



# Evaluation of the European Union's External Action

## RESPONSE OF THE EU SERVICES TO THE RECOMMENDATIONS



<b>Evaluation title</b>	<b>Evaluation of EU Budget Support to Rwanda (2011-2018)</b>		
<b>Lead EU Services</b>	European Commission – DG International Partnerships (INTPA) – Unit A.4 Eastern & Central Africa. <a href="mailto:INTPA-A4@ec.europa.eu">INTPA-A4@ec.europa.eu</a> – Evaluation managed by (INTPA), Unit D4, <a href="mailto:INTPA-EVALUATIONS@ec.europa.eu">INTPA-EVALUATIONS@ec.europa.eu</a>	<b>Rationale for the evaluation</b>	The <b>objective</b> of this evaluation was to provide an overall independent assessment of ten EU budget support operations to Rwanda (one General Budget Support operation and nine Sector Budget Support programmes) carried out over the period 2011-2018, with the total commitment of € 725 million.
<b>Associated EU Services</b>	<a href="mailto:Delegation-rwanda@eeas.europa.eu">European Delegation of the European Union to Rwanda -Delegation-rwanda@eeas.europa.eu</a> External Action Service (EEAS)	<b>Main policy areas addressed by the evaluation</b>	Macroeconomic management (General Budget Support operation), Nine Sector-specific Budget Support programmes: <ul style="list-style-type: none"> <li>• justice, reconciliation, law and order (1 operation),</li> <li>• social protection (1 operation),</li> <li>• agriculture and nutrition (6 operations),</li> <li>• and energy (1 operation).</li> </ul> The evaluation provides an in-depth analysis of the results chain for the two main sectors covered by the budget support operations, namely <u>energy and agriculture/nutrition</u>
<b>Evaluation budget</b>	EUR 399 000	<b>Contractor</b>	GDSI Limited
<b>Dates of the response of the EU services</b>	March 2021 and follow up on May 2023	<b>Publications</b>	Links to the <a href="#">web page</a> , <a href="#">the main report</a> , its <a href="#">second volume</a> , and to <a href="#">the responses of the services</a>
<b>Summary of the conclusions</b>	<p>In general, EU budget support inputs were appropriate and relevant in the political, economic and social context of Rwanda and were appropriately adjusted to changing GoR priorities. Budget support resources have contributed to expanding the fiscal space for the government and this space has mainly been used for increasing investment. Most complementary measures were implemented successfully and helped to achieve the objectives of budget support. The different policy dialogues have been more effective for operational and technical issues than for strategic discussions on objectives, policies and (spending) priorities. Rwanda's macro-economic management has generally been assessed as good, but there has not been any influence of EU budget support in this area. The contribution of budget support to improving capacities for planning, implementation and monitoring at national level is limited to a few institutions or programmes that were able to use technical assistance or other complementary measures. Access to energy, both on-grid and off-grid, increased, but there is little evidence that budget support contributed to this increase. The budget support funds appear to have supported the government's agricultural modernisation policies, leading to higher production of some priority crops. In both Energy and Agriculture &amp; Nutrition, budget support has contributed a little to improved policies.</p>		

