Rwanda: Independent Evaluation of the Implementation of the PFM Reform Strategy 2008-2012

Final Report

Client: Ministry of Finance and Economic Planning

Kigali, November 2012

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ECORYS

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Abbreviations

AC	Audit Committees
ACCA	Association of Chartered Certified Accountants
AFROSAI	African Organisation of Supreme Audit Institutions
AFRITAC	Africa Regional Technical Assistance Centers
AGA	Autonomous Government Agency
AO	Accounting Officer (formerly Chief Budget Officer)
BFP	Budget Framework Paper
BNR	Banque National de Rwanda
BSIP	Budget System Improvement Programme
CAT	Certified Accounting Technician
CBS	College of Business School
CEPEX	Central Public Investment and External Finance Bureau
CG	Central Government
CIPS	Chartered Institute of Procurement and Supply
CIS	Certified Invoicing System
CoA	Chart of Accounts
COTS	Commercial off-the-shelf solution
CPA	Certified Public Accountant
CPAF	Certificate of Proficiency in Accounting and Finance
CRS	Creditor Reporting System
DAD	Development Assistance Database
DDP	District Development Plan
DFID	Department for International Development
DIP	District Investment Plan
DMS	Debt Management Strategy
DMFAS	Debt Management and Financial Analysis System
DPAF	Donor Assessment Performance Framework
DoL	Division of Labour
DP	Development Partner
DSA	Debt Sustainability Analysis
DTD	Domestic Taxes Department
EAC	East African Community
EBS	Extra Budgetary Support
EDPRS	Economic Development and Poverty Reduction Strategy
EFD	Electronic Fiscal Devices
EFT	Electronic Funds Transfers
ESD	Electronic Sales Device
ESR	Electronic Sales Register
ETR	Electronic Tasks Register
FDP	Fiscal Decentralisation Policy
FDS	Fiscal Decentralisation Strategy
FMI	Financial Management Information
FY	Fiscal Year
GBE	Government Business Enterprise
GBS	General Budget Support

GDP	Gross Domestic Product
GFS	Government Finance Statistics
GoR	Governance of Rwanda
GPU	Government Portfolio Unit
GRB	Gender Responsive Budgeting
HIDA	Human and Institutional Development Agency
ICPAR	Institute of Certified Public Accountants of Rwanda
IEC	Information, Education and Communication
IFMIS	Integrated Financial Management System
IMF	International Monetary Fund
INES	Institute of Applied Sciences
IPPS	Integrated Payroll and Personnel System
IPSAS	International Public Sector Accounting Standards
KSA	Kigali Statement of Action
LGA	Local Government Authority
MDA	Ministries, Departments and Agencies
M&E	Monitoring & Evaluation
MIFOTRA	Ministry of Public Service and Labour
MINALOC	Ministry of Local Government
MINASANTE	Ministry of Health
MINECOFIN	Ministry of Finance and Economic Planning
MINEDUC	Ministry of Education
MININFRA	Ministry of Infrastructure
MOU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
MTMF	Medium Term Macroeconomic Framework
MTR	Mid Term Review
NGO	Non-Governmental Organization
NIRP	National Independent Review Panel
NPIP	National Public Investment Policy
NSSF	National Social Security Fund
OAG	Office of the Auditor General
OBL	Organic Law on State Finances and Property
ODA	Official Development Assistance
OECD-DAC	Organisation for Economic Co-operation and Development - Development Assistance Committee
OGCIA	Office of the Government Chief Internal Auditor
PAC	Public Accounts Committee
PAYE	Pay-As-You-Earn
PEFA	Public Expenditure and Financial Accountability
PER	Public Expenditure Review
PETS	Public Expenditure Tracking Survey
PFM	Public Financial Management
PFMRS	Public Financial Management Reform Strategy
PIP	Public Investment and Planning
PITT	Public Investment Technical Team
PMMU	Project Management and Monitoring Unit
PMO	Project Management Office
PO	Purchasing Officers

PPP	Public Private Partnership
PPS	Procurement Publication System
PS	Permanent Secretary
QA	Quality Assurance
QAG	Quality Assurance Group
QMS	Quality Management System
RADDE	Revenue Authority Digital Data Exchange
RDB	Rwanda Development Board
RIAM	Rwanda Institute of Administration and Management
RIPP	Rwanda Institute of Procurement Professionals
RPPA	Rwanda Public Procurement Authority
RRA	Rwanda Revenue Authority
RSSB	Rwanda Social Security Board
RWF	Rwanda Franc
SAI	Supreme Audit Institution SCM
	Steering Committee Meetings
SFB	School of Finance and Banking
SIP	Strategic Issue Papers
SN	Sub-National
SNG	Sub-national Government
SPIU	Single Project Implementation Unit
SSP	Sector Strategic Plan
STA	Single Treasury Account
SWAP	Sector Wide Approach
TAC	Task Advisory Councils
TA	Technical Assistance
TNA	Training Needs Assessment
ToT	Training of Trainers
VFM	Value For Money
WB	World Bank

Executive summary

Approach to the Assessment

The objective of this report is to undertake an “end of term” assessment of the performance of the PFM Reform Strategy 2008 – 2012. In undertaking this assessment exercise we have used three key benchmark reports to provide a base position:

- GoR PFM Reform Strategy (2008-2012) - the original report produced in June 2008;
- Public Financial Management Reform Strategy (PFMRS) Mid Term Review - published in May 2011;
- The PEFA Report of 2010.

The evaluation team have also considered in detail those key documents referred to in the Terms of Reference, and studied a significant number of other relevant reports, papers, minutes, financial statements, etc. in order to fully understand the Reform Strategy objectives, its implementation and its ultimate achievements and failings. This process has been supported by a series of meeting with all relevant stakeholders, who were available during our stay in Kigali from 17 September to 6 October 2012. Those meetings included Pillar & Component leaders, the PAC, Donor Partners and visits to two Districts Authorities, Bugesera and Kicukiro. On Tuesday 2 October we held a very interesting Stakeholders Forum, which was well attended, and enabled the team to be informed by government staff of their views and opinions on the past (what was achieved, what was done well, what was done badly) and the future (what should be the priorities for Stage II Reform). This feedback was invaluable, and has influenced our views on the GoR key priorities for the next reform stage. Finally a presentation was made on Friday 5 October to Key Stakeholders to outline our findings, give information of the key issues that would be included in the report and receive feedback from the audience on the key issues we may have missed. A schedule listing all the individuals we have interviewed at various meetings is included in Annex 1.

As indicated at the inception meeting the scoring system for the assessment is broadly in line with the “traffic light” scoring system used to measure performance in previous reviews e.g. Mid Term Review. This will allow the consultants to more easily delineate the progress achieved since the Mid Term Review. Whilst the majority of scores have moved in a positive direction it will be noted that we have made our own judgements and in some instances have deemed the findings of the MTR to have been too highly scored. The scoring method is presented in the figure below.

	Outputs achieved	**Outputs not achieved**	
Results led to benefits and are sustainable	**A**	**C**	Some progress made
Sustainability or effectiveness concerns	**B**	**D**	Little or no progress made

Overview

The PFM Reform Strategy 2008 – 2012 was certainly an ambitious programme of work, which included potential areas of risk, particularly the “in house” IT project developments of IFMIS and IPPS. In hindsight it became clear that the planning of the reform process could have been better, as could the sequencing and prioritisation processes. Following the last QAG report on the IFMIS implementation it has now been accepted that there was also a lack of understanding of the long term PFM needs of all GoR service users. It is unfortunate that a consultant’s report which questions the future viability of the IPPS also surfaced after the field visit. A proper government response to this report is required as a matter of urgency.

Having completed the exercise we also believe that the key activity scores can be somewhat misleading. In some instances there was little correlation between the “Strategic Objectives” of a Component and the “Key Activities”. In the Accounting & Reporting component, for instance, the Key Strategic objectives to “strengthen internal control, improve capacity and strengthen PFM in MDA’s and in SN units” were not delivered. Indeed it has to be said that the results were disappointing. Yet the individual key activity scores are not too poor. One difficulty that should be recognised is that the Strategic objectives themselves were not always clear, or were far from realistic. In practice, for instance, in the Stage I Accounting and Reporting component, there was never any intention to include the SN units below the level of Districts, in the institutions to be connected to IFMIS.

Finally there is general recognition that the Monitoring & Evaluation processes were far from ideal. In many cases the “planned outputs” had no correlation to the Strategic Objectives/Outcomes and were not measurable. Items such as “Project Team established” belong in an action “Road Map” and do not represent “Measures of Achievement”.

In reading this report, therefore, it is important not to be influenced solely by the “scores” allocated to the “planned outputs”, it is important to also reflect upon the achievement, or otherwise, of the Strategic Objectives. Where necessary we have highlighted our concerns on the achievement of the strategic objectives.

Having mentioned some of the platform problems that have hindered progress and hampered delivery of achievements, there are a whole host of positive achievements that the Government can rightly be proud of. In many ways the difficulties and obstacles have been overcome by endeavour and a will to succeed. The GoR, the individuals who have been deeply involved in the Reform process and the Donor Partners, for their continuous and flexible support to this major exercise, should all be commended, therefore, for the significant level of success that has been achieved.

Despite that far from perfect platform, and our concerns on the delivery of Strategic objectives, the Reform Strategy has delivered a very high achievement rate in terms of meeting “key activity” targets. In terms of effectiveness the evaluation team has allocated high scores with 80% A and B scores and with only 20% C and D scores. This measure of effectiveness achievement is reinforced in terms of impact by the positive feedback that we have received from staff in MDA’s and Districts.

Summary of the Planned Outputs Scores

Pillar	Total outputs	Frequency of scoring levels					
						Scores	Scores
Economic & Budget Management	68	32	28	7	1	88%	12%
Financial Management & Reporting	44	15	26	2	1	91%	9%
Public Procurement	18	11	2	4	1	72%	28%
Budget Execution Oversight	34	8	11	11	4	56%	44%
Overall	164	66	67	24	7	80%	20%

Major Achievements and Challenges per Component

In this section we have endeavoured to highlight the major achievements in PFM, including some that were not envisaged in the original reform programme, as well as the areas where the reform programme has not delivered.

Economic Management Component

Achievements in this component have been steady but far from spectacular. Since the launch of the PFMR strategy progress has been achieved in the implementation of the Debt Management Policy, in improving the process and capacity for macroeconomic and fiscal forecasting, and in aligning it to the EAC practices. A MTMF was established and a macro database is being maintained.
The Public Debt Strategy has not been approved yet, but it should guide debt managers in their decisions and operations consistent with the objectives of debt management promulgated in the Rwanda Debt Policy document.

External finance continues to play a significant role in Rwanda's development, as evidenced by the FY 2010/11 where the portion of ODA included in the national budget was 41.5%. Difficulties still exist, however, in obtaining all the necessary ODA data to include in macroeconomic forecasting model and the MTEF module. There are also concerns that revenue forecasting continues to be based on an excel model, and that training on new software for staff proved irrelevant when a decision was made not to purchase the software. Staff capacity is a concern and the achievements made so far may be difficult to sustain unless there are considerable improvements made in this area.

Budget Formulation and Preparation Component

Progress was achieved in enhancing the budget preparation process particularly by aligning budget calendar and practices to EAC practices, and the integration of the MTEF process into the budget cycle despite delays in developing the training materials and conducting the training. Significant progress was also achieved in respect to enhancing the budget transparency and comprehensiveness. This was mainly achieved through alignment of the budget classification with the Chart of Accounts in line with the IMF GFS 2001, improved access to fiscal information and slightly improved coverage of donor operations. Since the launch of the PFMR strategy the access to fiscal information and its user-friendliness has been significantly improved as is the involvement of the civil society in the budget process.

Unfortunately, despite the integration of the MTEF into the budget cycle, the effectiveness of the MTEF process is weakened by the lack of delineation between a baseline providing the costs of existing levels of service delivery and on-going projects, and additional ceilings for new project initiatives to support implementation of the EDPRS objectives. It is further weakened by the lack of a rolling medium-term perspective which is neglecting the outer years in the preparation of the MTEF; as well as the lack of proper costing of the programmes. THE MTEF is not fit for purpose. Programme budgeting and performance budgeting status & future in the budget cycle also needs to be addressed.

Public Investment Policy

This component was added part way through the Reform period, and was limited in its scope, and, therefore, in its effectiveness. A legal framework on PPP (Public Private Partnerships) and PPP evaluation tools were produced and adopted for use by PIP in December 2010. A Resident Advisor was also appointed in July 2011 to support the MINECOFIN PIP unit. This was the extent of the Component's objectives.

Unfortunately there was no attempt to make any links and incorporate PPP into the national budget and strategic framework, as well as the public accounts. It represents, therefore, a missed opportunity. In terms of challenges the government should ensure that all structured financing explicitly indicates the corresponding costs and risks. Furthermore when priority projects cannot be financed by grants or concessional financing, non-concessional loans could be considered, but only within the debt framework determined in the debt strategy. All contingent liability arising from PPP should be identified and correspondingly addressed in the Debt Management Policy and Strategy. The capacity to assess PPPs in line with the objectives set in the Public Investment Program will need to be further improved particularly in respect to the application of the PPP framework drawn under the Public Investment Program and ultimately their administration.

Intergovernmental Fiscal Relations

There are many activities included in this component, most of which were implemented successfully, but the level of impact achieved so far has been restricted to District Authorities. The quality of reporting at district level has improved significantly, following their link to IFMIS. This process has certainly improved PFM within the Districts Authorities, and they have welcomed the computerised financial information that they now receive. As the IFMIS project comes to a successful conclusion in Stage II Reform the quality of PFM in Districts should continue to improve. However, for subsidiary entities (Hospitals, Health Centres & Schools), Sectors and Cells there have been no real improvements in the quality of PFM arising out of the Reform Programme. There are many weaknesses in these Subsidiary Entities which are recognised by MINECOFIN and are being addressed.

There is clearly a strong political desire to make decentralisation work down to the lowest level. The major development in terms of making progress is the production by MINECOFIN in August 2012 of a Concept Note which analyses the difficulties and proposes a 3 Phase Development Programme. The evaluation team are fully supportive of this initiative but do have some reservations as will be seen from the comments made in the section below headed "Major Difficulties and Concerns".

Domestic Revenue Generation

Domestic Revenue Generation has improved significantly both during the PFMR Strategy period, and before thanks to funding from DPs prior to the PFMR. Many achievements have been realised. These include a Reform and Modernisation Unit which has assumed responsibility for RRAs modernisation programme. Computerisation of core business functions and establishing of good IT infrastructure has led to improvements in service delivery and enhanced revenue collection. An integrated tax software package (SIGTAS) has been implemented at RRA Head Quarter and deployed to all provinces. RRA has undertaken a project to implement an e-tax Internet Portal for online filing of tax returns, payment of taxes due, the production of assessment notices and the online payment of VAT, income taxes, Social security contributions, PAYE and all taxes by companies and Individuals in Rwanda.

Despite the substantial improvements there remain a few challenges for the RRA:
- There is still scope to improve the collections at local government level;
- The security and reliability of IT systems needs to be improved;
- The RRA has requested the "writing off" of old tax arrears. MINECOFIN should expedite this request;
- RRA IT systems should be linked to other government IT systems. IFMIS should be a priority if this is possible during the current "limited" development period of IFMIS;
- Compliance of tax payers in settling tax arrears is poor. Remedies should be sought;
- Staff capacity is again an issue in this component.

