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ANNEX 1

of the Commission Implementing Decision on the financing of the multiannual action plan in favour of the Republic of Rwanda for 2021-2023

Action Document for Transformational climate-smart and inclusive agriculture in Rwanda

MULTIANNUAL PLAN

This document constitutes the multiannual work programme in the sense of Article 110(2) of the Financial Regulation, and action plan in the sense of Article 23(2) of NDICI-Global Europe Regulation.

1. SYNOPSIS

1.1. Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	Transformational climate-smart and inclusive agriculture in Rwanda CRIS number: NDICI AFRICA/2021/043-213 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Team Europe Initiative	Team Europe Initiative (TEI): <i>‘Investing in sustainable and inclusive agricultural transformation’</i> East Africa, Rwanda
3. Zone benefiting from the action	The action shall be carried out in Rwanda
4. Programming document	Multiannual Indicative Programme 2021-2027 RWANDA
5. Link with relevant MIP(s) objectives/expected results	Priority area 2 - A Green Deal for inclusive development Two specific objectives: 1) Support to Rwanda’s agricultural transformation for social, and environmentally inclusive food systems; 2) Support to Rwanda’s environmental and climate sustainability
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	Agriculture, Climate resilience, Gender equality, Trade development, Private sector development
7. Sustainable Development Goals (SDGs)	Main SDG: 1 (no poverty) Other significant SDGs: 2 (zero hunger), 5 (gender equality), 8 (decent work and economic growth), 10 (reduced inequality), 12 (responsible consumption and production), 13 (climate action) and 15 (life on land).
8 a) DAC code(s)	DAC Code 310 Agriculture, Forestry, Fishing DAC Code 410 General Environment Protection DAC Code 15170 Women’s equality organisations and institutions DAC Code 16020 Employment creation
8 b) Main Delivery Channel @	12001 Central Government 13000 Third country government (delegated cooperation)

9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation Tags: digital connectivity digital governance digital entrepreneurship job creation digital skills/literacy digital services	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Connectivity Tags: transport people2people energy digital connectivity	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Migration (methodology for tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	(methodology for marker and tagging under development)			
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	<p>Budget line (article, item): BGUE-B2021-14.020121-C1-INTPA</p> <p>Total estimated cost: EUR 69 000 000</p> <p>Total amount of EU budget contribution EUR 69 000 000 of which :</p> <p>EUR 52 000 000 for budget support,</p> <p>EUR 17 000 000 for complementary support</p> <p>The TEI “<i>Investing in sustainable and inclusive agricultural transformation</i>” will be supported by the Netherlands and Belgium with the below mentioned respective amounts:</p> <ul style="list-style-type: none"> - The Netherlands Enterprise Agency (RVO-NL) for an amount of EUR 13 000 000; - Government of the Netherlands, development cooperation, (Hortinvest project) for an amount of EUR 3 500 000; - ENABEL-Belgium (PRISM project) for an amount of EUR 14 500 000. 			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	<p>Direct management through:</p> <ul style="list-style-type: none"> - Budget Support: Sector Reform Performance Contract - Procurement <p>Indirect management with the entity indicated and the selection criteria specified in section 4.4.2</p>			

1.2. Summary of the Action

The action intends to consolidate the transition to socially and environmentally inclusive agri-food systems, including the improvement of inclusive agriculture value chains targeting local, regional and international markets. In line with Rwanda’s economic development, emissions profile and climate vulnerability, climate adaptation measures in the agricultural sector will be promoted, whilst enhancing climate and biodiversity benefits. Gender equality is a significant objective of the Action and gender-sensitive actions will be promoted at local level.

The action encompasses three main elements: agricultural transformation, climate adaptation and food value chains development, in accordance with SDG target 2.4. The value chains pre-identified are horticulture and livestock, including aquaculture and fisheries, given both their economic potential and expected impact on nutrition and food security. The three elements are closely inter-linked, including a mix of institutional support to improve the agricultural and environmental national policy framework and its implementation, and a Team Europe Initiative ‘Investing in sustainable and inclusive agricultural transformation’. Digitally-enabled solutions will be supported.

The action contributes to a TEI on ‘Sustainable and inclusive agricultural transformation’ built around the construction and development of the Kigali Wholesale market and related markets in secondary cities, as central components of highly productive and inclusive value chains. The transformational objective of the TEI is to drive an innovative, sustainable and inclusive shift towards market-oriented high-value cropping systems geared towards feeding the cities. Enhancing rural-urban markets connectivity will raise agricultural productivity and has numerous direct and indirect positive impact on several SDGs, notably by promoting rural non-farm job opportunities and consolidating private sector mobilisation across value chains, including possibilities for promoting a circular economy. Women participation along the different value chains will be prioritised. EU Member States will co-finance the Kigali Wholesale Market (the Netherlands; RVO) and value chain components (Belgium; ENABEL), as well as the environmental and climate adaptation dimension of the agricultural sector (Germany and Sweden). Importantly, the initiative builds on the comprehensive policy framework and reinforced capacity of the relevant Government

agriculture agencies supported by previous EU interventions. Follow up actions would be designed in the latter years of the MIP to consolidate achievements under the action.

The action will contribute to following expected results, which reflect on main results identified for the agricultural sector in the MIP :

- Increase of decent employment and income in rural areas for farmers, people living in vulnerable situations and in poverty and small and medium enterprises (SMEs).
- Consolidation of inclusive, gender-sensitive and sustainable high-value product value chains.
- Improved extension services at local level, including women's access to services and participation in decision-making processes.
- Enhanced nutritional status of smallholder's farmers through the promotion of nutritious food-systems.
- Enhanced resilience of rural households to climate change and consolidation of climate change-biodiversity co-benefits, following a gender-sensitive approach.
- Improved planning, implementation and reporting on climate adaptation measures at both central and local level, following a gender-sensitive approach.

The Action will primarily contribute to SDG 1 (no poverty), but also to SDG 2 (zero hunger), SDG 5 (Gender Equality), SDG 8 (decent work and economic growth), SDG 10 (reduced inequality), SDG 12 (responsible consumption and production),SDG 13 (climate action) and SDG 15 (life on land) .

2. RATIONALE

2.1. Context

Rwanda has a well-articulated policy framework to guide its developmental aspirations. Rwanda's Vision 2050 identifies the country's overarching objectives to transform its economy and modernise the lives of Rwandans, with the aim to reach upper-middle income status by 2035 and high-income status by 2050. Vision 2050 is anchored on five pillars: i) Human Development, ii) Competitiveness and Integration, iii) Agriculture for wealth creation, iv) Urbanisation and Agglomeration and v) Accountable and Capable State Institutions. The first years of Vision 2050, up to 2024, are operationalised through Rwanda's 7-year plan: The National Strategy for Transformation (NST1), which articulates policy priorities under three key areas: social transformation, economic transformation and transformational governance.

Agriculture continues to play a pivotal role in Rwanda's economy. The sector employs more than 70 % of the population and represents almost a quarter of the country's gross domestic product (GDP) (24 % in 2019)¹. Rwanda's Strategic Plan for Agriculture Transformation (PSTA 4), outlines the policy framework to transform agriculture towards a knowledge-based value creating sector. The Government strategy recognises that agricultural growth must be private sector driven, with the Government becoming a market enabler as opposed to a market actor.

Rwanda's agriculture sector is still largely characterised by subsistence farming with low productivity, small landholdings, dependence on rainfall, land degradation and soil erosion issues. Despite solid progress since 2000, poverty in Rwanda remains significant, with 56.5 % of the population below the USD 1.90 a day threshold. The strong growth of the Rwandan economy has contributed to improvements in access to services and human development indicators. However, in the last decade this has not translated into commensurate reductions of poverty levels in rural areas, where 90 % of the country's poor live. Achieving poverty reduction would therefore require transforming agriculture from a public sector-led growth model into a more private and market-driven sector with better linkages to urban market areas. A sustainable and climate-resilient approach will be required to underpin progress in agricultural transformation and the green transition.

Increasing rural incomes will need as well an inclusive approach to agriculture, which will require Government to provide quality extension services for all farmers along with an enhanced dialogue with farmer 'organisations. More farming households should switch to higher value agricultural commodities such as horticulture, vegetables, poultry, pork and fisheries, for which there are market opportunities in urban areas, in Rwanda as well as in the broader region. A focus on 'feeding the cities' would also require improved safety and sustainability of the overall food systems. The theory of change leading to significant and sustainable poverty reduction in rural areas relies not only on increased

1 STATISTA, October 2020.

incomes of smallholder farmers, but also on the indirect impact through their demand for a wide range of off-farm services, resulting in the broader economic transformation of rural areas and secondary cities.

Environment and Climate change. Rwanda is firmly committed to the environmental and climate change agenda, as reflected in its ambitious Nationally Determined Contribution (NDC 2020) plan: it i) introduces, for the first time, concrete mitigation and adaptation targets, ii) describes the methodology used to back up any claims in a detailed manner, and iii) outlines implementation plans and institutional arrangements that will be put in place to track progress. On NDC implementation, Rwanda has already established a Monitoring, Reporting and Verification (MRV) framework that is in line with the requirements of the Paris Agreement. Furthermore, the recently released Green Growth and Climate Resilience Strategy (2021) places a strong emphasis on agriculture, as well as on land management, forestry and biodiversity.