Recommendations from the independent Evaluation	Response of the EU services
<p><b>R1</b></p> <p><b>Given its potential for systemic change, EU budget support should be continued. The relative importance of budget support in the EU's overall aid portfolio should be dependent on the level of commitment to the key conditions for making budget support more effective.</b></p> <p>These key conditions are elucidated in Recommendations R2-R12 below. Should full commitment to the implementation of these recommendations not be evident, the EU may consider a more balanced approach, carefully paying attention to the possibilities of other aid modalities, including project aid, for achieving policy objectives.</p>	<p><b>March 2021: This recommendation is Accepted.</b> EU services suggest adapting the formulation of R-1 to ensure the recommendation points, specifically, to the Rwandan context. EU services concur with the relevance of continuing to use budget support as one of the implementing modalities in Rwanda whilst moving towards a more balanced mix of implementation modalities. The most appropriate modality or mix of modalities will be assessed on a case-by-case basis as new programmes are formulated under the MIP 2021-2027.</p> <p>-----</p> <p><b>February 2023 Follow-up:</b> Budget support continues to be a relevant implementing modality in Rwanda, particularly as government-owned strategies and policies are relatively strong, and in general performance on all eligibility criteria is consistent and good. The percentage of budget support in MIP 2021-27 first mid-term budget represents 31.5%, while in previous MIP 2014-2020 it accounted for 80%, which represents a significant reduction.</p>
<p><b>R2</b></p> <p><b>In future budget support operations, a higher government level should be engaged in the High-Level Policy Dialogue, for example the Prime Minister's Office and/or the President's Office, next to the Ministers.</b></p>	<p><b>March 2021: This recommendation is Rejected.</b> Involving higher levels of Government on regular policy dialogue meetings in the framework of sector reform contracts is not realistic in the Rwandan context. The highest dialogue level for budget support at sector level is the Minister in charge for the sector, ideally joined by the Minister of Finance, which is the case in Rwanda. Nonetheless, when needed and appropriate, policy issues can be elevated on the occasion of Art. 8 political dialogue meetings or other ad-hoc opportunities. Enhanced coordination at technical level between the Ministry of Finance and relevant line Ministries should be encouraged in the design and implementation of budget support operations.</p> <p>-----</p> <p><b>May 2023 Follow-up:</b> Above response provided in March 2021 is still valid.</p>
<p><b>R3</b></p> <p><b>In future budget support operations, it would be desirable to re-establish a macro-economic dialogue between the Government of Rwanda, the EU, other concerned donors, and the IMF.</b></p>	<p><b>March 2021: This recommendation is Accepted.</b> EU services agree with the need to strengthen dialogue on macro-economic issues alongside World Bank and IMF in particular, especially in light of the consequences of the pandemic and following the measures that have been implemented to accompany the economic recovery.</p> <p>-----</p> <p><b>May 2023 - Follow-up:</b> The macro-economic dialogue has improved with the government, also in light of recent Cost of Living crisis. A Development Partners Economists group has been established as of September 2022 (EUD is a pro-active member), in which cross-cutting, macroeconomic issues are raised, analysed and recommendations to the government made via the quarterly Development Partners Coordination Group. Dialogue with the IMF has also improved, particularly in the last 6 months since IMF again opened a local office in Kigali <sup>1</sup>and appointed a permanent Resident Representative.</p>

<sup>1</sup> See the web page of the [IMF OFFICE IN RWANDA](#)

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<p><b>R4</b> In, or next to, future budget support operations, the EU should continue, and increase, support to private sector, civil society and farmers’ organisations to strengthen them, to promote their participation in Sector Working Groups and Technical Working Groups and to help them engage in policy-making and accountability. This can be done through complementary measures and through project interventions.</p>	<p><b>March 2021: This recommendation is Accepted.</b></p> <p>The EU will continue its ongoing efforts to strengthen the involvement of civil society, private sector (including farmers) and agricultural unions on agri-sector policy dialogue. Furthermore, the EU has advocated for inclusion of these actors in the design of long-term strategies.</p> <p>-----</p> <p><b>May 2023 Follow-up:</b> Above response provided in March 2021 is still valid.</p>
<p><b>R5</b> The government should dedicate more attention and resources to improving information management and use of data. It may consider the establishment of a national quality assurance system for M&amp;E at the level of the Ministry of Economic Planning and Finance (MINECOFIN), Prime Minister’s Office or President’s Office.</p>	<p><b>March 2021: This recommendation is Accepted.</b></p> <p>The EU has already strongly contributed to enhancing the statistical and M&amp;E capacity of the GoR. The National Institute for Statistics of Rwanda was supported by the EU since its inception and is already one of the most capable statistics institutes on the continent. The first M&amp;E system for the agri-sector was also elaborated with EU support in 2010-2011 and its improvement is currently being supported by technical assistance mobilised within our on-going budget support operation. The Ministry of Finance has currently some M&amp;E experts mobilised with EU support in charge of improving their quality assurance system but also at any other technical ministry where needs are identified. EU services note that the recommendation could have been relevant for the energy sector, as several management information systems (MIS) have been developed but their implementation and coordination is still showing some shortcomings.</p> <p>-----</p> <p><b>May 2023 Follow-up:</b></p> <p>In May 2021, new programme estimate with National Institute for Statistics of Rwanda was launched, with very positive preliminary results, and the statistics production frequency and quality continue to improve and serve as a basis for assessing progress made in the country. In general, the data of last year seem to be realistic and confirmed by assessment done by IMF, World Bank (WB) or other entities.</p> <p>Within the complementary measures of the new Sector Reform Contract on “Transformational climate smart and inclusive agriculture in Rwanda”, a full-time consultant looking after M&amp;E is envisioned to strengthen the capacities and support the government in effective M&amp;E.</p> <p>Within its upcoming budget support operation in the field of education, the EU is liaising with other partners who are already supporting the Ministry of Education of Rwanda (MINEDUC) in reinforcing its data collection. This is key to the final selection of indicators, to understand the quality and timeliness of data. Lastly, the EU is liaising with the World Food Programme (WFP) on newly established indicators in the area of school feeding, for the upcoming National School Feeding Strategy, in order to assure desegregation of data for the pre-primary sector – the target sector of our operation.</p>