Accounting and Reporting Component

The positives in this component include the production of government consolidated accounts, which in 2011/12 was completed before the end of September 2012, an extensive PFM training process for those Agencies connected to the IFMIS and the establishment of the Institute of Chartered Public Accountants. There is also no doubt that the provision of computerised financial management information to MDA's and Districts has been welcomed and embraced. An environment of expectation for more PFM reform appears to prevail. Perhaps, however, the impact that the regular production of financial management has had can best be described by one senior member of MINECOFIN who said "We have come so far in the last 4/5 years that it is almost impossible to remember how bad PFM used to be". Outside the PFM Reform process, a recent cabinet decision to introduce new pay & retention policies is most welcome, as it does include steps to encourage staff to take financial qualifications, and to stay within the public sector.

However, there is a downside to the component in that the Strategic objectives to strengthen internal control, improve capacity and strengthen PFM in MDA's and in SN units were only partially delivered. In practice in the Stage I Reform there was never any intention to include the SN units below the level of Districts in the institutions to be directly connected to IFMIS. Furthermore the two activities aimed at increasing the number of qualified accountants working in the PFM public sector have, so far, delivered only 4 ACCA qualified accountants, 3 of whom still work within the key public sector areas of MINECOFIN and RRA. The AACA staff working in the OAG have been excluded as the OAG have their own target for ACCA qualified staff. The financial commitment to CBS and ICPAR may need to be reviewed to see if other options are available for attracting professionally qualified staff in the public sector.

Treasury Management

The improvements in the "back office" area of Treasury management have been steadily and successfully implemented over the period of the reform. Significant steps forward have been taken on the implementation of the STA, new debt management software, improvements in bank reconciliation and cash flow control. Treasury Management is a well-run area, and the one minor comment is that the expenditure arrears should be amended to include age profiles. Looking to the future a more proactive role could be considered to establishing cash flow limits, which would relieve the volume of work currently undertaken in MDAs.

The GPU is a relatively new unit, not envisaged in the Original Reform programme, and it appears to be taking all of the right steps to ensure that Public Enterprises are monitored and controlled, so as not to represent a fiscal risk to the Government. However, its effectiveness will be better judged when the next PEFA review takes place.

IFMIS/SmartGov Implementation

The IFMIS/SmartGov implementation was the single largest component in the Reform Programme and the work involved dwarfed many of the other component areas. Indeed many of the other component areas were dependent upon IFMIS providing the necessary communication facilities and financial management information before they could achieve their "planned outputs".

This single largest component has also proved to be the most difficult to deliver, despite resolute and dedicated efforts by the MINECOFIN IT implementation teams. . During the process of implementation there have perhaps been too many changes, such as the requirement to introduce a Chart of Accounts within a 6 month period. The fact that this task was achieved is remarkable. Added to such changes were the many operational difficulties that arose. Ultimately these numerous factors have forced a re-think of the project structure and approach. A review was carried out by QAG and their report indicated that it has not been the Technical issues that are the main cause for the re-think, but more the functional arrangements, particularly the absence of adequate preparation, and the failure to give enough attention to developing internal user capacity to specify the varied client requirements. Whilst it is an unfortunate position to have reached, the fact is, as aptly stated in the QAG report "we are where we are, and it is too late to go back and fix what should have been right first time. So we do not dwell on these."

The new strategic way forward has been established in the latest QAG report of Aug 2011. The QAG recommended plan for the future was accepted by all stakeholders and is being implemented. We endorse this approach as being the only realistic option available to the government. The first important step is already in place with a tender process for a consultancy to specify the future IFMIS functionality and user requirements of GoR. Six firms have been shortlisted and hopefully a contract will be let by the end of November 2012.

Despite what can only be regarded as a significant "set back" it is important not to view the IFMIS SmartGov project as a failure. There are many positives to be taken forward:
- The SmartGov IFMIS was rolled out to 100 budget agencies;
- Over 600 staff have been trained on the use of SmartGov IFMIS;
- A new Chart of Accounts has been implemented;
- SmartGov IFMIS interfaces with IPPIS for payroll processing and EFT payments have been implemented;
- MINECOFIN has established a broad SmarGov IFMIS project team structure which ensures that the project is managed and run in a defined and smooth manner;
- The output from SmartGov IFMIS has been well received by the User, and there is clearly an appétit for further IT improvements;
- The IFMIS team has accumulated a wealth of knowledge and experience for the next stage;
- In all, there have been substantial achievements with the SmartGov IFMIS implementation, provided at an estimated modest cost of USD 2.5million over the last 5-6 years period.

The next steps then will, logically, be determined by GoR in the light of the recommendations made in the commissioned Consultancy report.

IPPS Implementation

The IPPIS project appeared to be close to a successful conclusion. Most Central and Local Government employees are now included in the Payroll system. The RSS Board employees were being added whilst the team was in Rwanda, to be followed shortly by employees of the National Bank and Health Centres. Security wise there is a direct link to the National Identity Number, which virtually eliminates the possibility of Ghost Workers. The computerised payroll has been very welcomed by staff, and enables the General ledger in IFMIS to be automatically updated with salary and employer's costs. As an "in house" developed IT project, this component had the scope to represent a major success story for the GoR.

During our field visit it was not considered possible to judge the efficiency of the payroll systems. Subsequent to our field visit 3 important Reports/Papers became available that, unfortunately cast a somewhat different light on the IPPS project. A Red Centre Consultants report was very critical and questioned whether IPPS "was a model suitable, sustainable and reliable for the purposes for which it was chosen". In addition it raised many other technical concerns. A second paper from the IPPS Implementation team presented a robust defence of their system, which questioned the validity of many of the consultant's points. The 3rd exercise undertake by the OAG was a well organised audit exercise to test the efficiency and effectiveness of the IPPS Payroll services. That report concluded that "Major weaknesses in design and/or implementation of controls were found". Importantly the Audit Report did not consider the technical issues of design and future viability of IPPS.

It is not clear to the evaluation team how MIFOTRA and the PFMRS addressed these reports and the significant issues that were raised in the reports. There is a need to identify, in a transparent manner, what GoR action is necessary to remove any doubts about the future viability of IPPS, arising from the content of these three reports. The fact that no apparent course of action is available some 10 months after the initial report was produced is in itself a matter of some concern. This is a priority exercise for GoR.

Public Procurement Component

There are a number of positives in the component of Public Procurement where the service became a fully decentralised from 20 February 2011. The decentralised approach with the RPPA acting in a central role of control and monitoring the decentralised service, is proving successful with improvements in compliance indicators in procuring entities rising from 50% in 2008/09 to a level of 72% in 2010/11. Transparency of the service has also improved with public complaints increasing from 28 to 79 over the same period. Despite this the number of admissible complaints allowed by the National Independent Review Panel (NIRP) has in fact fallen which again suggests improvement in procurement procedures. Considerable attention has been paid to the training of Independent Review Panel members, as well as to staff. One significant positive has been the response from all public organisations who have welcomed the decentralised environment as a huge success story. The training of staff includes twinning arrangements with the University of Turin, to establish a new Masters in Public Procurement management. The establishment of the Rwanda Institute of Procurement Professionals (RIPP) is also in hand.

The challenges remaining, however, also relate to training and qualifications. There is almost no procurement professional cadre in Rwanda and no procurement officers in the public sector who are qualified or certified. The transfer of procurement responsibilities to individual organisations is creating work load problems, particularly at District Council level. Finally there is concern that the Masters programme at $7,000 a student is very expensive. At present only students sponsored by the government are enrolled on this course.

Internal Audit Component

The Internal Audit component was probably the last in the Reform Programme to gain momentum and this started in 2010/11 when COWATER International were recruited to deliver "training of trainers" courses. An internal audit service has been established in all government institutions. Audit Committees have also be established in most institutions but not all at this point in time. An extensive training programme has been put in place which includes 49 internal auditors sitting ACCA exams in 2011/12, and plans for a further 45 to sit the exams in the following year. There have also been many courses for special audit skills (IT, PFM, risk based audit, procurement, payroll, etc.) organised by COWATER and the OGCIA.

However, the development of the Internal Audit Service is still in its infancy, it is the poorest performing component and it is facing a number of difficult challenges:

- The structure and organisation of the service does not appear to be conducive to organising the necessary expertise in specialist areas such as IT, VFM, Risk Management, System Audit, Procurement, Payroll, etc.;
- Neither does the organisation currently offer career opportunities to ambitious staff willing to qualify. The Structure is too flat and many IA staff are isolated in small organisations;
- A Major Review of Structure & Organisation should be considered;
- The skills base within the service is poor. No member of staff has yet qualified at ACCA level;
- There are still serious concerns on the actual independence of Internal auditors, when they are hired/fired by the institution where they work;
- The role of the Audit Committee is still evolving. Perhaps this is an avenue that will provide a greater degree of independence for IA staff in future.

External Audit Component

A new organisation structure was approved for the OAG in February 2012 which increased the cadre to 123 posts. Over the period of the Reform Programme the OAG coverage has steadily increased, although coverage in GBE's, Departments and Agencies and projects and programmes is still somewhat limited. This increased coverage has clearly raised the profile of audit and Accounting Officers are now much more aware of their responsibilities. The OAG included in its Reform programme a number of initiatives aimed at building Human Resource Capacity, offering clear career opportunities for staff and the retention of professionally qualified accountants. The provisions made were substantially greater than those set aside for qualified accountants in the "Accounting & Reporting" and "Internal Audit" components. Nonetheless turnover of staff has been an issue which has also impacted on the OAG. External audit is a well organised unit which has achieved the majority of its Reform Programme aims.

By the end of the current fiscal year it is expected that a new Audit Law will be enacted. Once this is law there are plans to prepare new audit regulations, design a new structure, and prepare a new HR policies manual. This will represent the next challenge for the OAG, and should further strengthen the independence of external audit.

One particular area of concern is the slow progress of organisations in rectifying audit qualifications. This is of course not the fault of the OAG and the government have taken recent action to enforce the rectification process by stipulating that "clean Audits" will become part of Accounting Officers performance contract.

PFM Reform Coordination Secretariat

There was a well organised PFMR Secretariat structure, which was approved by all key Stakeholders and has successfully organised and managed the reform programme throughout the whole period, but not without some difficulties, particularly within the past 12 months.

There have been indications of some tensions in the last year, with attendance at meetings sometimes missing the key stakeholders, and papers not being distributed on time. Perhaps there was a feeling that the Reform programme was nearly finished and other work was regarded as more important. However, we believe that the failure to fill two posts (M&E and communications) within the Secretariat was the root cause of any difficulties. This has certainly placed an increased workload on the remaining staff, particularly the PFMR Coordinator. Consequently standards appear to have slipped.

Major Difficulties and Concerns

In terms of Major Difficulties and Concerns we have briefly referred to below 6 Key areas which we would wish to bring to the attention of the Reform Strategy Stakeholders. They are all issues that should be tackled in the Reform Strategy Stage II:

Effective Medium/Long Term Budgeting

This aspect has already been raised above under Component 2. It represents an ongoing major weakness for the government. There must be a credible budget process that incorporates a disciplined approach to medium/long term budgeting, which is supported by an effective MTEF. The government must also be clear about the future for Programme budgeting and performance budgeting, and the extent to which financial accountabilities and responsibilities will be moved from Institutional heads to “Heads of Programmes” and the timetable for such a change.

IFMIS Implementation

No matter what decision is taken on a future IFMIS, it is clear that MINECOFIN will be required to control the major, and most expensive element, of the next Reform Strategy. Delivery of the IFMIS project will dominate the whole of the next 5 years. The planning process will be vital to avoid the mistakes made in the Stage 1 Reform, and a realistic timetable must be set and achieved.

IPPS implementation

As a matter of urgency GoR should commission an independent review of the IPPS payroll systems to clarify:

- The validity of the criticisms made in the Red Centre report dated 11 December 2011;
- The validity of the response of the IPPS Implementation Team dated 11 January 2012;
- Based upon these initial findings give a clear view on the future viability of the IPPS payroll systems so far developed;
- If is it felt necessary to make recommendation on an alternative payroll option, this would include the possibility of purchasing a payroll package associated with any COTS IFMIS that may be under consideration;
- In the event of IPPS being viewed as the most appropriate ongoing option for GoR, to make whatever recommendations necessary to improve the existing technical, design and operational issues. This would include addressing the issues identified in the OAG report dated 11 January 2012.

Decentralisation of PFM to SN Units

As indicated above the importance of providing PFM services at SN levels below District level, now appears to have a very strong political commitment. The exercise is being tackle by MINECOFIN on the basis of a “Concept Paper” which has appointed a Technical Group to undertake a comprehensive analysis of the current difficulties, and to produce solutions to those problems. A 3 Phase Plan has been developed. Whilst the evaluation team is fully supportive of this initiative and agree with the detailed actions included in the Paper, we do have some reservations and would suggest that the following aspects need to be considered carefully:

- The Technical team consists of only MINECOFIN representation. The Education & Health ministries and Districts should be represented, as they, the users, may have very different ideas.
- Indeed one of the issues that must be addressed is having absolute clarity on accountabilities. What, for instance, will be the future relationship between a District and a School? Will the school be solely accountable to the Ministry of Education? Clarity on PFM reporting lines is essential.
- Any Accounting statements designed to collect information from Subsidiary Units must be in a format compatible with the GoR COA and the IFMIS procedures.
- Has detailed thought been given to when, and how, subsidiary units will exercise discretionary financial responsibilities in the future? Fiscal decentralisation would normally be interpreted as Heads of Subsidiary Units exercising discretion in making expenditure decisions. Is this the direction that GoR is going in? An understanding of the ultimate aim will guide the progress towards that aim.
- Efficient and effective PFM and fiscal decentralisation requires not only adequate levels of resources made available to local authorities and in a transparent manner, but also financial managerial capacity to mobilise own revenues, efficiently and effectively manage resources and be accountable for the way public money was spent. Fiscal decentralisation cuts across all PFM functions and requires a comprehensive approach. This is not apparent in the current PFMR strategy.

In IT terms we consider that the first step is to get FMI to the Subsidiary Units. This planned improvement, by its very nature, can almost be considered a sub project of IFMIS and the timetable of the SN exercise will need to reflect that of the IFMIS implementation. The IFMIS user requirements will need to consider the most effective option for providing FMI to the service delivery units at the lowest SN level (School, Health Centres, etc.) and deciding, for instance, whether the budget & budget execution data for the units, is better collected in a locally based software which integrates with IFMIS, or whether a better option would be direct access to IFMIS. The option which is best suited to the staff working in the SN units will clearly be of importance, as will the issue of costs. The two IT projects need to be closely integrated, although the Decentralisation element should perhaps be given its own technical management team, where there is adequate SN representation.

Perhaps, the major step of expecting the subsidiary units to exercise PFM responsibilities should only proceed once there is certainty that the staff capacity and skills required are in place. Effectively this is a second major project, which is, at present, probably a step too far.