Rwanda has developed a comprehensive policy framework for conservation and sustainable use of **biodiversity** through its 6th report on CBD for the post-2020 global biodiversity framework. The overall policy framework emphasises the need to minimise environmental degradation, increase agriculture sustainability, conserve and restore biodiversity resources and ecosystem services that support it through a multi-sectoral approach.

Rwanda is one of the global leaders in **gender equality**: In 2017, the World Economic Forum ranked Rwanda as the fourth best country in closing gender gaps. Strong political commitment in Rwanda has resulted in significant positive strides in the promotion of gender equality and women's empowerment. A revised National Gender Policy was released in February 2021, with the overall objective of 'ensuring that gender mainstreaming and accountability become more effective towards a transformative gender promotion in Rwanda'. Institutional arrangements for this new policy include the proposal to include a gender policy analyst at the Office of the Prime minister, as well as gender focal persons in all ministries, implementing agencies and districts. It is proposed as well to reinforce gender accountability of the on-going Imihigo performance contracts in public and private sectors, by assigning a certain percentage share to gender responsive performance indicators in the overall score of Imihigo evaluation

The action contributes to the EU Gender Action Plan (GAP) III², and to its key areas of engagement 'Promoting economic and social rights and empowering girls and women' and 'Addressing the challenges and harnessing the opportunities offered by the green transition and the digital transformation'.

Digital agricultural solutions have received strong policy underpinnings via the Government of Rwanda's National ICT4RAg Strategy 2016-2020 policy. This strategy engages a multi-sectoral approach led by the Ministry of Agriculture and supported by other ministries and agencies of the government of Rwanda. Its overall objective is to significantly improve productivity and expand the agricultural sector's job creation capacity through the digitisation of agricultural lending, input supplies, subsidies, and advisory services. Within that framework, the definition of digital agriculture and the array of technologies it entails is still evolving.

2.2. Problem Analysis

Rwanda's agriculture sector is still largely characterised by **subsistence farming** with low productivity, small landholdings, dependence on rainfall, land degradation and soil erosion issues. Despite solid progress since 2000, poverty in Rwanda remains significant, with 56.5 % of the population below the USD 1.90 a day threshold³. The strong growth of the Rwandan economy has contributed to improvements in access to services and human development indicators. However, in the last decade this has not translated into commensurate reductions of poverty levels in rural areas, where 90 % of the country's poor live⁴.

Nineteen percent of Rwandan families are still **food insecure**. This proportion has not significantly changed over the past years⁵. Chronic malnutrition of children under five remains another challenge, with a prevalence rate of 34.9 %. Malnutrition, together with low education quality, largely explain Rwanda's weak performance on the Human Capital

² JOIN(2020)17 final of 25.11.2020; SWD(2020)284 final of 25.11.2020.

³ Poverty headcount ratio at \$1.90. World Bank, 2018.

⁴ Rwanda Poverty Assessment 2015.

⁵ Comprehensive Food Security and vulnerability assessment 2018

Index (HCI)⁶. The Ministry of Agriculture, the World Food Programme and the National Institute of Statistics of Rwanda are currently conducting the 2021 Comprehensive Food Security and Vulnerability Assessment: results are not yet available since Rwandan government is postponing its presentation, according to informal discussions data will reflect the negative impact the pandemic has had on food security in Rwanda.

With one the highest population density in Africa, Rwanda ranks high both on **vulnerability to climate change** and readiness to improve resilience. Rwanda is a low emission country therefore the Government's emphasis is rightly put on climate adaptation measures. Rwanda's adaptation needs are large- particularly as regards the agriculture and agro-forestry sectors- and there is urgency to act. Climate change impact models indicate that the net economic cost of climate change in Rwanda could be equivalent to 1 % of GDP each year by 2030, excluding the effects of extreme weather events. Women bear the brunt of climate shocks and the depletion of natural resources. Vulnerability of rural populations is exacerbated by the **digital gap**: there is very limited access to digital skills and technologies, financial services, decision-making support tools and risk mitigation mechanisms to support innovation because agriculture is perceived as a high-risk sector. Lastly, while traceability of food and agricultural products is become increasingly important in terms of public health, nutrition, and consumer preferences, traceability mechanisms remain largely undeveloped.

Despite overall progress on gender equality, there is still a large **gender gap** in employment in the agriculture sector. Women represent 82 % of the farming workforce⁷ but they tend to occupy mostly informal jobs. They have less access to land, improved agricultural inputs, finance (only 1 in 5 women in rural areas have a bank account compared to about 1 in 3 men), markets and extension services. Women farmers own smaller plots of land, limiting their access to selected seeds and fertilizers. Women farmers are usually engaged to subsistence farming and the harvests are the main source of food and nutrition. Lack of access to technology reduces good quality harvests and diversity of their crops, which impacts the food and nutritional security of their families. Ministry of Agriculture and Animal resources developed a Gender and Youth Mainstreaming Strategy in 2019 which identifies low participation in lucrative parts of the agricultural value- chains as well as limited control over resources and decision-making as key areas of gender inequality.

Identification of main stakeholders and corresponding institutional and/or organisational issues to be covered by the action:

The **Ministry of Agriculture and Animal Resources-MINAGRI** has the mission of promoting the sustainable development of a modern, efficient and competitive agriculture and livestock sector. The Ministry has five directorates that formulate agricultural policies and strategies, monitor and coordinate its implementations through its affiliated agencies: the **National Agricultural Export Development Board-NAEB**, which mission is to facilitate the growth of business to diversify agriculture and livestock commodity export revenues, and the **Rwanda Agriculture Board-RAB**, in charge of research, agricultural and animal resources extension.

The **Ministry of Environment-MoE** is in charge of developing policies and programmes related to environment and climate change. Its agency **Rwanda Environment Management Authority - REMA**, whose mission is 'to promote and ensure the protection of the environment and sustainable management of natural resources through decentralised structures of governance and seek national position to emerging global issues with a view to enhancing the well-being of the Rwandan people', is tasked to coordinate the implementation of climate change policies and programmes. The **Forestry authority** is in charge of the policy implementation in forestry and agro-forestry sectors while the **Rwanda Green Fund - (FONERWA)** plays an important role in funds raising specifically from international green funds like the Global Climate Fund. **Local authorities** are also key on the ground in order to include environmental and climate dimensions in District Development Strategies.

Practically speaking, measures on climate adaptation targets relating to agriculture are mainly implemented by MINAGRI but reporting and monitoring is ensured by MoE. Coordination mechanisms have room for improvement.

In order to ensure gender inclusion across all activities, MINAGRI and MoE gender focal points will be involved in the monitoring and implementation of the action.

⁶ The 2020 HCI estimates that a child born today in Rwanda will be just 38% as productive as an adult compared to what s/he could have achieved with good education and health.

⁷ 'Women's Opportunities and Challenges in Sub-Saharan African Job Markets'' IMF, 2016.

MINAGRI, MoE and Local authorities are the main duty-bearers of the action. **CSOs** will represent rights of different right-holders groups such as women and persons/groups living in vulnerable situations (such as persons with disabilities, indigenous peoples, people living in poverty and refugees). CSOs and community representatives (women and men) will be involved in technical consultations concerning detailed activities. Other relevant non-governmental stakeholders are farmers' organisations, NGOs supporting rural populations, agri SMEs, and will as well be fully involved in the implementation of the action.

Team Europe Initiative –TEI 'Investing in sustainable and inclusive agricultural transformation' crystallises joint efforts with **EU Member States** and **EU Development Finance institutions**. The Netherlands (through the RVO) is interested in co-financing the Kigali Wholesale Market infrastructure component, whereas Belgium (through ENABEL) is already actively supporting a number of livestock value chains and is willing to partner up with the EU Delegation to expand their interventions. Cooperation with Germany will also be considered, since it is currently supporting the Kigali Special Economic Zone to improve service delivery as well as a pilot project on circular economy with a focus on waste management. Germany and Sweden will cooperate as well to reinforce the environmental and climate adaptation dimension of the agricultural sector via their on-going operations.

2.3. Additional Areas of Assessment

2.3.1. Pre-condition on Fundamental Values

N/A

2.3.2. Public Policy

The Ministry of Agriculture and Animal Resources-MINAGRI has developed the **Strategic Plan for the Transformation of Agriculture phase 4 (PSTA-4), 2018-2024**, which is fully aligned with the national priorities and the **National Strategy for Transformation (NST-1)** and the **National Agriculture Policy (NAP)**. PSTA4 envisages a transformation of agriculture from a subsistence sector to a knowledge-based value creating sector that contributes to the national economy and ensures food and nutrition security.

The strategic document PSTA-4 will guide public investments in agriculture during the period 2018-24 and sets out the estimated required resources for the agricultural sector in those 6 years. Furthermore, the PSTA4 is an implementation plan under the **National Agricultural Policy 2017-2030 (NAP)**, which sets the policy framework for a productive, green and market-led agriculture sector towards 2030. PSTA 4 targets the achievement of the Sustainable Development Goals related to agriculture. The agriculture sector will contribute to the achievement of several SDGs, particularly: SDG 1 (end extreme poverty), SDG 2 (zero hunger, improved nutrition, and sustainable agriculture), SDG 8 (decent work and economic growth), SDG 13 (climate action) and SDG 15 (terrestrial ecosystems, forests, and land).

PSTA-4 is structured around four Priority Areas: Innovation and Extension, Productivity and resilience, Inclusive markets and value addition, Enabling environment and responsive institutions. The Action proposed will encompass key interventions around those four priority areas, interventions identified following lessons learnt from previous interventions in the sector, extensive policy discussions with partners and finally building on successful experiences.

