decentralisation. National Budget Citizen's Guide. District Development Plans of selected districts. CSO budget reports. Interviews with CSOs and private sector representatives in selected districts. interviews with independent experts. Focus group with SWG in decentralisation. | |
| I.5.2.6 | Improved use of budget information and audit reports by civil society. | <ul style="list-style-type: none"> Use of budget information by civil society. | <ul style="list-style-type: none"> OAG reports. Interviews with CSOs and private sector representatives in selected districts. | |

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| | | <ul style="list-style-type: none"> Use of financial and audit reports by civil society. | <ul style="list-style-type: none"> Interviews with independent experts. Focus group with SWG in decentralisation. | |
| JC5.3 | Budget support has contributed (directly or indirectly) to the observed changes in ways which could not have occurred through alternative aid modalities | Indicators | Means of verification | Possible limitations |
| I.5.3.1 | Evidence of direct or indirect causal links with the different budget support inputs (in interactions or not with other effects generated by GoR). | <ul style="list-style-type: none"> Direct or indirect links with the different budget support inputs will be examined for all of the indicators above. | <ul style="list-style-type: none"> Review of Joint Sector reviews and minutes of SWGs in PFM, decentralisation and agriculture and of specific EU policy dialogue in agriculture. | |
| I.5.3.2 | Comparative analysis between support and other forms of aid. | <ul style="list-style-type: none"> Extent to which budget support was the best modality to achieve the above outcomes (if any) in comparison with other aid modalities. | <ul style="list-style-type: none"> All of the above-mentioned interviews and focus groups. | |

EQ 6 - POLICY FORMULATION & IMPLEMENTATION PROCESSES

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| EQ6 – Policy formulation & implementation processes | To what extent and through which mechanisms (funds, dialogue and TA) has budget support contributed to an improvement in policy formulation and implementation processes, and to its related accountability (including in public service delivery)? | | | |
| JC6.1 | The legal framework, the policy processes and the quality of the policies, regulations and strategies improved overall and, in particular, in areas / sectors supported by the different budget support inputs | Indicators | Means of verification | Possible limitations |
| I.6.1.1 | Improved overall strategic policy making and improved strategic frameworks for areas/sectors supported by budget support: agriculture and energy. | <ul style="list-style-type: none"> Comparison of EDPRS 1 and 2 and NST 1 on vision, quality, feasibility and alignment of objectives, policies and resources for implementation. Same for PSTA 2, 3 and 4; and Energy Sector Strategic Plans (ESSP) 1 and 2. Perception of stakeholders on improved strategic policy making. | <ul style="list-style-type: none"> EDPRS 1 and 2, NST1, PSTA 2, 3, 4 and ESSP 1 and 2. Interviews with current and former staff of MINECOFIN, MINAGRI and MININFRA. Existing evaluations. Interviews with current and former staff of EUD. Interviews with independent experts. Focus group with SWGs in energy and agriculture. | Former staff may not be available. |

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| I.6.1.2 | Strengthened consultation processes (with CSO, Private sector, Farmers organisations, etc.) and increased actual influence of these stakeholders on policies and regulations, in sectors supported by budget support. | <ul style="list-style-type: none"> • Extent of participation of CSOs, private sector, and farmers organisations in DPCG, SWGs and technical working groups. • Extent to which representatives of CSOs and private sector contribute to discussions in these fora, are listened to and their concerns are taken into account in policies. • Extent to which content of policies and regulations reflects interests of CSOs and private sector. • Perceptions of stakeholders on improved consultation processes. | <ul style="list-style-type: none"> • Existing evaluations. • List of participants in DPCG, SWGs and TWGs. • Minutes of meetings of DPCGs, SWGs, and relevant TWGs. • Focus groups with DPCG. • Focus groups and with SWGs and TWGs in agriculture and energy. | Not all minutes may be available. |
| I.6.1.3 | Improved integration of cross-cutting aspects, in particular environment and climate change, gender equality, youth, jobs creation, and inclusive development, in the drafting / revision of policies and regulations, in particular in sectors supported by budget support. | <ul style="list-style-type: none"> • Extent to which contents of plans and regulations adequately reflects these cross-cutting issues. | <ul style="list-style-type: none"> • PSTA 2, 3, 4 and ESSP 1 and 2 • Websites MINAGRI, RAB, NAEB, MININFRA, REG, RURA. • Joint Sector Reviews in agriculture and energy. • Existing evaluations. • Focus groups with SWGs in agriculture and energy. | Perhaps a selection of regulations is needed. |
| JC6.2 | Public sector institutional and technical capacities, incl. M&E capacities and systems, strengthened in areas / sectors supported by the different budget support inputs | Indicators | Means of verification | Possible limitations |
| I.6.2.1 | Strengthened overall institutional framework for policy implementation in sectors supported by budget support, agriculture and energy. | <ul style="list-style-type: none"> • Changes in (legal) definition of responsibilities and tasks of line ministries, other central agencies and district governments in policy implementation in agriculture and energy. • Perception of stakeholders on the strengthening of the overall institutional framework for policy implementation in agriculture and energy. | <ul style="list-style-type: none"> • Websites of MINAGRI, RAB, NAEB, MININFRA, REG, RURA, MINALOC, MINECOFIN. • Joint Sector Reviews in agriculture and energy. • Existing evaluations. • Interviews with current and former staff of EUD. • Interviews with independent experts. • Focus groups with SWGs in agriculture and energy. | |
| I.6.2.2 | Improved capacities (human resources, procedures, etc.) for planning and implementation in line ministries supported by budget support. | <ul style="list-style-type: none"> • Number of staff for planning and implementation in relevant line ministries and other central agencies. | <ul style="list-style-type: none"> • MINECOFIN budget execution reports. | <ul style="list-style-type: none"> • Annual reports or payroll information may not be available |

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| | | <ul style="list-style-type: none"> • Quality of staff for planning and implementation in relevant line ministries and other central agencies. • Changes in procedures for policy implementation taking into account the different responsibilities of the different central and local government agencies. | <ul style="list-style-type: none"> • Integrated Personnel and Payroll Systems (IPPS) of Ministry of Public service and Labour. • MINAGRI, RAB and NAEB annual reports. • MININFRA/REG/RURA annual reports. • Joint Sector Reviews. • Existing evaluations. • Interviews with current and former staff of EUD. • Interviews with independent experts. • Focus groups with SWGs in agriculture and energy. • Interviews with current and former staff of MINAGRI and MININFRA. • Interviews with current and former staff of selected districts. | <ul style="list-style-type: none"> • Former staff agencies and districts may not be available. |
| I.6.2.3 | Improved capacities and systems for M&E of public policies in sectors supported by budget support. | <ul style="list-style-type: none"> • Resources for M&E in MININFRA, REG, MINAGRI and MINECOFIN. • Resources for Management Information System (MIS) in REG. • Quantity and quality of staff deployed in M&E units in MININFRA, MINAGRI and MINECOFIN. • Quantity and quality of staff deployed in MIS in REG. | <ul style="list-style-type: none"> • MINECOFIN budget execution reports. • MININFRA, MINAGRI and REG annual reports. • Joint Sector Reviews. • Existing evaluations. • Interviews with M&E staff of MINECOFIN, MINAGRI and MININFRA. • Interviews with staff of MIS unit of REG. • Focus groups with SWGs in agriculture and energy. | Information may not be available. |
| I.6.2.4 | Increased reliability, validity and accessibility of data produced by M&E systems in sectors supported by budget support. | <ul style="list-style-type: none"> • Extent of reliability and validity of M&E data, including those used in IMIHIGO contracts, if applicable, for agriculture and energy sectors. • Accessibility of M&E data in agriculture and energy. | <ul style="list-style-type: none"> • Sector M&E data 2010-2018. • Joint Sector Reviews. • Existing evaluations. • Consultants' experience with access to M&E data. • Interviews with M&E staff of MINECOFIN, MINAGRI and MININFRA. | |

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| | | | <ul style="list-style-type: none"> Focus groups with SWGs in agriculture and energy. | |
| I.6.2.5 | Increased use of M&E data by all relevant stakeholders, in the policy dialogue, and for evidence based decision-making systems in sectors supported by budget support. | <ul style="list-style-type: none"> Extent to which SWGs and relevant TWGs in agriculture and energy use and refer to M&E data. Extent to which policy documents and regulations refer to M&E data. | <ul style="list-style-type: none"> Joint Sector Reviews. Minutes of SWGs and relevant TWGs. PSTA 2, 3, 4 and ESSP 1 and 2 Focus groups with SWGs in agriculture and energy. | |
| JC6.3 | Public service delivery strengthened in areas / sectors supported by budget support | Indicators, all for 2010-2018 and if possible, by district | Means of verification | Possible limitations |
| I.6.3.1 | Increased volume of goods and services delivered in sectors supported by budget support, in particular at district level. | <ul style="list-style-type: none"> Ratio of no. of extension agents to no. of farmer households. No. of qualified Farmer Field School facilitators and Farmers Promoters in place. Quantities of fertilizers and seeds distributed. Capacity for water storage (m3/capita). Share of credit to agricultural sector % of land irrigated. % land terraced with public funds and handed over to farmers with an acceptable level of soil acidity (Ph >5.2). New area under agroforestry systems (in Has). Length of feeder roads network. Number and % of households with access to improved drinking water, to improved sanitation and to hygiene services (WASH). Number and % of households benefitting from cash transfers and other social protection. Number and % of households with access to energy, on-grid and off-grid. | <ul style="list-style-type: none"> Joint Sector Reviews. Policy documents. Existing evaluations. NISR data. BNR data. MINAGRI, RAB, and MININFRA annual reports. Rwanda National Resources Authority reports (RNRA). REG connection records. Private solar unit distributor records. REG-independent studies. | <ul style="list-style-type: none"> Availability and quality of information. Absence of meters in off-grid installations. |
| I.6.3.2 | Increased quality (incl. sustainability) of goods and services delivered in sectors supported by budget support, in particular at district level. | <ul style="list-style-type: none"> Quality of extension services, fertilizers, seeds, irrigation, WASH. Quality of soil and forest conservation delivered. Number and duration of electricity service interruptions in a given time period. | <ul style="list-style-type: none"> Joint Sector Reviews. Policy documents. Existing evaluations. REG quality of service reports (per RURA's reporting requirements). | <ul style="list-style-type: none"> Time-lag between data collection and its analyses and publication. |

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| | | | <ul style="list-style-type: none"> • Interviews with staff in selected districts. • Interviews with CSOs and private sector in selected districts • Interviews with independent experts. • Focus groups with SWGs in agriculture and energy. • Focus groups with rural men and women. | <ul style="list-style-type: none"> • Unreliable method of data collection. |
| I.6.3.3 | Improved population perception of GoR performance as regards service delivery in agriculture and energy. | <ul style="list-style-type: none"> • Perceptions of quality of soil and forest conservation delivered. • Perceptions of extension services, fertilizers, seeds, irrigation, and WASH delivered. • Number of service-related complaints filed with RURA, REG, and MININFRA. | <ul style="list-style-type: none"> • RGB Citizen Score Card Reports. • RURA, REG, and MININFRA-maintained records of complaints. • Districts records of complaints • Focus groups with rural men and women. | <ul style="list-style-type: none"> • Absence of complaint handling processes. |
| JC6.4 | Budget support has contributed (directly or indirectly) to the observed changes in ways which could not have occurred through alternative aid modalities | Indicators | Means of verification | Possible limitations |
| I.6.4.1 | Evidence of direct or indirect causal links with the different budget support inputs (in interactions or not with other effects generated by GoR). | <ul style="list-style-type: none"> • Direct or indirect links with budget support will be examined for all of the indicators above. | <ul style="list-style-type: none"> • Joint Sector reviews and minutes of SWGs and TWGs. • Minutes of specific EU policy dialogue in the two sectors. • All of the above information collected for this question and previous ones. | |
| I.6.4.2 | Comparative analysis between budget support and other forms of aid. | <ul style="list-style-type: none"> • Extent to which budget support was the best modality to achieve the above induced outputs (if any) in comparison with other aid modalities. | | |

EQ 7 - ENERGY

| EQ 7 – ENERGY | To what extent, in the energy sector, have the development outcomes pursued through the policies and programmes supported by budget support been (or are being) achieved? Which have been the determining factors of their achievement? | | | |
|---------------|---|---|---|--|
| JC7.1 | Environmentally sound and financially sustainable systems of energy generation, transmission, distribution and end-use, are in place. | Indicators | Means of verification | Possible limitations |
| I.7.1.1 | Increased extent to which the energy system is developing according to a least-cost generation and transmission expansion plan. | <ul style="list-style-type: none"> Value of the reserve margin (%). | <ul style="list-style-type: none"> Review of the expansion plans, including scenarios for load growth and resulting levelized costs of energy generation Interviews with Energy Direction (ED) of MININFRA, RURA, WB, and REG Minutes of Sector Working Group (eSWG) and Technical Working Group (TWG) meetings. | Expansion plans considered a state secret and not disclosed to public. |
| I.7.1.2 | Increased electricity generation capacity from renewable sources with priority given to hydro and solar. | <ul style="list-style-type: none"> Presence of these renewable sources in least cost expansion plans Amount of energy generated by these sources, 2015-2018, also in % total. | <ul style="list-style-type: none"> Review of the expansion plans. Interviews with ED/MININFRA, RURA, WB, and REG. Review of data collected by NISR, REG and RURA. Minutes of SWG and TWG meetings and public events. Focus group with eSWG. | Expansion plans considered a state secret and not disclosed to public. |
| JC7.2 | Affordable and sustainable energy is provided and used | Indicators, where possible annually 2015-2018 | Means of verification | Possible limitations |
| I.7.2.1 | Increased affordability and use of electricity, also for and by rural households. | <ul style="list-style-type: none"> Residential tariffs for electricity. Size and volume of subsidies to low-income households/ individuals. Tariff structure, subsidy structure and comparison with cost recovery. Extent of non-payment for electric service. Number and % of households using electricity. Energy consumption per income group. | <ul style="list-style-type: none"> NISR HH expenditure surveys. RURA cost of service. RURA tariff decision. Interviews with MINECOFIN, RURA, and REG. Data on non-payment for electric services from REG or RURA. | Unavailability of certain data due its confidentiality. |

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| I.7.2.2 | Increased use of sustainable energy sources for cooking. | <ul style="list-style-type: none"> Number of HH using modern cooking stoves and other sources than wood and charcoal fuels for cooking. | <ul style="list-style-type: none"> NISR HH surveys. REG-conducted appliance saturation surveys. Focus groups with rural men and women. | Biomass strategy not implemented; unreliable results of the forest inventory. |
| JC7.3 | Energy is used in a rational and efficient manner; greater involvement of women in household decision making | Indicators, where possible annually 2015-2018 | Means of verification | Possible limitations |
| I.7.3.1 | Increased female participation in decision-making with regard to access and use of energy resources. | <ul style="list-style-type: none"> Number/ % of women being primary decision makers when it comes to purchasing appliances (stoves, lamps, etc.), and entering into contractual agreements with the REG or other electric service providers. | <ul style="list-style-type: none"> Service contract data (REG, off-grid service providers). REG-conducted Appliance saturation survey. NISR HH surveys. Focus groups with rural men and women. | Absence of studies/data addressing this issue. |
| I.7.3.2 | Reduced grid losses at each level from generation to end-users. | <ul style="list-style-type: none"> Energy losses at the transmission (high & medium voltage) and distribution (low voltage) levels. | <ul style="list-style-type: none"> REG-collected meter readings at the substation and end user premises. Energy generation data from RURA. Generation vs. billed data from REG or RURA. | Absence of reliable data, time-lag between data collection and its analyses and publication/reporting. |
| I.7.3.3 | Improved balance between consumption and regrowth of biomass sources. | <ul style="list-style-type: none"> Difference between the use of biomass and inventory of national forests. Forest coverage in %. Fuel consumption by user category. | <ul style="list-style-type: none"> NISR HH and commercial establishments' fuel usage surveys. Rwanda Natural Resource Authority (RNRA) National Forest Inventory (NFI). | Unavailability of up-to-date surveys or studies. |
| JC7.4 | Improved competitiveness of the energy sector and overall | Indicators, annually 2015-2018 unless otherwise indicated | Means of verification | Possible limitations |
| I.7.4.1 | Decreased electricity costs as the generation fuel mix evolves. | <ul style="list-style-type: none"> Average cost of energy production. | <ul style="list-style-type: none"> Results of production costing simulations from REG or MININFRA. Cost of service analyses from RURA. | Availability of verifiable data, limitations on proprietary production data disclosure |
| I.7.4.2 | Improved internal and external competitiveness of the economy in general, and enhanced competition on the domestic market. | <ul style="list-style-type: none"> Inflows of foreign direct investment (FDI). Non-primary exports. Productivity in manufacturing and commercial services. | <ul style="list-style-type: none"> National Bank of Rwanda statistics Rwanda Development Board (RDB) statistics. NISR productivity data. Interviews with private sector. Focus group with eSWG. Interviews with independent experts and key informants. | Availability, quality and timeliness of data. |
| JC7.5 | Possible factors that can be related to the observed changes | | Means of verification | Possible limitations |