Internal Audit

The concerns on Internal Audit have already been set out in the Internal Audit Component section above. Here we wish to emphasise our belief that the problems which Internal Audit face cannot be addressed unless there is a clinical review of the Organisational Structure. Such a review must consider how the IA service can develop to a point where:

- Qualified Accountants and Accounting Technicians can be attracted to the service;
- Career prospects and professional development can be offered to IA staff;
- A pool of expertise in specialist audit, such as IT, PFM, Risk Management, Systems, Procurement, Payroll, etc. can be developed and retained.

Human Resource Capacity

Capacity difficulties in PFM feature in the majority of the Components. It is the issue that perhaps threatens the ongoing sustainability of the PFM Reform Strategy more than any other. We have briefly considered the particular issue of qualified finance staff in the next paragraph. However, there must be a continued need, throughout the Reform Strategy Stage II, to develop a human resource capacity programme in the PFM sector that will produce a solid sustainable financial knowledge base within government. The next PFM reform strategy should also aim at moving away from considering capacity building merely as transfer of skills and equipment towards a more holistic perspective. It should also pay more attention to adequately linking its capacity development efforts with other capacity development initiatives, an element which is omitted in the current strategy. This strategy will need, in particular, to link to the planned decentralisation of PFM to SN units.

Qualified Finance Staff

Clearly the Reform Strategy Stage I has not succeeded in increasing the number of qualified finance staff within the PFM public sector. In MDAs and SBs 20 ACCA additional staff were included in the plans and in the OAG a much higher figure was envisaged. Some progress has been made recently, with the government wide pay & incentive scheme and an increase in numbers taking exams. Nonetheless, perhaps these measures need to be supported by new initiatives. It will have also been noted from the comments made in the External Audit component above, that the OAG included in their Stage I plans an extensive programme aimed at offering career opportunities, incentives for qualified staff and the retention of those staff. That programme was not fulfilled, but with the approval of the Audit Bill there must be every expectation that the OAG will again pursue such a programme, from a base of greater independence. The government should be wary of a situation developing where the incentives offered by the External Audit service are superior to those that can be offered to Accountants in MINECOFIN, MDAs and the Internal Audit service. Preferably they should continue with an incentive scheme that applies across government, so that there is no disadvantage experienced in a particular public service area.

It should also be recognised that there must be a limit to how many ACCA or CPA accountants the public sector needs, or indeed can afford. However, the public sector clearly does need many financially trained staff to work in Ministries, Departments, Agencies, Sub National government, etc. In term of new initiatives, therefore, we would suggest that discussions be held with ICPAR to explore the possibility of producing a CAT qualification with a bias to a Public Sector Syllabus (to include audit). At present the public sector needs Accounting Technicians as much as it needs fully qualified Accountants.

Major Lessons Learned for the Future

The major lessons learned do not relate to the individual Pillar’s and Component’s or their key activities. These major future key activities have been covered in the paragraph above. Instead they relate mainly to the cross cutting issues, which are so influential in determining the success or failure of major projects. We believe that the major lessons arising from the PFM Reform Strategy 2008-2012 are those set out below:

- The PFM area is broader than those elements funded from the basket fund. The PFM Sector Strategic Plan should cover the whole PFM area and establish a clear sequencing and prioritisation of reform measures. Stage II of the Reform process should likewise cover the whole area. The problems that have arisen on the IPPS component are an indication that even within the existing Reform Strategy significant issues had not found their way to the Steering Committee for effective consideration.
- It is important that the PFM SSP, and the consequential Stage II Reform programme, are not restricted to PFM developments which will be financed by "Basket Funding". Consideration should be given to expand the scope of the PFM Reform Secretariat beyond the activities funded by the basket fund. It should clearly assume responsibility for managing and coordinating all PFM reforms regardless of their financing. The currently existing mechanism for coordinating reforms in specific areas (i.e. PSCBS, Fiscal decentralisation etc.) should be either integrated under the umbrella of the PFM reform secretariat or harmonised.
- For Stage II the planning needs to be better and the sequencing of events should be accordance with a realistic timetable.
- PFM reforms should be linked to the other relevant reforms like Decentralisation reforms and broader Public Sector and Civil Service reforms. This could be achieved by bringing the coordination of individual reforms under the umbrella of an Inter-ministerial Committee which will coordinate the reforms in all these areas. Such a Committee should assume the responsibility for reviewing progress and identifying common challenges and areas of joint engagement.
- The achievement of poorly defined outputs does not necessarily mean effective reform.
- In the Stage II Reform process there will be a need for a clear, defined and measurable M & E framework.
- Political leadership and commitment will be crucial to maintain momentum for reforms.
- Re-invigorate the Steering Committee for Stage II, to recognise that more focus will be outside MINECOFIN and MDA's and District representation may be required. The Steering Committee must cover the whole range of PFM activities.
- The PFM Reform Secretariat should be strengthened in order to fulfil its mandate.
- Need to increase public interest and participation in the management of public finances.
- Increase direct communication with the public. As an introduction to Stage II publicise the successes of the Stage I Reform process. Let the public know what is being done on their behalf.

Final Observations

In our experience when an assessment is made of a country's major Reform Programme, which has at its centre, an IFMIS implementation, far too often the results and achievement are poor. IFMIS implementation is fraught with difficulty. In Rwanda the IFMIS implementation has also experienced many difficulties, such that a sensible decision has been taken to take a step back and consider again the functionalities and user requirements that the GoR should have in place to take them into the 2020's decade.

In the case of Rwanda the IFMIS implementation should not be considered as having failed, but viewed as having "stalled" for the time being. It has enabled 100 Agencies to be linked to central financial management information, staff to be trained, and reports produced. It has helped create an environment of expectation for the future. Furthermore it has enabled many of the other Reform components to make progress towards their objectives and goals.

In overall terms we believe that the Reform Programme has been a success, one that the Government, its Development Partners and the staff involved can be proud of. There are many PFM objectives and tasks still to tackle in the next 5 year Reform programme, not least the completion of IFMIS implementation, but already many achievements have been made and the Rwanda public sector has a far more solid and secure PFM base than it did in 2008.

Finally the team would like to place on record its sincere appreciation at the way in which staff, both government and donors, have responded to our often, unreasonable, requests and the help they have given, almost always with a smile. Special thanks must go to the PFM coordinator who has endured a particularly trying time.

It has been a pleasure for us to work in Rwanda and see at first hand the progress that has been made in the public sector.

1 Introduction

1.1 Scope of the Evaluation

The Government of Rwanda Public Financial Management (PFM) Reform Strategy is scheduled to end in June 2013. As part of the PFM Basket Fund's requirements, an independent final programme evaluation shall be jointly conducted by the GoR and the PFM Development Partners (DPs) focusing on progress made against the intended outputs and outcomes of the PFM Reform Strategy. The Government of Rwanda commissioned three external consultants to carry out an independent evaluation of the Implementation of the Government of Rwanda PFM Reform Strategy 2008-2013. The evaluation was carried out between September and October 2012.

According to the ToR the objectives of the evaluation are to:
1. Make a detailed assessment of the performance of the PFM Reform programme against its design, scope, strategic objectives and key strategies;
2. Assess the performance of the programme during the 2011/12 fiscal year focusing on efficiency and effectiveness;
3. Identify key lessons and propose practical recommendations and priorities pertinent for the design of the next PFM reform strategy in line with GoR's medium term and long term ambitions as outlined in the EDPRS, 7 Year Government Program and Vision 2020.

The findings presented in this report are based on recent assessments of the PFM situation in Rwanda and a large number of interviews with various stakeholders who participate in the implementation and/or monitoring of the PFM reforms. The approach for the evaluation was presented at a briefing sessions at the launch of the evaluation in Kigali on 20 September. Preliminary findings of the review were presented and discussed at a workshop.

The consultants would like to thank all interviewees and workshop participants for their assistance and constructive comments. Our particular appreciation is due to the PFMR coordinator, Amin Miramago, who kindly assisted in arranging the interviews and provided logistical support during the mission.

1.2 Evaluation Approach

The implementation of the PFM reform strategy has been the subject to a number of Quality Assurance Reviews in specific technical areas, and a mid-term review in 2011. These reviews were very useful in providing insight information on the further implementation of reforms. The current final evaluation is based to a large extent on the existing reviews particularly when it comes to technical issues. The evaluation approach is based on the OECD evaluation criteria namely the relevance, effectiveness, efficiency, sustainability and impact of the implementation of the PFM reform strategy:

- Relevance - Assessment of the relevance relates mainly to the design and scope of the PFM reforms strategy and the extent to which it is consistent with the national development strategies, particularly, the Vision 2020, 7-Year Plan, EDPRS, as well as broader public service reforms and fiscal decentralisation reforms. The assessment also considers the extent to which the strategy adequately addresses the weaknesses of the PFM systems, linkages between components and their objectives; sequencing and prioritisation of reforms measures.

- Efficiency - Efficiency focuses on achievement of outputs/results in relation to undertaken efforts in terms of their timeliness and their cost-efficiency in respect to other potential alternatives.
- Effectiveness - The effectiveness focuses mainly on the extent to which the key strategies and outputs planned in the PFM reform strategy across all components have been achieved. To the extent possible, however, the consultants looked at other reform efforts and achievements realised beyond the PFM Reform Strategy.
- Impact - The impact is assessed in terms of the benefit and added value of the implemented reform measures toward achievement of the three objectives of sound PFM system i) fiscal sustainability, ii) allocative efficiency, and iii) operational efficiency a well as service delivery and possibly objectives of the EDPRS.
- Sustainability - The discussion on sustainability of the achieved results focuses on the extent to which the benefits can be sustained in the long-run and factors which may influence it.

The implementation of the PFM reforms strategy is assessed in respect to selected cross-cutting issues including the implementation and organisation framework, capacity development, monitoring and evaluation mechanism, financing mechanism. Given the cross-cutting nature of many aspects, some of the elements are considered interchangeably.

The scoring system for the assessment is broadly in line with the “traffic light” scoring system used to measure performance in previous reviews including the Mid-Term Review. This has allowed the consultants to more easily delineate the progress achieved since the Mid Term Review. Nevertheless the consultants were driven by their own judgement and were not bound by the findings of the MTR. The scoring method is presented in the figure below.

	Outputs achieved	**Outputs not achieved**	
Results led to benefits and are sustainable	A	C	Some progress made
Sustainability or effectiveness concerns	B	D	Little or no progress made

The current evaluation focused on the following:

- Review of relevant documents which included particularly Quality Assurance Group Assessments in various PFM areas like IFMIS and IPPS, previous reviews of PFM Reform Strategy, work plans, annual reports etc.
- Interviews with various stakeholders including the PFM Reform Secretariat, Component and Pillar Managers, Development Partners participating in the basket funding arrangement, Auditor General’s Office, Rwanda Revenue Authority, Parliament, few line ministries, two districts. A list of people to be met is included in the annex.
- Stakeholders’ forum which allowed lessons learned from the implementation of the current PFM reform strategy to be drawn from the participants and identify main areas for further reforms.
- Two briefing sessions: i) to present and agree on the approach of the current evaluation; ii) to present the preliminary findings of the evaluation and collect comments which can were used to prepare the current draft report.

The PFM Reform Strategy and the outputs and targets included in it form the basis for the evaluation. The assessment of the Mid Term Review was considered as baseline for isolating specific achievements accomplished since the MTR.

1.3 Contextual Background to PFM Reforms

After the 1994 genocide, the new Government of Rwanda (GoR) embarked on rebuilding and reconstructing the country. Among areas that needed a complete overhaul was the PFM sector. The first generation of PFM reforms started in late 90s with the establishment of an independent Rwanda Revenue Authority (RRA); introduction of a medium-term perspective in budgeting through a Medium-Term Expenditure Framework (MTEF) approach; establishment of a modern National Tender Board (NTB) to build the culture of transparency, economy and accountability in public procurement system which was later replaced by the Rwanda Public Procurement Authority (RPPA); and last not least, the establishment of an independent Supreme Audit Institution of Rwanda – Office of the Auditor General (OAG).

The adoption of the new Constitution in 2003 gave rise to a second generation of reforms. A new Organic Law on State Property and Finance (OBL) emanating from the new Constitution was adopted by the Parliament in July 2006. This law forms the basis for the new public financial management system. In 2007 the Financial Regulations that became operational and the Manual of Financial Management and Accounting was published.

The National Decentralization Policy was approved in 2001 as mechanism to achieve good governance principles, enhance local economic development and bringing quality and accessible services closer to the citizens. In 2006 the GoR adopted the Fiscal and Financial Decentralization Policy (FFDP). The Rwanda Fiscal Decentralization Strategy (FDS) was developed in 2010 to guide the implementation of the FFDP.

In order to coordinate and implement PFM reforms in an organized manner, the GoR instituted a PFM Reform Strategy covering the period 2008-2012. The formulation of the Reform Strategy followed and was informed by the first Public Expenditure and Financial Accountability (PEFA) assessment carried out in 2007.

In 2008 Rwanda became a member of the East African Community (EAC) which required corresponding adjustments to comply with the EAC requirements. One of the main changes is the switch from the calendar fiscal year to July-June fiscal year. Due to this changes the 2009 FY was a short one and covered only the period January – June 2009.

Implementation of the PFM Reform Strategy is overseen by the PFM Reform Steering Committee, which is supported by a PFM Reform Secretariat reporting to the Permanent Secretary of the Ministry of Finance and Economic Planning (MINECOFIN). The Development Partners have to date supported the PFM reforms in Rwanda mainly via the Public Sector Capacity Building Project (PSCBP), the Multi-Donor Trust Fund (MDTF) for PFM reforms, and via the PFM Reform Basket Fund.

2 Efficiency and effectiveness of PFM Reform Strategy Implementation

Economic Management & Budgeting - Pillar 1

2.1 Economic Management - Component 1

2.1.1 Context and strategic objectives

The Objective of this Component was to “Improve the Quality of Macroeconomic and Fiscal Framework and Provide a Sustainable Overall Budget Ceiling”.

The key strategies included:

- strengthening further Macroeconomic and Fiscal Frameworks;
- developing an approved Public Debt Management Strategy;
- strengthening revenue forecasting;
- harmonizing development partners towards budget support;
- aligning Macroeconomic and Fiscal Frameworks to EAC practices; and
- implementing fully the National Aid Policy in order to have all donor assistance included in the national budget.

The PFM Reform Strategy does not provide an in-depth analysis of the key problems that needed to be addressed in this area. The analysis is limited to identifying the main weaknesses of the PFM systems across PEFA dimensions as reported in the PEFA 2007 assessment. The link between these weaknesses and the proposed key strategies is not clear.

2.1.2 Assessment of key strategies and activities

The table below summarises the assessment of the realisation of the key strategies and activities planned under Component 1.