Rwanda's core **decentralisation legislation** was revised and consolidated in an overall Law on the organisation and functioning of decentralised entities (Law n°87/2013 of 11 September 2013). This law defines a general role for district and sectors, but it doesn't allocate specific responsibilities and roles in agriculture to the district as an institutional or legal entity. Rather, bodies (eg. Commissions, committees) and individuals (e.g vice-mayor) are given mandates and roles in respect to functional sectors.

Rwanda's 'Strategic Plan for Agricultural transformation 2018-24 – PSTA IV' includes ambitious 'local services improvement plans', which have yet to materialised, allowing districts to implement agricultural and environmental development activities.

The recently approved '**National Land Use and Development Master Plan**' represents an important tool to achieve adaptation targets, in order to clearly set the place of every sector (forestry/agriculture/urban) and avoid divergence/conflict between sectorial plans. One important element, is yet to ensure the alignment of sectorial plan with this national land use plan, and revise them where required. This national plan has to be translated into more detail District Land Use Plans.

Digital agricultural solutions have received strong policy underpinnings via the **2016-2020 National ICT4RAG Strategy** (Information and Communication Technologies for Rural Agriculture), which overall objective is the digitisation of agricultural lending, input supplies, subsidies and advisory services. Private sector is also developing or importing digital agricultural solutions for Rwanda, with platforms like m-farm, the Smart Nkunganire System and N-Friends, supporting management of value chains and exchange of information on agricultural inputs, prices and subsidies.

A robust plan, elaborated with the EU support, to enhance **extension and advisory services** via the Customised Agriculture Extension System (CAES) is expected to be rolled out within the context of Twigire Muhinzi, Rwanda's national extension programme. This transition will require online agricultural extension curricula and modules to train service providers, new platforms to introduce and manage digital extension tools, and innovative approaches to training farmers.

The **agriculture sector budget** for the financial year (FY) 2021/22 is showing an increase of +12.8 % after a dramatic drop of -32% for 2020/2021 (Covid-19 context), so a corresponding to a similar budget than for the FY 2019/20. The share of the agriculture spending would slightly increase but remaining far from the 10 % Comprehensive Africa Agriculture Development Programme (CAADP) target.

The sector budget for agriculture is well financed by donors. For 2018/2019 and 2019/2020, World Bank (P4R programme) and EU budget support alone represent between 148 % and 100 % of the domestic budget for MINAGRI and its agencies, the Japan International Cooperation Agency (JICA) is also supporting the Nutrition programme through budget support modality. This will continue in 2020/2021. According to the FY 2020/2021, one major budget support operation for agriculture with the World Bank has been postponed and amounts were reduced under the request of MINECOFIN to give priority to other investments in the COVID-19 response plan.

Decentralisation of expenditures on earmarked allocations to Districts has been relatively stable in the last 5 years at around RWF 20 billion. The budget has been increased in 2019/2020 to reach RWF 40.7 billion. It seems unlikely that, under the on-going context, a similar budget will be allocated in the near future. Decentralisation remains a priority for the sector but is yet to be fully translated in practice. Districts are facing important capacity constraints and accountability issues when interagency transfers or earmarked transfers are done.

Data consistency remains an issue. Data submitted during Joint Sector reviews, in Budget Support disbursement requests, in OAG reports, in budgets laws and in budget execution reports can be inconsistent. The action will support development of disaggregated data in the intervention areas.

At the national level, the Agriculture Sector Working Group (ASWG) is co-chaired by the World Bank and complemented by Sub-Sector working groups and a sector wide approach (SWAP) group. Overall the coordination in the sector is a rather formal process with limited genuine dialogue. At local level, the existing fora are mostly used by the Government to set targets and instructions with farmer's representatives and NGOs according to the plans set at a higher level. In this context, the EU delegation continued to finance support programmes for advocacy by farmer's organisations and local stakeholders. These projects, nearly ending, also engage with local authorities to seek solutions to improve the delivery of decentralised agriculture services.

The **Ministry of Environment** has developed the Environment and Natural Resources (ENR) Sector Strategic Plan (SSP), 2019-2023, which is fully aligned with the national priorities and the National Strategy for Transformation (NST-1) and the National Environment and Climate Change Policy, 2019. The policy envisages to lessen the potential hardships that climate change may pose to the sustainable development of Rwanda. The policy, therefore, seeks to provide strategic direction on environment and climate change in Rwanda, consistent with a green growth approach to development.

The policy is designed within the context of national, regional and global development commitments like the Green Growth and Climate Resilience Strategy (GGCRS), the Nationally Determined Contributions (NDCs), the Sustainable Development Goals (SDGs) or the Agenda 2063 of the East African Community.

The policy is implemented through ministerial and Districts Development Strategies (DDS) and specific Sector Strategic Plans (SSPs).

Rwanda's 'Green Growth and Climate Resilience Strategy', currently under drafting, builds on Rwanda's NDC programmatic targets, with a particular focus on NDC actions to be taken at district level. This local NDCs actions should be part of the IMIHIGO performance contracts, in order to ensure its prioritisation.

The **environmental sector budget for FY 2021/22** has been allocated RWF 44.57 Billion, showing an increase of +95 % comparing with FY 2019/2020 executed budget and after a drop for FY 2020/2021 (Covid-19 context). The share of the environmental sector in the national budget slightly increase but is remaining far from the needs to achieve the NDCs' targets or the objectives of the Green Growth and Climate Resilience Strategy.

In FY 2020/21, the sector has mobilised USD 64 000 000 from external green investments, mainly from Germany (KfW) and the Global Environment Facility (GEF). This coming financial year 2021/22, the National Fund for Climate change (FONERWA) is targeting to mobilise USD 30 000 000 using financial mechanisms to support green investment.

Data consistency remains an issue but important efforts have been done or are on-going (see chapter 5.1 Monitoring and Reporting). In the next months, on main challenge for the ministry will be the full establishment of the National Special Data Infrastructure (NSDI) and WebGIS for District Land Use Plans.

The Ministry is challenged in its coordination capacities. The Ministry must coordinate for joint performances with various technical ministries but also coordinate 7 agencies from REMA to Rwanda Forest Authority (RFA) including mining, petroleum and gas, meteorology, water, lands or the Green Fund-FONERWA.

FONERWA's mandate needs to be clarify between funds raising and projects implementation, for which the fund is not able to mobilise adequate capacity. Some lacks also exist on project identification and formulation which request external assistance.

Districts deliver on basic services level and succeed to achieve quantity performance targets (like terracing or number of trees planted) but there is a need to improve quality service delivery and sustainability (rate of survival trees, agroforestry tree or bush density per hectare,...), as planning capacities to target the more vulnerable areas with the scarce available resources.

At the national level, the existing coordination mechanisms, based on the inter-ministerial steering committee for the GGCRS, the economic cluster forum and the Environmental Sector Working Group, co-chaired by the Germany embassy, aim to engage stakeholders in a policy strategic dialogue to advance implementation of the ENR SSP and ensure ownership, accountability and transparency of the NST1 implementation and monitoring process. The coordination in the sector remains a rather formal process.

Rwandan Organic Budget Law requires all government units to prepare and report on the implementation of **gender budget statements**, and over the past years Rwanda has implemented gender budgeting in four pilot sectors (health, education, agriculture, and infrastructure), with a roll-out of this tool to all sectors performed in 2016. However, effective implementation of gender –responsive planning and budgeting tools is confronted with technical gaps and persistent cultural norms and stereotypes, leading to the planning and implementation of programmes that are less gender responsive.

The new **National Gender Policy** (February 2021) acknowledges the challenges jeopardising gender mainstreaming in Rwanda and foresees a gender policy analyst at the Office of the Prime Minister, as well as gender focal persons in all ministries, implementing agencies and districts. It is proposed as well to reinforce gender accountability of the Imihigo performance contracts, by assigning a certain percentage share to gender responsive performance indicators.

In conclusion, the policy is sufficiently relevant and credible for budget support contract objectives to be largely achieved. Therefore the policy can be supported by the Commission with the proposed budget support contract.

2.3.3. Macroeconomic Policy

Main macroeconomic indicators		
	2020	2021 (projections)
Real GDP 2020	-3.4 %	+5.1 %
Total public debt (including guarantees) (% GDP)	71.3 %	79.1 %
External public debt (% GDP)	55.3 %	63 %
Present Value (PV) of total public debt (including guarantees) (% GDP)	51 %	55.7 %
Current Account balance (% GDP)	-12.2 %	-13.4 %
Exports – goods and services (% GDP)	18.7 %	22.3 %
Imports – goods and services (% GDP)	35.1 %	41.2 %
CPI (consumer price index) – yearly average	7.7 %	2.4 %
Budgetary deficit (fiscal year) in GDP %	-9.1 %	-9.2 %
Budgetary deficit (fiscal year) in GDP % and excluding grants	-13.6 %	-14.9 %

The International Monetary Fund recently completed its fourth review under the Policy Coordination Instrument (PCI) and accepted one-year extension of the instrument until June 2023 (vs. June 2022 initially). Rwanda has been following a 3-year IMF programme since June 2019 and is one of the first low-income countries to benefit from a PCI instrument. This instrument does not include any financial transfer, only policy assessment and technical assistance. It aims to accompany the ‘*implementation of the National Strategy for Transformation (NSTI), while maintaining macroeconomic stability*’. The PCI aims specifically at developing a medium-term fiscal plan, enhancing domestic revenue mobilisation and improving fiscal transparency.