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|---------|--|--|--|
| I.7.5.1 | Assessment of the main determining factors that explain the achieved outcomes. | <ul style="list-style-type: none"> • REG-independent studies/surveys. • Existing evaluations. • All of the above interviews and focus groups. | Absence of reliable data, time-lag between data collection and its analyses and publication/reporting. |
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EQ 8 - SUSTAINABLE AGRICULTURE AND FOOD SECURITY

| EQ8 – Agriculture | To what extent, in the Agriculture sector, have the development outcomes (including nutrition, food security, gender and inclusive development) pursued through the policies and programmes supported by budget support been (or are being) achieved? Which have been the determining factors of their achievement? | | | |
|-------------------|---|---|--|----------------------|
| JC8.1 | Increased use of agricultural inputs and rural infrastructure | Indicators | Means of verification | Possible Limitations |
| I.8.1.1 | Increased use of fertilizers and improved seeds by famers | <ul style="list-style-type: none"> • Use of Inorganic fertilizer by famers (if possible, f/m). • Use of improved seeds (kg/ha/year) by famers (f/m) s. | <ul style="list-style-type: none"> • RAB/MINAGRI and NISR reports. • JSR. • Focus groups with farmers (men and women) in selected districts. • Interviews with key informants. | |
| I.8.1.2 | Increased use of irrigation and soil & water conservation infrastructure by farmers. | <ul style="list-style-type: none"> • No and % of farmers using irrigation systems, if possibly by f/m. • No and % of farmers with access to land terraced with public funds, if possible, by f/m. | <ul style="list-style-type: none"> • NISR-EICV4 and 5 for all agriculture HH, • Upgraded Agriculture HH Survey and administrative DATA • Annual Reports from MINAGRI, RAB, NAEB and NISR. • Focus groups with farmers (men and women) in selected districts. • Study Report TA. Sept 2016. Inventory of irrigation systems. • JSR. | |
| I.8.1.3 | Increased use of credit by farmers. | <ul style="list-style-type: none"> • No. and volume of credits awarded to farmers by Umurenge SACCOs and MFIs (disaggregated by sex) (Billion RWF/year in constant prices) (Period 2015- 2018). | <ul style="list-style-type: none"> • Survey report on Savings and Credit Cooperative Organizations (SACCOs) and microfinance institutions. National Bank of Rwanda. • JSR. • Interviews with key informants. | |
| JC8.2 | Improved food and nutrition security among rural households | Indicators | Means of verification | Possible Limitations |
| I.8.2.1 | Increased agricultural yields and productivity. | For priority crops (maize, paddy rice, wheat, beans, Irish potatoes and cassava): <ul style="list-style-type: none"> - Production (MT), also MT/household - Area (has) | <ul style="list-style-type: none"> • Agriculture Survey-NISR. • RAB/MINAGRI and NISR reports. • Joint MINAGRI-MINEDUC Reports. | |

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| | | <ul style="list-style-type: none"> - Yield (t/ha) - Meat production (MT) - % of (pre) primary- and secondary schools and vocational training centres with nutrition gardens established. | | |
| I.8.2.2 | Reduced prevalence of chronic malnutrition among young children (m/f) and women of reproductive age. | <ul style="list-style-type: none"> • Prevalence of stunting in children (f/m) aged 6-23 months • Prevalence of stunting in women in reproductive age. | <ul style="list-style-type: none"> • CFSVA 2009-2012-2015-2018. • Annual Food and Nutrition Security Monitoring Surveys (FNSMS). • NFNSP/MoH/ECD/EICV reports. • NISR reports. • DSH. • JSR. | |
| I.8.2.3 | Reduced seasonal food and nutrition insecurity of vulnerable households | <ul style="list-style-type: none"> • % of Food Insecure Households (CARI) <ul style="list-style-type: none"> - Severe Food Insecure - Moderately Food Insecure - Marginally Food Secure - Food Secure. • Food Consumption Score. | <ul style="list-style-type: none"> • CFSVA 2012-2015-2018. • Upgraded FNSMS. • Annual Food and Nutrition Security monitoring surveys. • NFNSP/MoH/ECD/EICV/NISR reports • JSR. • Interviews with key informants. | |
| I.8.2.4 | Improved food utilization practices among rural households | <ul style="list-style-type: none"> • % of households with acceptable food consumption: <ul style="list-style-type: none"> - Household dietary diversity score (HDDS). - % of households by frequency of nutrient-rich food items consumed. | <ul style="list-style-type: none"> • CFSVA 2015-2018. • JSR. • Focus groups with farmers (men and women) in selected districts. • Interviews with independent experts. | |
| JC8.3 | Reduced vulnerability to climate change through the use of Sustainable, climate-change resilient agricultural practices | Indicators | Means of verification | Possible Limitations |
| I.8.3.1 | Increased climate change resilience of agricultural households. | <ul style="list-style-type: none"> • No and % of farmers using irrigation systems, if possibly by f/m. • No and % of farmers with access to land terraced with public funds, if possible, by f/m. • No and type of new innovative smart agriculture practices adopted (e.g. | <ul style="list-style-type: none"> • RAB/MINAGRI and NISR reports. • JSR. • Focus groups with farmers (men and women) in selected districts. • Interviews with key informants. | |

| | | Conservation Agriculture, Natural nitrogenous fertilization through the introduction of clover pastures, etc.). | | |
|---------|--|--|---|---|
| JC8.4 | An inclusive high value chain has been developed | Indicators for 2014/15 to 2017/18 unless otherwise indicated | Means of verification | Possible Limitations |
| I.8.4.1 | Increased quality standard compliance in agricultural and horticultural value chains | <ul style="list-style-type: none"> Establishment of food safety labs and testing equipment. | <ul style="list-style-type: none"> Labs Visit. Rwanda Standards Board (RSB) Reports. JSR. Focus group with SWG agriculture. | |
| I.8.4.2 | Increased jobs creation and increased contribution to inclusive economic development | <ul style="list-style-type: none"> No of new agro-processing industries established. No of people employed in export oriented agricultural value chains (coffee, tea, pyrethrum, hide & skins, dairy products and horticulture) also by sex and age. | <ul style="list-style-type: none"> NAEB and MINAGRI reports. BNR reports. JSR. Focus group with SWG agriculture. Interviews with key informants. | Measurement employment at marketing and transport is limited. |
| I.8.4.3 | Increased agricultural products trade | <ul style="list-style-type: none"> Agricultural Sector Growth rate (%) and volume (RWF/year constant prices). Agricultural exports and imports in USD and growth in %. | <ul style="list-style-type: none"> NISR statistics for agricultural input and products trade. BNR reports. JSR. Focus group with SWG agriculture Interviews with key informants. | |
| I.8.4.4 | Improved internal and external competitiveness of the economy in general, and enhanced competition on the domestic market. | <ul style="list-style-type: none"> Exports in USD and export growth in %. FDI in USD and in % of GDP. Prices of main crops: maize, paddy rice, wheat, beans, Irish potatoes and cassava. | <ul style="list-style-type: none"> NAEB and MINAGRI reports. BNR reports. JSR. Focus group with SWG agriculture. Interviews with private sector. key informants, including independent experts. | |
| JC8.5 | Possible factors that can be related to the observed changes | | Means of verification | Possible Limitations |
| I.8.5.1 | Assessment of the main determining factors that explain the achieved outcomes. | | <ul style="list-style-type: none"> Econometric study. Existing evaluations. All of the above-mentioned interviews and focus groups. | |

EQ 9 - GROWTH AND POVERTY REDUCTION

| EQ9 – Growth and poverty reduction | To what extent has sustainable and inclusive economic growth increased and has poverty been reduced? Which have been the determining factors? | | | |
|---|--|--|--|--|
| JC9.1 | Economic growth has increased and has become more sustainable | Indicators, 2010-2018 unless otherwise indicated | Means of verification | Possible limitations |
| I.9.1.1 | Increased economic growth, and evidence of its environmental sustainability and climate resiliency. | <ul style="list-style-type: none"> • Economic growth, in %. • CO2 emissions (kt). • CO2 emissions (kg per 2010 USD of GDP). • Indicators listed under JC 8.3. | <ul style="list-style-type: none"> • BNR. • World Development Indicators (WDI). | CO2 emissions data only available until 2014 |
| JC 9.2 | Growth has become more inclusive and income and non-income poverty has decreased in particular for beneficiaries of the energy and agriculture policies | Indicator | Means of verification | Possible limitations |
| I.9.2.1 | Reduced poverty and reduced unemployment, with particular attention for males/females, youth, and people affected with HIV/AIDS. | <ul style="list-style-type: none"> • Poverty in number of households and in %. • Extreme poverty in number of households and in %. • Poverty gap in %. • Unemployment rate in % also by age and sex. • Poverty among youth and among people affected with HIV/AIDS. | <ul style="list-style-type: none"> • NISR poverty reports. • NISR Labour Force Surveys. • NISR Thematic Report Youth. | |
| I.9.2.2 | Reduced inequality (including gender inequality). | <ul style="list-style-type: none"> • Gini coefficient. • Literacy rates m/f and by age group. • School enrolment primary, secondary and tertiary m/f. • Educational attainment m/f. | <ul style="list-style-type: none"> • NISR poverty and inequality report. • NISR Thematic Report Gender. | |
| JC. 9.3 | Changes observed in the agriculture and energy sectors have contributed to sustainable growth and poverty reduction | Means of verification | Possible limitations | |
| I.9.3.1 | Evidence of direct or indirect causal links with the different outcomes observed in the agriculture and energy sectors. | <ul style="list-style-type: none"> • Conclusions of steps 1 and 2, and of EQs 1-8. • All of the above indicators (EQ9). | | |

ANNEX 6: CONTEXT OF EVALUATION

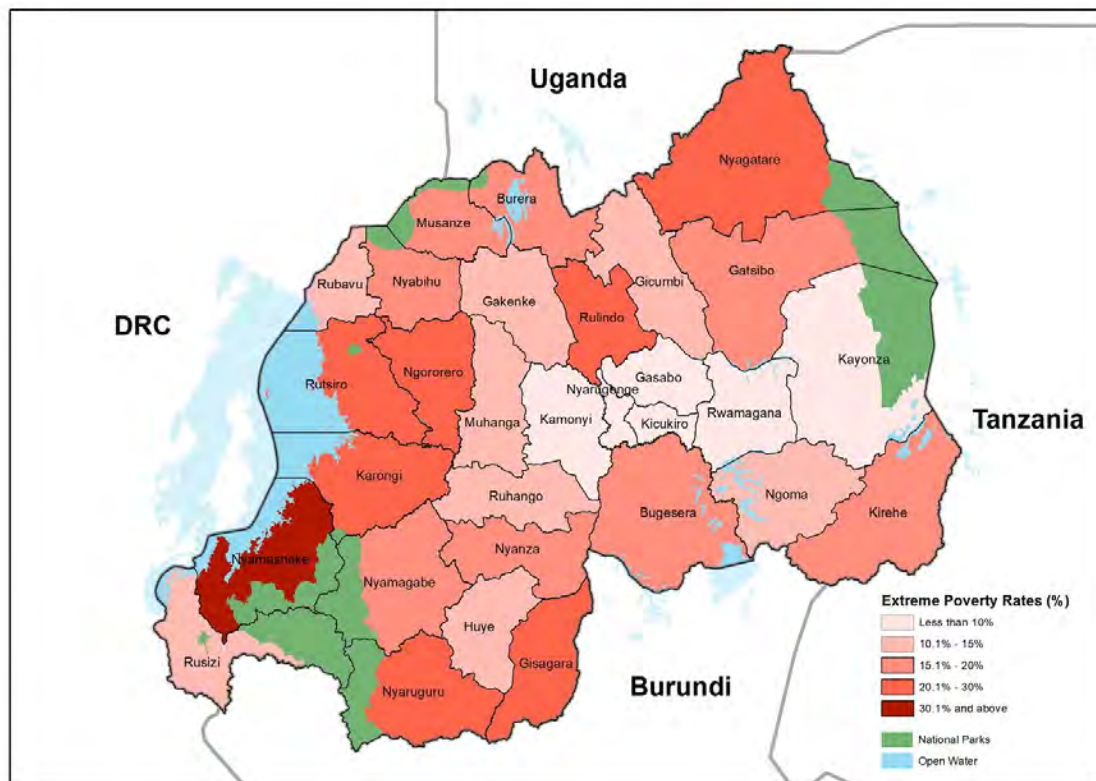
GENERAL CONTEXT RWANDA

The Republic of Rwanda is a landlocked country situated in Central Africa, bordered to the North by Uganda, to the East by Tanzania, to the South by Burundi and to the West by the Democratic Republic of Congo. According to (EICV5),⁷⁴⁶ Rwanda has 12.3 million inhabitants. With a surface area of 26,338 km², this makes it the most densely populated country in Africa (456 people/km²) and the 26th most densely populated country in the world.

The country is characterized by scant natural resources (apart from tin, tungsten and coltan), mainly subsistence farming, with vulnerability to soil erosion, and is highly exposed to climate change risks. According to the Comprehensive Food Security and Vulnerability Analysis (CFSVA) 2015, 37% of children under 5 years of age suffer stunted growth and 26 % of households nationwide are malnourished. In addition, 16.8 percent of households' experience food insecurity and 2.6% of households suffer from extreme food insecurity. Rwanda is a youthful nation, with a median age of just 19 years, a result of rapid demographic shifts that are influenced by relatively high but declining fertility rates and sharp reductions in child mortality.

According to the EICV5, poverty fell sharply from 58.9% in 2000/01 to 38.2% by 2016/2017, while extreme poverty fell from 40% of the population in 2000/01 to 16.0% in 2016/2017. Figure 95 shows the extent of extreme poverty in Rwanda by district.

Figure 95: Extreme poverty in Rwanda by district



Source: NISR 2018, EICV 5.

⁷⁴⁶ Fifth Integrated Household Living Conditions Survey (EICV5) 2016/17. NISR 2018.

POLICY FRAMEWORK

MACRO-ECONOMIC POLICY

Despite the drastic consequences of the genocide in 1994 and its limited natural resources, Rwanda has been able to make important economic and structural reforms over the last decades.⁷⁴⁷ The positive features of the reform agenda include political stability, prudent macroeconomic policies, promotion of good governance and a favourable investment climate.⁷⁴⁸ As a result, Rwanda has become the second fastest growing economy in Africa after Ethiopia. Rwanda's GDP grew, on average, by 7.3% per year from 2000 until 2018. Over the past six years, Rwanda's growth was affected by some adverse factors such as the 2012 aid crisis and lower prices of its traditional export items, such as tea, coffee, and minerals. But growth rebounded in 2017.⁷⁴⁹ Rwanda ranks 11th out of 51 African countries in terms of SDGs mainstreaming and progress, according to the Africa Sustainable Development Goal (SDG) Index and Dashboards Report 2018.⁷⁵⁰ Most livelihood indicators continue to improve: from demographics, housing conditions, economic activity, access to electricity and technology among others.

Over the last 10 years, Rwanda prioritised “long term visions” with ambitious development targets. It implemented 2 strategies: the five-year Economic Development and Poverty Reduction Strategy—EDPRS (2008-12) and EDPRS-2 (2013-18)—both designed to help the country realize its “Vision 2020”⁷⁵¹ (to develop a knowledge-based middle-income country, thereby reducing poverty, health problems and making the nation united and democratic). The implementation of EDPRS is fostered by various sector-specific strategies (e.g. in agriculture, energy), and by District Development Plans. Rwanda has now finalized the National Strategy for Transformation (NST1), the planned successor to EDPRS-2 covering the period of 2018–2024. Rwanda's NST1 focuses on socio-economic and governance transformation so as to achieve the new long-term development strategy aiming to reach 'upper middle income' status by 2035 and high income status by 2050.⁷⁵² Given the current (2017) level of income per capita, namely 748 USD,⁷⁵³ these aspirations translate into average annual growth rates of more than 12% - targets that no other country has achieved.⁷⁵⁴ Meanwhile, IMF's projections on Rwanda's per capita income show that Rwanda will struggle to reach the lower middle-income status (1,240 USD) in the near future.

The reform agenda for accelerating growth to even higher levels and then sustaining it is complex and highly demanding; it requires a combination of leadership, social cohesion, and considerable investments in core capabilities of people, private sector and public institutions. Future growth is likely to be powered by trade and regional integration.⁷⁵⁵ As a small, landlocked economy, Rwanda is unlikely to sustain high growth on its own.

Economic development used to be dependent on modernising and intensifying agriculture and developing the subsectors of agribusiness and food processing. Almost 70% of the working population has their main job in agriculture, while 46% is working in market-oriented agriculture.⁷⁵⁶ The traditional agricultural exports products are coffee and tea. However, the share of traditional exports (including also mining) in total exports decreased by 50% over the last five years and accounts today for less

⁷⁴⁷ <http://www.worldbank.org/en/country/rwanda/overview#1>

⁷⁴⁸ Rwanda Public Finance Management Project, World Bank, 2018.

⁷⁴⁹ Ibid

⁷⁵⁰ Sustainable Development Goal Centre for Africa, 2018.

⁷⁵¹ "Rwanda Vision 2020". Economic Development and Poverty Reduction Strategy, Government of Rwanda, 2013.

⁷⁵² The Rwanda We Want: Towards 'VISION 2050' Claver Gatete. Minister of Finance and Economic Planning, Rwanda. December 2016.

⁷⁵³ World Bank, World Development Indicators, accessed 27 May 2019.

⁷⁵⁴ World Bank. 2018. Future Drivers of Growth in Rwanda: Innovation, Integration, Agglomeration, and Competition. Washington, D.C. World Bank Group.

⁷⁵⁵ idem

⁷⁵⁶ NISR, EICV 5 and Statistical Yearbook 2017, p. 6.

than a third of total exports. The share of non-traditional exports has increased by 250% since 2013. Services and tourism are now the main foreign exchange earners.

In recent years the Rwandan government has taken measures to improve the investment climate, develop the private sector and attract foreign investment (valued at 293 USD million flows in 2017).⁷⁵⁷ The purpose is to establish itself as the business, technological and logistical hub of Eastern-Africa.