Key strategies and key activities	Planned outputs	Assessment	
		MTR	2012
1.1 Strengthen further Macroeconomic and Fiscal Frameworks			
Prepare medium term macroeconomic framework	Up-dated Medium Term Framework adopted	B	A
Prepare Explanatory Notes on the Medium Term Macro-Framework	Explanatory Notes Issued		A
Comments: The macroeconomic framework update was completed in April 2011. While these two key activities were formally achieved there remain challenges in the macroeconomic modelling which informs the MTMF. The macroeconomic model was developed with TA but has not been officially validated yet. This model is not used formally, but for internal purposes only. The model is not perceived by the staff of the macro unit as complicated, but it cannot be applied in an optimal manner because it is information intensive some of which being available only from surveys at 5-year intervals. The MTMF is revised twice a year and is accompanied by Explanatory Notes which explain the changes. For the IMF the Explanatory Notes are prepared on a quarterly basis.			
Establish and maintain Macro Database	Macro Database established	B	B
Comments: A review of the implementation of the macroeconomic database and training for improving preparation of macroeconomic framework was conducted with TA from East AFRITAC. The macro database was completed in April 2011 and is updated twice a year as the corresponding statistical information becomes available. The availability of data, however, undermines the completeness and actuality of the data base.			
Update Macroeconomic framework papers as a basis for preparing annual Budget	Annual Call Circulars that are consistent with Framework produced	B	B

Key strategies and key activities	Planned outputs	Assessment MTR	Assessment 2012
Call Circulars			
Comments: The macroeconomic update is done in cooperation with the Budget directorate through the Budget Fiscal Framework. However, as underlined in the IMF (2012) report on MTEF, the existing institutional and capacity weaknesses affect the quality of the macroeconomic and fiscal policy management in particular in respect to formulating a credible macro fiscal framework with realistic expenditure ceilings for the outer-years.			
Build capacity for research and macroeconomic modelling	Skilled Staff in place – say at least 2 staff in MINECOFIN	B	B
Comments: Various training session on macro-economic modelling took place since the launch of the PFMR Strategy. A resident advisor provided assistance toward strengthening macroeconomic management and research. This activity envisaged also a study tour for two staff members for a two weeks training abroad on modelling and cumulated production structure matrix. Due to resignation of the staff it was postponed. The capacity of the macro unit remains low ; it even decreased from 12 staff to currently 9, and is not sustainable.			
1.2 Align Macroeconomic and Fiscal Frameworks to the EAC practices			
Review and up-date legislation	The OBL on State Finances and Property revised accordingly	A	A
Comments:			
Review and up-date Macroeconomic and Fiscal Targets	Revised Macro-economic and Fiscal Targets produced	A	A
Comments: The macroeconomic and fiscal targets were reviewed and updated correspondingly. One of the convergence criteria for EAC is an overall fiscal deficit of less than 2% of the GDP including grants and of less than 5% excluding grants. The BFP aimed at reducing the overall budget deficit including grants from 4.4% of GDP in 2010/11 to 2% in 2011/2012. The information for 2011/12 year is not available yet and therefor it is not possible to judge whether this target has been achieved.			
1.3 Develop an approved Debt Management Strategy and Published			
Contract consultant to develop a Debt Management Strategy	Debt Management Strategy developed	B	A
Comments: The Debt Management Strategy operationalizes the implementation of the Debt Management Policy. The DMS is a benchmark in the IMF program. A draft DMS was prepared in 2010 but needed to be adjusted to include guidance for the implementation and incorporation of the DSA in the macroeconomic framework. The Medium Term Debt Management Strategy has been finalised in 2012 and approved by the PS Finance and Minister of Finance.			
Obtain approval of the Debt Management Strategy	Approved Debt Management Strategy published	B	B
Comments: The Medium Term Debt Management Strategy has been finalised in 2012 and approved by the PS Finance and Minister of Finance, but still needs to be approved by the Cabinet before it can be published.			
Monitor targets and develop policy papers on public debt	Monitoring Reports	B	B
Comments: In 2012 Rwanda has been upgraded to high capacity in the DSF and CPIA based on the increased capacity in debt management. Monitoring of public debt is done through DSA. The first Debt Sustainability Analysis was done by IMF in July 2010 and agreed by Rwandan authorities. Another DSA was done by IMF in June 2011. MINECOFIN reports to have the tools to update yearly the DSA; it conducted its own DSA in 2012. The Treasury department has 3 staff members who deal with management of public debt. Debt management manuals which detail the processes, procedures, roles and institutional arrangements in the debt management activities were not developed yet, thus a B score.			
1.4 Strengthen Revenue Forecasting			
Strengthen macroeconomic forecasting through data warehousing and development of country specific	Revised and Up-dated Revenue Forecasting Models in Use	B	B

Key strategies and key activities	Planned outputs	Assessment MTR	Assessment 2012
macroeconomic forecasting model			
Comments: The model has been developed but has not been formally validated by the government and is therefore not yet in use.			
Develop capacity for revenue forecasting	Skilled Staff in Macroeconomic modelling	N/S	B
Comments: Staff of the macroeconomic unit, as well as representatives from other relevant institutions, were trained in using the revenue forecasting software. However the software was not purchased and the staff continue to use the excel model. TA support was provided to build capacity in using the excel model. However the person who was trained went on a 15-month course at the IMF.			
Acquire a modern software for reliable revenue forecasting	N/A	N/S	D
Comments: The staff were trained in using the revenue forecasting software but the software was ultimately not purchased.			
1.5 Harmonise Development Partners towards Budget Support			
Support Further Development of SWAPs in key sectors	Strategy, targets, & milestones agreed	B	B
Comments: SWAPs were developed in most of the sectors but these are considered to be effective only in Agriculture, Health, Education and Justice sectors. SWAP is not yet effective in Energy and Transport. There is no SWAP mechanism in place in Private Sector, Decentralisation and ICT. A recent assessment of the SWAPs concludes that since the beginning of EDPRS period, sectors (particularly those where the SWAP is functioning) have substantially improved their planning, budgeting systems and procedures. The effectiveness of SWAPs is undermined by the low level of understanding of the SWAP by line ministries and particularly districts.			
Align donor support towards Sector Programming	More Sector Programming Completed	B	B
Comments: In September 2010, the country endorsed the Donor Division of Labour (DoL) strategy, which aims to enhance the quality of aid flows distribution across sectors in line with the national priorities. Sector Strategic Plans (SSPs) are well-aligned with EDPRS particularly in sectors where SWAP is effective (i.e. Agriculture, Health, Education, and Justice). The alignment of District Development Plans (DDPs) with the Strategic Plans remains very weak, particularly when the sector strategy (e.g. Water Resource Management) was developed after EDPRS and therefore not integrated into DDPs. According to a recent review of the EDPRS implementation, the distribution of Official Development Assistance (ODA) across sectors varies significantly. For example, the sector receiving the highest ODA (health) gets almost 800 times more than the sector (youth, sports and culture) receiving the lowest ODA. The sector classification used in the DAD differs from the sector classification of the DoL, which makes it difficult to accurately attribute ODA to DoL sectors (e.g. decentralisation is not a DAD sector).			
Strengthen the capacity to assess and monitor total donor inflows to reflect government priorities (Central government, NGOs and local govts)	N/A	B	B
Comments: There are five separate sources of aid information, including the Development Assistance Database (DAD) implemented by the External Finance Unit in MINECOFIN; the access database of project execution data held by CEPEX; the foreign exchange projection spread sheets prepared by the National Bank of Rwanda; the national budget documentation and the CRS database of the OECD-DAC. Since the launched of the PFMR Strategy efforts were made to harmonise all these sources of information. In 2010 an upgrade of the DAD (established in 2006) resulted in establishing a new MTEF module with the view of systematically capturing forward-spending plans of Development Partners to feed into the MTEF process. There are also on-going efforts to link the DAD with SmartGov FMIS. This is at an advanced stage pending finalisation of the security of information. The linkage of the DAD to the National Bank was not explored yet. The CEPEX database was disbanded in 2010 as result of which capturing the corresponding data was interrupted. There are ongoing			

Key strategies and key activities	Planned outputs	Assessment MTR	Assessment 2012
efforts to incorporate CEPEX data onto DAD through he Project Management and Monitoring Unit (PMMU) in the Budget directorate. Despite government efforts to strengthen the systematic verification of the data provided by the donors, its quality depends on the discipline and ability of DPs to accurately report relevant information. There remain challenges related to project execution mainly because the execution rates of project support are not available through the DAD which captures disbursement instead of expenditure information. According to the 2010/2011 DPAF exercise, the DAD coverage of aid disbursement has slightly improved.			
1.6 Implement fully the National Aid Policy in order to have all donor assistance included in the national budget and reported			
Develop and implement an Aid Management Manual of Procedures which should guideline for DPs to use national systems	Approved Manual in use	B	A
Comments: The Government of Rwanda adopted In 2006 its Aid Policy aiming at enhancing the quality and effectiveness of aid. In particular, it emphasizes the need for the aid to Rwanda to be more predictable, to be aligned to Government priorities, and being effectively managed. An Aid Policy Manual of Procedures which operationalizes the Aid Policy was produced in May 2011. It sets out the process of mobilisation, management, and utilisation of aid. Together with the Aid Policy the Manual of Procedures has greatly contributed to enhancing quality, effectiveness, and efficiency of aid provided to Rwanda.			
Strengthen the capacity of CEPEX to produce externally financed project execution reports	Greater proportion of donor support – 80% using national system	N/A	C
Comments: CEPEX is a semi-autonomous body based in MINECOFIN which is responsible for the monitoring of projects within the Public Investment Programme covering projects financed by national resources and external aid. In November 2010 the GoR and its Development Partners adopted the Kigali Statement of Action (KSA) aiming to accelerate the efforts to further streamline the way aid is provided. In February 2011 the Government took the decision to establish Single Project Implementation Units (SPIUs) in all sector Ministries and project implementing agencies. In March 2011 all parallel and integrated PIUs were required to phase out and join the SPIU by the end of FY2011/2012. The new projects will automatically fall under the relevant SPIU. Most of the ministries have established SPIU but not all of them are fully operational. According to the latest ODA report 2010/2011, while there has been some progress in terms of increased use of country systems by DPs, it is generally limited to GBS and SBS and support provided through basket funds managed by the government. Large project tend to use increasingly national systems. However, despite the progress of PFM reforms, at the aggregate level there was no significant increase in the use of country systems. According to the ODA report 2010/2011, 34% of ODA use the national budget execution procedures, 59% make use of financial reporting procedures, 47% make use of audit procedures, and 62% use the national procurement procedures.			
Institutionalise PERs and PETS for Key Sectors and others	Annual PETS & PERs produced	B	B
Comments: Annual PETS & PERs reports were produced for 6 sectors in 2010. Another PETS was carried out on social protection in 2011. A PETS in Education was conducted by Transparency International in 2012. Not all PERS and PETS have been validated by the government. The process has not been institutionalised and remains to be ad-hoc driven by demand in particular sectors. MINECOFIN instructed the sectors however to plan PERs in their budgets.			

2.1.3 Performance during 2011/12

The following activities were carried out since the Mid-Term Review:

- A resident advisor was recruited to provide technical assistance to strengthen macroeconomic management and policy through macroeconomic policy design and research.

- A DSA for the macroeconomic unit was completed in January 2011 with TA.
- A Medium-Term Debt Strategy for the GoR was formulated in January 2011 with TA but is still awaiting cabinet approval.
- The Debt Management and Financial Analysis System (DMFAS) was upgraded to a new version which besides external debt provides for reporting treasury bills. The new version was installed in MINECOFIN and BNR and its implementation started in July 2011.
- SIPUs were established in most of the sector ministries.
- An assessment of SWAPs was conducted in 2012 and an Action Plan for supporting SWAPs was developed.
- The Aid Policy Manual was adopted in May 2011.

2.1.4 *Cross-cutting issues*

The efficiency of the implementation of this component has been affected by a number of aspects, including the following:

- The development and implementation of a communication strategy conducted in 2012 resulted in twice the amount which was planned for.
- The development of the Debt Management Strategy 2011-2014 was delayed for about two years approval of the debt strategy took longer than expected and is pending approval by the Minister of Finance.
- The study tour on macroeconomic modelling was delayed and ultimately dropped for unknown time from the planning.
- The staff received training on the use of the software for revenue forecasting but this was ultimately not purchased, and the excel model continues to be used.

Capacity constraints, in terms of skills and staff, remain one of the main challenges which may influence the sustainability of the achieved results under this component.

2.1.5 *Summary Assessment*

Since the launch of the PFMR strategy progress has been made in improving the process and capacity for *macroeconomic and fiscal forecasting*, and aligning it to the EAC practices. A MTMF was established and a macro database is being maintained. Although capacity for macroeconomic modelling and revenue forecasting was enhanced it still needs to be reinforced and sustained. Capacity remains limited and dependent on technical advice from international consultants and support from IMF. Capacity constraints is also one of the main reasons which influence the ability to establish a clear and consistent link between the medium term macro and fiscal framework.

Revenue forecasting continues to be based on an excel model although the staff were trained to use a new software for revenue forecasting which ultimately was not purchased. This in combination with the temporary withdrawal of the person trained to use the excel model affects the capacity and quality of the revenue forecasting.

Progress has been achieved in the implementation of the *Debt Management Policy*. The Public Debt Strategy has not been approved yet but it should guide debt managers in their decisions and operations consistent with the objectives of debt management promulgated in the Rwanda Debt Policy document. For the moment being the DSA, which is carried out annually, informs debt management decisions.

Effort undertaken in connection with the PFMR strategy contributed to the progress in *implementing the National Aid Policy*. External finance continues to play a significant role in Rwanda's development. In FY2010/2011 the portion of ODA that was included in the national budget was 41.5% of the total revenues and grants in the revised budget. There has been improvement in the use of GoR national systems but this is not significant and the overall use of national systems is lagging far behind the DPAF targets.

The aid modality preferred by the government is *budget support*. According to ODA Report 2010/11, in FY2010/2011, 22% and 7% of all ODA was provided through GBS and SBS respectively. While this represents 29% of all ODA provided to Rwanda, this value is lower compared to the previous fiscal year mainly due to lower disbursements from most budget support development partners. The DPs tend to focus more on projects and Programme Based Approach has been increasingly used. About 71% of aid was provided through programmes, projects or basket funds.

2.2 Budget Formulation and Preparation - Component 2

2.2.1 Context and strategic objectives

The Objective of this Component was to “establish a clear and transparent budget presentation reflective of policy objectives and allocative efficiency after a credible budget process”.

The key strategies were:

- strengthening the budget preparation process including revitalizing and integrating the MTEF into the budget cycle;
- enhancing transparency and comprehensiveness of the budget;
- aligning budget calendar and practices to EAC practices;
- increasing public access to key fiscal information; and
- strengthening capacity for budget formulation and preparation.

The PFM Reform Strategy does not provide an in-depth analysis of the key problems that needed to be addressed in this area. The analysis is limited to identifying the main weaknesses of the PFM systems across the following PEFA dimensions relevant for this component i.e. budget comprehensiveness & transparency, and policy-based budgeting. The identified weaknesses related mainly to the weak public access to fiscal information; and lack of fully-costed sector strategies and inability to articulate multi-year budget implications of investment decisions. Both of these weaknesses are translated in reform activities included in this component. The component includes also additional measures but these are not justified i.e. gender budgeting, performance budgeting, extra-budgetary funds.

2.2.2 Assessment of key strategies and activities

The table below summarises the assessment of the realisation of the key strategies and activities planned under Component 2.