Under the latest IMF review, real GDP is now projected to increase 5.1 % in 2021 after a sharp contraction of 3.4 % in 2020. Growth is expected to return to its pre-pandemic trend (10 %) by end-2023. The Government’s response to the pandemic – including fiscal support to households and business - is considered ‘*well-designed and targeted*’. IMF also agreed on relaxation of fiscal programme targets in order to accommodate for additional spending needs. Public budget deficit should remain above 9 % of GDP in the next fiscal year.

IMF has however cautioned on debt sustainability and requested the Government to strike a balance between economic recovery and fiscal sustainability and stability. The authorities have acknowledged the increase in public debt and therefore introduced a request for one-year extension to the PCI programme as to allow for sufficient time to ‘*make progress on ongoing reforms and policies*’ including on domestic revenue mobilisation. As public debt is expected to reach 80 % of GDP by end-2022 IMF has urged the authorities to engage into debt stabilisation and to gradually bring it towards 65 % GDP target.

External trade has been significantly impacted by the pandemic and the trade deficit passed the USD 2 billion mark in 2020. The trade deficit is expected to grow even further in 2021. The persistent rise in trade deficit – coupled with a 9.1 % budgetary deficit expose Rwanda to external shocks. The IMF has however not flagged any concerning drop in the National Bank’ stock of FOREX reserves which provide a buffer against exchange rate depreciation.

Based on this analysis, despite some challenges due to the impacts of the COVID pandemic, it can be concluded that the authorities are pursuing a stability-oriented macroeconomic policy.

2.3.4. Public Financial Management

Rwanda is now implementing a public finance management (PFM) Sector Strategic Plan for the period 2018-2024 (PFM SSP 2018-24) that was recently co-approved by government and development partners in a coordination forum.

Domestic resource mobilisation (DRM) as well as accountability and oversight have been mainstreamed into this modernisation agenda. The pandemic has negatively impacted the pace of reforms and a number of activities has been suspended or postponed due to social distancing measures and lockdowns. Authorities have also committed to accelerate reforms in the area of domestic revenue mobilisation as IMF urged fiscal consolidation to meet PCI targets.

PFM reforms are supported by several development partners notably in the framework of a basket fund contributed by German and Belgian cooperation as well as side projects supported by British cooperation as well as the World Bank and the IMF.

A public expenditure financial assessment (PEFA) is expected to be launched soon and the Delegation has indicated interest to contribute especially on some subnational components as well as on the gender budgetary sub-component.

At local level Districts face important PFM constraints that impact on service delivery (Public Expenditure Survey and the annual Citizen scorecards rate agriculture services as the poorest of all sectors).

To conclude, the PFM reform strategy is sufficiently relevant and credible.

2.3.5. Transparency and Oversight of the Budget

In the latest available report on fiscal transparency, published by Open Budget Index (OBI) in early 2018, scores Rwanda at 22 % in terms of fiscal transparency, significantly below the 36 % scoring awarded to Rwanda in the previous assessment in 2015, (Open Budget Survey-OBS 2019), Rwanda has improved its fiscal transparency score from 22 % to 39 %. There is broad agreement among the development partners, however, that much more needs to be done to improve fiscal transparency in Rwanda. Moreover, the OBS report emphasises the importance of strengthening public participation in the budget process (the public participation sub-score of the transparency index is particularly low, at 15%).

The IMF has undertaken a Fiscal Transparency Assessment and identified a number of fiscal risks including government guarantees on SOEs. The IMF subsequently required the quantification of fiscal risks, the creation of a fiscal risk committee, the creation of a fiscal risk registry and the publication of a fiscal risk statement. Outstanding public guarantees are now reflected in the public debt.

The Government presented their Budget Framework Paper (BFP) and medium-term budget estimates for fiscal years 21-22 and 23-24 to both chambers of Parliament in last May. 10 points for considerations have been presented in line with NST1 and Vision 2050.

To conclude, the eligibility criteria for transparency and oversight of the budget can be considered as met.

3. DESCRIPTION OF THE ACTION

3.1. Objectives and Expected Outputs

The Overall Objective of this action is ‘to consolidate the sustainable agricultural transformation in Rwanda’.

The Specific Objectives of this action are:

1. Foster Rwanda’s agricultural transition to socially and environmentally inclusive food systems,
2. Ensure Rwanda’s environmental and climate sustainability;

The induced Outputs to be delivered by this action contributing to the corresponding Specific Objectives are:

1. Contributing to Specific Objective 1:

- 1.1 Increase of employment and income in rural areas for farmers and SMEs.
- 1.2 Consolidation of inclusive, gender-sensitive and environmentally sustainable agricultural policies and high-value product value chains.

- 1.3 Improved extension services at local level, including women's access to services and participation in decision-making processes.
- 1.4 Enhanced nutritional status of smallholder's farmers (promotion of nutritious food-systems).

2. Contributing to Specific Objective 2:

- 2.1 Enhanced resilience of rural households to climate change and consolidation of climate change-biodiversity co-benefits, following a human rights based and gender-sensitive approach.
- 2.2 Improved planning, implementation and reporting on climate adaptation measures at both central and local level, following a human rights based and gender-sensitive approach.

The **direct outputs** are:

- DO1. Additional fiscal space created by the transfer of funds and increased predictability of funds.
- DO2. Improved policy dialogue and coordination.
- DO3. Improved policy alignment, performance and monitoring.
- DO4. Strengthened capacity for enhanced policy implementation (complementary support)

3.2. Indicative Activities

Activities related to specific objective 1:

- A **budget support-sector reform contract** component, the main activities to implement the Sector Reform contract are:
 - Transfer of EUR 52 000 000 in the Fiscal Years 2021/22-2024/25. The Budget support, via its performance indicators, will target progress achieved regarding the following areas : support the sector budget allocations and farmer's incomes; improved decentralisation of agricultural services with better services delivery to farmers at local level: PFM, extension services, digitalisation, sustainable agriculture via land husbandry, terracing and irrigation, land management and gender inclusion.
- A **TEI component** to support inclusive and sustainable high-value chains in line with the market demands (improved smallholders and farmer commercial production systems), professionalization and increased extension, improved quality and safety products, attract private investment into the identified value-chains. The TEI will increase efficiency (infrastructures and management) of market-systems and post-harvest infrastructures in Kigali city, provinces and in the region; improved access to urban local and regional markets through better market linkages and improved quality and safety of agricultural produces (support to horticulture, fruits, aquaculture, fishery and small livestock value-chains).

TEI crystallises joint efforts with EU Member States and EU Development Finance institutions. The Netherlands (through the RVO) is interested in co-financing the Kigali Wholesale Market infrastructure component (EUR 13 M) and is developing a program to improve quality and safety via extension in the Horticulture value-chain (Hortinvest), whereas Belgium (through ENABEL with EUR 14 500 000) is actively supporting a number of livestock value chains via increased professionalisation and attraction of private investments (Prism). Belgium is willing to support fresh products value chains like aquaculture and horticulture and so to partner up with the EU Delegation to expand their interventions. Cooperation with France (on Geographical Indication-GI) and Germany will also be considered. Germany is currently supporting the Kigali Special Economic Zone to improve service delivery and circular economy and Sweden will support environmental actions linked to both this TEI and institutional support to public entities.

Activities related to specific objective 2:

- A **budget support-sector reform contract** component, with following activities:
 - Transfer of EUR 52 000 000 in the Fiscal Years 2021/22-2024/25. The Budget support, via its performance indicators, will target progress achieved regarding the following areas: improved climate adaptation in agriculture (resilience); promotion of climate-smart agricultural practices with

a focus on agroforestry and landscape restoration; better implementation of NDC targets at district level, linked to IMIHIGO performance mechanism; biodiversity and crop adaptation and gender inclusion.

For both Outputs:

- **Technical assistance (TA)** to support the Ministry of Agriculture and animal resources (MINAGRI), Ministry of Environment and related agencies in the policy design, monitoring and implementation. This TA will contribute to reinforcing capacities (particularly as regards PFM, gender mainstreaming and human rights based approach, particularly its principles of non-discrimination and participation) at local level, in close collaboration with the Ministry of Local Government and its agency (Local Administrative Entities Development Agency-LODA) in charge of District Councils. The technical assistance will facilitate a close cooperation between EU, MINAGRI and MoE, particularly as regards the NDC implementation with a focus on adaptation in agriculture as well as the operationalisation of the Measurement, Reporting and verification-MRV mechanism. The TA will support as well the operationalisation process and management of the Kigali Wholesale Market.
- Regular and inclusive **policy dialogue** with the Government and relevant non-governmental stakeholders (farmers' organisations, NGOs supporting rural populations, agri-SMEs) on effective implementation and financial sustainability of agricultural and climate adaptation policies (including NDC targets on agriculture), improved public service delivery at sector level (effective decentralisation of extension services, consolidation of pfm capacities at sector and local level, digitalisation) . Meaningful participation and equal access to services for women, men, girls and boys in all their diversity (including those living in vulnerable situations) should be ensured in this dialogue.

The commitment of the EU's contribution to the Team Europe Initiatives foreseen under this action plan will be complemented by other contributions from Team Europe partners. It is subject to the formal confirmation of each respective partners' meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise the EU action may continue outside a TEI framework.