Rwanda's stability and business-friendly regulations (it takes less than 24 hours, on average, to set up a company), are understood by the government to be an important part of the transformation of the Rwandan economy and livelihood. Rwanda recorded significant improvements with regard to Ease of Doing Business and ranked 29 (out of 190 economies, second best in Africa after Mauritius) in 2019, after registering remarkable improvements with regard to getting an electricity connection, trading across borders, dealing with construction permits, starting a business and paying tax.

The genocide destroyed the core of the country's human capital and institutions. The country had to re-establish from scratch a functioning and credible public service, and an education system that is producing skilled and competent manpower. Despite remarkable progress in education reform, Rwanda still faces challenges in terms of skills gaps, education quality and relevance for the market. An ADB report⁷⁵⁸ identified critical skills gaps in the labour market, especially in the area of Technical and Vocational Education and Training. The number of formal sector firms reporting inadequate skills more than doubled since 2006. In addition, 45% of large firms with more than 100 employees indicated that an inadequately skilled workforce was a major constraint. The report argues that the skills mismatch, together with limited job growth, is a major contributor to youth underemployment. The challenges of inequality, public service delivery, and environmental sustainability, among others, are just as important for development as the pure economic indicators.⁷⁵⁹ Rwanda has a relatively high rank on the African Governance Index of the Mo Ibrahim Foundation (8th place), but its rank on the subcomponent of Participation & human rights is a lot lower, namely 26th.⁷⁶⁰ According to Freedom House's data, Rwanda has some limitations regarding political rights and civil liberties. It is pictured as "not free", with a total score on these two items of 23 out of 100 where 100 means fully free.⁷⁶¹ Political rights (40 points maximum) is assessed on the basis of scores for electoral process, political pluralism and participation, and functioning of government. For Civil liberties, freedom of expression and belief, associational and organizational rights, rule of law, and personal autonomy and individual rights are taken into account.

PUBLIC FINANCIAL MANAGEMENT (PFM)

Rwanda has implemented important and successive PFM reforms since 2008. The process started with the elaboration of the Public Financial Management Reform Strategy (2008-2012) and continued with the five-year PFM sector strategic plan for 2013-2018 aimed at increased resource mobilisation, scaling up the implementation of Integrated Financial Management Information System (IFMIS), strengthening PFM systems at the sub-national level, and enhance training, professionalization and capacity building across all PFM disciplines.

The PFM Sector Strategic Plan 2018-2024 (PFM-SSP) was recently approved and focuses on (a) efficient and accountable use of public resources; (b) effective service delivery and investments by districts and subsidiary entities; and (c) effective and responsible resource mobilization and sound investment decisions.

⁷⁵⁷ National Bank of Rwanda, Annual Report 2017/2018, p. 205.

⁷⁵⁸ ADB report (2013) Skills Employability and Entrepreneurship Programme –SEEP for Rwanda

⁷⁵⁹ World Bank. 2018. Future Drivers of Growth in Rwanda. Washington, D.C. World Bank Group.

⁷⁶⁰ Mo Ibrahim Foundation, 2018 Ibrahim Index of African Governance, Index Report. <http://mo.ibrahim.foundation/iiag/downloads/>

⁷⁶¹ Freedom in the World 2019 Index. Freedom House

A positive policy dialogue on PFM issues exists between Government of Rwanda and Development Partners, through a PFM Coordination Forum and a Technical Working Group. The EU co-chaired these for a long time, but currently KfW took over the co-chairing position in the Sector Working Group.

TRANSPARENCY AND BUDGET OVERSIGHT

Rwanda has a distinctive key ingredient that the top performing African countries have in common and that is political leadership committed to anti-corruption. While the majority of countries already have anti-corruption laws and institutions in place, Rwanda goes an extra step to ensure implementation. Rwanda has a robust regulatory and institutional arrangement to monitor fraud and corruption and also to develop, implement and monitor the State Budget. As a result, the Corruption Perceptions Index 2017 highlights that Rwanda jointly with Cape Verde are the least corrupt countries in Africa.⁷⁶²

Nevertheless, some challenges remain for fiscal transparency in Rwanda; for example the Open Budget Survey 2017⁷⁶³ mentions the following: (i) it provides the public with minimal budget information; (ii) provides few opportunities for the public to engage in the budget process; (iii) the legislature provides adequate oversight during the planning stage of the budget cycle and adequate oversight during the implementation stage of the budget cycle, but the supreme audit institution provides limited budget oversight.

DECENTRALISATION

The National Decentralization Policy was developed in 2001 as a top priority and as part of the Rwanda Constitution (article 167). It aims at developing good governance, local economic growth and quality and accessible services to the citizens. During this period Government efforts focused on strengthening national unity and reconciliation, promoting greater government accountability to citizens and enhancing service delivery.⁷⁶⁴

Rwanda's Decentralisation has evolved in three broad phases notably

- The first phase (2001–06) focused on establishing five democratic and community development structures namely, central government, provinces, districts, sub districts (known as sectors), and cells.
- The second phase (2006–11) focused on capacity building in local governments which was realised by a significant increase in total transfers to districts, and a concomitant attempt to build more capacity in local government institutions to enhance service delivery implementation and boost local economic development.
- The third phase (2011–15) emphasized improvements in the targeting of service provision to meet the needs of the poor by empowering sub national governments, including strengthening their capacity.

During the second phase (2006), the Government reformed the institutional framework for decentralisation. To date, the local authority is structured in four tiers: 30 districts (akarere), 416 sectors (imerenge), 2,148 cells (utugari) and 14,837 villages (imidugudu).

Districts are given autonomy to execute budgets and deliver services in line with local needs and priorities but also have the responsibility for economic development in agriculture, energy, water and

⁷⁶²Transparency International Corruption Perceptions Index Report 2017.

⁷⁶³ OPEN BUDGET SURVEY 2017. International Budget Partnership (IBP).

⁷⁶⁴Rwanda, National Decentralisation Policy, 2001.

sanitation among others. In 2012, these policies and plans were elaborated in the District Development Plans (DDP) 2013 -2018. Under the new NST-1 (2018-2024), the DDPs changed to District Development Strategies 2018-2024.

In order to support the achievement of national strategies, the government deploys the additional instrument of IMIHIGO⁷⁶⁵ at several levels (Ministries/Agencies, District, and individual). This implies that Performance Contracts are signed between the actors and Rwanda's top political management. IMIHIGO is a specific Rwandan instrument. It has several positive consequences for development but also some negative aspects. On the positive side, it means that, more than in most developing countries, Rwandan plans and strategies do not just exist on paper but have a high chance of being carried out. Second, it implies that a large number of measurable performance indicators is available, which can also be used by development partners. On the flip side, this system of performance monitoring and accountability tends to focus solely on the agreed targets and indicators. This carries the risk of neglecting other important development objectives or objectives that are not so easily captured in measurable indicators.

AGRICULTURE SECTOR

AGRICULTURE SECTOR GDP

The Agriculture Sector is one of the main economic activities in Rwanda contributing in 2018 with 29 % to GDP,⁷⁶⁶ while Industry and Services contributed 16 % and 48 % respectively. Tea and coffee are the major exports, while plantains, cassava, potatoes, sweet potatoes, maize and beans are the extensively grown crops. Rwanda exports dry beans, potatoes, maize, rice, cassava flour, maize flour, poultry and live animals to its neighbours in Eastern Africa. Agriculture represents 16% of total exports of Rwanda. In 2018, the agriculture sector grew⁷⁶⁷ by 6 % and contributed by 1.6 percentage point % to the overall GDP growth rate.

MANPOWER DISTRIBUTION

Agriculture in Rwanda is mainly of subsistence nature with over 90% of output being food crops; 66% of the total food crops produced are meant for domestic consumption while only 34% find their way to the market. On the side of livestock, the growth has been reasonably steady. Although the share of agriculture in GDP has fallen, the agriculture sector remains with main occupation for almost 70% of working Rwandans, with the following distribution⁷⁶⁸ and tendency compared with EICV4:⁷⁶⁹

- independent farmers: 53% (60 % in EICV4)
- wage farmers: 16% (12% in EICV4).

Around 63% of all employed females are working in agricultural, forestry and fishery occupations against 43% of men.

⁷⁶⁵ Imihigo is a Rwandan home-grown performance Management tool where Government Ministers and District Mayors sign performance contracts on behalf of citizens with His Excellence the President of Rwanda. Imihigo is the plural Kinyarwanda word of Umuhigo, which means to vow to deliver. Imihigo also includes the concept of Guhiganwa, which means to compete among one another. Imihigo describes the pre-colonial cultural practice in Rwanda where an individual sets targets or goals to be achieved within a specific period of time. The person must complete these objectives by following guiding principles and be determined to overcome any possible challenges that arise.

⁷⁶⁶ GDP. National Accounts 2018. (NISR). March 15, 2019.

⁷⁶⁷ Growth rates at constant 2014 prices.

⁷⁶⁸ The Fifth Integrated Household Living Conditions Survey (EICV5) 2016/17. NISR.

⁷⁶⁹ The Fourth Integrated Household Living Conditions Survey (EICV4) NISR.

CHALLENGES

Rwanda is highly prone to several natural hazards such as droughts, landslides, floods, earthquakes and windstorms, affecting negatively economic and social impacts on its development and food security. Other important challenges include:⁷⁷⁰

- Land degradation and soil erosion are serious threats. Around 90% of Rwandan territory lies on slopes ranging from 5% to 55%, with the consequent effect of soil loss, erosion and decreasing fertility. The pressure of a growing population also has a negative effect on land availability. As a result, land holdings are becoming more fragmented. GoR responded with the Land Use Consolidation Programme (LUC) as a strategy for this issue.
- Rwandan agriculture presents a strong dependence on rainfalls and vulnerability to climate shocks. The low use of water resources for irrigation makes agricultural production unpredictable from one season to another.
- Low levels of productivity for both crops and livestock due to low input use, poor production techniques and inefficient farming practices. The use of chemical fertilizers in Rwanda saw a steady rise in 2007 when the Government of Rwanda (GoR) started the Crop Intensification Program (CIP). This program has provided subsidized fertilizers and limestone to farmers for the cultivation of six priority crops. Despite this, farmers' adoption of fertilizers and limestone remains quite low when compared to other countries in the region.
- Weak processing capacity and lack of higher value-added products placed on the market, due to the lack of appropriate technologies, expertise, financing incentives and rural infrastructure. Lack of access to an adequate water supply and at times energy supply makes it difficult for processing businesses to function.

POLICIES AND STRATEGIES

The Government of Rwanda develops long-term interventions for the agricultural sector as top priority, as a way to reduce poverty, develop economic growth, food security and environment. It implemented several phases of the Strategic Plan for the Transformation of Agriculture (PSTA II and III), covering 2008-2018. A robust 4.7 % average growth rate was reached with PSTA III, mostly due to livestock production. The new PSTA IV developed under Rwanda's NST1 covers the period 2018-2024, and considers new drivers for economic growth, such as introduction of the private sector, developing the subsectors of agribusiness and food processing, developing high-intensive agriculture systems, providing resources for and developing the Twigire Muhinzi extension and Agricultural Research systems, and finding more efficient ways to distribute seeds, fertilizers and other inputs along the country. The PSTA IV presents a new strategic orientation with clear principles for determining public investment. It is positioned explicitly as the strategic plan for implementing the National Agricultural Policy (NAP). Its objective is the *“transformation of Rwandan agriculture from a subsistence sector to a knowledge-based value creating sector, that contributes to the national economy and ensures food and nutrition security in a sustainable and resilient manner.*

ENERGY SECTOR

INSTITUTIONAL STRUCTURE OF THE ELECTRIC SECTOR IN RWANDA

The generation in Rwanda is deregulated. There are 26 licensed Independent Power Producers (IPPs). The electricity transmission, distribution, domestic and international trade are regulated by the Rwanda Utilities Regulatory Authority (RURA); the Rwanda Energy Group Limited (REG) is the sole recipient of the licenses for these activities. The REG is a government-owned entity, which has

⁷⁷⁰ FAO Rwanda country profile.

two subsidiaries: The Energy Utility Corporation Limited (EUCL) and Energy Development Corporation Limited (EDCL). The EUCL provides energy utility services in the country through operations and maintenance of existing generation plants, transmission and distribution network, and retail of electricity to end-users. The EDCL is involved in increasing investment in development of new energy generation projects, developing appropriate transmission infrastructure, delivering energy to relevant distribution nodes, and planning and executing energy access projects to meet the national access targets. The REG interacts with the Ministry of Infrastructure (MININFRA) on policy and sector matters, and with the Ministry of Finance (MINECOFIN) with respect to the financing arrangements for investments and subsidies.

The MININFRA formulates policies and strategies for the energy sector while the MINECOFIN processes the requests for disbursements of the funds under the sector budget support financial agreement with the European Union.

ELECTRIC SECTOR REGULATION

The RURA, in addition to regulating renewable and non-renewable energy also regulates telecommunications, information technology, broadcasting, postal services, industrial gases, pipelines and storage facilities, water, sanitation, transport of persons and goods, radiation protection, and other public utilities, if deemed necessary. The RURA sets the end-use tariffs for all customer classes: residential, non-industrial customers (non-residential, telecom, water treatment and water pumping stations, hotels, health facilities, and broadcasters), and industrial customers. The consumption of electricity for residential and non-residential customers is divided into blocks, with tariffs increasing with the amount of energy consumed (inversed block tariffs), while the tariffs for industrial consumers, also grouped in blocks, decrease with the amount of energy consumed (declining block tariffs). For industrial consumers with smart meters the tariffs are also differentiated by the time of electric service use.

According to RURA the tariffs reflect costs; however, during the tariff formulation process and consultations with MINECOFIN and MININFRA the ministries may make a decision to subsidize certain groups of consumers. Based on the number of agreed subsidies RURA recalculates the final tariffs for those consumers. The subsidies are transferred from the budget as a direct payment to the REG. The annual consumption of electricity by residential consumers is among the lowest in Africa, with approximately half of consumers using an average of less than 20 kWh per month.

ELECTRIC SECTOR STATISTICS

The electric energy currently generated in Rwanda comes from several sources: hydro (42.6%), methane gas (24.7%), peat (3.8%), solar (2.2%), and heavy and light fuel oils (15.3%).⁷⁷¹ Rwanda also imports/exports electricity from/to neighbouring countries, 11.4% and 0.6% respectively, mostly hydropower from the Ruzizi River. The total installed and licensed, including provisionally licensed, capacity in 2018 was 190.16 MW⁷⁷², while the maximum demand imposed on the system in 2018 was 138.7 MW.

Connecting consumers to on-grid and off-grid services presents a significant challenge for the REG. The targets established in the Energy Sector Strategic Plans and reflected in the budget support financial agreement have not been reached and had to be modified. Currently, only half of the population has access to electric service, 36% on-grid and 14% off-grid. The year 2024 has been established as a target year to provide electric service to all residential consumers in the country-52% on-grid and

⁷⁷¹Statistics in Electricity Sub-sector as of December 2018. Rwanda Utilities Regulatory Authority, Economic Regulation Unit, December 2018.

⁷⁷²REG reports 221 MW, see www.reg.rw/what-we-do/generation/power-plant/

48% off grid. The pace of increasing the number of on-grid connections is limited by the underdeveloped transmission and distribution network infrastructure, while the off-grid connections are limited, among others, by the availability and the cost of standalone solar units. The government intends to implement an assistance program⁷⁷³ under which it will provide off-grid solar home systems for Category 1 consumers for free, subject to available funding.

ENERGY SECTOR DEVELOPMENT STRATEGIES

After the 2004 energy crisis, the government placed emphasis on rapid development of the energy sector, primarily the electricity generation. Many policies and strategies were developed that outlined the country's development path.⁷⁷⁴ Many targets, their values and timing have proved to be challenging to accomplish.

The early electric sector development was not based on the principle of a least-cost expansion plan, it was driven rather by the need to secure as much generation capacity as possible and to do it quickly. That led to situations where the government had weak bargaining power and ultimately less than optimal decisions were made signing contracts on the first come-first serve basis. These contracts were based on "take-or-pay" scheme, where, under certain conditions, the power developers were paid even if the power was not generated and delivered to the system. The consequences of those contracts have a lasting detrimental effect on the electric tariffs today, making them very high and non-competitive in the region.

Currently, to correct the situation, the MININFRA is paying more attention to optimal electric power system development by engaging in least-cost expansion planning. At present, any tendering for new generating capacity is based on a competitive bidding process.

The reliability of the system steadily improves through transmission and distribution network modernization thanks to donors' financial and technical cooperation. The power shedding due to insufficient generating capacity has become a thing from the past and the number of outages and the level of energy losses due to failures of inadequate infrastructure are continuously eliminated as the funds for new investments in the network become available.

USE OF BIOMASS IN HOUSEHOLDS

Biomass (firewood and charcoal) is still used for cooking in over 97% of the households.⁷⁷⁵ Its continuous use has tipped the fragile balance between the demand for wood and charcoal, and the re-growth of natural wood resources. The gap is widening causing negative environmental and health effects. To make the use of biomass sustainable, clean cooking technologies and alternative fuels, like LPG and wooden pellets, are being pursued by the Government as alternatives to using wood, charcoal, and crop waste. The effects are still far from satisfying as the process of creating an awareness of the issues and spurring the political willingness to make the change has been taking a long time.

⁷⁷³Interview with RURA, May 9, 2019.

⁷⁷⁴Economic Development & Poverty Reduction Strategy 2008-2012; Rwanda Vision 2020 Revised 2012; Economic Development & Poverty Reduction Strategy II 2013-2018; Energy Sector Strategic Plan 2013-2018; Rwanda Energy Policy 2015; Rural Electrification Strategy 2016; 7 Year Government Programme: National Strategy for Transformation (NST 1) 2017-2024 ; Energy Sector Strategic Plan 2018-2024.