Key strategies and key activities	Planned outputs	Assessment	
		MTR	2012
2.1 Strengthen Budget Preparation Process			
Revitalise MTEF and integrate it into budget process	MTEF integrated into the budget process, Sectors fully costed, and all budget documents as per best practice prepared, presented & published	B	B
Comments: The MTEF is integrated into the budget process but this is far from fully functioning. Factors that			

Key strategies and key activities	Planned outputs	Assessment MTR	Assessment 2012
undermine the effectiveness of the MTEF include the lack of fully costed sector strategies, the weak link between the sector strategies and the budget, and the limited use of the MTEF outer years as basis for the yearly budget preparation. While there is more understanding of the MTEF, the line ministries continue to submit budget requests which exceed the set ceilings; this fact also undermines the credibility of the MTEF process. This is confirmed by the Explanatory Notes (2011/12-2013/14).After being requested to reprioritize and sequence programmes and projects to fit in the ceiling, some sectors and institutions were not able to reprioritize and still keep a list of un-funded programmes and projects after the budget consultations. In some cases, these unfunded activities are brought in as urgent and priority activities during budget implementation. Further, line ministries continue to use an incremental approach to the preparation of their budgets mainly through simple compilation of the budgets of different departments' activities and institutions.			
Introduce and mainstream gender and equity budgeting	Gender budget integrated in the budget	B	A
Comments: After a successful piloting of Gender Responsive Budgeting (GRB) in four ministries in 2010/2011 it was institutionalised in all ministries during the 2011/2012 budget preparation exercise. This is done through Budget call Circulars which require all sectors to submit gender budgeting statements. While important from the point of view of poverty reduction and development objectives, it has no influence whatsoever on the functioning of the PFM systems. On the contrary, the danger is that due to capacity constraints reflected by other priorities, it may become an automatic process and less-meaningful than planned.			
Introduce and mainstream performance budgeting	Performance Based Budgets Produced	B	C
Comments: Performance based budgets are produced but this process is far not comprehensive and meaningful for budget accountability purposes. The programmes included in the budget are required to have identified clear objectives, outputs and outcome and performance targets. In practice these are not always defined, and if defined are not necessarily following the SMART criteria[1]. Further the effectiveness of programme-based budgeting in Rwanda is affected by the current organisation of programmes which does not take into account the administrative organisational structure. Currently programmes are not aligned with Budget Agencies and can cut across entities within budget agencies. The current system does not provide for unique programme budget managers and therefore lacks clarity on accountability requirements for the implementation of the programme. Implementing agencies have no managerial autonomy accountability for achieving their programme outputs. Their management discretion seems to be limited. There is no slippage in progress since the Mid-Term Review. The lower score for the implementation of this activity and achievement of corresponding output reflects a different assessment of the same situation rather than a slippage in performance. The infancy of performance based budgeting is reflected also in a recent review conducted by a technical advisor as well as the Action Plan (Budget System Improvement Programme) developed by the Budget Directorate particularly to deal with these weaknesses.			
Undertake/initiate costing of all major sectors for MTEF purposes	Key sectors fully costed	B	B
Comments: Most of the sector strategies are reported to be costed, however the costing does not comprehensively include forward cost implications of current investments. The requested budget in Strategic Issue Papers (SIPs) does not match SSPs costing and therefore is not consistent with MTEF. The SSP costing does not match the envisaged cluster allocations in the EDPRS. The SSP costings do not take MINECOFIN historical sectoral ceiling into consideration. On the other hand, the Macro Projection does not take the Sectoral Plans Costing into account while determining the sectoral budget ceilings. The lack of proper costing undermines the effectiveness and credibility of the MTEF. A recent SWAP assessment underlines that massive financing gaps (over 30% in all SWAP sectors aside from Transport), turns the costing into a wish-list that lacks prioritisation (exception are Health and Education, which have three scenarios each – still >30% financing gap in least optimistic for both sectors with scenarios).			

1 This means Specific, Measurable, Achievable, Relevant, and Time phased.

Key strategies and key activities	Planned outputs	Assessment MTR	Assessment 2012
A Costing Manual has been issues in 2010 and training provided with the support of a technical advisor, but this is believed to be not user-friendly, too theoretical and not easy to apply in practice. In 2012 a revised costing manual was developed and staff are currently being trained to applied the methodology.			
Mainstream externally financed projects/programs and include in the budget	No "extra budgetary funds"	B	B
Comments: An MTEF module was established in the DAD in 2012 which shall contribute to enhancing the incorporation of externally funded projects/programs in the budget. Despite further improvements in the implementation of the DAD, the completeness and predictability of aid remains to be a weak area which affects the comprehensiveness and therefore effectiveness of the MTEF especially when taking into account that almost half of the GoR budget is financed by grants. According to the SWAP assessment, aid predictability remain to be low with 5 out of 7 SWAP sectors not meeting DPAF target for predictability of aid. Since FY 2008, all operations of Government budget agencies are reported in in-year reports. GBEs submit quarterly reports and their annual statements are consolidated with those of other agencies at the end of the year. Internally generated funds by districts are not accounted and reported for.			
2.2 Strengthen capacity for Budget Formulation and Preparation			
Train staff both at CG and SN levels on budget preparation procedures and processes	Credible Budgets are produced by MDAs & SN government units	B	B
Review staffing requirements in National Budget Office and adjust accordingly			B
Build capacity of Budget staff in the National Office			B
Comments: While the training course provided since the launch of the PFMR strategy contributed to strengthening the capacity for budget formulation and preparation it remains to be weak in particular in respect to the ability to comprehensively cost sector strategies, to link sector planning to budgeting, to incorporate the medium-term perspective in the budget, and to respect the budget ceiling when preparing detailed budget submissions. The capacity is even more limited at the District level. The budget preparation process was enhanced as result of the establishment of a Budget Module in IFMIS. While staff still face some difficulties in preparation of the budget in IFMIS, the accuracy and discipline in respecting budget ceilings improved.			
2.3 Align Budget Calendar and practices to EAC practices			
Review and change relevant laws, ministerial orders and regulations to align to the EAC	Rwanda's Budget Calendar aligned to the Calendar of the EAC with consistent Macro-Fiscal targets	A	A
Sensitize Stakeholders and staff on the new budget changes to the EAC practices			A
Comments: Rwanda's Budget Calendar was aligned in 2008 to the Calendar of the EAC with consistent Macro-Fiscal targets. As result of this the relevant legislative framework was adjusted. While the objectives/outputs of this activity has been formally met, there still remain specific challenges. While the macro-fiscal targets are aligned to the EAC criteria, until now it proved difficult to meet these targets. Further, in July 2011 a revision of the OBL commenced to incorporate recent changes in procedures and processes. The revised OBL was completed and pending consideration by the Cabinet.			
2.4 Revise the Budget Classification according to the IMF GFS Manual 2001			
Recruit a consultant to update the budget classification	Budget presented based on the revised Budget Classification System; so are budget execution reports as well as in-year reports	B	A
Sensitise Users on the new Budget Classification			A
Implement the revised Budget			A

Key strategies and key activities	Planned outputs	Assessment MTR	Assessment 2012
Classification at all levels of government			
Comments: The budget classification was changed in FY 2011/2012 to comply with the IMF GFS manual 2001. Also the Chart of Accounts was revised respectively. Both are successfully being implemented.			
2.5 Increase public access to key fiscal information to reduce fiduciary risks and opportunities for corruption			
Establish a legal framework to allow publication of information regarding resource availability to primary service units, for example health, education and etc.	Fiscal Information made readily available to the general public and deposited in MINECOFIN websites; Law on freedom of Information enacted	C	B
Comments: Rwanda scored poorly on the International Budget Partnership's open budget index in both 2008 and 2010, mainly due to the government's failure to make documents available to the public. There are significant improvements in access to fiscal information since the launch of the PFMR strategy. In June 2009 the government published for the first time a Citizen's Guide to the Budget. Since then the quality of the Citizen's guide has significantly improved including a large section on how citizens, at both central and local government levels, can get involved in developing and monitoring the national budget. In July 2011 MINECOFIN developed simplified Public Financial Guidelines for Accounting Officers (formerly Chief Budget Managers). Despite the improvements there remain room for improvement in terms of actually accessing the information which is made available to the public. During this evaluation exercise the consultants tried on different occasions to download documents from MINECOFIN website. Most of the time the website was either unavailable or the link to the documents could not be retrieved. In terms of timeliness of information provided to the public MINECOFIN still experience difficulties in timely publishing the in-year budget execution reports. This is mainly due to the time need to incorporate in the reports information which is not readily available from the IFMIS i.e. financing information from the Central Bank and revenue information from the RRA. The Cabinet approved in June 2011 an Access to Information bill which was tabled in the parliament. The bill has not been enacted in Law yet. The consultants did not manage to talk to representatives of the civil society to validate the findings with their perception of the improvements in the access to fiscal information. However, there are signs that civil society has increased its activity on budget related issues. This is reflected in particular by the documents produce by the civil society i.e. "Citizen's Alternative Budget Report" and a report challenging the equity of the Rwandan Government growth strategy underlying the 2010/2011 budget.			
Undertake stakeholders survey on the Budget information needs and mode of communication	Study Report on Stakeholder Information Needs	N/A	N/S
Comments: No evidence available to support the scoring.			
Strengthen existing resource centre to promote public access to information	Existing Resource Centre Strengthened	N/A	N/S
Comments: No evidence available to support the scoring.			

2.2.3 *Performance during 2011/12*

The following activities were carried out since the Mid-Term Review:

- Creation of a MTEF module in the DAD to feed a multi-year perspective of externally financed project into the MTEF process.
- in July 2011 a revision of the OBL commenced to incorporate recent changes in procedures and processes. The revised OBL was completed and pending consideration by the Cabinet.
- Guidelines and training materials were produced on MTEF and annual budget process during FY 20111/2012.

- A review of program structure of the budget and its alignment with the strategic plans of sector ministries was conducted with the view to strengthen the linkage between plans and budgets in 2012. As result of this exercise, the MINECOFIN recently embarked on a two-year programme to improve the budget system i.e. "Budget System Improvement Programme (BSIP). The programme aims to revise the programme structure of the budget; improve programme costing; improve cash flow forecasting; revise MTEF system; and improve financial reporting.
- In FY 2011/2012 internal training sessions on budget execution analysis and reporting were organised with the view of enhancing fiscal performance reporting.
- In 2012 PFM legislations was codified in to small booklets and disseminated to the public (e.g. Simplified PFM Guidelines for Chief Budget Managers).

2.2.4 Cross-cutting issues

In respect to design and sequencing of reforms, at the launch of the PFMR strategy government authorities were not fully aware of what they were engaging on and what implications that would have on their budgeting process. As result the strategy is lacking a coherent approach to sequencing and prioritising reform measures, particularly under this component, which ultimately resulted in 'two steps forward and one step back". The introduction of a new Chart of Accounts was introduced without giving sufficient consideration to the required prioritisation of actions and respective implications. While MTEF and programmes were introduced, that was done automatically rather than following certain logic (e.g. justified costing). This resulted in established processes but which quality is far from optimal and after three years of enhancing the MTEF process appreciating the need to reverse to the basic as reflected by the ongoing initiative, the Budget System Improvement Programme (BSIP).

In the design of the PFMR strategy little attention was paid to the improvement of the financial management at the sub-national level. There was no consideration given to the need of providing instructions on the budget formulation and preparation process at the district level. While the budget is prepared by the parent line ministry the district accounting officer is accountable for its execution.

Further, the relevance of the activities related to gender budgeting, performance budgeting and programme based budgeting questionable when taking into account the ambitiousness of the reform programme and consequently the load of work put on the staff of the MDAs especially when taking into account the severe capacity constraints across the government, as well as, the limited understanding and appreciation of the benefits of such new tools as MTEF and program based budgets among MDAs. This is reflected by the infancy of these modern budgeting tools in Rwanda and the need to revitalise them as reflected by recent MINECOFIN efforts.

Also the strategy does not pay attention to extra-budgetary funds of PEs and AGAs and analysis of the fiscal risk arising from their operations, and internally generated revenues by MDA and subsidiary agencies. Extra-budgetary funds as considered in this component reflect only the DPs funds.

The efficiency of the implementation of the PFMR strategy is characterised by the following:
- No activities were implemented in FY ending June 2010.
- A number of activities planned for the Q4 2010/2011 were dropped in some cases for unclear reasons i.e. short-term workshops in MTEF, Results-Based budgeting and Budgetary Controls (as result of the decision to have on-the-job training instead); Study tours and attachments to Treasuries in the region (due to unavailability of staff); internal training sessions; update and increase practical usability of information on Public Guide to the budget.

- It was only in December 2011 when the guidelines and training materials on the MTEF and annual budget process was developed. While included in the first year work plans, the training on MTEF did not take off until late 2011 when a core team of capacities was developed in MINECOFIN and a MTEF structure training programme was developed for MDAs and consequently the delivery of the guidelines and training materials on MTEF in April 2012.
- The implementation of the review of program structure of the budget experienced delays as result of delays in contracting and availability of the expert.

2.2.5 *Summary Assessment*

Further progress was achieved in *enhancing the budget preparation* process particularly through aligning budget calendar and practices to EAC practices, and the integration of the MTEF process into the budget cycle despite delays in developing the training materials and conducting the training. Despite the improvements, however, the MTEF process is not yet fully effective as is the programme based budgeting and performance based budgeting. The effectiveness of the MTEF is affected by the lack of delineation between a baseline providing the costs of existing levels of service delivery and on-going projects, and additional ceilings for new project initiatives to support implementation of the EDPRS objectives. Since expenditure reviews are not structurally integrated in the budget cycle, it is difficult to consistently analyse the efficiency of public spending and find efficiency gains hardly needed under hard fiscal constraints. Another weak element of the MTEF is the lack of a rolling medium-term perspective which is neglecting the outer years in the preparation of the MTEF for the consequent years; as well as the lack of proper costing of the programmes.

While training material were developed and training session conducted the *capacity for budget formulation and preparation* in MDAs remains to be weak in particular in respect to linking the budget to policy priorities, costing of programmes and strategies.

Significant progress was achieved in respect to enhancing the *budget transparency and comprehensiveness*. This was mainly achieved through alignment of the budget classification with the Chart of Accounts in line with the IMF GFS 2001, improved access to fiscal information and slightly improved coverage of donor operations. Extent of unreported budget operations remains a weak area and would require further attention not only in respect to donor funds but also internally generated funds and funds of public enterprises.

Since the launch of the PFMR strategy the *access to fiscal information* and its user-friendliness has been significantly improved as is the involvement of the civil society in the budget process. Room for improvement exist in terms of physical accessibility of the information which is published on the MINECIF website and the timeliness of the in-year budget execution reports.

2.3 Intergovernmental Fiscal Relations - Component 3

2.3.1 *Context and strategic objectives*

The Objective of this Component was to “put in place a comprehensive and transparent transfer and reporting mechanism, and to deepen the policy of fiscal decentralization as a means of improving service delivery by the SN governments”.

The key strategies were:
- to improve the quality and quantity of reporting by the SN governments;
- to raise the “absorptive capacity” of SN governments to use transferred resources;
- to improve the monitoring of the fiscal position of SN governments;

- to develop an approved Fiscal Decentralization Strategy;
- to increase public access to key fiscal information; and
- to improve predictability of sources of revenues from the central government to the SN governments and from other extra budgetary support (EBS), such as direct funding from Donors.

The PFM Reform Strategy does not identify the main weaknesses in this area and neither does it make an in-depth analysis of the key problems that need to be addressed. One exception is the weakness underlined by the strategy in the area of SN reporting system. One of the key activities relate to enhancing the transparency of inter-governmental fiscal relations in respect to allocation of funds to SN governments.