3.3. Mainstreaming

Environmental Protection & Climate Change

Outcomes of the SEA screening: The Action will support sustainable agriculture practices based on conservation and land husbandry. The action will focus on better planning and implementation of agro-environmental measures like agro-forestry, terracing, etc...limiting disasters (floods, landslides, etc...) and increasing the resilience to climate change. A Strategic Environmental Assessment (SEA) will not be needed on these activities; however the action will support the Kigali Wholesale Market, improved storage and agro-processing, through the TEI '*Investing in sustainable and inclusive agricultural transformation*', and support high value-chains, on these topics a Strategic Environmental Assessment is needed to identify the main challenges.

A Strategic Environmental Assessment (SEA) should be undertaken specifically on the Agricultural sector. The Strategic Environmental Assessment will be launched second semester 2021 and will contribute to the conclusions of the mid-term review (MTR) evaluation of the agriculture national strategy (Strategic Plan for the Transformation of Agriculture phase 4 (PSTA-4), 2018-2024).

Outcomes of the EIA (Environmental Impact Assessment) screening: The EIA (Environment Impact Assessment) screening classified the action as Category C (no need for further assessment). Launching of the TEI involves various environmental impact assessment (EIA), which will be soon available: one specifically on the Kigali Wholesale Market (KWM) building and another one on the environmental and social impacts of the removal of the existing trade area and on the up and down linkages to the KWM.

Outcome of the CRA (Climate Risk Assessment) screening: The Climate Risk Assessment (CRA) screening done by the EU Delegation concluded that this action is at no or low risk (no need for further assessment).

Belgium (ENABEL) and Sweden are expanding a project (TREPA) focused on optimising the agro-ecological zones of the Eastern Province, through silvopastoral and integrated landscape approach with interlinkages of climate change adaptation, biodiversity and productive agri-food systems. This Action will contribute to consolidate TREPA interventions. With technical assistance from the Swedish Environmental Protection Agency, Rwanda will strengthen

national capacity for NDC implementation, tracking progress and reporting by upgrading the existing result-based monitoring and evaluation system. Rwanda also cooperates with the German Government (through KfW) to implement adaptation priorities, especially in sectors such as environment, forestry, water, and energy.

Gender equality and empowerment of women and girls: As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that gender equality is a significant objective.

Despite progress made in the last decade, poverty of women is a major outstanding challenge for gender equality, and women continue to be under-represented in economic life. Rural women have restricted access to productive resources such as land, finance, credit and markets, and disparities exist in terms of literacy rates. The Action will promote gender equality across all actions, and gender specific activities (including gender-sensitive performance indicators) will be implemented.

Human Rights: According to the EU and member states' Human Rights and Democracy Country Strategy for Rwanda, the intention is to pursue a continuous political and policy dialogue with the Government to support their plans for improved access to food and the fight against malnutrition which are addressed in the strategic plans from several ministries and advocate for their readiness to work together since most of the solutions to address these problems are interlinked. In this, we will closely cooperate with international institutions like WFP, UNICEF and WHO in their plans and efforts to address malnutrition issues and child health, especially the problem of stunting.

As rights holders, efforts will be made to ensure that farmers are aware of their rights with regards to access to resources (incl. land, water, seeds, etc.), national laws and regulations linked to agricultural production, markets etc., state agricultural and rural support schemes and the possibilities to claim these rights. The Action will aim to ensure that authorities, as duty bearers, are aware of their obligations to fulfil national and international laws and regulations. Efforts will be made to ensure the Government of Rwanda can fulfil its obligation to ensure that the population, women, men, girls and boys in all their diversity, has physical and economic access at all times to sufficient nutritious, safe food to lead healthy and active lives leaving no one behind.

Disability: As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This implies that the action is considered relevant for inclusion of persons with disabilities. The action will contribute to the following expected result: 'Increase of decent employment and income in rural areas for farmers, people living in vulnerable situations and in poverty and SMEs'.

Democracy: A bottom-up, participatory approach to decision making in the agriculture sector is essential. Past efforts from the central government to pursue land consolidation and land protection, encouraging farmers to join savings and credit cooperatives, to use fertilizers and construct terrace hillsides faced some resistance from farmers, who considered it to be too top-down. Building on EU's past approach regarding the agricultural sector, efforts will continue to ensure participatory policy making, and that the voices of farmers are included in a meaningful way. This will not only help to improve buy-in from beneficiaries enhance likelihood of achieving targets but will have ripple effects on participatory good governance in the country in general.

Conflict sensitivity, peace and resilience: A conflict analysis assessment has been carried out by the EU Delegation in 2021.

Land disputes are among the most prominent causes of conflict in Rwanda today. Fair, inclusive and transparent laws and strategies for managing land and other natural resources are essential to continued peace and stability in Rwanda. Policy dialogue under this action will include a follow-up on this issue.

Disaster Risk Reduction: The action will contribute to disaster risk management in Rwanda. Some of the more important risks in Rwanda are: floods, landslide and local droughts. The promotion of agricultural sustainable practices will increase the organic matter and so the fertility in the soil, it will also reduce runoff with more soil cover and so will reduce soil erosion. Water storage in soil will also been increased by agricultural practices, supported locally by relevant infrastructures like terraces or irrigation schemes. The promotion of agroforestry systems will also contribute to reduce the runoff, increase water storage, limit landslides and propose diversification to poorest farmers when facing rainfall shortage.

3.4. Risks and Lessons Learnt

Category	Risks	Likelihood (High/Medium/Low)	Impact (High/Medium/Low)	Mitigating measures
2-3	Limited involvement of private sector, farmers and CSOs in sector dialogue	M	M	Advocacy, involvement of farmers' organisations and policy dialogue.
2	NDC targets straddling different public services	M	M	Promoting strong inter-Ministerial coordination on adaptation targets in rural areas
1	Vulnerability to climate events	M	M	Promoting climate adaptation and resilience measures
1	Higher EU environmental and food safety standards limiting market opportunities	M	M	Technical and financial support in the transition towards sustainable food systems
2	Extended delays to launch and finalise Kigali Wholesale market works	M	H	Mobilisation of TA support to implementing partners by EU/ENABEL and RVO.

Lessons Learnt: The Strategic Evaluations Section of the Unit INTPA.D.4 carried-out the external *Evaluation of EU Budget Support to Rwanda (2011-2018)* in 2020. Evaluators concluded that 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 Government of Rwanda priorities. In particular for the agricultural sector, budget support funds appear to have supported the government's agricultural modernisation policies, leading to higher production of some priority crops. However 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.

This action will ensure effective implementation of the sector related recommendations (R) put forward by the evaluators and accepted by EU services:

R-3 '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': 'The EU Delegation will actively engage into a substantial macro-economic dialogue with the Government of Rwanda notably in the framework of the annual retreat where all development partners are convened to a multi-day dialogue with the authorities, and in the framework of the Development Partners Coordination Group (DPCG) where the Ministry of Finance presents the government budget framework paper. The IMF and the World Bank are both permanent members of these groups'.

R-4: Enhanced coordination at technical level between the Ministry of Finance, MINAGRI and MoE will be encouraged with this action: and the TA mobilised will facilitate communication and exchanges.

R-4 'the EU should continue, and increase, support to private sector, civil society and farmers' organisations, to strengthen them and promote their participation in Sector and Technical Working groups': the EU is already seen in Rwandan context as a key actor in the promotion of inclusive agricultural policies. Sector dialogue includes and will continue to include key non state actors mentioned in the recommendation. Value chain development will include farmers and agri SMEs in decision making –processes and performance indicators will tackle reinforcement of extension services to include a gender-sensitive approach.

R-5 'The Government should dedicate more attention and resources to improve information management and use of data': The first Monitoring & Evaluation system for the agri-sector was designed with EU support and its implementation at the local level will be supported by this action.

R-6 ‘In future budget support operations more attention should be paid to cross-cutting issues’: Enhancing climate resilience and contributing to gender equality are pivotal elements in the designing of the operation and both included as specific objectives of the Action. Gender disaggregated indicators will be included as well as some having an impact on climate resilience. Complementary support and activities implemented by the TEI will include gender sensitive actions.

R-7 ‘In future budget support operations, complementary measures should be included.’: the action includes complementary support, with the scope defined under chapter 3.2.

R-8 ‘The EU should continue its innovative approach for making the EU, its activities and values visible in Rwanda’: Communication on the impact and results of this action will be implemented by the EU Delegation.

R-9 ‘Use of a mix of process, policy, output and outcome indicators.’: Formulation of the performance indicators, currently under-going, will take into account this recommendation. Moreover, and as recommended, performance indicators for the variable tranches will be a mix of process, policy, output and outcome indicators.

R-12 ‘Future budget support operations in agriculture and nutrition should focus on improving policies such that more attention is paid to farmers’ participation, improving climate resilience, fostering agriculture research and extension services. They should focus as well on strengthening capacities for M&E’: Specific objectives of this action and related activities cover all areas mentioned in the recommendation.

Furthermore, EU experience with key stakeholders of this Action in previous Budget Support operations underline the need to continue capacity building support, with a focus on service delivery at local level and on PFM-related issues. MINAGRI and its agencies capacities are overwhelmed by the number and complexity of mandates, priorities, targets, multi-sectoral coordination and engagements with stakeholders. Districts continue to deliver on basic services (construction of infrastructures, plantations, basic extension services), but with limited support from the Rwanda Agriculture Board (RAB) and inadequate performance indicators. The quality of the services is not as expected (Public Expenditure Survey and the annual Citizen scorecards rate agriculture services as the poorest of all sectors). Districts are facing important capacity constraints and accountability issues when interagency transfers or earmarked transfers are done.