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	<p>As regards the energy sector, the Energy Management Information System (EMIS)<sup>2</sup> is being developed at the level of the Ministry (infrastructure) with the support of the ongoing technical assistance mobilised under the leftovers of the accompanying measures envelope of the Energy budget support. This system should be operational by 2023 and will facilitate the collection, monitoring, analysis, and interpretation of data.</p>
<p><b>R6</b> In future budget support operations, more attention should be paid to cross-cutting issues, in particular to the Rights-Based Approach (RBA), gender equality and climate resilience. These cross-cutting issues should not only be mentioned in project documents, but they should be more effectively applied and monitored during the whole implementation period.</p>	<p><b>March 2021: This recommendation is Accepted.</b>  A stronger focus will be placed on such issues on any future BS operation. Gender disaggregated indicators will be included whenever possible or even specific indicators on climate resilience or gender issues, but also on inclusion of vulnerable groups. These issues will also be factored in more prominently in policy dialogue meetings.</p> <p>-----</p> <p><b>May 2023 Follow-up:</b> Overall objective of the new Sector Performance and Reform Contract (SPRC) on “Transformational climate smart and inclusive agriculture in Rwanda”, launched end of 2022, is to promote climate adaptation (and thus resilience) in agriculture. Importantly, it includes gender sensitive performance indicators. Complementary assistance will also aim at tackling gender equality in the agricultural sector and promotion of climate mainstreaming policies. Gender equality will be mainstreamed throughout the entire new education programme, including budget support. This may include desegregation of data and/or through specific requirements in the indicators. Issues of Right Based Approach (RBA) are also featured in policy dialogue meetings.</p>
<p><b>R7</b> In future budget support operations, Complementary Measures should be included. A better and more permanent policy dialogue between EUD and beneficiary institutions is essential to harmonize expectations on the scope and content of Technical Assistance. This dialogue should also lead to convergence on the institutional reforms to be achieved with this assistance.</p>	<p><b>March 2021: This recommendation is Accepted.</b>  EU services agree on the relevance of having complementary measures, and particularly Technical Assistance, to support overall objectives of the operations. Notably, complementary measures and TA interventions have been already implemented in ongoing BS operations and their design was jointly elaborated with sector Ministries. This was, however, not always a guarantee of success.</p> <p>-----</p> <p><b>February 2023 Follow-up:</b> New Sector Reform Contract on “Transformational climate smart and inclusive agriculture in Rwanda”<sup>3</sup> includes Complementary support (TA). Scope and profiles of TA to be mobilised has been jointly identified with the beneficiaries (Ministries of Agriculture and Environment), following a needs assessment submitted by these beneficiaries. Ministries are involved as well in the selection process as members of the Evaluation Committee.</p>

<sup>2</sup> See the report « [Energy sector, forward looking joint sector review for FY 2022/23](#)”, June 2022.