The GoR adopted a fiscal decentralisation policy (FDP) in 2000 and is implementing this reform in three phases, each phase covering a period of five years. Following an assessment of the implementation of the FDP in 2006, it was revised and an Intergovernmental Fiscal Relations unit was established within MINECOFIN.

2.3.2 Assessment of key strategies and activities

The table below summarises the assessment of the realisation of the key strategies and activities planned under Component 3.

<table>
<tr><th rowspan="2">Key strategies and key activities</th><th rowspan="2">Planned outputs</th><th colspan="2">Assessment</th></tr>
<tr><th>MTR</th><th>2012</th></tr>
<tr><td colspan="2">3.1 Improve the quality and quantity of reporting by the SN government units to the central government</td><td></td><td></td></tr>
<tr><td>Coordinate with the Public Accounting & Reporting Component to ensure capacity of SN governments is built for financial reporting to the CG</td><td>Quality and Regularity of reporting by SN governments by program classification and COFOG greatly improved</td><td>A</td><td>A</td></tr>
<tr><td colspan="4">Comments: No changes took place since the MTR. SN government continue to submit financial reports (including revenue and expenditure statement, budget execution reports and reconciliation statement) to MINECOFIN and MINALOC.</td></tr>
<tr><td>Clarify reporting relationships and reporting formats by SN government units to the central government.</td><td rowspan="2">Reporting Formats agreed and used by SN governments</td><td rowspan="2">A</td><td>A</td></tr>
<tr><td>Harmonise Reporting Mechanism by SN governments to the CG</td><td>A</td></tr>
<tr><td colspan="4">Comments: Starting with FY 2010/2011 all districts are linked to IFMIS, a fact which makes reporting by districts more straightforward and easy. This also led to a better financial reporting of the districts. Since the reporting is system driven, improved reporting does not necessarily reflect improved capacity of the districts to prepare and analyse the reports.
Although the reporting formats by SN governments are developed and in use, these reports do not cover the operations of the subsidiary entities below districts. The expenditures reported by districts in their reports are, in fact, the transfers to subsidiary entities rather than expenditures. The current legal framework does not require subsidiary entities to report to district on their operations. This undermines the accuracy and completeness of the districts’ financial reports.</td></tr>
<tr><td colspan="2">3.2 Improve the monitoring of the fiscal position of SN governments</td><td></td><td></td></tr>
<tr><td>Formalise responsibility & build capacity for monitoring and reporting of fiscal</td><td>Monitoring Reports on Fiscal Position of SN governments produced annually</td><td>C</td><td>C</td></tr>
</table>

Key strategies and key activities	Planned outputs	Assessment MTR	Assessment 2012
position of SN governments			
Establish formal procedures and processes for monitoring aggregate fiscal risks of SN governmental units			C
Build the capacity for monitoring fiscal position of SN governmental level and produce the reports			C
Produce and publish annually reports on fiscal position of SN government units			C
Comments: Currently the risks from SN governments are not monitored and analysed in a structured and consistent manner. The SN governments have debt and arrears which may pose fiscal risk to the government. The OBL envisage the possibility for local authorities to assume debt though borrowing on the financial markets. This possibility was never implemented in practice. In 2012 a new Ministerial Order on local borrowing was drafted. The draft Ministerial Order determining the modalities for decentralised entities debt issuance is awaiting its approval. According to the new Law on Sources of Revenues for Decentralised Entities the local authorities can buy shares in private companies with prior authorisation of the Minister of Finance. The ministerial instructions on investment of local authorities in private companies are included in the MINECOFIN action plan for 2012/13 and are expected to be developed and approved by the Cabinet by the end of FY 2012/13. Another challenge is the lack of reporting of subsidiary entities to districts. Currently there is no rigorous instrument to oblige subsidiary entities to report on and be accountable for their operations since expenditure at subsidiary entities level is not captured in the financial reports of the respective district. The transfers from districts to subsidiary entities are accounted for as expenditures. In August 2012 the GoR produced, with technical assistance, a Concept Note on enhancing financial reporting and accounting of sub-national authorities. According to this Concept Note, the Government intends to improve financial reporting of subsidiary entities in three phases: i) achieve accountability of subsidiary entities through submission of financial reports; ii) set up a database of all subsidiary entities and conduct a capacity needs assessment; iii) elaborate uniform reporting requirements and embed the financial reporting requirement in the legal framework.			
3.3 Develop an approved Fiscal Decentralization Strategy and Publish			
Contract consultant to develop a Fiscal Decentralization Strategy	Fiscal Decentralization Strategy developed, published and implemented	B	A
Obtain approval of the Fiscal Decentralization Strategy			A
Initiate processes leading to the implementation of the Fiscal Decentralization Strategy			B
Comments: The FDP was reviewed and revised in 2006 and in 2011. A Fiscal Decentralisation Strategy was developed and approved by the Cabinet on May 11, 2011 to facilitate the implementation of the FDP. The implementation of the strategy is now in its final third phase.			
3.4 Improve Predictability of Sources of Revenue from the CG to the SN governments			
Review and Streamline the current formulae for block grants to SN governments	Quality of SN government budgets improved	A	A
Review and re-design a transparent mechanism for earmarking funds by LM to the SN governments			B
Effect policy changes			B

Key strategies and key activities	Planned outputs	Assessment	
		MTR	2012
Develop operating guidelines for SN for planning their revenues for both block grants and earmarked funds.			B
Comments: During the FY 2011/12 and 2012/13 the allocation formula for block grants was not revised. However after the completion of the potential revenue study which is ongoing the GoR intends to revise the formula to integrate a performance element. In view of establishing an efficient system of transfer of Central Government resources to the level of service delivery, guidelines on the allocation of earmarked funds were produced in FY 2011/12. Similar guidelines were produced for the FY 2012/13. In May 2012 a new template for earmarked transfer guidelines was designed. The operating guidelines aim to clearly elaborate the specific purpose, monitoring and evaluation mechanism of the transferred resources as envisaged in the country's Fiscal Decentralization Policy. An outstanding issue in the area of earmarked transfers is the unclear accounting, monitoring and reporting framework for earmarked transfers. The IMF report (January 2012) describes this issue extensively.			
3.5 Increase Absorptive Capacity of SN governments to utilise resources			
Conduct Procurement Capacity Needs Assessment for SN governments	Procurement Needs Assessment Report on SN governments	D	A
Conduct Procurement training in order to build Capacity for speedy utilization of resources	Adequate procurement capacity in SN governments	C	A
Ensure adequate procurement personnel in place to ensure speedy procurements and etc.			B
Comments: The procurement system was decentralised by 20 February 2011. A Training Needs Assessment on procurement was conducted and published in December 2011, followed by various training courses (see the Procurement component for more details in respect to procurement capacity building). Strategic Plan for Procurement Capacity Building (2012-2017) has been developed for RPPA. Procurement capacity at SN level remains limited both in terms of staff as well as skills. A capacity building needs assessment was conducted in all districts in 2007-2008. This assessment covered broader capacity needs beyond PFM. In 2008 capacity development plans were developed for each district but failed to be implemented. One of the main reasons being that they were ambitious in scope and lacked prioritisation. As response to these weaknesses a 5-Years (2011-2015) Capacity Building Strategy for Local Government was developed in 2010. This strategy however focuses merely on generic capacity aspects rather than on PFM. With the view of facilitating the enhancement of the financial management capacity at the local level, the government compiled a book on PFM Guidance at Local Level; this is expected to be disseminated in FY 2012/2013.			
3.6 Improve local revenue collections			
Conduct a study on ways and means of improving local revenue collections at district levels	Improved Revenue Collections by the districts	B	B
Implement the recommendations of the study			B
Comments: In 2008 the government decentralised the collection of some taxes and fees through a pre-selection order. A study aiming to identify possibilities for improving local revenue collection was completed in November 2009. One of the recommendations of this study was to conduct a revenue potential study. With the view of mobilising the resources to local entities starting with 2012 the cabinet adopted in May 2012 a law on source of revenues for decentralised entities. The government is currently recruiting consultants to conduct a study on			

Key strategies and key activities	Planned outputs	Assessment	
		MTR	2012
Local Government Revenue Potential which is expected to start by the end of October 2012. The study is expected to be finalised in early 2013, therefore, it is too early to make a judgement on implementation of the recommendations. The government intends to revise the transfer allocation formula for block grants and to introduce an element reflecting the performance of local authorities in mobilising their own revenues.			

2.3.3 Performance during 2011/12

The following activities were conducted since the MTR:

- A 5-Years (2011-2015) Capacity Building Strategy for Local Government was completed by December 2010.
- The Law No 59/2011 of 31/12/2011 establishing the sources of revenue and property of decentralized entities and governing their management was passed by The Chamber of Deputies on December 13, 2011.
- A study on Local Government fees system was conducted and completed in December 2011.
- The earmarked transfers' guidelines for 2011/12 budget was produced and submitted to SN entities on August 24, 2011.
- A Presidential order establishing the list of fees and other charges levied by decentralized entities and determining their thresholds was passed by the Cabinet on May 2, 2012.
- A ministerial order for implementing the Law on sources of revenues for decentralised entities was passed by the cabinet on May 2, 2012.
- An assessment of financial management in local facilities was conducted and completed on November 2011.
- Self-assessment of district training needs was conducted in FY 2011/2012. As result of which a number of training activities and capacity development took place. Among these:
  - Training of district revenue officers on the new law establishing the sources of revenues and its management for decentralised entities carried out in 2012.
  - Taxpayer sensitisation campaign carried out in 2012.
  - Training sessions for district internal auditors were conducted during FY 2011/2012.
  - Training for the Fiscal Decentralisation Steering and Technical Committee members was carried out in 2012.
  - Training of PFM Committees from all districts took place in 2012.
- A fiscal decentralisation resident advisor was recruited in 2012 to support the implementation of the fiscal decentralisation strategy.

2.3.4 Cross-cutting issues

The key objective of this component is to "put in place a comprehensive and transparent transfer and reporting mechanism, and to deepen the policy of fiscal decentralization as a means of improving service delivery by the SN governments". This objective seems to be solely a response to the PEFA indicator dealing with intergovernmental fiscal relationship, rather than to address the weaknesses in the area of financial management at the subnational level particularly when taking into account the complex fiscal decentralisation reforms and its implications. So while the activities of these component are relevant to the established objective, this objective does not seem to be relevant in addressing broad PFM issues at the SN level so that to facilitate the implementation of the Fiscal decentralisation Policy and Strategy.

The fiscal decentralisation reforms and their implementation are guided by a number of strategic plans and policy documents, including Rwanda Decentralization Strategic Framework (2007), DIP (2008-2012), Fiscal Decentralization Policy and Strategy (2011), Capacity Building Strategy for

Local Government (2011-2015), Decentralization Implementation Plan (2011-2015), five-year District Development Plans, as well as other relevant line ministry strategic plans. All these plans are being implemented by various entities and not necessarily in a coordinated and harmonised manner, although there is a formal mechanism as represented by FDSC to coordinate the work in the area of fiscal decentralisation. This weakness may adversely affect the effectiveness and efficiency of the implementation of fiscal decentralisation reforms.

Capacity constraints, including human resources, are reported to be one of the major challenges in financial management at the subnational government level. This component focuses, however, exclusively on capacity development in the area of procurement. The justification of this choice is lacking in the PFMR strategy, and while this key strategy is extremely relevant for achieving the overall objectives of the Intergovernmental Fiscal Relations component, it is not exhaustive in respect to improving the PFM capacity at SN level.

Implementation of the PFMR strategy was affected by delays in conducting the Local Government Revenue Potential Study as well as organisation of some trainings and workshops on fiscal decentralisation and revenue mobilisation.

The activities of the FDS are supposed to be funded mainly through the Basket Fund of the PFMR strategy. The implementation is constrained by the availability of resources in the Basket Fund and the corresponding allocation across various priority reform measures. The sustainability of the implementation of the FDS is therefore strongly dependent on the sustainability of funding.

2.3.5 *Summary Assessment*

The devolution of financial resources and decision-making powers to SNGs as result of the implementation of the *Fiscal and Financial Decentralisation* is a complex process. This requires not only adequate levels of resources made available to local authorities and in a transparent manner, but also financial managerial capacity to mobilise own revenues, efficiently and effectively manage resources and be accountable for the way public money was spent. Unlike reforms in individual PFM areas which are very specific and less complex to implement (e.g. revenue management, external audit etc.), fiscal decentralisation cuts across all PFM functions from budget preparation and formulation, to revenue mobilisation, expenditure management and controls, procurement, payroll, accounting and reporting, internal audit. In order for reforms to succeed, a comprehensive approach covering all these functions is essential. The current PFMR strategy lacks this comprehensive approach to fiscal decentralisation reforms. Furthermore, it also fails to reach the subnational levels beyond districts i.e. sectors, cells, units.

The *predictability of sources of revenues from the central government to the SN* governments was significantly improved through the reviews of the allocation formula's aiming at making the allocation more transparent and equitable as well as through the development and improvement of guidelines on allocation of all transfers. Little progress was achieved, however, in respect to the predictability of funding, particularly direct funding from Development Partners. There are still numerous donors which provide external assistance directly to districts outside the national budget processes.

With the transition of linking districts to IFMIS, the *quality and quantity of reporting* by SN governments improved significantly. This process however remains to a large extent automatic and the capacity of districts to prepare, interpret and analyse reports still needs to be improved. A particular challenging aspect of financial reporting of districts is the lack of reporting on expenditures of the lower SN levels. Financial reports reflect transfers rather than expenditures.

While reporting itself was improved, monitoring of the fiscal risk from SN governments remains a challenge. The GoR should consider developing a guideline on analysing fiscal risk from SNGs similar to the one developed for GBEs. This will be particularly important given that local authorities are to be given the right to invest in private companies and borrow on financial markets.

The objective to '*increase public access to key fiscal information*` was included under this component. Logically, local residents would be particularly interested in the level of funds available to service delivery units, an area of transparency which has scored very low in previous PEFA assessments. Unfortunately, if that was the aim, no progress has yet been achieved. However, the transparency has been improved as a result of such initiatives as the publication of SN budget books and the budget citizen's guideline.

Finally despite the various training activities conducted since the launch of the PFMR strategy, the weak *capacity for financial management at SN level* remains to be one of the main constraints in improving performance of PFM. The weak capacity is reflected both by the limited number of accountants, procurement officers, internal auditors etc. as well as by the "quality" of the existing staff and their corresponding skills. In many respects reforms efforts were very ambitious in scope as well as their quick pace. As a result, there was little appreciation of the need to raise awareness and understanding of the respective reforms and ultimately their benefits and implication on the daily work. This resulted in many cases in an automatic implementation of reforms which may affect the impact and sustainability of these reforms.

2.4 Domestic Revenue Generation - Component 4

2.4.1 Context and strategic objectives

The Objective of this Component was to "Increase Domestic Revenue Generation and Tax Base to a Sustainable Level through improving internal efficiencies of RRA and further decentralization of taxpayer management".

Key strategies were:
- establishing a project management office;
- increasing the use of risk-based audits to raise administrative efficiency;
- developing and implementing comprehensive tax and custom compliance programs based on risk analysis;
- enhancing both tax and custom IT systems to support risk management approaches; and
- developing procedures and build capacity for the collection of contributions to the National Social Security Fund.