At the central level, MINAGRI agencies continue to face inadequate capacity for planning complex projects, inadequate costing; changes in priorities or delays in cash transfers to implementing entities are still existing challenges.

3.5. The Intervention Logic

The action encompasses two main elements: agricultural transformation via food value chains development and climate adaptation. The two elements are closely inter-linked, including a mix of institutional support to improve the agricultural and environmental national policy framework and its implementation, and a Team Europe Initiative (TEI) ‘Investing in sustainable and inclusive agricultural transformation’.

The action targets to improve farmers’ wealth via increase incomes and nutritious food systems with a sustainable approach. This will require major investments for the farmers to improve their production quality, safety, their access to markets and concomitantly to restore or maintain their production tools, for example the soil, which fertility decline with erosion.

The action will contribute to increase farmers ‘resilience to risks and to climate events by optimising existing irrigation schemes or improving terracing and agro-forestry systems. The optimisation can be with improved infrastructures but also with better planning to invest the available resources at the more efficient place.

In Rwanda, the farmers are facing a huge competition to access land, first because of demography but also because of quick urbanisation, tourism, services and industrial infrastructure development. The identification of the more suitable agricultural lands for agriculture will lead to increase investments and productivity on such resource.

To insure better incomes, the productivity and the average gross value added per surface must increase. It could be with better trained farmers (improved provision by local authorities of quality services, including extension services) but also with better access to market at better prices. Enhance the more high-value-chains or more nutritious value-chains is essential in our context. The value chains pre-identified are horticulture and livestock, including aquaculture and fisheries, given both their economic potential and expected impact on nutrition and food security. The strengthening of SMEs and cooperatives is necessary to insure a consistent development of these value-chains.

One of the more important bottleneck to challenge on this value-chain approach is to support the farmers and cooperatives to limit the post-harvest losses. Increasing the production without tackling post-harvest and market issues would be useless.

The majority of the farmers are women, they are the main stakeholders to support. The increase mobilisation of the domestic Budget, in agriculture and environment sectors, will reinforce the empowerment of women in rural areas.

An essential catalyser for the value-chains development, and also to achieve our expected outcomes, will be the TEI Action and the proposed support to the Kigali Wholesale Market. This TEI will be co-financed by the Rwandan Government and EU Member States, the Netherlands; RVO and Hortinvest project, Belgium; ENABEL. This TEI will as well reinforce the environmental and climate adaptation dimension of the agricultural sector (Sweden and Germany).

Farmer’s plots are part of an overall natural environment where biodiversity and flow dynamics must be maintained. An efficient climate adaptation in resilient agriculture must integrate some landscape restoration approach with for example agroforestry practices but also investments on sustainable management of fragile ecosystems like wetlands. Sustainable land and water resources management at landscape or watershed level will contribute to agriculture resilience to climate changes.

Importantly, the initiative builds on the comprehensive policy framework and reinforced capacity of the relevant Government agriculture agencies supported by previous EU interventions as well as new stakeholders mainly at local level.

As stated in chapter 3, this action foresees regular inclusive policy dialogue with the Government and relevant non-governmental stakeholders (farmers’ organisations, NGOs supporting rural populations, agri SMEs) on effective implementation and financial sustainability of agricultural and climate adaptation policies (including NDC targets in agriculture), improved public service delivery at sector level (effective decentralisation of extension services, consolidation of pfm capacities at sector and local level, digitalisation). Gender inclusion will be monitored for all dialogue areas mentioned.

Gender equality, human rights and human rights based approach expertise will be ensured during the implementation of the intervention as possible. They will also be integrated in relevant technical assistance and capacity building activities and documents (i.e. Terms of Reference etc) as minimum requirements of expertise.

Coordination with multilateral actors, including UN country team, will be done via national structures already in place, namely the agriculture and environment sector working groups and the donor's coordination fora.

3.6. Logical Framework Matrix

Results	Results chain	Indicators (max. 15)	Baselines (year)	Targets by the end of the budget support contract (year)	Sources of data (1 per indicator)
Indicative Impact of the policy	To consolidate the sustainable agricultural transformation in Rwanda	<p>1. Average annual income growth per agriculture households:</p> <p>2. Agricultural production growth by production volumes, in 2014 fixed prices</p> <p>3. ND-GAIN Country Index</p>	<p>1. Tbd (Integrated Household Living Conditions Survey (EICV) 7-2021)</p> <p>2. +5 % (2019)</p> <p>3. 42,4 (2021)</p>	<p>1. + 3 %/year (2026)</p> <p>2. + 6 %/ year (2026)</p> <p>3. 44 (2026)</p>	<p>1. EICV (NISR)</p> <p>2. Seasonal Agriculture Survey (NISR)</p> <p>3. University of Notre-Dame Global adaptation initiative reports</p>
Expected Outcomes of the policy	1. Foster Rwanda's agricultural transition to socially and environmentally inclusive food systems.	<p>1.1 Share of agriculture sector in the national budget (budgets of MINAGRI, RAB and NAEB)</p> <p>1.2 Annual Export value</p> <p>1.3 Average gross value added from agriculture per Ha* (in RWF/Year, 2017 constant prices)</p>	<p>1.1 4 % (FY 2020/21)</p> <p>1.2 USD 378 000 000 (2016/17)</p> <p>1.3 1.013.106 RWF/Ha(2019), 2017 constant prices</p>	<p>1.1 6 % (FY 2024/25)</p> <p>1.2 USD 537 000 000 (2026)</p> <p>1.3 +12 % total growth rate expected (2026)</p>	<p>1.1 According to PSTA4, reporting MINECOFIN (budget) and MINAGRI (JSR)</p> <p>1.2 BNR export statistics</p> <p>1.3 Seasonal Agriculture Survey (NISR)</p>
	2. Ensure Rwanda's environmental and climate sustainability.	<p>2.1 % of Rwanda's Nationally Determined Contribution (NDC) programmatic targets achieved*</p> <p>2.2 Greenhouse Gas (GHG) emissions avoided (tonnes CO2eq) with EU support**</p>	<p>2.1 25 % (FY 2019/20)</p> <p>2.2 Inventory GHG emissions (2018)</p>	<p>2.1 50 % (FY 2024/2025)</p> <p>2.2 Inventory 2024</p>	<p>2.1 NDC monitoring report (REMA)</p> <p>2.2 REMA reports</p>

<p>Induced Outputs</p>	<p>1.1 Increase of employment and income in rural areas for farmers' and SMEs' *</p> <p>1.2 Consolidation of inclusive, gender-sensitive and environmentally sustainable agricultural policies and high value product value chains</p> <p>1.3 Improved extension services at local level, including women's access to services and participation in decision-making processes.</p> <p>1.4 Nutritious value-chains and food systems strengthened</p> <p>2.1 improved climate adaptation in resilient agriculture via landscape restoration and agroforestry*;</p> <p>2.1 Enhanced resilience of rural households to climate change with the promotion of investments, with a focus on sustainable land and water resources management, and watershed restoration, following a gender-sensitive approach</p> <p>2.2 improved planning and protection of agriculture lands at local level</p>	<p>1.1.1 Rural households below poverty line*, (gender disaggregated)</p> <p>1.2.1 Share of Budget allocated to the empowerment of Women Farmers in agriculture</p> <p>1.3.1 Number of Extension Agents Trained on CSA (DAOs, SAOs, EDOs, Farmer Promoters) and FFS master trainers increased, disaggregated by sex .</p> <p>1.4 Improved aquaculture and horticulture value-chains in production and access to market</p> <p>2.1.1 Increased number of Ha protected by progressive and radical terraces with agroforestry practices</p> <p>2.1.2 Number of degraded wetland ecosystems rehabilitated (ha increased)</p> <p>2.1.3 Agricultural ecosystems where sustainable management practices have been introduced with EU support (ha)**</p>	<p>1.1.1 43,3 % (2017)</p> <p>1.2.1 22,4 % (FY 2020/21)</p> <p>1.3.1 TBD</p> <p>1.4 3.357 Metric tons, aquaculture (2017) , TBD for horticulture</p> <p>2.1.1 1.086.116 Ha (FY 2020/21)</p> <p>2.1.2 TBD</p> <p>2.1.3 TBD</p>	<p>1.1.1 .TBD (based on EICV 7, EICV 6 - 2019/20 incomplete due to Covid-19 pandemic) (2026)</p> <p>1.2.1 24 % (FY 2024/25)</p> <p>)</p> <p>1.3.1 14000 (extension agents) and 300 FFS master trainers (FY 2024/2025)</p> <p>1.4 +15 % from 2022 to 2025, TBD for horticulture</p> <p>2.1.1 +18 000 Ha/year</p> <p>2.1.2 TBD (2026)</p>	<p>1.1.1 EICV (NISR)</p> <p>1.2.1 National Gender policy, MINAGRI annual reports</p> <p>.</p> <p>1.3.1 Customised Agriculture Extension System (CAES), MINAGRI reports</p> <p>1.4 Fisheries and fish farming Masterplan, RAB reports.</p> <p>2.1.1 National Agroforestry strategy, RFA reports +MINAGRI + MoE reports (JSR)</p> <p>2.1.2 REMA Reports and GIS survey</p> <p>2.1.3 REMA reports</p>
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		2.2.1 Crop suitability maps produced and available in districts and possibly agricultural land mapped	2.2.1 None	2.1.3 TDB (2025) 2.2.1 30 maps available (2026)	2.2.1 National land policy; REMA and MINAGRI reports
Direct Outputs	<p>DO1. Additional fiscal space created by the transfer of funds and increased predictability of funds.</p> <p>DO2. Improved policy dialogue and coordination.</p> <p>DO3. Improved policy alignment, performance and monitoring.</p> <p>DO4. Strengthened capacity for enhanced policy implementation (complementary support)</p>	<p>DO1_Disbursement level of the Budget Support</p> <p>DO2_No of policy dialogue meetings</p> <p>DO3.1_Status of the policy monitoring systems</p> <p>DO3.2_Agricultural ecosystems where sustainable management practices have been introduced with EU support (ha)</p> <p>DO 4-TBD</p>	<p>DO1: SRC Energy: 98.4 % (2016-2020) and SRC Agriculture (2016-2021): 97.3 %</p> <p>DO2_1:High policy dialogue: 1/year (2021), DO2_2: Technical and sectorial dialogue: 5/Year (2020)</p> <p>DO3_1 MIS agriculture and FMES are under elaboration (2021)</p> <p>DO3.2 : None</p> <p>DO4_TBD</p>	<p>DO1_90 % (2025)</p> <p>DO2_1: 2/year</p> <p>DO2_2: 7/year including ASWG and JSR</p> <p>DO3_1.1: Agriculture MIS is achieved and fully operational (2026) DO3_1.2: Forest Monitoring and Evaluation System (FMES) is achieved and fully operational (2026)</p> <p>DO3_2: TBD (2026)</p> <p>DO4_TBD</p>	<p>DO1_EU Disbursement's notes</p> <p>DO2_1: High policy dialogue minutes</p> <p>DO2_2: Joint Sector Review (JSR) minutes, ASWG minutes, EU-technical ministries minutes</p> <p>DO3.1_Agriculture and MoE reports, dashboards operational</p> <p>DO3.2_ REMA reports</p>