⁷⁷⁵ NISR 2017, Thematic report: Utilities and amenities, EICV V.

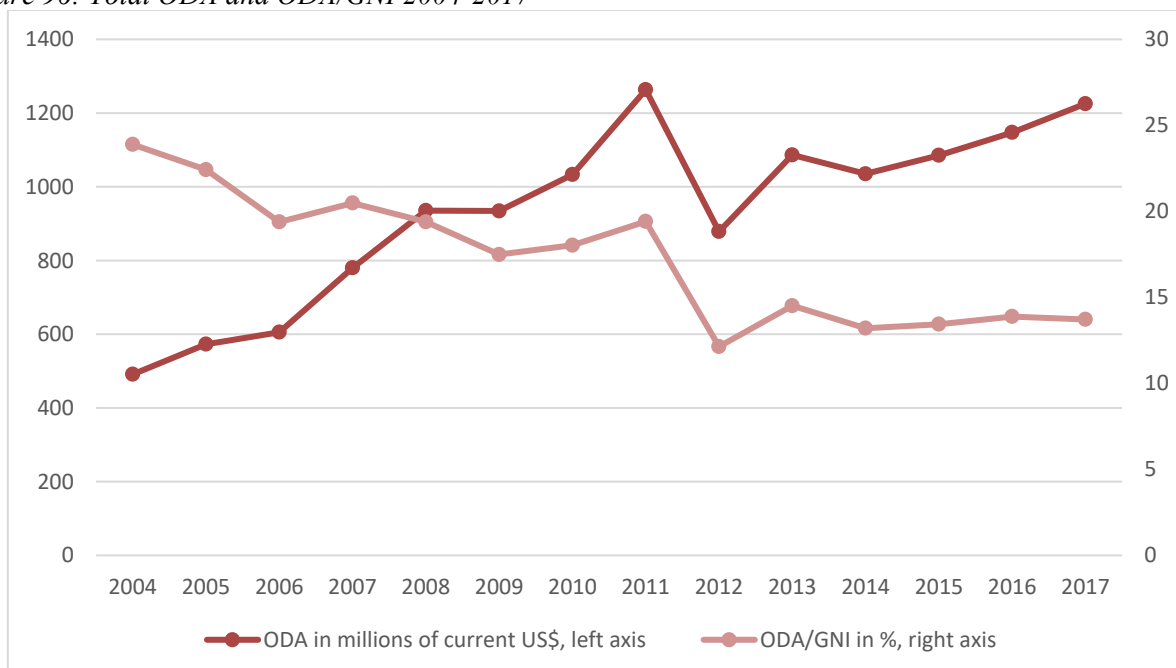
DEVELOPMENT COOPERATION CONTEXT

Since 1994, Official Development Assistance (ODA) to Rwanda has played an important role in supporting national efforts for development and poverty reduction. The nature of ODA has evolved considerably since then, shifting from largely humanitarian aid mainly delivered by Non-Governmental Organizations (NGOs) to development-focused aid with the majority of ODA now delivered through the Government of Rwanda (GoR). ODA flows have increased substantially over time, and especially between 2004 and 2011 (Figure 96). There was a drop in 2012 as a result of the alleged involvement of Rwanda in destabilizing the DRC. Over time, aid has become slightly less important for Rwanda's economy due to the high growth rate (see ODA/GNI trend in Figure 96).

Nineteen donors are currently active in Rwanda – provided we count the UN organizations and other donors with several “branches” as one. The World Bank is the biggest donor, while the United States, the Global Fund, The African Development Bank (AfDB), the United Kingdom and the EU have been in the top six for the last six years (Table 1). In terms of grants, the EU is among the top four donors, as World Bank and AfDB provide almost only loans.⁷⁷⁶ Other European donors still providing aid to Rwanda include Belgium, the Netherlands, Germany, Sweden and Switzerland.

Next to the traditional development partners of Rwanda (UN System, African Development Bank, EU, USAID, UK, Belgium, Netherlands, Germany, Japan etc.) several non-DAC donors entered Rwanda. They include China, India, Arab Bank for Development in Africa (BADEA), Kuwait Fund for Arab Economic Development (KFAED), and OPEC Fund for International Development (OFID).

Figure 96: Total ODA and ODA/GNI 2004-2017



Source: World Bank, World Development Indicators, <https://databank.worldbank.org/data/reports.aspx?source=world-development-indicators>, accessed on 27 May 2019.

Most of the information presented in the remainder of this section is based on the ODA Reports presented by the Ministry of Finance and Economic Planning (MINECOFIN). However, ODA reports changed format during recent years, and many non-resident Development Partners (such as Arab Funds) as well as emerging partners (such as China, India, etc.) were not able to report their information on ODA through the Development Assistance Database (DAD) of MINECOFIN before 2015/16.

⁷⁷⁶ Loans provided by the EIB are not included in the numbers for the EU. Over the years 2015-2017, EIB provided EYR 55 million to Rwanda but it is not clear whether these loans qualify as ODA.

Table 176: Disbursed ODA by donor 2011-2018, in millions of USD

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|-------------------------|---------|---------|---------|---------|---------|---------|---------|
| World Bank | 248 | 178 | 158 | 201 | 231 | 268 | 299 |
| USA | 224 | 112 | 196 | 163 | 170 | 165 | 137 |
| Global Fund | 194 | 121 | 141 | 126 | 76 | 78 | 95 |
| UK | 127 | 95 | 125 | 61 | 54 | 41 | 42 |
| African Dev.Bank | 84 | 124 | 116 | 78 | 100 | 135 | 88 |
| EU | 79 | 92 | 98 | 51 | 89 | 95 | 88 |
| UN | 58 | 45 | 43 | 37 | 37 | 61 | 87 |
| Belgium | 44 | 29 | 44 | 25 | 29 | 30 | 24 |
| Netherlands | 40 | 39 | 34 | 37 | 39 | 24 | 20 |
| Germany | 36 | 24 | 17 | 36 | 36 | 35 | 33 |
| Japan | 20 | 32 | 44 | 14 | 26 | 25 | 5 |
| Sweden | 19 | 3 | 3 | 12 | 6 | 7 | 6 |
| Canada | 5 | 0 | 4 | 4 | 0 | 0 | 0 |
| Norway | 4 | 0 | 0 | 0 | 0 | 0 | 0 |
| Luxemburg | 4 | 2 | 0 | 0 | 0 | 0 | 0 |
| South Korea | 4 | 8 | 13 | 20 | 24 | 19 | 19 |
| Switzerland | 2 | 8 | 5 | 10 | 16 | 10 | 9 |
| OPEC | 0 | 0 | 0 | 0 | 9 | 0 | 0 |
| BADEA | 0 | 0 | 0 | 0 | 6 | 3 | 7 |
| India | 0 | 0 | 0 | 0 | 1 | 5 | 6 |
| OFID | 0 | 0 | 0 | 0 | 9 | 6 | 7 |
| SFD | 0 | 0 | 0 | 0 | 5 | 5 | 7 |
| KFAED | 0 | 0 | 0 | 0 | 4 | 4 | 5 |
| China | 0 | 0 | 0 | 0 | 26 | 25 | 22 |
| Unspecified | 0 | 0 | 3 | 0 | 0 | 0 | 0 |
| Total | 1190 | 912 | 1043 | 876 | 994 | 1007 | 1006 |

Notes: BADEA: Arab Bank for Development in Africa, OPEC: Organization of Petroleum Exporting Countries, OFID: OPEC Fund for International Development; SFD: Saudi Fund for Development, KFAED: Kuwait Fund for Arab Economic Development.

Source: MINECOFIN, ODA Reports

AID MODALITIES

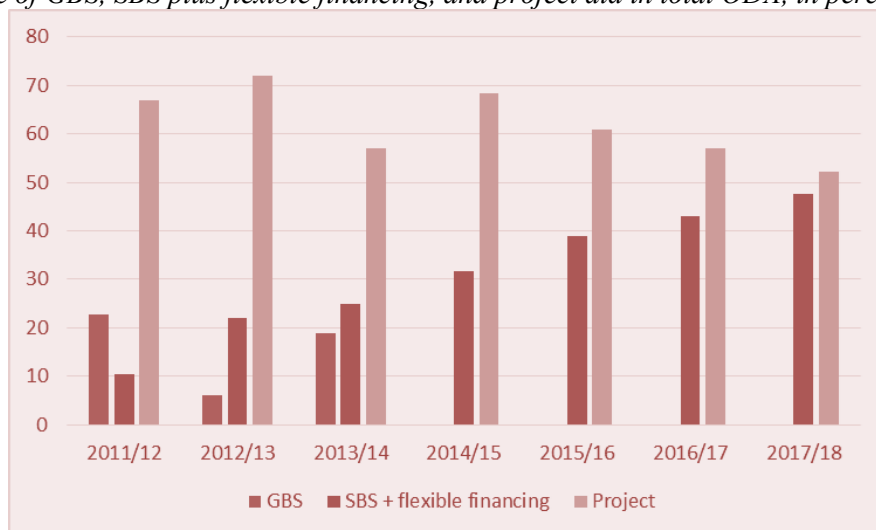
GBS emerged in Rwanda in 2000, in a context where aid coordination was gradually brought under government's leadership. The UK's Department for International Development (DFID) in 2000 and the Swedish International Development Cooperation Agency (Sida) in 2001 were the first into the field, with operations replacing their support to debt relief. The European Union (EU) followed in 2003 and the World Bank (WB) in 2004. Several other donors, such as Germany and the Netherlands also joined. From around 2008 onward, however, the international enthusiasm for budget support, and in particular general budget support, began to decline. After allegations of Rwandan involvement in human rights violations in the Democratic Republic of Congo, several donors (Sweden, Germany, UK, and EU) suspended their general budget support in 2012. Some of them stopped providing budget support altogether (Germany, Netherlands), while the EU and the UK reinstated budget support in 2013, but now in the form of Sector Budget Support.⁷⁷⁷ The World Bank continued its Development Policy Loans.

⁷⁷⁷ The effects of the exit from Budget Support in Rwanda. DEval Country Sheet 2/2018

Although GBS decreased, Sector Budget Support (SBS) and flexible financing⁷⁷⁸ as a proportion of total assistance increased continuously from 2011/12 to 2017/18 (Figure 97). Overall, use of country systems improved due to increasing use of SBS and Flexible Funding modalities. On aggregate, 78% of ODA disbursements were delivered by GoR agencies in 2017/18 (MINECOFIN, 2018).

Total aid represents a significant share of the executed government budget, although this share has declined over time (Figure 98). The share of budget support and flexible financing has slightly increased in recent years, after dips in 2012/13 and 2014/15.

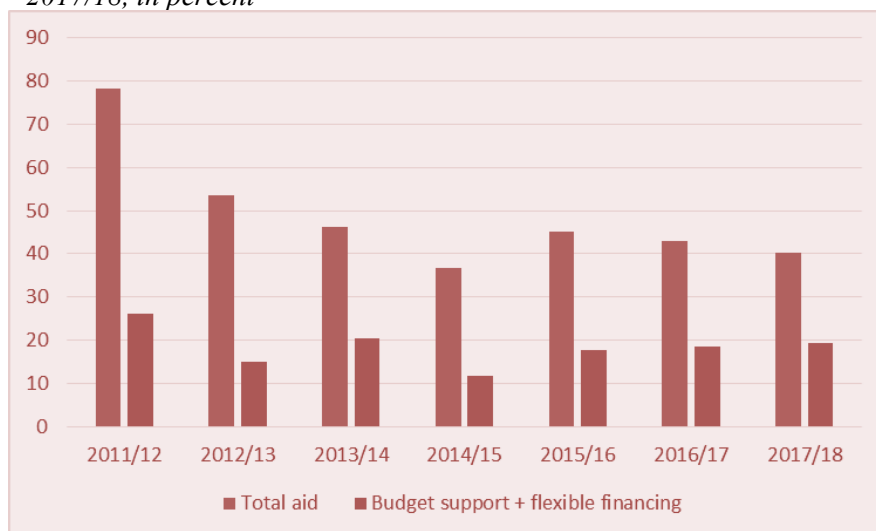
Figure 97: Share of GBS, SBS plus flexible financing, and project aid in total ODA, in percent



Source: Own elaboration based on MINECOFIN, External Development Finance Reports.

Note: The figure for Sector Budget Support + flexible financing for 2015/16 has been adjusted slightly in view of the note on p. 15 in the 2017/2018 report, saying that "Budget support and flexible funding combined in 2015/16 is actually close to 40%".

Figure 98: Share of total aid, and of budget support and flexible financing, in the total executed government budget, 2011/12 – 2017/18, in percent

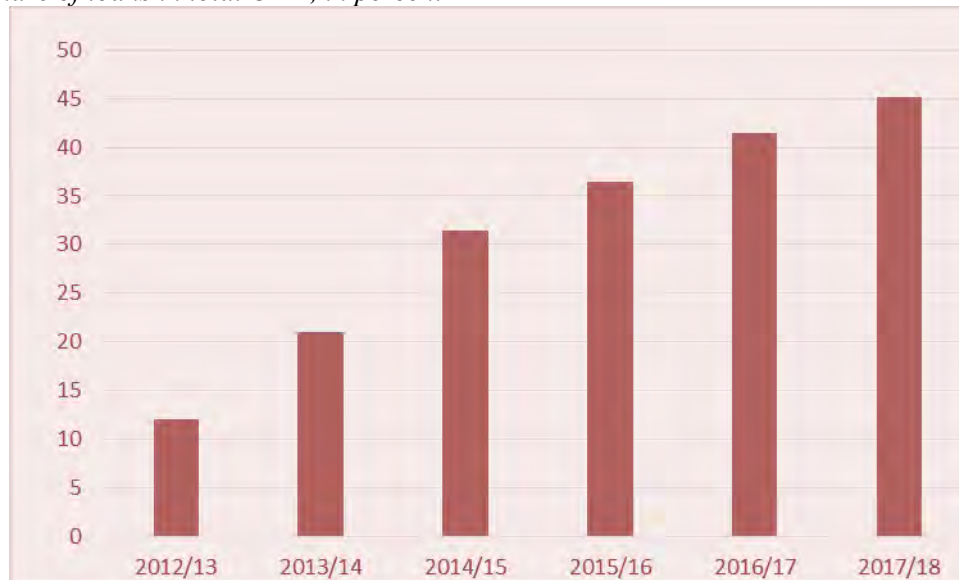


Sources: MINECOFIN External assistance reports for the aid data, MINECOFIN Budget Execution Reports 2011/12 to 2017/18 for the budget data, and NISR for exchange rates RWF-USD.

Loans increased as a proportion of total assistance from 12% in 2012/13, to 45% in 2017/18 (Figure 99). This trend can largely be attributed to the World Bank and AfDB shifting from grants to loans. Furthermore, most of the new development partners are providing loans.

⁷⁷⁸ "Flexible financing" is not defined in the MINECOFIN Aid reports, but includes types of aid that can be flexibly spent by the government, for example Development Policy loans, certain forms of Results Based Aid, and basket funds (clarification provided by MINECOFIN).

Figure 99: Share of loans in total ODA, in percent



Source: MINECOFIN, Rwanda Official Development Assistance Reports.

DONOR COORDINATION

The Government of Rwanda and all its major development partners are also signatories to the Paris Declaration on Aid Effectiveness (2005).⁷⁷⁹ This means both government and donors adhere to the principles of ownership, alignment to national policies and systems, harmonization, a focus on results and mutual accountability. As compared to other countries, the Government of Rwanda has a high level of ownership and takes the lead in managing the aid process.⁷⁸⁰ In 2006, Rwanda has presented its Aid Policy that stated what the Government would do to increase effectiveness of aid and to ensure that aid is spent in a manner that has maximum impact on economic development and poverty reduction in Rwanda. In 2010, government and donors agreed to a Division of Labour (DoL), according to which donors would provide aid to only three sectors based on their comparative advantage. This DoL, revised in October 2013, was largely implemented, with an average of number of sectors per donor of 3.5 and donors providing at least 70% of their aid to the three most important sectors.

The aid coordination structure consists of a series of development forums, sector-working groups, mutual accountability principles based on clear guiding documents.⁷⁸¹

- **The Development Partners Coordination Group (DPCG)** is composed of GoR Permanent Secretaries, and heads of bilateral and multilateral donor agencies. The objectives are to serve as a forum for dialogue in the coordination of development aid to Rwanda; monitor the implementation of EDPRS/NST, harmonize the Development Partners' programmes, projects, and budget support; and review progress by donors against international commitments.
- **Annual Development Partners Retreat:** During an annual retreat both some strategic topics, selected commonly by the government and the donors, as well as the Donor Performance Assessment Framework (DPAF) are presented and discussed. The DPAF is a mutual review

⁷⁷⁹High Level Forum. (2005). Paris Declaration on Aid Effectiveness. Paris: OECD-DAC.

⁷⁸⁰OECD-DAC (Organization for Economic Co-operation and Development's Development Assistance Committee) (2011). Survey on Monitoring the Paris Declaration - Country Chapter Rwanda. Retrieved from: <http://www.oecd.org/dac/effectiveness/2011surveyonmonitoringtheparisdeclaration-countrychapters.htm>.

⁷⁸¹On top of this the EU has a separate policy dialogue with GoR on the sector budget support contracts. This is dealt with in the next chapter.

process designed to strengthen mutual accountability at the country level, drawn from international and national agreements on the quality of development assistance to Rwanda. The DPAF reviews the performance of bilateral and multilateral donors against a set of established indicators on the quality and volume of development assistance to Rwanda.