The situational analysis in the PFMR strategy underlines that the low PEFA score for the effectiveness in collection of tax payments is due to accumulated uncollected tax arrears. However, it fails to translate this challenge in a concrete objective or reform measure.

The RRA reforms are guided by its Medium Term Strategy 2010-2013 which is operationalized in yearly business plans which clearly spell out main organisational activities with their corresponding performance indicators. Some of these activities are reflected in the PFMR strategy and are implemented with funding from the basket fund. In addition to the basket fund, the RRA has benefited from various other financial sources from development partners even prior to the launch of the PFMR strategy. The Government and the International Monetary Fund (IMF) are cooperating on a three-year Policy Support Instrument (PSI) to support macroeconomic policies and structural reforms that underlie strategies in the EDPRS. The programme includes structural benchmarks related to revenue administration, a fact which also serves as an incentive for advancing reforms in the agreed areas.

2.4.2 Assessment of key strategies and activities

<table>
<tr><th rowspan="2">Key strategies and key activities</th><th rowspan="2">Planned outputs</th><th colspan="2">Assessment</th></tr>
<tr><th>MTR</th><th>2012</th></tr>
<tr><td colspan="2">4.1 Establish a Functioning Project Management Office</td><td></td><td></td></tr>
<tr><td>Recruit a Project Manager</td><td rowspan="3">Project Management Office established</td><td rowspan="3">A</td><td>A</td></tr>
<tr><td>Recruit Support Staff</td><td>A</td></tr>
<tr><td>Secure adequate facilities for the Project Management Office</td><td>A</td></tr>
<tr><td colspan="4">Comments: A full-time project management office (PMO) was establishment and is operational. The PMO assumed the responsibility for RRA’s modernization program previously managed by DfID. The RRA’s Reform and Modernisation Unit is managing and coordinating the implementation of reform activities, and is responsible for their monitoring and evaluation.</td></tr>
<tr><td colspan="2">4.2 Develop and Implement Comprehensive Tax & Customs Compliance Programs based on Risk Analysis</td><td></td><td></td></tr>
<tr><td>Decentralise Taxpayer Management & Support Function through "Block Management System"</td><td>Tax Payer Management & Support decentralised in districts</td><td>B</td><td>B</td></tr>
<tr><td colspan="4">Comments: There are four different taxes and fees that were decentralised to local government: business license fees; rental income tax; property tax; fees. Despite improvement in revenue mobilisation in districts this remains an area where further improvement should be achieved particularly through harmonization of approaches to taxation with local authorities, increasing the capacity of the tax administration in districts and awareness raising and capacity enhancement of the taxpayers. Revenue mobilisation and management support is provided to districts by the RRA particularly through MINALOC, but this support is limited. With the aim of fostering taxpayer education, capacity of local administration to collect decentralized taxes, fighting smuggling and tax evasion, Rwanda Revenue Authority recently revived the Tax Advisory Councils (TAC) at district level – a platform that facilitates partnership with local leaders to increase tax compliance. A TAC is also a platform through which information regarding tax law amendments and new RRA services are communicated to the taxpayers. Since the establishment of TAC, the councils have played a significant role in educating taxpayers on the importance of paying taxes, controlling smuggling and other forms of tax evasion.</td></tr>
<tr><td>Strengthen Capacity of the Anti-Smuggling Function</td><td rowspan="2">Tax & Custom Compliance improved</td><td rowspan="2">A</td><td>A</td></tr>
<tr><td>Acquire and Implement IDEA Software for Tax Audit</td><td>C</td></tr>
<tr><td colspan="4">Comments: The Revenue Protection Department of RRA is responsible for minimize revenue losses by deterring, detecting and preventing smuggling, tax evasion and avoidance as well as other breaches of revenue laws. The RRA launched in 2012 an Electronic Sales Device (ESD) aimed at maximizing tax compliance through counter fraudulent transactions and tax evasion by individuals. Rwanda will become the third country in EAC to deploy the systems after Kenya and Tanzania. The e-tax system, devices that will facilitate taxpayers to declare their tax returns and pay taxes through the Internet, will enable tax payers pay up from anywhere thus saving time and costs though at one point the tax payer will actually have to go to the actual branch and pay from there. Customs IT systems were further enhanced through establishing remote connectivity to all regional offices. RRA is currently introducing Electronic Sales Register (ESR) for recording taxpayers’ transactions in order to limit VAT evasion and help track potential taxpayers. There were some delays in the procurement process, but procurement and distribution of 500 machines has been completed and the pilot phase started in May 2012. A number-of risk management tools were developed and are being used by Domestic Taxes Department (DTD) in the data matching exercise that informs the audit plans to identify high risk taxpayers. The RRA developed also a plan to put in place a data warehouse and acquire advanced risk management tools in</td></tr>
</table>

Key strategies and key activities	Planned outputs	Assessment MTR	Assessment 2012
order to improve analysis and data matching for audit planning. The implementation of the risk management software for profiling and selecting risky cases for audit is at procurement stage.			
Develop procedures and capacity for the collection of NSSF Contributions	NSSF Contributions collected by RRA	A	A
Comments: The RRA assumed the collection and audit of social security contributions on behalf of the Rwanda Social Security Board (RSCB) in July 2010. The e-tax system provides the possibility for the correction of NSSF. The RRA system is directly interfaced with the NSSF system. The IMF benchmark on submitting to Cabinet for approval draft legislation to transfer collection and audit functions of social security contributions to the Rwanda Revenue Authority (RRA) has been changed into a MOU between the two parties The MOU was signed by RRA and RSSB in May 2012 and reflects the delegation of operation rather than a change of the mandate of the Rwanda Social Security Board (RSSB).			
4.3 Enhance both Tax & Custom IT systems to Support Risk Management Approaches			
Strengthen Risk Management Units in all Departments through IT enhancements-linking other databases to RRA Tax payer registers	RRA Databases linked to other government databases	C	B
Further Roll out of the ASYCUDA++	ASYCUDA++ Rolled out	A	A
Comment: The domestic taxes database (SIGTAS) is directly linked with the customs database (operated under ASYCUDA++). The RRA database has been further linked with NSSF database. Efforts are on-going to link RRA database with SmartGov. ASYCUDA++ was rolled out to all provinces.			
Up-Grade one of the Data centres as the Data Centre for the entire RRA	Data Centres integrated into one and Data Centre up-graded	A	A
Integrate all IT systems in RRA to a common Data Base			A
Comment: Data centres were integrated to a common database.			
Establish a Disaster Recovery Site	Disaster Recovery Site established	A	A
Develop and Implement IT Security Policy			A
Comment: A disaster recovery site was established and IT Security Policy is being implemented.			
4.4 Harmonise RRA Systems with those of the EACCA			
Establish an Independent Tax Appeal Mechanism	Independent Tax Appeal established	A	A
Comments: The EAC Management Act requires each Partner State to establish a tax appeals tribunal which will replace the existing appeals system, which ends with the Finance Minister. The current tax legal framework of Rwanda clearly indicates that the taxpayer may appeal to the Commissioner General of the Rwanda Revenue Authority, and eventually appeal further in the courts. According to the Rwanda civil society (Rwanda Citizen's proposals on national budget for fiscal year 2012/2013, CSO's budget proposal, March 2012), the laws do not adequately guarantee the independence of the Commissioner General of the RRA while the court procedures often take too long.			
Establish an Operational Policy Unit in the Planning Unit	Operational Policy Unit established	A	A
Comments: In order to comply with the EACCA requirements, a tax Policy unit was established.			
Undertake ISO Certification in all Departments - last three years etc.	ISO Certification obtained	B	B
Comments: Since December 2005, RRA initiated Quality Management System Manual (QMS) that is			

Key strategies and key activities	Planned outputs	Assessment	
		MTR	2012
recognised by ISO RRA implemented the eight Quality Management Principles thus meeting the Quality Management System (QMS) standards within the ISO 9001:2008. This led the Institution to get certified with ISO 9001:2008 in October 2009. The RRA aims to achieve ISO 9001: 2008 certification for the Customs Services Department as well as to renew ISO 9001: 2008 certification for RRA Headquarters services. To achieve that RRA is planning to conduct an audit in November 2012 which shall cover the following principal area in the organization for ISO 9001: 2008 QMS: Customs Services Department at Gikondo, Kanombe, SDV, Gatsata, Kabuye and main customs border posts (Gatuna, Rusumo, Gisenyi La Corniche, Gisenyi Poid Lourd and Nemba); and Head Quarters of Rwanda Revenue Authority at Kimihurura-Kigali (Domestic Tax Department and support departments).			

2.4.3 Performance during 2011/12

The efficiency and effectiveness of the RRA was further improved through the following measures conducted since the MTR:

- In 2012 RRA initiated an organisational restructuring of RRA through reviewing its organisational structure against its strategic intent and effective delivery of its mandate. First phase resulted in a review of the current structure and RRA performance and recommendations for reform initiatives to improve efficiency which are to be considered by the RRA management in the coming months.
- RRA finished undertaking the quality assurance of the Sales Data Controllers and Certified Invoicing System (CIS), and issued guidelines for the use of Electronic Tax Registers (ETRs). The ETR system was tested and ready for implementation; pending cabinet approval.
- RRA migrated fully to Revenue Authority Digital Data Exchange (RADDE) upgraded version x1.1.
- RRA advanced the implementation of the Electronic Fiscal Devices (EFDs) which should assist RRA have a better picture of taxpayers' business transactions, expand the tax base and avoid potential tax leakages.
- Customs IT systems were further enhanced through establishing remote connectivity to all regional offices, extension of security access systems to all intended offices, and replacement of old equipment, computers and printers.
- SIGTAS was rolled out to and is operating in all provinces.
- A call centre was established which handles most of the taxpayers' queries.
- Recently RRA started the implementation of e-tax for domestic taxes (with support outside the basket fund). The challenge in improving the e-tax systems reflects the need to make it more effective and implement new modules e.g. audit function, reconciliations, investigations.

2.4.4 Cross-cutting issues

Implementation of the RRA related reform measures under the PFMR strategy has been undermined by the delays in implementation of the Electronic Tax Registers (ETR) to efficiently collect VAT, and RRA restructuring activities in 2012; implementation of the risk management software for profiling and selecting risky cases for audit.

2.4.5 Summary Assessment

Development partners, particularly the IMF and DFID, have been heavily involved in the establishment and development of the Rwanda Revenue Authority since its creation in 1998. Support was focused on establishing the organization, improving RRA systems and procedures, developing capacity and supporting the RRA computerization strategy. The reform efforts were facilitated by the establishment of a Reform and Modernisation unit at RRA and led to establishing the basics of good revenue administration, including an integrated function-based tax department, a system of self-assessment, automation of tax operations, and a large taxpayer office. These actions, among other things, led to improved tax collections in real terms.

Basket funding provided through the PFMR strategy served as additional funding to facilitate the implementation of the RRA's medium term strategy and business plans. To a large extent all key strategies and activities were successfully implemented.

Computerisation of core business functions and establishing of good IT infrastructure has led to improvements in service delivery and enhanced revenue collection. An integrated tax software package (SIGTAS) has been implemented at RRA Head Quarters and deployed to all provinces. RRA has undertaken a project to implement an e-tax Internet Portal for online filing of tax returns, payment of taxes due, the production of assessment notices and the online payment of VAT, income taxes, Social security contributions, PAYE and all taxes by companies and Individuals in Rwanda.

RRA put in place a number of risk management tools that orient risk-based audit function to high risk taxpayers. PEFA assessment (2010) underlines that tax audits and fraud investigations are managed and reported on according to a comprehensive and documented audit plan. The RAA audit manual provides six criteria for defining risk and identifying tax payers to audit.

RRA implemented developing procedures and built capacity for the collection of contributions to the National Social Security Fund.

The remains challenges relate to the following key areas:
- IT systems - Despite significant improvement of the IT systems, threats remain in respect to the security of the systems and the data, as well as network failures which negatively affect service delivery and work productivity. Also in order to make optimal use of the IT systems there is a need to further continue educating the taxpayers in the use of these systems.
- Tax arrears - A letter requesting writing-off the old tax arrears was sent to MINECOFIN in 2010 but no response has been received.
- Linking RRA system to other government systems – Efforts are ongoing to link RRA system to SmartGov IFMIS but this was not realised yet. The lack of interface poses difficulties and delays in the preparation of in-year budget execution reports by the Budget Directorate.
- Strengthening tax compliance and enhancing risk management – The level of compliance by taxpayers to pay tax arrears remains low. There may be different reasons for that which may reflect the low level of skills of the business community, low level of literacy of some groups of taxpayers which result in inaccurate tax returns, but also deliberate tax evasion. Informal sectors and smuggling and tax evasion are reported by RRA to be on increase. RRA will need to advance the implementation of the software for tax audit.
- Capacity - Like all public sector organisation one off the main challenges for RRA is its capacity, particularly high turnover of staff, as well as the slowness to adopt change management. Recently a review of the RRA organisations has been conducted and recommendations provided which shall also address capacity issues. The RRA is also planning to start the elaboration of its next Medium Term strategy for the period 2014-2018.

Financial Management and Reporting - Pillar 2

2.5 Accounting and Reporting - Component 5

2.5.1 Context and Strategic Objectives

The objective of this component was “To improve on the quality and timeliness of both in-year and end-year financial reports & strengthen financial management in CG and SN government units”.

The Key Strategies set were as follows:

- Build capacity for Financial Management in MDA’s and SN government Unit;
- Strengthen internal controls for Financial Management In MDA’s and SN government units;
- Strengthen the Office of the Accountant General and DAF’s in MDA’s and SN government units;
- Improve the quality and timeliness of annual financial statements;
- Support the establishment of the Institute of Certified Public Accountants of Rwanda (ICPAR);
- Streamline and strengthen management and accounting for fixed assets.

The PEFA Indicators PI-22 to PI-25 scores in 2007 are referred to as the catalyst for the setting of the above key strategies.

2.5.2 Assessment of key strategies and activities

The table below summarises the assessment of the realisation of the key strategies and activities planned under this Component.

Key strategies and key activities	Planned outputs	Assessment	
		MTR	2012
5.1 Strengthen internal controls for financial management in MDAs and SN and reporting			
Sensitize all public officers with financial management and reporting responsibilities on the OBL, regulations, and the manual for financial management and accounting periodically [annually]	Reports of training workshops conducted	A	A
Comments: These training workshops are held on an annual basis and have proved to be very useful and popular, particularly for newly appointed staff.			
Review and up-date the “Manual of Government Policies and Procedures – including the CoA.	Revised Manual Produced	B	B
Comments: A Revised Manual is due to be issued shortly. It was deliberately delayed to allow for IFMIS roll out, which has proceeded much more slowly than expected.			
Develop simple user-friendly materials on the OBL, regulations and the manuals for induction	Induction materials produced on the OBL, Regulations etc.	A	B
Comments: The Organic Law on State Finances and Property (OBL) is being revised to allow, amongst other things, the OAG to commence audit before the Government Accounts are consolidated and submitted to Parliament. That proposal is still awaiting Cabinet approval. The Financial Regulations date back to 2006/07, although the section dealing with the Chart of Accounts (CoA) has been updated. A revision is probably overdue.			