4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with the Republic of Rwanda.

4.2. Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3. Implementation of the Budget Support Component

4.3.1. Rationale for the Amounts Allocated to Budget Support

The amount allocated for the budget support component is EUR 52 000 000 and for complementary support is EUR 17 000 000. Rwandan GDP is projected to reach EUR 9.3 billion by the end of the year. The Budget Support programme of EUR 52 million represents less than 0.6% of GDP and about 0.45% of public debt (including guarantees).

2021-2022 Key fiscal projections have been established on the basis of estimated revenues of EUR 2.24 billion (EUR 1.73 billion excluding grants). Projected budget support disbursement in early 2022 is EUR 13 million – which represents 0.75% of state revenues (grants excluded). Key fiscal projections also foresee current expenditures of EUR 1.9 billion and capital expenditure (investment) of approx. 1 EUR billion. Primary deficit should reach EUR 0.65 billion (7% GDP) and fiscal deficit should reach 9.2% of GDP, which is broadly in line with IMF latest projections (4th PCI review). Budget support disbursement represents 2% of primary deficit (1.1% if grants are excluded).

In terms of sector policy financing, the allocation of this Action represents 5.2 % of the projected public sector costs of Rwanda's 4th strategic plan for agriculture transformation (PSTA4) for the period 2021/22 - 2023/24. The 2021-2022 budget foresees a NST1 sector allocation of RWF 140 billion (EUR 116 million) to MINAGRI under its economic transformation pillar: RWF 7 billion of recurrent budget, RWF 54 billion of domestically-financed projects and RWF 53 billion of externally financed projects. Projected budget support payment in early 2022 represents 11% of MINAGRI sector allocation. Some public interventions in the agriculture sector fall outside the budget of MINAGRI and are managed by other agencies such as RAB (annual budget of RWF 99 billion including RWF 38 billion of external loans and RWF 15 billion of external grants) and NAEB (annual agency budget allocation of RWF 4.3 billion). As such, the combined annual budget dedicated to agriculture is closer to RWF 245 billion, which is 16 times the projected budget support payment.

Mobilisation of domestic resources for the agricultural sector remained robust, reaching around 75% of the overall agricultural budget for 2019/2020. With the COVID-19 pandemic and constraints, the national contribution has decreased. In the future, according to the executed Domestic budgets for Agriculture between FY 2017/18 to FY 2020/2021, the European Union budget support to Rwanda will represent around 17% of the agriculture sector domestic budget.

Under the 11th FED, the budget support modality has supported the agricultural sector (sector reform contract) with a high level of accomplishment and absorption capacity: 97 % of the amount of past disbursements were paid. As stated by the external evaluation of EU Budget Support to Rwanda (2011-2018), budget support resources have contributed to expanding the fiscal space for the government and this space has mainly been used for increasing investment. Furthermore, the budget support funds appear to have supported the government's agricultural modernisation policies, leading to higher production of key priority crops. Sector policy dialogue under budget support in agriculture is recognised by partners as instrumental in promoting inclusive actions benefitting the still largely rural Rwandan population.

4.3.2. Criteria for Disbursement of Budget Support

a) Conditions:

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

- Satisfactory progress in the implementation of the National Strategy for transformation (NST-1), the Agriculture sector strategy (PSTA-4), the Green Growth and Climate resilience strategy, Rwanda's Nationally Determined Contribution and continued credibility and relevance thereof or of the subsequent policy.
- Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances.
- Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme.
- Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.

b) The performance indicators for disbursement to be used for variable tranches may focus on the following policy priorities relating to agriculture, climate adaptation and gender (National Agricultural policy, Green growth and Climate resilience Strategy, National forest policy, Rwanda National Environment and Climate Change Policy, National Gender Policy...).

c) Modifications: The chosen performance indicators and targets to be used for the disbursement of variable tranches will apply for the duration of the action. However, in duly justified cases, the partner country and the Commission may agree on changes to indicators or on upward/downward revisions of targets. Such changes shall be authorised in writing ex-ante, at the latest at the beginning of the period under review applicable to the indicators and targets.

In exceptional and/or duly justified cases, for instance where unexpected events, external shocks or changing circumstances have made the indicator or the target irrelevant and could not be anticipated, a variable tranche indicator may be waived. In these cases, the related amount could either be reallocated to the other indicators of the variable tranche the same year or be transferred to the next variable tranche the following year (in accordance with the original weighting of the indicators). It could also be decided to re-assess an indicator the following year against the original target, if there was a positive trend and the authorities did not reach the target because of factors beyond their control. The use of this provision shall be requested by the partner country and approved in writing by the Commission.

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

4.3.3. Budget Support Details

Budget support is provided as direct untargeted budget support to the national treasury. The crediting of the euro transfers disbursed into Rwanda Francs will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement⁸.

Indicative disbursement timetable

Country year ⁹ and quarterly breakdown	Year 1 (2021/22)	Year 2 (2022/23)	Year 3 (2023/24)	Year 4 (2024/2025)	Total in MEUR

⁸ www.sanctionsmap.eu. Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

⁹ In Rwanda fiscal years run from July till June.

	Q1	Q2	Q3	Q4													
Fixed tranche in MEUR				13													13
Variable tranche in MEUR						12				13				14			39
Total in MEUR				13		12				13				14			52

4.4 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures.

4.4.1 Direct Management (Procurement)

A part of this action with the objective to strengthen the Rwanda's agricultural transformation for social and environmentally inclusive food systems and to support Rwanda's environmental and climate sustainability may be implemented, in direct management, through a service contract (contribution to specific objectives n°1 and 2).

The technical assistance service contract will support the Ministries of Agriculture and Environment in their strategic implementation but also in their policy design and the policy dialogue in their respective sectors.

The tender for this service contract will be launched on 15 December 2021 under a suspensive clause prior to the adoption of this Decision, allowing for an effective start of the technical assistance activities in latest trimester of 2022. This is justified because of the continuous support needed by the Ministries and agencies, to implement respective policies, particularly as regards climate adaptation targets in agriculture and consolidation of value chain development strategies. .

4.4.2 Indirect Management with a Member State Organisation

A part of this action may be implemented in indirect management with the 'Agence belge de développement'-ENABEL. The implementation by this entity entails Rwanda to become a regional production and trading hub for feeding the cities (including regional) that will drive the development of high value chains. The implementation will support the establishment by the government of a feeding the cities programme through the Kigali wholesale market construction and the organisation of functional fresh value chains (fish, small livestock, fruits and vegetables), through extension with smallholder farmers, support to the private sector (certification, technical assistance, access to finance) and policy support (capacity building and technical assistance), a direct contribution to the specific objective 1: Support to Rwanda's agricultural transformation for social and environmentally inclusive food systems.

The envisaged entity has been selected using the following criteria: operational capacity, proven expertise in the agricultural sector in Rwanda, more specifically on extension, value-chains support and private sector development and EU pillar assessment.

In case the envisaged entity would need to be replaced, the Commission's services may select another replacement entity using the same criteria. If the entity is replaced, the decision to replace it needs to be justified.

4.4.3 Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances

In case the indirect management (4.4.2) with a member state organisation fails, due to circumstances outside of the Commission's control, the alternative implementation modality in direct management will be procurement (service contract).

In case the direct management (4.4.1) via procurement fails, due to circumstances outside of the Commission's control, the alternative implementation modality in indirect management will be an implementation via a member state organisation.

The entity will be selected by the Commission's services using the following criteria: operational capacity, proven expertise in the agricultural sector in Rwanda, more specifically on extension, value-chains support and private sector development and EU pillar assessment.