<sup>3</sup> See further details on the publication [here](#).

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		The EU's Education programme <sup>4</sup> includes a mix of instruments (grant, blending, budget support and twinning) that will allow for the EU to have a relevant voice in the pre-primary sub-sector. Furthermore, the modalities complement each other, by providing technical and policy related support through grants and twinning, which will also support the quality achievement of budget support targets.
R8	<b>The EU should continue its innovative approach for making the EU, its activities, and values visible in Rwanda.</b>	<p><b>March 2021: This recommendation is Accepted</b> - EU services fully support this recommendation, particularly as regards the need to continue to enhance the communication of the impact and results of budget support operations.</p> <p>-----</p> <p><b>February 2023 Follow-up:</b> With regards to new SPRC “Transformational climate smart and inclusive agriculture in Rwanda”, communication and visibility on key activities will be ensured by the EU Delegation and complementary assistance mobilised, in close coordination with concerned Ministries.</p>
R9	<p><b>In future budget support operations, performance indicators for the variable tranches should be a mix of process, policy, output and outcome indicators.</b></p> <p>Both the EU and the Government of Rwanda should pay careful attention at the design stage to discussing and agreeing upon the definitions, measurement and methods of data collection of the indicators, including their reference values. Indicators that cannot be measured in a reliable way should not be included. In addition, indicators should be designed in such a way that there is at least some link between government efforts and the achievement of the indicator.</p>	<p><b>March 2021: This recommendation is Accepted</b> - EU services agree with the recommendation on the choice of indicators. The proposed methodology was the one generally developed in the previous and on-going budget supports, but we will work to further improve on this. Furthermore, EU services consider that a correct choice of indicators has a direct impact on the quality of the policy dialogue at sector level.</p> <p>-----</p> <p><b>February 2023 Follow-up:</b> Performance Indicators under new Sector Performance and Reform Contract (SPRC) on “Transformational climate Smart and inclusive agriculture in Rwanda” are aligned with Government of Rwanda policy frameworks and represent a mix of impact (2), output (2), outcome (3) and process (1) indicators. Areas monitored by these performance indicators have been streamlined to focus dialogue and monitoring on the following areas: sector budget sustainability, climate adaption in agriculture, women entrepreneurship.</p> <p>The upcoming Education budget support operation is aiming to use this mix of indicators. Meetings with HQ budget support team and CCT members have been helpful to this identification process.</p>
R10	<b>A future budget support operation in Energy should continue to focus on support for improving policies, and in particular on the application of least-cost system planning with emphasis on demand-side management, on improving M&amp;E systems, on increasing the share of renewable energy resources, on reducing the gap between supply and</b>	<p><b>March 2021: This recommendation is Accepted.</b></p> <p>No future budget support operations are planned for the energy sector as it is no longer a priority area in the Multiannual Indicative Programme for 2021-2027. Nevertheless, the EU Delegation concurs with the recommendation that any potential future energy budget support operation would in theory have to continue to contribute to improving the credibility of energy policies, both in their</p>

<sup>4</sup> The Action Document can be found at the link below, with all AAPs for Rwanda under NDICI: [Republic of Rwanda \(europa.eu\)](https://european-council.europa.eu/media/en/press-communications/infographic/asset/detail/10000)