- **GoR's Development Assistance Database (DAD)**, maintained by MINECOFIN, provides full information on external resources.
- **Sector Working Groups (SWG)**. They exist for many sectors, among which agriculture and energy.
 - **Agriculture:** In the Agriculture sector, the Sector-Wide Approach (SWAp) has been the basis of the dialogue process between the Government of Rwanda and the Development Partners (DPs) to ensure coordination, efficiency and effectiveness in the use of resources in the sector. Within this framework, the Permanent Secretary of MINAGRI and the lead-donor (i.e. EU) are chairing the Sector Working Group (SWG) that meets at least twice annually for Joint Sector Reviews (JSR). The SWG also meets every month to discuss other issues as they emerge as part of the joint sector planning and consultative process. The Agriculture Sector-Wide Approach (SWAp) has not been very active, though recently became a new priority of the Agriculture Minister to push the implementation of the PSTA4. More broadly, the DPs coordination is led by MINECOFIN. DPs that have been active in the sector include the EU, the WB, the African Development Bank (AfDB), the Governments of Belgium (Enabel), Japan (JICA), the Netherlands (+SNV), United Kingdom (DFID), United States (USAID), Korea (KOICA) and some United Nation agencies (FAO, IFAD, WFP).
 - **Energy:** In the energy sector, the Energy Sector-Wide Approach (eSWAp) was launched in 2008 to ensure proper coordination, efficiency and effectiveness in the use of resources in the Rwandan energy sector. The Government of Rwanda and the sector stakeholders, including Development Partners (DPs) participate in this dialogue process. The eSWAp is anchored within the Ministry of Infrastructure (MININFRA) and led by the eSWAp secretariat with Technical Assistance support funded by Belgium, and more recently by the EU. The Permanent Secretary of MININFRA and the lead-donor (i.e. the World Bank) are chairing the Sector Working Group (SWG) that meets at least twice annually for Joint Sector Reviews (JSR). DPs that have been active in the sector include the EU, the WB, the African Development Bank (AfDB), the Governments of Belgium (Enabel, but phasing out), Germany (GIZ/KfW) and Japan (JICA), among others.
- In most sectors, an additional layer of donor coordination exists in the form of Technical Working Groups.

ANNEX 7: LIST OF RESPONDENTS

| Institution | Function |
|---|---|
| INCEPTION PHASE | |
| EU Officials | |
| EC, DEVCO D2 | Geo-coordinator |
| EC, DEVCO C6 | Programme manager West and Central Africa, Energy |
| EC, DEVCO C1 | Policy Officer: Food security, Rural development, Nutrition |
| EC | Geo-coordinator in 2013-2015 |
| DG, DEVCO A4 | Budget Support, Public Policies and Budget Support SC Head of Sector |
| EU Delegation to Rwanda | Head of EU Delegation to Rwanda |
| EU Delegation to Rwanda | Acting EU Head of Cooperation |
| EU Delegation to Rwanda | Operational manager Energy contract |
| EU Delegation to Rwanda | Operational manager Agriculture contract |
| EU Delegation a to Rwanda | PFM, Macro-economist |
| EU Delegation a to Rwanda | Governance and Economy |
| EU Delegation a to Rwanda | Finance & Contracts |
| Officials of Government of Rwanda | |
| MINECOFIN | Accountant General |
| SPIU | NAO Manager |
| SPIU | PFM reforms manager |
| MINECOFIN | Director, National Budget Management and Reporting Unit |
| MINECOFIN | External Aid Unit |
| MINECOFIN | DG, National Development Planning & Research (NDPR) |
| MINECOFIN | Chief Economist |
| MINALOC | DG Planning & Monitoring |
| MININFRA | Permanent Secretary, DG Planning |
| MINAGRI | Permanent Secretary |
| National Institute of Statistics of Rwanda (NISR) | Director General |
| RGB | Acting CEO |
| Institute of Policy Analysis and Research (IPAR), Rwanda | Senior Research Fellow |
| RURA | Director of Electricity and Renewable Energy |
| Representatives of EU Member States and international donor agencies | |
| WFP | Head of Programmes, Acting Country Deputy Director |
| WFP | Program Policy Officer |
| NINGO | Country Director of VSO and Chairperson |
| RDB | Deputy CEO (Felix - Head of the Single Project Implementation Unit) |
| FAO | Country Representative |
| Embassy of Germany | Head of Cooperation |
| DFID | Head of a DFID Country Office |
| Embassy of The Netherlands | Head of Cooperation |
| Embassy of Belgium | Head of Cooperation |
| World Bank | Senior Economist |
| Representatives of Civil Society Organizations (CSOs) | |
| IMBARAGA Farmers organization | Executive Secretary |
| FIELD PHASE | |
| EU Officials | |
| EU Delegation to Rwanda | Ambassador, Head of EU Delegation |
| EU Delegation to Rwanda | Head of Cooperation |

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| EU Delegation to Rwanda | Head of Section Rural Development |
| EU Delegation to Rwanda | Acting Head Development Cooperation |
| EU Delegation to Rwanda | Head of Infrastructure Section |
| EU Delegation to Rwanda | PFM |
| EU Delegation to Rwanda | Programme Officer/Gender Focal Point/Agriculture and Rural Development |
| EU Delegation to Rwanda | Project Management-Rural Development |
| EU Delegation to Rwanda | Cooperation Officer-Rural Development |
| EU Delegation to Rwanda | Programme Manager, Energy Section |
| EU Delegation to Rwanda | Communication Officer |
| Representatives of the Parliament and Government Officials of Rwanda | |
| Parliament, Senate | Clerk |
| Parliament, Senate | Imprest Accounting |
| Parliament, Senate | Imprest Administrator |
| Parliament, Senate | Alternative Imprest Accounting |
| Parliament, Chamber of Deputies | Clerk |
| Parliament, Chamber of Deputies | Advisor to the Deputy Speaker |
| MINIRENA | Permanent Secretary |
| MININFRA | Permanent Secretary |
| MININFRA | Energy Division Manager |
| MININFRA | Energy Sector Secretariat Coordinator |
| MININFRA | M&E/MIS |
| MINECOFIN | Director, External Aid Unit |
| MINECOFIN | Head of National Budget |
| MINECOFIN | Chief Economist |
| MINECOFIN | Auditor General |
| MINECOFIN | Ag. Fiscal Decentralization Specialist |
| MINECOFIN | External Finance Department |
| MINECOFIN | Planning for Energy |
| MINECOFIN | Project Monitoring Specialist |
| MINECOFIN | Infrastructure Sectors Monitoring Officer |
| MINECOFIN | External Aid Unit |
| MINECOFIN | PFM Internal Accounting |
| CEO | Energy Private Developers |
| MIGEPROF | Director General NECDP |
| Rwanda Utilities Regulatory Authority (RURA) | Head of Electricity Department |
| National Bank of Rwanda (NBR) | Director of Microfinance PFM/Statistics |
| MINAGRI | Permanent Secretary |
| MINAGRI | Director General for Planning and Program Coordination |
| MINAGRI | Agro Economist Specialist |
| MINAGRI | Planning & Budgeting |
| MINECOFIN | M&E Officer |
| MINAGRI | GIS Officer |
| Ministry of Justice | Permanent Secretary/Solicitor General |
| RDB | TA Coordination |
| RDB | TA Coordination |
| RAB | Director General |
| RAB | Advisor to DG |
| RAB | Head Animal Resources, Research & Transfer |
| RAB | Director ICT Unit |
| RAB | Plantwise Officer |
| NAEB | Chief Financial Officer |

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|---|---|
| NAEB | Advisor to the CEO |
| NAEB | Traditional Commodities Division Manager (Tea & Coffee) |
| NAEB | Tea Value Chain Specialist |
| NAEB | Tea Value Chain Officer |
| National Institute of Statistics of Rwanda (NISR) | Director General |
| Representatives of Local administration | |
| Rubavu District | |
| Rubavu District | Director of Agriculture and Natural Resources |
| Rubavu District | District Agronomist |
| MINAGRI | Agriculture Inspector, AMIS management |
| Rubavu District | Electricity Engineer |
| ECD | Officer Health Unit |
| M&E | Director of Planning Unit |
| Rubavu District, Nyamyumba (Sector Office) | Executive Secretary |
| Rubavu District, Nyamyumba (Sector Office) | Extension Officer Agronomist |
| Nyagatare District | |
| Nyagatare District | Advisor to Mayor |
| Nyagatare District | Director of Health |
| Nyagatare District | Cash Crops Officer |
| M&E | Director of Planning |
| Nyagatare District | Budget Officer |
| Nyagatare District | Energy Maintenance Officer |
| JADF | Officer |
| Nyagatare District | Executive Secretary |
| Rulindo District | |
| Rulindo District | Mayor |
| Rulindo District | Executive Secretary |
| Rulindo District | Director of Agr. and Natural Resources Unit |
| Rulindo District | Director of One Stop Centre |
| Rulindo District | Director of Planning Unit |
| Rulindo District | Statistician |
| Rulindo District | Energy Maintenance Officer |
| Rulindo District | Road Development & Maintenance Engineer |
| Rulindo District | Irrigation Officer-Agriculture |
| Rulindo District | Sector Community and Environment Officer, Tumba Sector |
| Rulindo District | Agronomist, Tumba Sector |
| Ruhango District | |
| Ruhango District | Advisor to Mayor |
| Ruhango District | Vice Mayor in Charge of Economic Development |
| JADF | JADF Officer |
| Ruhango District | Director of Agriculture |
| Ruhango District | Director of Monitoring and Evaluation Unit |
| Ruhango District | Director of Infrastructure/Energy |
| Ruhango District | Director of Finance |
| Ruhango District | Director of Health |
| Representatives of EU Member States and international donor agencies | |
| WB | Economist |
| FAO Rwanda | Assistant FAO Representative |
| DFID Rwanda | Livelihoods Advisor |
| DFID Rwanda | Economist |
| ENABEL | Former Energy Expert |

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| Embassy of France | Counsellor for Cooperation and Culture |
| KfW | PFM Specialist |
| Embassy of The Netherlands | Head Development Cooperation |
| IMF in Rwanda | Chief Economist |
| WFP | Representative and Country Director |
| ENABEL | Resident Representative |
| ENABEL | PFM Advisor |
| ENABEL | Former Coordinator Health Sector, Budget Support |
| Embassy of Sweden | First Secretary |
| Representatives of Civil Society Organizations (CSOs), beneficiaries and SMEs | |
| One Acre Fund | National Director |
| One Acre Fund | Specialist |
| MANAGEMENT4HEALTH GMBH | Consultant (Technical Assistance Malnutrition) |
| TECAN | Consultant |
| AGRITAF -DFID | Program Manager |
| AGRITAF -DFID | M&E Manager |
| AGRITAF -DFID | MIS Administrator |
| Transparency International Rwanda | Executive Director |
| Transparency International Rwanda | Economist and PFM Expert |
| RSCP (Rwanda Civil Society Platform) | Director |
| University of Rwanda | Vice Chancellor |
| Enterprise SINA, Tare-Rulindo | DG |
| Focus group 1: Coffee Cooperative + Staff of Coffee Company + Coffee Washing Station, Rubavu-Nyamyumba | 6 participants (list of participants is available upon request) |
| Focus group 2: Farmers Group (men and women), Rubavu-Nyamyumba | 13 participants (list of participants is available upon request) |
| Focus group 3: Farmers Group (men and women) of LUC, Tuba Sector, Rulindo District | 11 participants |
| Focus group 4: Private Sector - Chili Agribusiness staff, Tare, Rulindo District | 6 participants (list of participants is available upon request) |
| Focus group 5: Tumba Health&Nutrition7ECD staff, Tumba-Nyirabirori, Rulindo District | 5 participants (list of participants is available upon request) |
| Field Visit "School Garden" GS Matutina | 6 participants |
| Cooperative working for feeder road maintenance | 8 participants |
| ASSOPTHE Cooperative Tea plantation, Rulindo | Agronomist |
| Cooperative KOJYAMUKANYA office, Rubavu | 6 participants (list of participants is available upon request) |
| Rwanda Development Organization, Ruhango | Field Coordinator |
| Rwanda Development Organization, Ruhango | Field Social Protection Officer |
| Rwanda Development Organization, Ruhango | Field Officer |
| Milk Collection Center, Ruhango | Assistant Manager |
| Milk Collection Center, Ruhango | Accountant |
| Rice cooperative | Manager |
| Rice cooperative | Chairman |
| Food for the Hungry Nyagatare (FH), Gatunda District | Director |

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|---|---|
| Focus group of citizens, Gatunda District | 8 participants (list of participants is available upon request) |
| Rural Biogas | Owner |
| Focus group citizens, Ruhango District | 60 rural villagers (list of participants is available upon request) |
| Arabica Coffee Cooperative | Accountant and Cooperative Manager |

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ANNEX 9: MINUTES OF THE DISCUSSION SEMINAR

Minutes of the discussion Seminar

19 November 2020, 13:30-16:00 (Brussels/CET)

Virtual meeting

Participants:⁷⁸²

European Commission, Brussels, Belgium

Antonia Parera, Evaluation Manager at DG DEVCO 04 European Commission

Aurelie POINSOT, Evaluation manager at DG DEVCO 04 European Commission **Elena Caballero**, Evaluation Manager at DG DEVCO 04 European Commission

Federica Petrucci, Evaluation officer at DG DEVCO 04 European Commission

François Gijzen, Admin Assistant at DG DEVCO 04, European Commission

Gabija Zymonaite, International Aid/Cooperation Officer at European Commission

Gabriela Koehler-Raue, Political Officer at EEAS

Gaëtan Espitalier, European Commission,

Konstantinos Berdos, Head of evaluation section DG DEVCO 04 European Commission

Matteo Bocci, European Commission

Olivier Louis, EU budget support focal point for East Africa at European Commission

Thierry BERTOUILLE, DEVCO C6 at DEVCO

Thomas Feige, Head of sector at European Commission

Sofian Dahmani, International Cooperation Officer - Rwanda at European Commission

Xavier PAVARD, Policy Officer at European Commission - DG DEVCO

EU Delegation to Rwanda, Kigali, Rwanda

Mr Nicola Bellomo, Head of the EU Delegation to Rwanda

Thibaut Moyer, Head of Economics at EU Delegation to Rwanda

Luis NAVARRO, Head of Cooperation at EU Delegation to Rwanda

Pascal Zahonero, EU programme manager

Mugeni Kayitenkore, Programme Officer at EU Delegation to Rwanda

Amparo Gonzalez, team leader "rural development" at EU Delegation to Rwanda.

Government of Rwanda, Kigali, Rwanda

Vincent Nkuranga, Acting SPIU Coordinator at Ministry of Finance and Economy

Louise Kanyonga, Chief Strategy & Compliance Officer at Rwanda Development

Beatrice YANZIGIYE, Ag. Deputy-Vice Chancellor for Institutional Advancement

Evaluation team and contractor representative

Geske Dijkstra, Professor at Erasmus University Rotterdam, team leader evaluation unit, OEGSTGEEST, NETHERLANDS

Leszek Kasprowicz, Energy Expert at GDSI, Evaluation team, AUSTIN, UNITED STATES

Ruth Kaeppler, Senior Evaluator - Freelance Consultant at Evaluation Expert, CAMPAGNANO, ITALY

Martin Caldeyro, Agriculture expert at GDSI Limited, evaluation team, MONTEVIDEO, URUGUAY

Jonathan KAMINSKI, Senior economist and Econometrician, evaluation team, CROZET, FRANCE

Matata Mandevu Athanase, Consultant at NSF Euro Consultants, evaluation team, KIGALI, RWANDA

⁷⁸² The list of participants includes all registered for the dissemination seminar. Names of those who were present at the seminar are presented in bold.

Pauric Brophy, Director at GDSI Limited, GALWAY, IRELAND

Bernard Habimana, Researcher, evaluation team, KIGALI, RWANDA

Anna Lobanova, FWC Department at GDSI Limited, GALWAY, IRELAND

Other stakeholders

Jean-Michel Swalens, Deputy Head of Mission at Embassy of Belgium, KIGALI, RWANDA

William Mutero, Country Director at Plan International Rwanda, KIGALI, RWANDA

Stephen Ruzibiza, CEO at PSF, KIGALI, RWANDA

Samba Mbaye, Resident Representative at IMF, KIGALI, RWANDA

Modeste Sibomana, Programme Manager at Trócaire, KIGALI, RWANDA

Joanne Simpson, Development Director, British High Commission Kigali, KIGALI, RWANDA

Donato Pezzuto, Governance Adviser at British High Commission Kigali, KIGALI, RWANDA

Dony Mazingaizo, Country Director at Trocaire, KIGALI, RWANDA

Dorothea Groth, Head of Development cooperation at German Embassy Kigali, KIGALI, RWANDA

Louison Cadiou, member of the event facilitator team, DownTownEurope, Brussels.

Minutes of the seminar:

1. **Welcome Address by Mr Nicola Bellomo, Head of the EU Delegation to Rwanda.** Mr. Bellomo talked about importance of the evaluation conducted. The EU has financed 10 programmes through budget support channel. The budget support share in 2011-2018 was 82% of all support provided to Rwanda. The findings of report will be used for the design of next programming period. He underlined the efficiency of budget support in achieving the SDGs, and he welcomed the recommendation of having a policy dialogue at a high level. For the next programming, the EU Delegation will try to put objectives first and then define tools for channelling support for the next programming period. Recently EU has provided support to COVID operation in Rwanda. In conclusion Mr. Bellomo thanked the evaluation team for the work done.
2. **Opening Remarks by Mr. Vincent Nkuranga, Acting SPIU Coordinator at Ministry of Finance and Economy:**
 - a. The evaluation study assessed the relevance of budget support. The high-level dialogues recommended is in line with the government strategy.
 - b. EU is the biggest budget support donor.
 - c. This evaluation study will be the key to identification of strategic areas for the future co-operation.
 - d. Mr. Vincent Nkuranga highlighted the professionalism of the evaluation team, thanked the evaluation team and colleagues from the EU Delegation to Rwanda.
3. **Evaluation purpose and process by Mr Konstantinos Berdos.** The presentation is enclosed



4. **Evaluation's Key Findings and Lessons Learned by Geske Dijkstra.** The presentation is enclosed.