4.5 Scope of geographical eligibility for procurement and grants

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

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.6 Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)
Budget support – cf. section 4.3	52 000 000
Implementation modalities – cf. section 4.4	
Indirect management with ENABEL contributing to SO n°1 – cf. section 4.4.2	10 000 000
Procurement (direct management) contributing to SO n°1 and n°2 – cf. section 4.4.1	6 850 000
Evaluation and Audit	150 000 -
Totals <i>Procurement: total envelope under section 4.4.1 : EUR 6 850 000</i>	69 000 000

4.7 Organisational Set-up and Responsibilities

The Ministry of Finance and Economic planning holds the overall responsibility for the preparation and transmission of disbursement dossiers, the fulfilment of the general eligibility conditions, the achievement of the performance targets and the disclosure of financial and no-financial progress reporting.

The Ministry of Agriculture and Animal resources and the Ministry of Environment hold the overall responsibility for the respective sector policies, sector coordination and respective sector strategies implementation.

A High-level policy dialogue, at ministerial level, will take place twice a year and will be fed by previous consultations with NGOs, farmers' organisations, women organisations and private sector stakeholders. Sector and sub-sector working groups in the areas of agriculture and environment are organised regularly with active implication of the EU delegation, together with joint sector review meetings and inter-ministerial coordination working groups. In complement to this dialogue for the EU Delegation will engage regularly with the technical team of MINAGRI and MoE, at permanent secretary (PS) level, on policy progress and performance achievement.

The steering committee of the Kigali Wholesale market project will integrate main stakeholders of the Team Europe Initiative: Belgium (Enabel), Netherland (RVO) and probably France (AFD) with some other key partners: Ministry

of Trade (MINICOM), City of Kigali, private sector representatives in complement of the current members: National Agriculture Export development Board (NAEB), TradeMark East Africa, Improving Market Systems for Agriculture in Rwanda (IMSAR) project, EU. This committee meets every two months. Regular follow-up will be ensured with Enabel-Belgium on the follow-up of the contribution agreement.

Follow-up on the TA activities will be ensured by the EU Delegation, in close coordination with relevant stakeholders.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

5. PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the log frame matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

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

Roles and responsibilities for data collection, analysis and monitoring:

In order to hold public officials accountable, Government of Rwanda chose to adapt the idea of performance contracts to a traditional practice of setting and achieving goals called Imihigo. First implemented with district mayors, Imihigo were later expanded across government ministries and agencies. The increased focus on performance has certainly helped Rwanda achieving impressive rates of economic growth, rapidly improve infrastructure, and increase health and education outcomes for its citizens. More recently, however, critics noted that focusing on district Imihigo targets – which were largely derived from central government priorities and financed by the national budget – had potentially limited the opportunity for citizen participation and for local governments to implement their own policies and solutions. Performance indicators identified under the budget support component of this Action will link to Imihigo system to ensure proper follow-up and ownership by stakeholders.

At sector level, main monitoring tool is the bi-annual Agricultural Joint Sector Review (JSR) forum, which brings together all Sector Working Group (SWG) stakeholders to ensure ownership, accountability and transparency of National Medium Term Development Strategy implementation and monitoring process. The JSR forum assess how the Ministry of Agriculture and Animal Resources (MINAGRI) along with its implementing bodies, the Rwanda Agriculture Board (RAB) and the National Agricultural Export Board (NAEB), in conjunction with all development partners (DPs), private investors and other actors within the sector, performed. It assess progress in achieving sector objectives, discuss budget execution performance and highlights priority areas for the fiscal year.

Furthermore, a strong, comprehensive and reliable data management system is being progressively put in place for the agriculture sector development with the support of DPs and NISR. The PSTA 4 result framework seems more robust and feasible as underlined by the Comprehensive Africa Agriculture Development Programme (CAADP)-Rwanda review team. Different tools are put in place to facilitate data gathering by public entities and decisions by farmers, some of them being digital (a MIS (Management Information System), SMART Nkunganire System –SNS, for farmers to register and access subsidised agriculture inputs, E-soko system daily tracking market prices...).

On climate action a Measurement, Reporting and Verification (MRV) framework is developed for NDC adaptation and mitigation measures under the Rwanda Environmental Management Authority (REMA). The MRV framework is structured in form of progress indicators to allow the Government of Rwanda to track progress of actions and meet

reporting requirements. The MRV system will facilitate to identify gaps and also to access to climate finance. MRV data and information will be managed within existing Results Based M&E system of the environment and climate change sector. Data and information access will be facilitated by REMA and MoE while NISR will facilitate the development of MRV data related protocols and procedures. The Ministry of Finance and Economic Planning and Rwanda Green Fund will coordinate the tracking of climate finance and climate finance data management.

The Rwanda Forest Authority (RFA) has also supported the development of the Forest Monitoring and Evaluation System (FMES), embedding the DFMP (District Forest Management Plans) software, in order to support and ease: the registration of forestry related data information at national and or District level (wood consumption, forestry budget, etc.); the calculation of key indicators derived from the DFMP component software; the records of areas affected by fires, deforested, or restored; the automatic update of the Forestry cover and Agroforestry tree density maps. The software computes 24 key indicators of monitoring of the forestry and agroforestry sector and provides key reports on their progress at national and district levels.

Despite all these monitoring systems data consistency can remain an issue. Data submitted during Joint Sector reviews, in Budget Support disbursement requests, in OAG reports, in budgets laws and in budget execution reports can be inconsistent. To face this issue and to generate analysis and evidences, EU has funded and trained with success the NISR and have funded the Development Impact Evaluation programme (DIME) to support and train the planning team of MINAGRI for the use and analysis of the data produced. EU is also supporting IFPRI to increase the analytical and planning capacities of the government.

The statistical and monitoring systems as well as the quality of official data in the policy field covered have been assessed.

The Commission can rely on the statistical systems which have been supported and improved during the previous programmes. Some inconsistencies in data and analysis remained so field visits need to be reinforced as cross-data verifications with civil society organisations, farmers' organisations and other donors.

Monitoring and final evaluation will assess gender equality results, an impact on rights of groups living in the most vulnerable situations and the implementation of the rights based approach working principles (applying all human rights for all; meaningful and inclusive participation and access to decision-making; non-discrimination and equality; accountability and rule of law for all; and transparency and access to information supported by disaggregated data). Monitoring and final evaluation will be based on indicators that are disaggregated (by sex, age, disability when applicable).

Human rights and gender equality competence is ensured in the monitoring and evaluation teams.

In the proposed Logical Framework Matrix, some indicators do not have baseline or targets known. Specifically, for the induced output indicator 1.1.1, a baseline is needed and will be provided by RAB, on the induced output indicator 2.1.1 a baseline is needed and an expertise must be mobilised by the EU to define it, on the direct output DO-4, the baseline will be provided by the MINAGRI.

The monitoring of the TEI '*Investing in sustainable and inclusive agricultural transformation*' will be based on the monitoring frameworks developed by NAEB for the Kigali Wholesale Market and Enabel for the upstream and downstream linkages.

5.2 Evaluation

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

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the evaluation must be jointly conducted with other contributing Member States to provide an overview of the action within the larger impact of the TEI.

The evaluation of this action may be performed individually or through a joint strategic evaluation of budget support operations carried out with the partner country, other budget support providers and relevant stakeholders.

The Commission shall inform the implementing partner at least 30 days in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination¹⁰. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract.

5.3 Audit and Verifications

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

6. COMMUNICATION AND VISIBILITY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

It will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

¹⁰ See best [practice of evaluation dissemination](#).

APPENDIX 1 REPORTING IN OPSYS

An Intervention (also generally called project/programme) is the operational entity associated to a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Interventions are the most effective (hence optimal) entities for the operational follow-up by the Commission of its external development operations. As such, Interventions constitute the base unit for managing operational implementations, assessing performance, monitoring, evaluation, internal and external communication, reporting and aggregation.

Primary Interventions are those contracts or groups of contracts bearing reportable results and respecting the following business rule: 'a given contract can only contribute to one primary intervention and not more than one'. An individual contract that does not produce direct reportable results and cannot be logically grouped with other result reportable contracts is considered a 'support entities'. The addition of all primary interventions and support entities is equivalent to the full development portfolio of the Institution.

Primary Interventions are identified during the design of each action by the responsible service (Delegation or Headquarters operational Unit).

The level of the Primary Intervention is defined in the related Action Document and it is revisable; it can be a(n) (group of) action(s) or a (group of) contract(s).

Tick in the left side column one of the three possible options for the level of definition of the Primary Intervention(s) identified in this action.

In the case of 'Group of actions' level, add references to the present action and other action concerning the same Primary Intervention.

In the case of 'Contract level', add the reference to the corresponding budgetary items in point 4.6, Indicative Budget.

Option 1: Action level		
<input type="checkbox"/>	Single action	Present action: all contracts in the present action
Option 2: Group of actions level		
<input type="checkbox"/>	Group of actions	Actions reference (CRIS#/OPSYS#): <Present action> <Other action>
Option 3: Contract level		
<input type="checkbox"/>	Single Contract 1	<foreseen individual legal commitment (or contract)>
<input type="checkbox"/>	Single Contract 2	<foreseen individual legal commitment (or contract)>
<input type="checkbox"/>	Single Contract 3	<foreseen individual legal commitment (or contract)>
	(...)	
<input type="checkbox"/>	Group of contracts 1	<foreseen individual legal commitment (or contract) 1> <foreseen individual legal commitment (or contract) 2> <foreseen individual legal commitment (or contract) #>