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<p><b>demand of biomass resources and on increasing the use of improved cooking stoves. In considering future budget support for the sector, careful consideration should also be given to the potential for blended finance.</b></p>	<p>formulation or in their implementation, in particular with regard to power generation capacity (with a focus on renewables) in relation to the growth in electricity demand. Future support to the sector should also indeed contribute to addressing challenges that have remained over the years including the growing gap between supply and demand of biomass resources; high electricity tariffs and stagnation of speed in uptake of off-grid coverage among others. Blending would in theory be an appropriate way to intervene in the sector, be it to partially subsidize large investments costs associated to power generation/network extension and or densification, to provide technical assistance at early stages (feasibility studies) or during implementation (project monitoring) or to help de-risking investments in the off grid/clean cooking sectors.</p> <p>-----</p> <p><b>February 2023 Follow-up:</b> Above response provided in March 2021 is still valid. In the <a href="#">Multi annual Indicative Programme (MIP) 2021-2027</a>, Energy is not identified as one of the priority sectors.</p>
<p><b>R11</b> <b>It is beyond the scope of this evaluation to design an effective indicator for an increase in Renewable Energy Sources (RES). A possible approach for developing such indicator involves an open and participatory planning process for developing an energy generation expansion path, as basis for an agreed time schedule for the construction and dispatch of renewable energy generation</b></p>	<p><b>March 2021: This recommendation is Partially Accepted.</b></p> <p>No future budget support operations are planned for the energy sector as it is no longer a priority area in the Multiannual Indicative Programme for 2021-2027.</p> <p>The established indicator for measuring the increase of renewable energy resources (RES) has indeed not been fully effective in contributing to the increase of RE share in the energy mix, because it was partly dependent on weather conditions rather than on government efforts alone. On the other hand, the EU Delegation considers that the promotion of renewable energy resources (or the development of an indicator for this purpose) does not only depend on proper planning (even if participatory), as policy objectives supporting non-renewables appeared to be more politically driven than technically/demand driven, whether in power or biomass subsector. Government plans for the near future seem to point towards an increase of non-renewable sources in the energy mix, and the share of RE (in terms of production) will be affected as priority will be given to fossil fuels (private power plants owned through Power Purchase Agreements).</p> <p>-----</p> <p><b>May 2023 Follow-up:</b> Above response provided in March 2021 is still valid. In the MIP 2021-2027, Energy is not identified as one of the priority sectors.</p>

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<p><b>R12</b> <b>Future budget support programmes in agriculture and nutrition should focus on support for improving policies, such that more attention is paid to farmers’ participation, improving climate resilience, fostering agricultural research and extension services, avoiding the side effects of current policies (such as soil depletion, deforestation and erosion), and improving food security at household level. In addition, they should focus on strengthening implementation capacities and on strengthening capacities for M&amp;E.</b></p>	<p><b>March 2021: This recommendation is Partially Accepted.</b>  EU services agree in principle with the proposed (broad) focus. However, the MIP 2021-2027 is currently being drafted and we consider premature at this stage to commit on the scope of possible budget support operations under this framework. We do consider that consolidating service delivery and particularly extension services for rural populations is very important and will require a stronger focus on local level capacity and prioritisation.  The Agriculture Sector policy/strategy (PSTA4) developed under the on-going EU agriculture budget support is a well-known success and already considers all the recommendations proposed (extension services, climate change resilience, improving agricultural research, etc.). PSTA4 is the first strategy ever, involving farmer’s participation following EU advocacy and support. Strengthening capacities for M&amp;E is being implemented with the on-going budget support operation.</p> <p>-----</p> <p><b>May 2023 Follow-up:</b> In line with the Agriculture Sector policy/strategy (PSTA4), the new SPRC “Transformational climate smart and inclusive agriculture in Rwanda” has incorporated all the points under recommendation 12, along with large complementary measure support, focusing on strengthening implementation capacities across related ministries and areas.</p> <p>The EU’s upcoming Budget Support operation in Education will target the area of nutrition through school feeding in pre-primary education. The Government of Rwanda, supported by World Food Programme (WFP), is currently finalising a new National School Feeding Strategy which includes aspects linked to nutrition. Through budget support and the additional measures of our programme, including a grant to the National Childhood Development Agency (NCDA)<sup>5</sup> and a twinning grant to Ministry of Education, we will work to support the implementation of this strategy. For example, the grant to the NCDA will support the government in training health community workers across the county and to support families (especially women and children) in the field of nutrition and health.</p>

<sup>5</sup> See the [website of the National Child Development Agency](#)