5. Questions and Comments on key findings:

- Dorothea Growth: could you provide more details about adverse effects of agriculture growth?
- Geske Dijkstra: The government stimulated the production of high-calory crops by providing seeds and fertilizers only to those farmers that switched to these crops; this was the policy of agricultural modernization. It led to high agricultural growth but also to huge area expansions and to a loss of the production of nutritious and more climate resilient crops. As a result, deforestation and climate vulnerability increased and farmers are not eating better. This trend is not only visible in Rwanda but is a result of the application of “Green Revolution” policies in Africa more generally.
- Modeste SIBOMANA: Can you say more on the gap observed in mainstreaming gender issues.
- Geske Dijkstra: Gender is mentioned in planning documents, but not in concrete objectives or in indicators of the budget support programs. It was tried to include gender in the on-going Sector Reform Contract for Agriculture, but it was then found that no relevant gendered data were available. However, the National Gender Statistics Report do have some gender-indicators that could have been used. And the EU can also help to improve availability of gender indicators by, for example, commissioning studies. The SRC Energy does have an indicator on improved cooking stoves that is considered more important for women, but it is not a gender indicator.
- Amparo Gonzalez: We should differentiate between tools and policies. While talking about positive effects, we always should present them in the context. The same is with constraining factors. By nature, budget support can’t make instruments on Agriculture. Which tool will be the most suitable? Why was Technical Assistance (TA) not successful? We also would like to get know if there is a better tool available for improving capacity.
- Geske Dijkstra: indeed, budget support as tool only has a limited influence on the policies, and in the case of agriculture, the dialogue has not been able to change the agricultural modernization policies of GoR. This means that budget support in fact supported these policies. With regard to TA to the core agencies, there were often different views about its scope and content.
- Konstantinos BERDOS: The questions on recommendation side will be answered in the second half of the seminar after the presentation of recommendations.
- Dorothea GROTH: it is more a question to the Government and the EU Delegation. Can we improve the comprehensiveness of agreed indicators?
- Olivier LOUIS: It is nice to clarify how the budget support tool worked in Rwandan context. Why are we not successful in policy dialogue? Government has strong vision on policies. How can we, budget support donors, can influence government view. Budget

support relies on capacity of government, its priorities, and targets. We have limited capacity to influence. What approach will work the best?

- Geske Dijkstra: EU has had some success in bringing farmers to policy dialogue. There there proved to be limits here. EU can only demand more in a policy dialogue at a higher level.
- Konstantinos BERDOS: EU has welcomed the findings of the conducted evaluation and supported them. They will be used for the next programming period.

6. Recommendations for the future by Geske Dijkstra. The full presentation is enclosed



7. Comments of the Government of Rwanda and of the European Union on the evaluation's recommendations.

- Vincent Nkuranga: The recommendation on M&E systems is already in place. The Imihigo indicators are now all monitored by MINECOFIN and Prime Minister's Office (PMO). . The government reporting system has been strengthened significantly during the last years. On macro-economic policy we are accelerating the process by organising high level summit. All meetings are at high level. And please clarify what you mean by the recommendation to strengthen intra-GoR reporting.
- Geske Dijkstra: The idea is that there are also still dialogues at somewhat lower levels, for example with Permanent Secretaries. It would be good if there would be more exchange on outcomes of these meetings with Ministers, Prime Minister and President. And our recommendation to strengthen M&E systems by bringing them to higher government levels was not meant for Imihigo indicators only. It is meant for all indicators and targets mentioned in the national plans.
- Vincent Nkuranga: This recommendation can be easily implemented as we now already have the system for Imihigo in place.
- Luis NAVARRO:
 - Our high-level dialogue takes place at the level of the Ministries of Finance, Energy, Agriculture. We need to be realistic on whether higher level dialogues are possible, also in relation to burden on the level of Ambassador.
 - We do not have joint macro dialogue with other donors. It would be good to involve IMF, WB and other donors here.
 - We now have a PFM dialogue which is mainly on spending the PFM basket fund, but we think can engage the government to have a more general dialogue on PFM systems.
 - An evaluation finding was that there is a limited correlation between sector budget support and government sectoral allocations. We should see how we can plan better for the next cycle. Why didn't you include a recommendation on this issue?

- We know that GoR has good development vision. But as evaluation also finds, we have hardly been able to change the government's course. For this reason, we want to consider other modalities as well. I do not see recommendations for this either.
- Geske Dijkstra: the recommendation to consider other modalities is in our first slide. If the other recommendations are not implemented, and in particular the higher level policy dialogue, , then other modalities should be considered. And on the relation between the volume of sector budget support and government sector budgets, we think that an indicator specifying that budgets should at least not decrease, could make sense for the future.
- Konstantinos BERDOS: it is good to see that some recommendations are already implemented.

8. Discussion

- Olivier LOUIS: what would we do next? We will review the recommendations. What should we do if there is no progress with high policy dialogue?
- Geske Dijkstra: indeed, we recommend to change than the relative weight of budget support in total aid volume.
- Gabija ZYMONAITE: we had lots of exchanges on the evaluation findings, conclusions and recommendations. It is indeed crucial to put the recommendations forward. It is great to hear reassurance that some recommendations are already started. It is essential to make the budget support more effective using well thought indicators. How does this work for the on-going support for alleviating the effects of the covid-19 pandemic? And for us it is surprising that budget support did not make much impact on PFM. How is that possible and how can the PFM dialogue be strengthened?
- Geske Dijkstra: I can't comment on the current situation. According to our findings through the interviews, EU does not have much influence on strategic level of PFM.
- Luis NAVARRO: we have provided 2 fixed tranches to support social protection plan of the Government of Rwanda. We had a number of high-level talks/meetings. Now we are at the second tranche. We review indicators. We have a challenge at the level of reporting. What we received is limited. The response is not yet rolled out. The Government of Rwanda seems not be able to provide evidence.
- Thibaut MOYER: Let me answer the question on the PFM dialogue. Given that we provide a large amount of budget support, we have recently been able to have a better dialogue with GoR on PFM to make the budget support work more successful.

9. Concluding Remarks

- a. Vincent Nkuranga: this session was productive and informative. We open for discussion of the topic of PFM in the PFM Coordination Forum. EU is free to ask any questions. We are transparent. I am looking forward to receiving the final report.
- b. Luis NAVARRO: we highly appreciate recommendations provided by the evaluation team. We are looking forward to using the report for the future programming in cooperation with Rwanda.
- c. Geske Dijkstra: we wish you all a future successful cooperation. We hope Rwanda will benefit from EU support in the new programming cycle.
- d. Konstantinos BERDOS: thank you to the evaluation team, the government of Rwanda and the EU Delegation for participation in this complex evaluation and contribution to development of the evaluation report.

Appendix A: Presentations



Evaluation of EU Budget Support to Rwanda (2011-2018)

Presentation Discussion Seminar
Evaluation purpose and process

19 November 2020

Kostas BERDOS -

DEVCO 04- Evaluation and Results



Who we are: DG DEVCO Evaluation & Results Unit

Responsible for:

- Steer, coordinate and ensure coherence of all DG DEVCO evaluation activities
- Plan and manage strategic evaluations
- 5 year rolling evaluation work programme consisting of country, thematic and instrument evaluations
- https://ec.europa.eu/europeaid/sites/devco/files/evaluation-work-programme-2018-2022_en.pdf
- Reports become public

Disseminate evaluation results and promote uptake

WHY evaluating ?

1/ accountability

2/ learning

3/ inform strategic decisions



Milestones

1. In 2013 a Communication : "*Strengthening the foundations of Smart Regulation – improving evaluation*"
2. In 2014 : the first Evaluation Policy for Development Cooperation: "***Evaluation Matters***"
3. In 2015: "***Better Regulation***"

Evaluation Purpose:

- To provide the parties involved and the wider public with an overall independent assessment of budget support operations to Rwanda
- To identify key lessons and to produce recommendations to improve current and inform future cooperation with Rwanda
- *OECD/DAC: a budget support evaluation aims at assessing to what extent and under which circumstances budget support has successfully enhanced the policies, strategies and spending actions of the partner government so as to achieve sustainable national and/or sector level development outcomes and a positive impact on poverty reduction and economic growth*

Scope:

Covers 10 Budget support operations of the European Commission (1 GBS and 9 SBS) with total commitment of EUR 725 million



Evaluation (common) Principles

Internationally agreed OECD/DAC principles and criteria:

- *Relevance*
- *Effectiveness*
- *Efficiency*
- *Coherence/EU added value*
- *Impact and sustainability*

Three key steps of methodology:

- *Intervention logic*
- Comprehensive Evaluation
Framework***
- *Evaluation Questions (EQ)*
- *Robust analysis to answer
the EQ*

OECD/DAC Budget support methodological approach



Evaluation process

Management group oversight – Reference group feedback

Inception phase

*Document collection/Review, methodology design, workplan/calendar, first country visit > **May 2019 launching seminar** > **Inception report approved***

Desk phase

*Interviews/focus groups, Data/document analysis, preliminary answers to EQs - **Desk report approved***

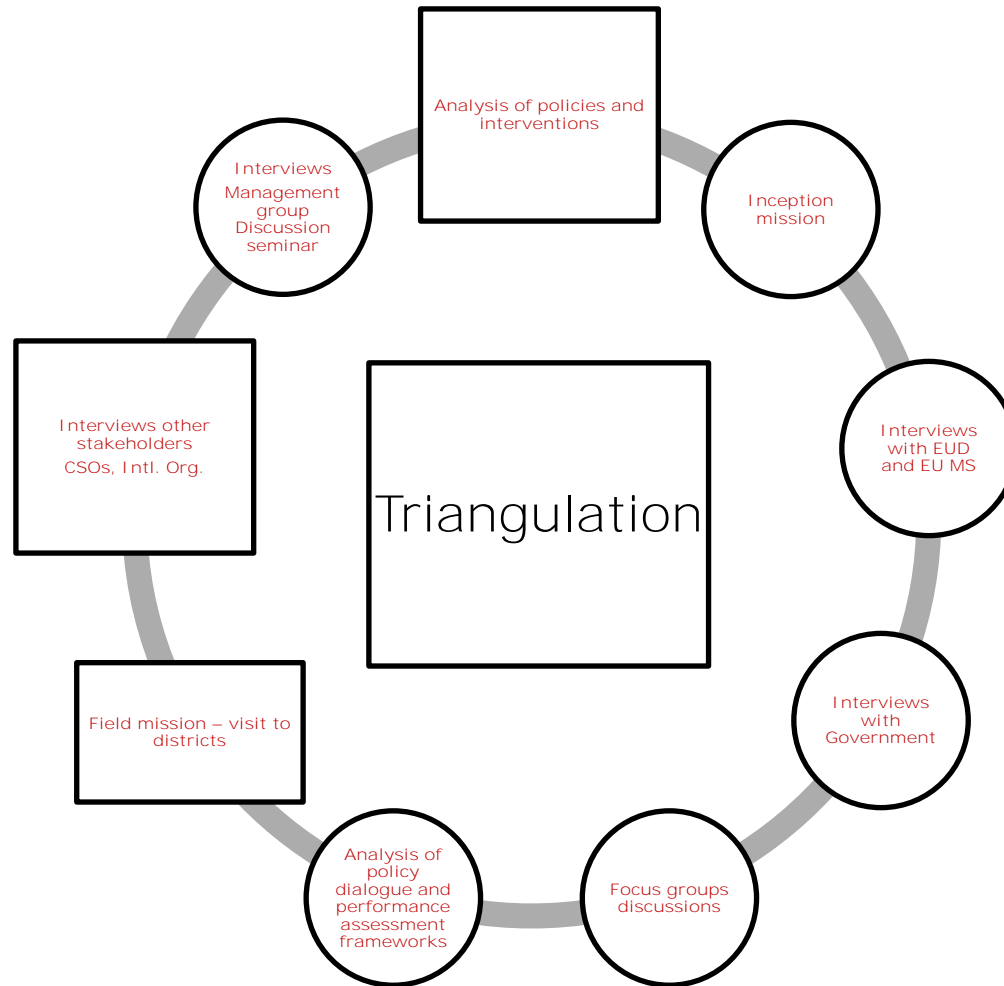
Field phase

*Second country visit > **October 2019:** interviews, district visits, filling in data gaps, verifying robustness of preliminary answers to EQs*

Synthesis phase

*Record all evidence according to JC and indicators, drafting final report, feedback via **discussion seminar** > **November 2020** > **Final Report!***

Triangulation of evidence





European
Commission

Thank You!

Key findings and lessons learnt

Discussion seminar
19 November 2020

Geske Dijkstra, team leader



The content of this presentation is the sole responsibility of GDSI Limited and can in no way be taken to reflect the views of the European Union

The project is funded by the European Union and implemented by a consortium led by GDSI Limited

Lead implementing partner is GDSI Limited

This presentation is on behalf of the evaluation team:

- Dr. Geske Dijkstra, Team Leader and Expert in Evaluating Budget Support
- Ms. Ruth Maria Käppler, Aid Evaluation Expert
- Mr. Martin Caldeyro, Agriculture Evaluation Expert
- Mr. Leszek Kasprowicz, Energy Evaluation Expert

- Mr. Jonathan Kaminski, Econometrician
- Mr. Stephen Hitimana, Public Finance Management Expert
- Mr. Athanase Matata Mandevu, Decentralisation Expert
- Mr. Bernard Habimana, Research Assistant
- Mr. Mauro Napodano, Methodological Advisor (Inception phase)
- Mr. Pauric Brophy, GDSI Project Manager
- Ms. Anna Lobanova, GDSI Project Coordinator



Overview of presentation

1. Aims, scope, and context of evaluation
2. Evaluation approach and process
3. Findings per evaluation question
4. Overall assessment



1. Aims, scope, context



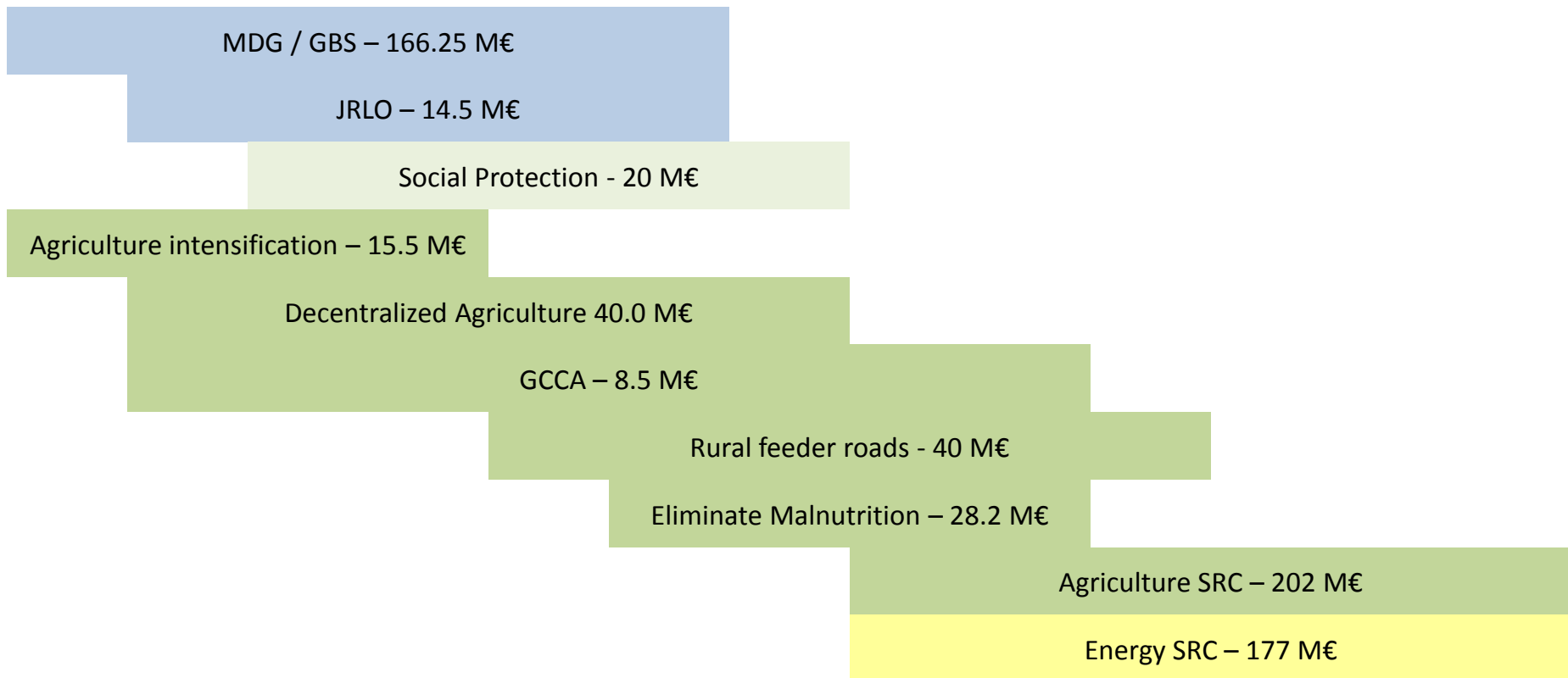
Aims and scope

- To provide independent assessment of ten EU budget support operations to Rwanda carried out over the period 2011-2018
 - And to identify lessons learnt and provide recommendations for the future
- Scope: One GBS operation and nine SBS operations
 - Main evaluation focus was on on-going Sector Reform Contracts in Energy and Agriculture and nutrition
- Total amount committed M€ 725
 - Disbursed during evaluation period M€ 538



EU Budget Support interventions, and committed amounts including complementary measures

2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021



The project is funded by the European Union and implemented by a consortium led by GDSI Limited
 Lead Implementing partner is GDSI Limited



Context

- Budget support was high share of EU aid to Rwanda 2011-18: 64% (*source: OECD*)
 - Second highest after Saint Helena, average for SSA is 21%
- Rwandan context:
 - National vision on development
 - Strong ownership of aid
 - Centralized decision-making
 - Centralized control over implementation through *imihigo*

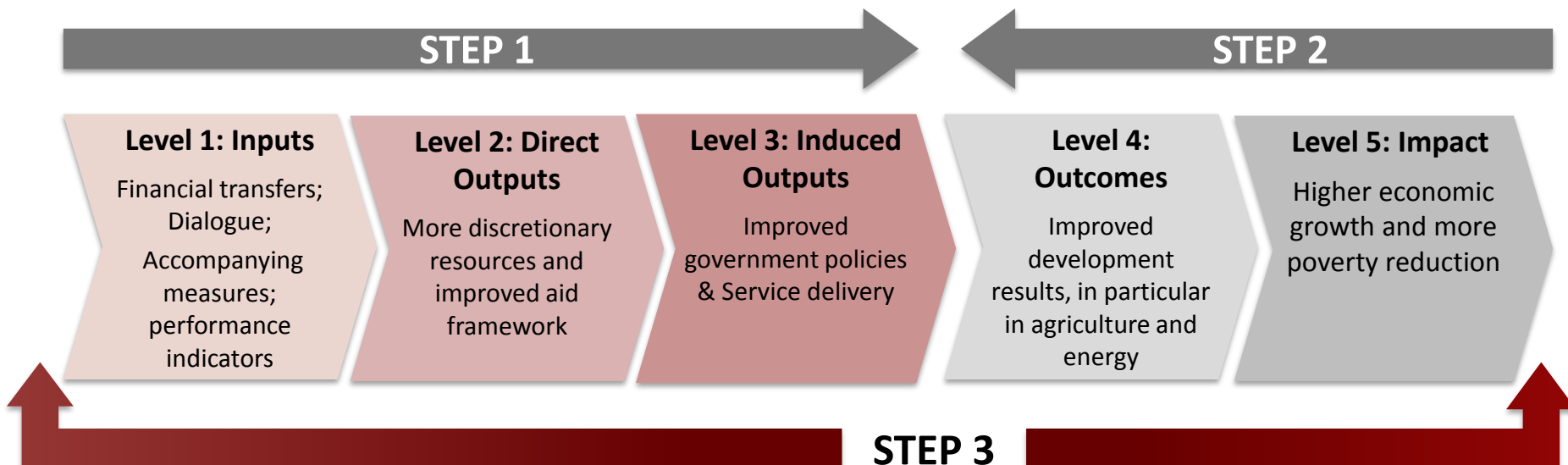


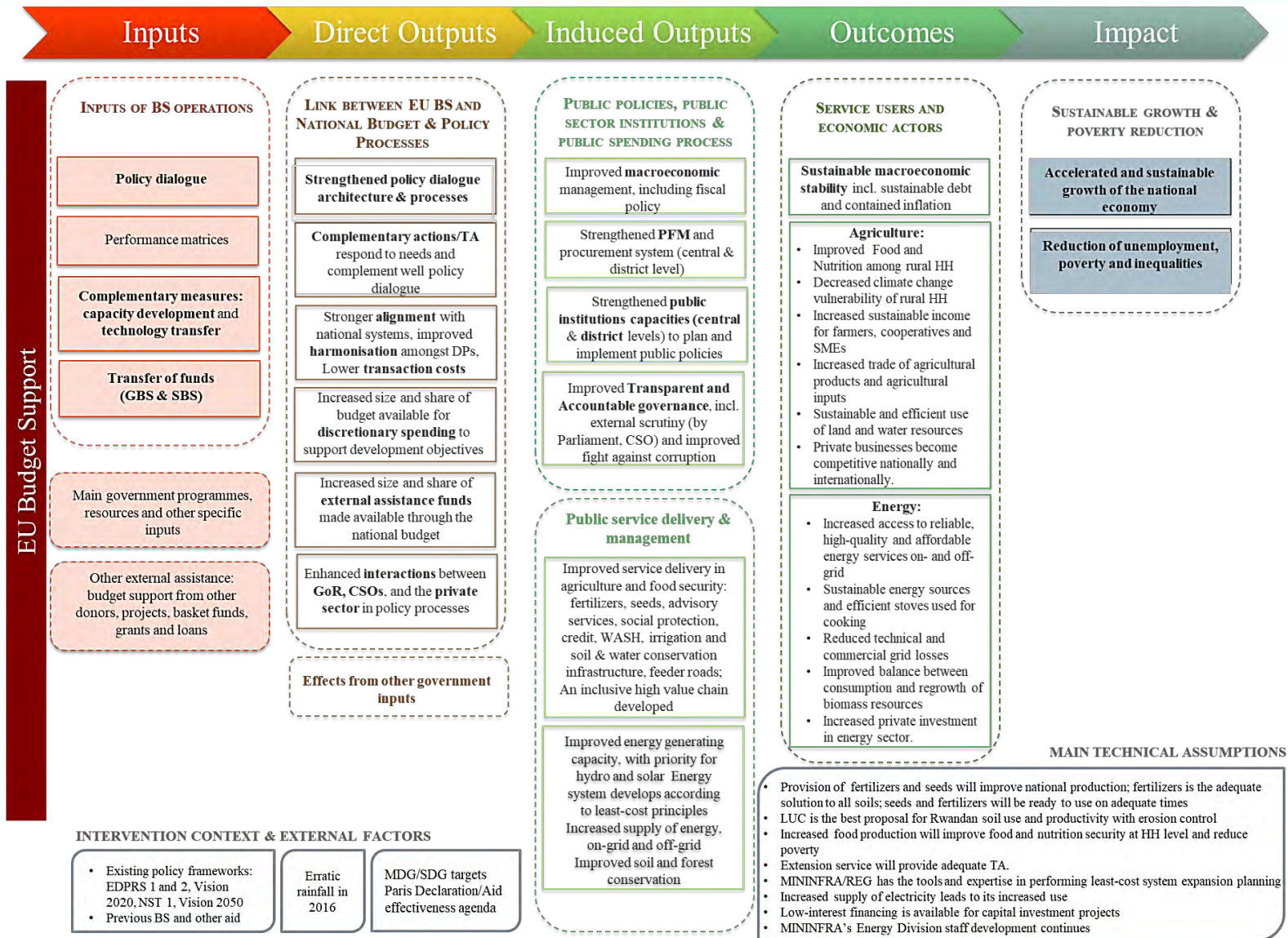
2. Evaluation approach and process



Evaluation approach: five levels and three steps

1. How has budget support contributed to strengthen government strategies and implementation?
2. To what extent have targeted development outcomes been achieved, and which have been the main determining factors, including strategies strengthened by budget support?
3. How has budget support contributed to targeted outcomes via the strategies strengthened?





Evaluation Questions, Levels and Steps

| Evaluation Question | Level | Step |
|---|--------------------|------|
| Relevance of budget support | 1. Inputs | 1 |
| Direct outputs | 2. Direct outputs | |
| Macro-economic management | 3. Induced outputs | |
| Public finance management | | |
| Local governance | | |
| Policy formulation and implementation processes, service delivery | | |
| Outcomes in Energy | 4. Outcomes | 2 |
| Outcomes in Agriculture and Nutrition | | |
| Impact on growth and poverty reduction | 5. Impact | 3 |
| All | All | |

Evaluation process

March-June
2019:
Inception
phase

- May 2019: Launching seminar Kigali, first round of interviews
- June/July: Inception Report discussed and approved by Management Group
- August: Inception Report discussed with Country Reference Group

July-Oct. '19:
Desk and
field phase

- October: Desk Report discussed with Management Group at start of field work
- October: Field work:
 - More than 70 interviews and focus groups
 - Visit to 4 districts

Nov. '19-
Sept. '20:
Analysis and
synthesis
phase

- January: draft volume 2 commented by Management Group
- April: draft volume 1 discussed with Management Group
- May-September: more comments received and processed
- November: discussion with Country Reference Group

3. Findings per evaluation question



Relevance (1)

- In general, high relevance of budget support inputs
- Disbursement indicators were based on national plans → high ownership
 - Incentive effect was reduced due to GoR not allocating sufficient resources to their measurement – GoR prioritised *imihigo*
- Complementary measures relevant
 - sometimes delays due to diverging views or changed GoR priorities



Relevance (2): cross-cutting issues

- Cross-cutting issues were mentioned in planning documents but not always mainstreamed in implementation
 - Rights-based approach is a challenge in Rwanda
 - Gender hardly mainstreamed
- Exception: environment and climate change



Direct outputs (1): resources

- Good alignment with national systems
- High predictability
- Lower transaction costs
- Budget support expanded fiscal space for GoR, and this was mainly used for investment
- Limited relationship with sector budgets
 - Public budget for Energy decreased 2015-16 and 2016-17



Direct outputs (2): policy dialogue

- Small contribution of several EU budget support inputs to (slightly) improved sector policy dialogues
- Dialogue on macro-economic issues has weakened since demise of GBS
- Sector policy dialogues (including PFM) more effective for operational issues than for strategic issues
 - Due to absence of highest decision-making levels in these dialogues



Induced outputs (1): Macro-economic management and PFM

- No effect on macro-economic management
 - Considered as "good"
 - Absence of macro-economic policy dialogue → no channel available to express concerns
- Improvements in Public Finance Management (PFM) mainly due to government efforts and TA
 - Positive effects of EU performance indicators on some aspects of transparency and reporting in sectors Energy and Agriculture



Induced outputs (2): National and local governance

- Most complementary measures helped strengthening capacities
 - NISR, NSEM
- Some technical assistance (TA) to core agencies less successful due to lack of common understanding on objectives, content and scope of this TA
 - Some progress in M&E systems after our fieldwork
- Resources may have contributed to expansion of local government staff



Induced outputs (3): Policy formulation and implementation

- Contribution to more realistic goals in Energy
 - And to more realistic standards for solar systems
- Contribution to somewhat higher quality strategic plan in Agriculture
 - Effect on farmers' living standards and nutrition remains to be seen
- Some contribution to – slightly – improved service delivery, e.g. irrigation

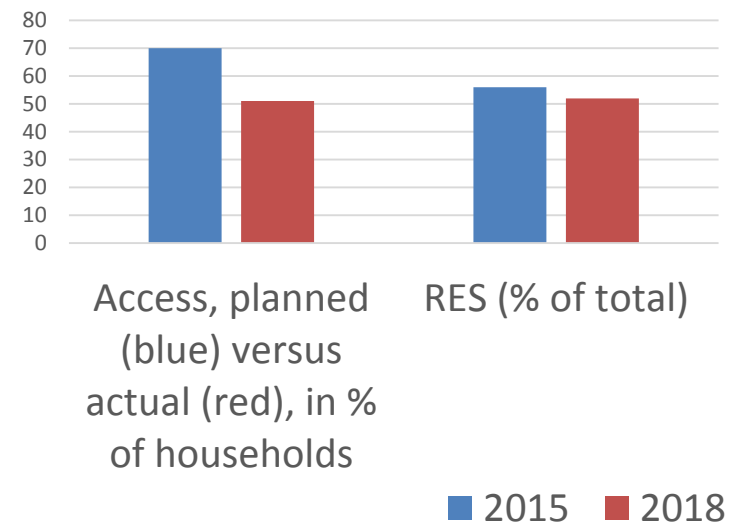
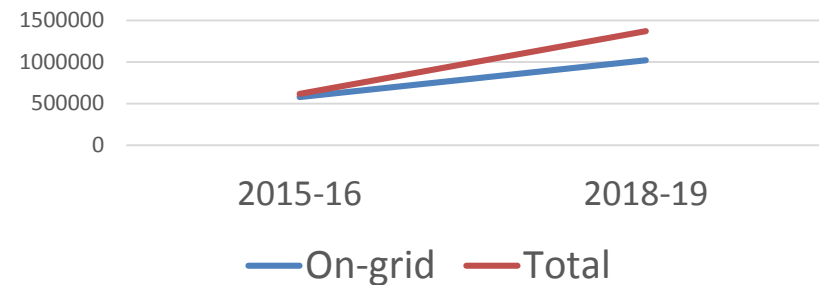


Hillside irrigation

Outcomes: Energy (1)

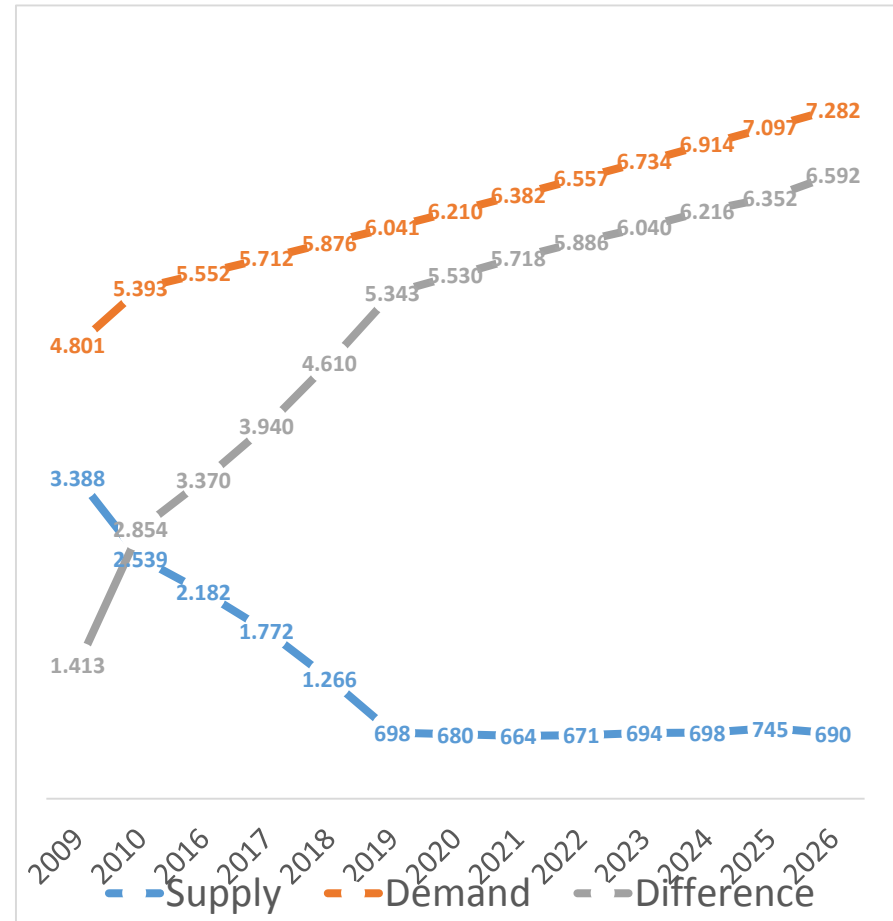
- Increased access, but less than planned
- No increase in share of Renewable Energy Resources (RES) in total energy
 - Performance indicator that stipulated increased use of RES over previous year did not help

Number of households with access to electricity

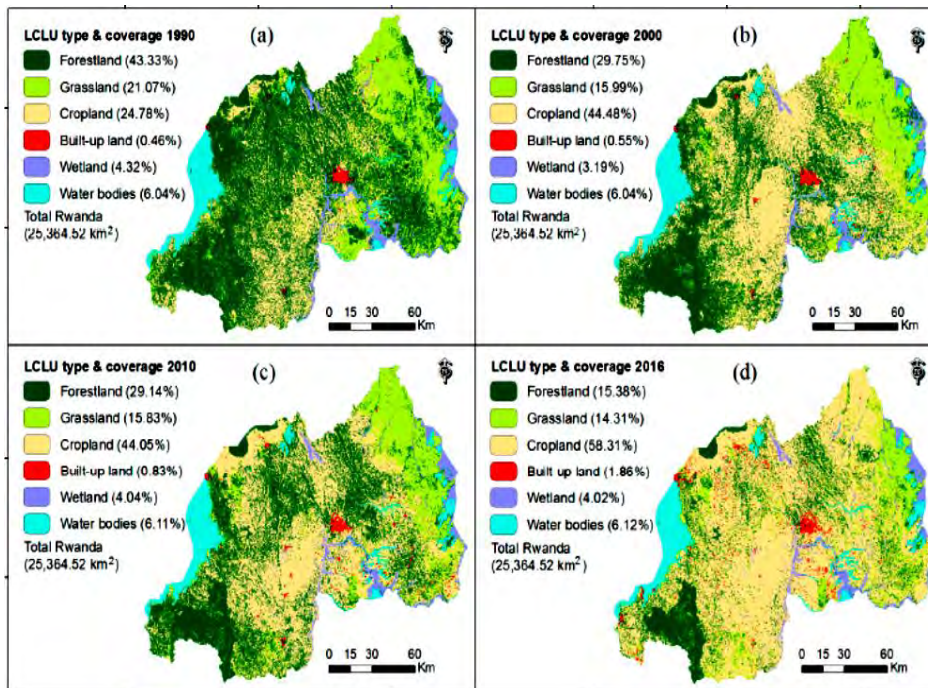


Outcomes Energy (2): Demand and supply of biomass resources

- No improved balance (see figure)
 - Effect of EU budget support was to raise awareness, at most



Outcomes: Agriculture and Nutrition (1)



Green: forestland

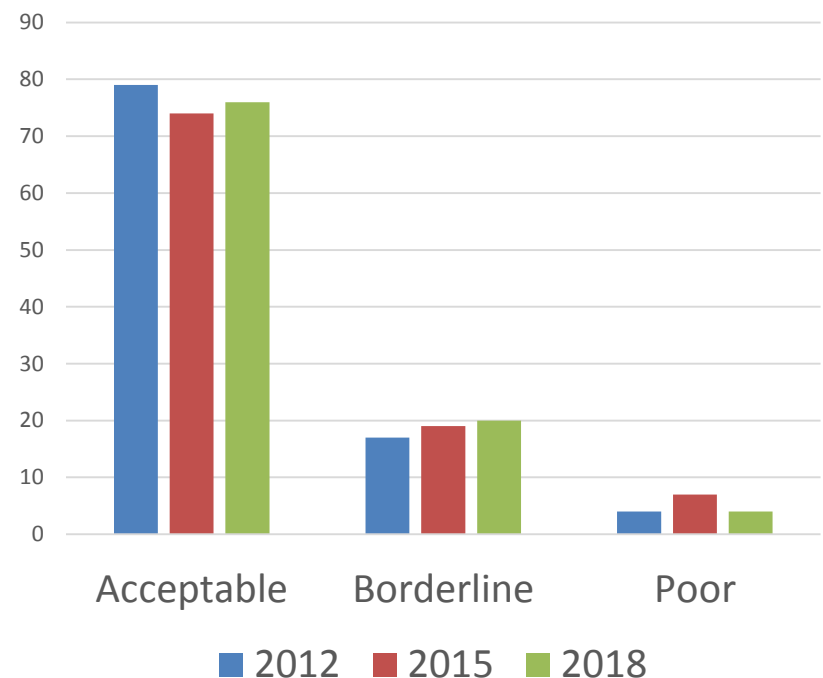
Pastel white: cropland

- Budget support contributed to the government's agricultural modernization policies, with effects:
 - High agricultural growth at 5.5% annually
 - Higher food self-sufficiency at national level
 - More deforestation, soil depletion, erosion, and vulnerability to climate change (figure)
 - No improved nutrition....

Outcomes: Agriculture and Nutrition (2)

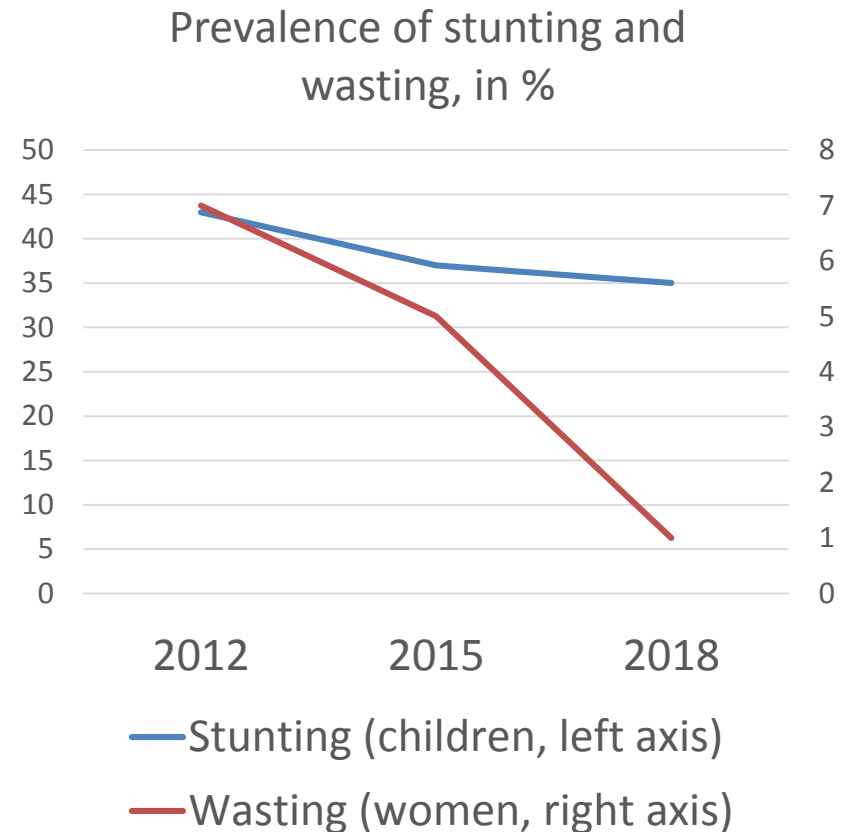
- No improved food security for households:
 - Food consumption did not increase between 2012 and 2018
 - Dietary diversity decreased between 2015 and 2018

Share of households with acceptable, borderline and poor food consumption, in %



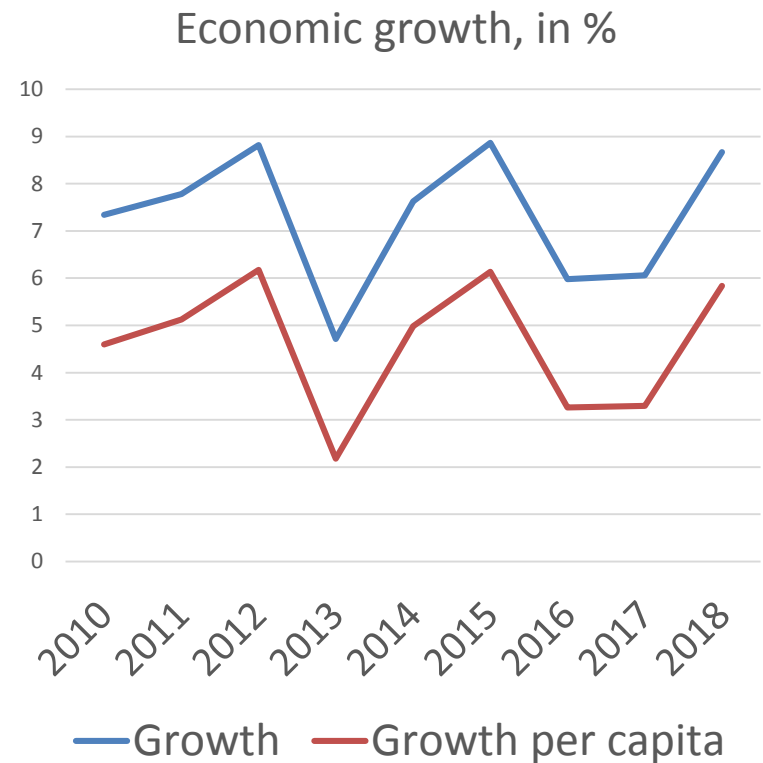
Outcomes: Agriculture and nutrition (3)

- Some effect on specific nutrition indicators through support to the National Multisectoral Strategy to Eliminate Malnutrition (NSEM)
- But stunting prevalence at 35% still high!



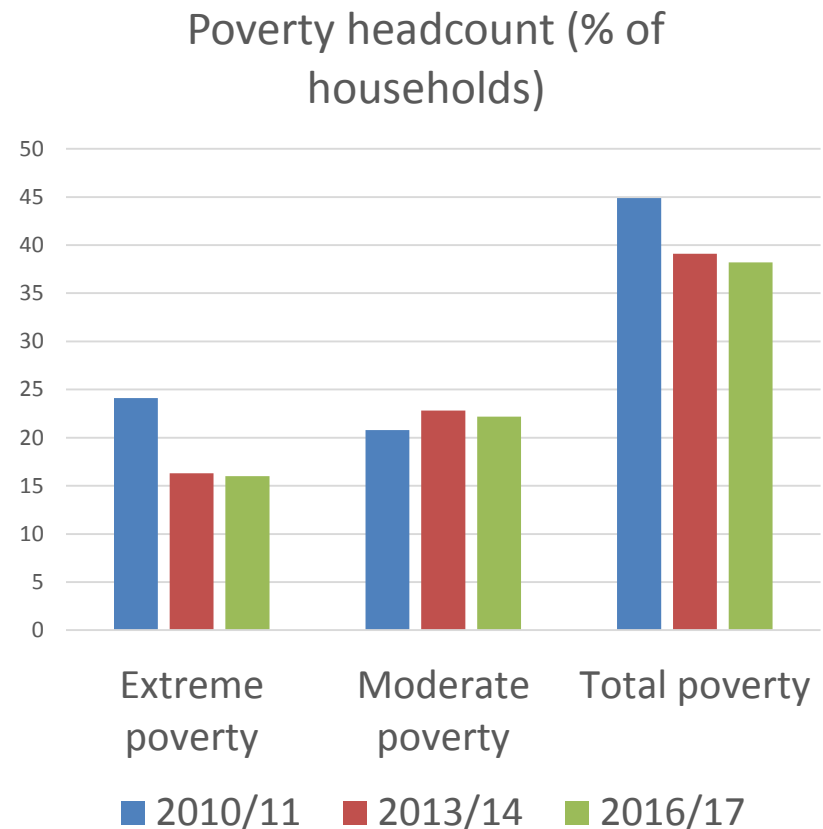
Impact (1): growth

- Contribution of EU budget support to high economic growth, annual average of 7.3%
 - Resources allowed for higher public investment
 - Growth mainly driven by investment



Impact (2): poverty reduction

- Limited contribution to poverty reduction
 - Reduction in income poverty small and not statistically significant between two most recent surveys
 - Government policies became less pro-poor over time
 - EU budget support has not been able to change this



4. Overall assessment

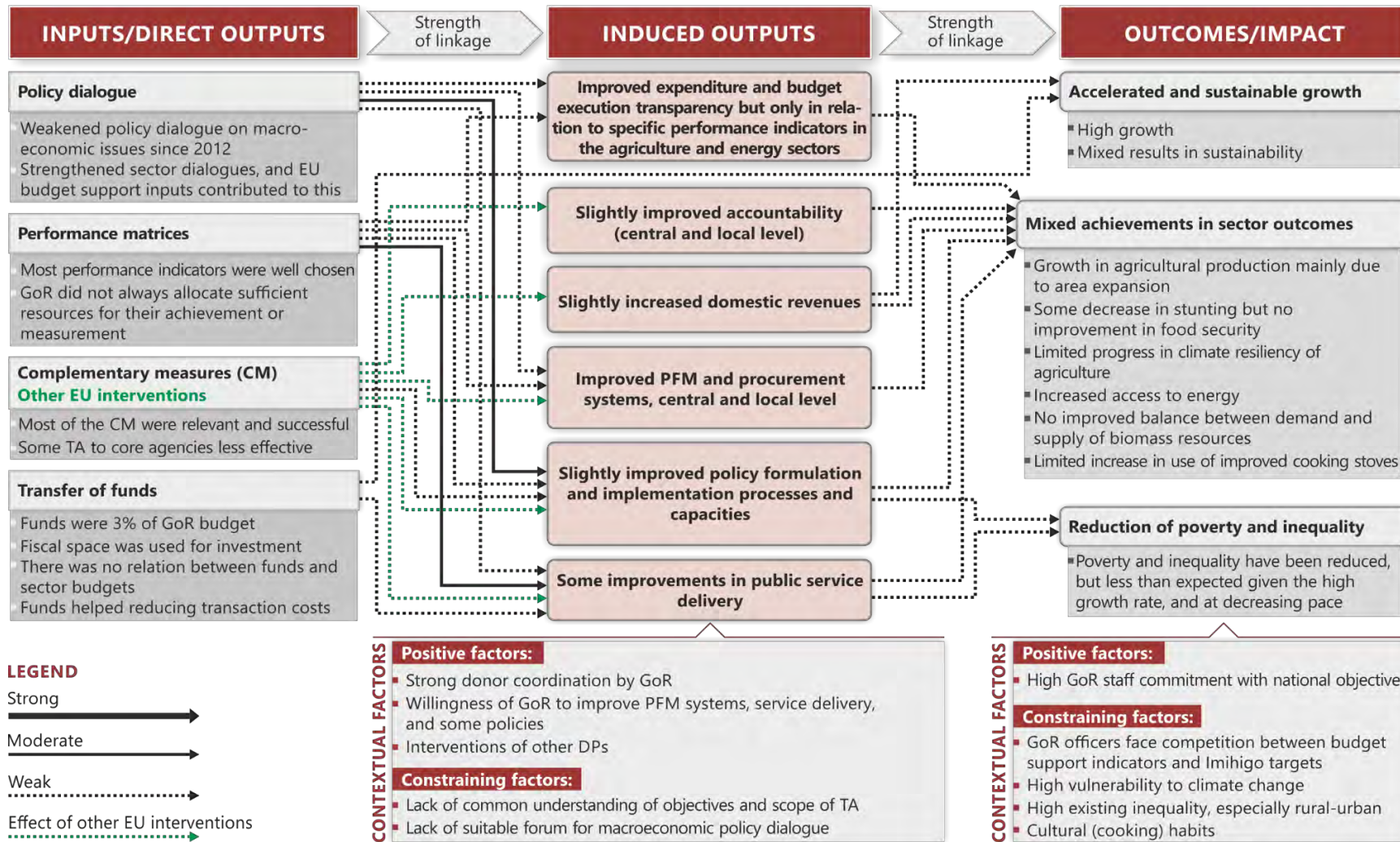


Overall

- Most linkages between different elements of the comprehensive evaluation framework are weak
- Some links are non-existent or only present due to other EU interventions
- A few linkages are “moderate”
- Exception: strong link for Rural feeder roads programme



Synthesis of results



Thank you for your attention!

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Recommendations

Discussion seminar
19 November 2020

Geske Dijkstra, team leader



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The project is funded by the European Union and implemented by a consortium led by GDSI Limited

Lead implementing partner is GDSI Limited

Overview

- Recommendations for GoR and EU
 - General
 - Policy dialogue
 - Complementary measures
 - Performance indicators
 - Cross-cutting issues
 - Energy
 - Agriculture and nutrition
- Recommendation for GoR
 - M&E systems
- Recommendations for EU
 - Visibility
 - Support to civil society



General

- Budget support in Rwanda can be made more effective
- Relative importance of budget support in EU's overall aid portfolio should be dependent on commitment with implementation of recommendations
- Otherwise, balanced approach may be considered, with higher share of project aid and possibly blended finance



Policy dialogue (1)

Finding

- Policy dialogues mostly focus on operational and technical issues

RECOMMENDATIONS

- Secure policy dialogue EU with highest decision-making levels
 - “Summit High Level Policy Dialogue” (HLPD), alternated with “regular HLPD”
- Strengthen intra-GoR reporting channels



Policy dialogue (2)

Current situation

- Weakened dialogue on macro-economic management

RECOMMENDATION

- Re-establish macro-economic dialogue between GoR and concerned donors : EU, IMF, World Bank, ...



Complementary measures, in particular Technical Assistance (TA)

Finding

- Lack of common understanding on objectives, scope and content of TA

RECOMMENDATIONS

- Make sure to have a “summit HLPD” on objectives, scope and content of TA
- This dialogue should lead to convergence on institutional reforms to be achieved

Performance indicators

Findings

- Measurement of indicators was sometimes not clearly defined, not clear or impossible
- One indicator, that for RES, depended on exogenous factors only

RECOMMENDATIONS

- Make sure indicators are measurable and that there is agreement on, and understanding of, measurement
- Make sure there is some link between GoR efforts and the achievement of the indicators



Cross-cutting issues

Finding

- CCIs mentioned in programme documents, but lack of mainstreaming in implementation, except for environment and climate change

RECOMMENDATION

- More attention for CCIs, in particular rights-based approach and gender, in objectives and inputs of budget support (policy dialogue, performance indicators, complementary measures)



Energy sector (1)

Findings

- Moderate contribution to policy improvement
- No effects on balance between supply and demand of biomass resources, yet contribution to increased awareness

RECOMMENDATION

- Continue focus on policy improvement, in particular least-cost planning with attention for demand-side management
- Continue focus on balancing supply and demand of biomass resources

Energy sector (2)

Findings

- Share of Renewable Energy Sources (RES) in energy mix did not increase
- Indicator for RES did not have an effect

RECOMMENDATION

Approach for defining an indicator:

- Open and participatory planning process
 - → energy generation path
 - → time schedule for construction and dispatch of RES
 - → indicator for construction of RES generation



Agriculture and nutrition

Findings

- Policies led to increase in production but also to a reduction in food security and to an increase in climate change vulnerability
- Participation of farmers and farmers' organizations contributes to better policies

RECOMMENDATIONS

- Continue focus on improving food security at household level and on improving climate resilience
- Engage farmers and farmers' organizations in policies

Recommendation for GoR: (M&E) systems

Findings

- M&E (Monitoring & Evaluation) systems for government plans are weakly developed
- They only focus on *imihigo* indicators

RECOMMENDATION

- GoR should dedicate more attention and resources to M&E systems
- GoR may consider national quality assurance system for M&E at MINECOFIN, PMO or President's Office



Recommendation for EU

(1) Visibility

Finding

- EU started innovative approach to increase its visibility by pooling resources from all aid modalities and targeting its visibility in general

RECOMMENDATION

- EU should continue this innovative approach to increasing its visibility in Rwanda



Recommendation for EU

(2) Support to civil society

Finding

- Support for private sector, civil society and farmers' organizations is essential for achieving improved policies

RECOMMENDATION

- EU should continue support for civil society, farmers' organizations and private sector, through complementary measures and/or other interventions



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