Key strategies and key activities	Planned outputs	Assessment	
		MTR	2012
Secure TAs to provide technical support and capacity building activities in public accounting	Progress Reports on TA performance	B	A
Comments: The current PwC Technical Advisor is not being replaced in 2013/14. There is confidence that by the time he leaves capacity within the Accountant General's department will have been significantly improved.			
5.2 Build capacity for financial management in MDAs, SN units			
Implement Rwanda Expertise Scheme for accountant and internal auditors	At least 20 accountants with ACCA certification	B	C
Recruit an ACCA Training Coordinator			
Conduct other training for professional development			
Comments: The sponsorship of students in the CBS (College of Business School) has produced 4 ACCA qualified staff, 3 of whom work in MINECOFIN and RRA. It is understand 11 staff sat ACCA exams in June 2012. The plan to have provided 20 additional ACCA qualified staff has therefore not been achieved, but there signs that some progress has been made. There are, of course, many benefits to Rwanda generally for the Private Sector from the organisation of these courses, which includes qualified staff leaving the public sector to join the private sector.			
5.3 Strengthen the Office of the Accountant General and DAFs in MDAs & SN government units			
Conduct an organization review of the Office of the Accountant General, and DAFs	Office of the Accountant General and DAFs reorganised and strengthened	B	A
Implement the recommendations of the Organization Review			
Standardize financial reporting by the MDAS and SN government units	100 % of MDA financial Statements with clean audit Reports by 2012	C	B
Comments: The Office of the Accountant General has been strengthened and the RA services will finish this year. The Finance and Administration functions have been split in MDA's and Districts which helps clarity the Financial role. The target of 100% clean audit reports is obviously unrealistic and not fit for purpose. Out of 42 central organisations the number of unqualified audit reports was 1 in 2010 and 3 in 2011. The units within MDA's are viewed as achieving steady and improved progress, but the adequacy of staff remains a serious concern.			
Secure TAs to support in the preparation of GoR consolidated financial statements for the years of 2008; 2009, 2010 and 2011.	NOT INCLUDED in MTR REPORT	N/A	B
Comments: The Government was able to produce Consolidated accounts from the 2006/07 fiscal year although so far those consolidated accounts remain unaudited. In 2010/11 this exercise was supported by Technical Assistance and involved the merging of IFMIS and other financial records. It is understood that the consolidation of the Government Accounts for 2011/12 was completed in September 2012. This represents an impressive improvement in terms of the timescale.			
5.4 Support the establishment of the Institute of Certified Public Accountants of Rwanda [ICPAR]			
Recruit a CEO for the ICPAR and provide support for initial period of four years	The Institute of Certified Public Accountants of Rwanda established	B	A
Recruit support staff for ICPAR Secretariat.			
Provide Office equipments for the			

Key strategies and key activities	Planned outputs	Assessment	
		MTR	2012
Secretariat			
Provide office space for the Secretariat			
Provide for running costs for the Secretariat			
Comments: The Institute of Certified Accountants of Rwanda was established in 2008, and is currently the only organisation authorised to issue "practising certificates". It expects to see over a 1,000 students take CPA examinations in the following 4 years. It offers two Public Sector Qualifications, CPA (Certified Public Accountant and CAT (Certified Accounting Technician). The ICPAR Business Plan is to wean themselves from dependence on Government Funding by 2018. There are now 205 CPA members in ICPAR.			
5.5 Streamline and Strengthen management and accounting for fixed assets			
Develop a Strategy for the identification, recognition, measurement and disclosure of fixed assets;	Fixed Asset Registers established in MDAs and SN governments	C	D
Identify a suitable software for fixed assets, or include as part of SmartGov			D
Identify values of fixed assets and incorporate			D
Implement the strategy for incorporating fixed assets in government accounts and etc.			D
Comments: An inventory of Government properties was carried out in 2010. A study to update this database and establish valuations for all Government fixed assets is ongoing in MININFRA and is scheduled to finish in March 2013. The costs of these exercises have not been financed from the Basket Fund. No work has been undertaken in MINECOFIN on Accounting for Fixed Assets.			

2.5.3 *Performance during 2011/12*

The following planned activities were carried out in the Fiscal Year 2011/12:

- Continuous Professional Development has been provided for staff in the Accountant General's office;
- Sponsored staff have taken examinations in June 2012, achieving a pass rate of 31%, compared with the average pass rate of 48%;
- Training of all "Accounting Officers" was successfully undertaken;
- A quarterly journal for ICPAR was produced, but later withdrawn in preference to placing the journal on the website;
- ICPAR members and employees have attended a number of conferences and study tours;
- An experienced CEO appointed to ICPAR with the task of mentoring a local replacement CEO. A Deputy CEO and examination officer have also be added to the establishment;
- A consultancy has designed and promoted the ICPAR brand;
- The new Rwanda professional qualifications CPA and CAT have been launched and the first exams take place in December 2012.

2.5.4 *Cross-cutting issues*

Capacity constraints are clearly an important and difficult issue in this component. Whist there have been successful training programmes, particularly on new working practices arising from the IFMIS implementation, the skills base appears to be at such a low level that it is issue of concern throughout all organisations. MINECOFIN is experiencing high turnover of staff and difficulty in retaining skilled staff. It is almost impossible for MINECOFIN to recruit qualified staff, or get existing staff to successfully complete qualifications.

If MINECOFIN is having these difficulties it is hardly surprising that MDAs and Districts find themselves in an even more vulnerable position.

In local government, below Districts, it has to be expected that there is little or no PFM capacity in Sectors, Cells and Individual Units. Any immediate expectations that these organisation can take on PFM accountabilities and responsibilities is most unrealistic. Providing these organisations with access to FMI, would be the first step in "PFM capacity building".

Capacity building which covers all aspects from skills to ownership of change management is one of key areas recommended for development in Stage II of the PFM Reform.

One other cross cutting issue is the support that ICPAR and CBs provide to the private sector, in running qualified accountancy courses. If government support for these organisations was withdrawn it might endanger their very existence. Although qualified staff are not being produced for the public sector, it might be short sighted to allow these organisations to fold, and thus deprive the country of valuable financial training institutions which currently increase the overall number of qualified accountants available.

2.5.5 *Summary Assessment*

An assessment is set out below of how the Reform Process has performed when compared with the 6 Key Strategies originally set:

- Build capacity for Financial Management in MDA's and SN government Unit;
- Strengthen internal controls for Financial Management In MDA's and SN government units;
- Strengthen the Office of the Accountant General and DAF's in MDA's and SN government units;
- Improve the quality and timeliness of annual financial statements;
- Support the establishment of the Institute of Certified Public Accountants of Rwanda (ICPAR);
- Streamline and strengthen management and accounting for fixed assets.

Progress and improvement has been made in 5 key Strategies. However, for the first 3 key aims progress has been hampered because of three limiting factors. Firstly the delays in the implementation of IFMIS have meant that the financial management information support has not been readily available to facilitate capacity building. Secondly besides the capacity issue other Human Resource issues such as Staff retention and incentives have proved difficult to overcome. Thirdly it has not so far been possible to tackle the SN entities below District level. Nonetheless PFM staff in Ministries and Districts have been delighted with the computerised financial statements that they now receive from IFMIS, and a base has been established from which, hopefully, further significant improvements can be made. The Accounting and Reporting information provided for Sub Entities below Districts remains non-existent. However, there is a exercise to address this problem and to give Sub Entities PFM needs a high priority in Stage II of the PFM Reform Process. A working party has already been established within MINECOFIN to investigate how the provision of Financial Management information can be provided at these Local Government levels. One important issue must be borne in mind by the GoR in undertaking this exercise. There is concern about the accounting arrangements for revenues at Unit level in both Education and Health units. These concerns must be addressed in any review to ensure that GoR does not continue to receive poor PEFA scores for PI-23.

Consolidated Accounts are now being produced in a timely fashion at the end of the financial year, which represents an important step forward. Clearly there is significant scope for further improvement in this area once a fully operational IFMIS is in place.

ICPAR is now established and the first examinations take place in December 2012. This achievement is hugely beneficial for the Accountancy profession throughout Rwanda. Unfortunately the significant investment by the GoR in both ICPAR and CBS has not increased the number of qualified financial staff in the PFM Public Sector. The recent Cabinet decision to introduce a Pay and Retention scheme may help address the shortfall of qualified staff in the Public Sector, but it may also be necessary to consider whether current investments are effective or whether alternative options should be pursued. It is questionable whether the production of Accountants by ICPAR, qualified on a private sector syllabus, is likely to resolve the GoR staff shortage problems Perhaps a CAT qualification with a specific “public sector” bias is one option to produce a number of middle management staff with a financial qualification.

No progress whatsoever has been made on “Accounting for Fixed Assets” and this does not appear to be a GoR priority issue. An inventory of Government properties was carried out in 2010. A study to update this database and establish valuations for all Government fixed assets is ongoing in MININFRA and is scheduled to finish in March 2013. The GoR must decide whether the issue of “Accounting for Fixed Assets” will be included in their Stage II Reform Programme.

In conclusion, whilst the majority of the “planned outputs” have largely been achieved, the Key Strategies to improve capacity, internal control and strengthen organisations at MDA’s and SN levels have certainly not been fully realised. In particular no progress in SN governments below District Level has been made. This is an example the where the “outputs” specified have little correlation with the Strategic Aims! Furthermore our assessment is limited to effectiveness and does not provide a quality assurance on the efficiency of the processes and procedures introduced. In terms of the timely delivery of the work programme, it is certain that the implementation was far from efficient. Nonetheless, the production from IFMIS of regular financial management reports has clearly had a big impact at MDA and District levels. It has created an environment of expectation and an appetite for more IT reporting improvements.

The Accounting and Reporting information provided for Sub Entities below Districts remains non-existent. However, there is a exercise to address this problem and to give Sub Entities PFM needs a high priority in Stage II of the PFM Reform Process. A working party has already been established within MINECOFIN to investigate how the provision of Financial Management information can be provided at these Local Government levels. One important issue must be borne in mind by the GoR in undertaking this exercise. There is concern about the accounting arrangements for revenues at Unit level in both Education and Health units. These concerns must be addressed in any review to ensure that GoR does not continue to receive poor PEFA scores for PI-23.

2.6 Treasury Management - Component 6

2.6.1 Context and Strategic Objectives

The key strategy was to strengthen the treasury management operations for timely and accurate cash flow planning and management, public debt management and reporting, and for effective management of bank accounts.

The PFM Reform Strategy does not provide an in-depth analysis of the key problems that needed to be addressed in this area. The analysis is limited to identifying the main weaknesses of the PFM systems across PEFA dimensions as reported in the PEFA 2007 assessment. The link between these weaknesses and the proposed key strategies is not clear. However, the central areas covered represent key improvements.

2.6.2 *Assessment of key strategies and activities*

The table below summarises the assessment of the realisation of the key strategies and activities planned under this Component.

Key strategies and key activities	Planned outputs	Assessment	
		MTR	2012
6.1 Strengthen the Treasury Management Operations for timely and accurate cash balances, public debt, and for effective management of bank accounts and cash plans			
Revise debt portfolio reflecting government priorities and implement plan for reduction of debt and loan tracking after Debt Management Strategy has been approved	Approved plan for debt reduction strategy	B	B
Comments: A Debt Sustainability Analysis has been conducted yearly. The Debt Management Strategy has been approved by the PS and Minister Finance but still awaits Cabinet Approval.			
Build capacity for monitoring debt portfolio and loan tracking. Complete up-grading of DMFAS, reconciliations and maintain it up-to date.	DMFAS up-graded and reliable Debt Reports produced timely	D	B
Comments: The Implementation of an upgraded DMFAS software was almost completed. A Consultant was due to undertake final testing in early October.			
Build capacity for the maintenance of DMFAS	None Specified	N/A	B
Comments: Assurances were provided that staff were familiar with the management and use of DMFAS and that the latest version would be fully operational as soon as testing was completed.			
Improve on the management of the STA, extending it to cover the remaining government institutions, and ensure timely reconciliations of bank accounts	All SN government units on STA system. Timely bank reconciliation statements for STA and BNR produced	B	B
Comments: The STA has included all MDA's since May 2011. It also includes some Donor Project Bank Accounts, but not all. Consultation continues with Donors outside the STA. Monies paid centrally (e.g. Salaries) on behalf of SN units are also included in the STA.			
Enforce "Commitment Controls" to ensure that expenditure commitments are based on availability of cash.	None Specified	N/A	B
Comments: The current arrangements require "Accounting Officers" to provide quarterly "cash flow" requirements to MINECOFIN, who will adjust the allocations to ensure that allocated limits are within the expected level of cash available.			
Establish procedures for effective monitoring of Expenditure Payment Arrears	Periodic Reports of Expenditure arrears regularly produced	A	B
Comments: The current arrangements are adequate, but the expenditure arrears does not include an age profile. Inclusion of an age profile will enable a higher PI.4 PEFA score to be achieved			

Key strategies and key activities	Planned outputs	Assessment	
		MTR	2012
Produce reports on Portfolio Management periodically for monitoring and decision making	Portfolio Reports produced regularly	B	B
Comments: The new Government Portfolio Unit (GPU) has taken responsibility for monitoring Public Enterprises and producing regular Portfolio reports.			

2.6.3 Performance during 2011/12

The following planned activities were carried out in the Fiscal Year 2011/12:

- A consultancy produced a report on a “Legal framework for Public Enterprises” which awaits government consideration;
- The GPU has produced its Strategic orientation for 2012 to 2015;
- A complete upgrade of the DMFAS software was completed;
- Public debt manual finalised and published on MINECOFIN website.

2.6.4 Cross-cutting issues

It is not considered that there are any significant cross cutting issues arising in the Treasury Management component.

2.6.5 Summary Assessment

The key strategy is to strengthen the Treasury Management operations for timely and accurate cash flow planning and management, public debt management and reporting and for effective management of bank accounts. These are mainly “back office” operations which have been improved steadily throughout the Reform process.

The failure to score an “A” on any key activity simply reflects the position that there are still some steps to be taken to finalise all of the items. Treasury Management is a well-run area, and the one minor comment is that the expenditure arrears should be amended to include age profiles. Looking to the future a more proactive role could be considered to establishing cash flow limits, which would relieve the volume of work currently undertaken in MDA’s. As a Back Office area it may appear that the impact of the improvements is marginal. This is far from the case, the improvements have left the government financial controls in a much stronger position than before the Reform process, and should guarantee good PEFA scores in future reviews.

In respect of Commitment controls MINECOFIN should consider taking a more proactive and customer friendly role, whereby they forecast the cash flow levels for the year ahead, give an indication of the quarterly limits available to each MDA, and seek their agreement to those limits. Flexibility and scope to adjust limits could also be offered by MINECOFIN. In this way MINECOFIN may be able to reduce MDA’s workload and offer a simpler approach to cash flow control.

The creation of a separate GPU is a positive move by the government to ensure that all Public Enterprises are monitored and controlled, in terms of the “risk” that they may represent to the Government. A revised law which establishes general provisions governing Public Institutions, which will include reintegration provisions on Public Enterprises, is scheduled to be submitted for cabinet approval in January 2013. This will further improve the “risk” control and should lead to an improved PEFA score for PI-9. The revised Law is an example of additional “benefits” arising outside the PFM Reform process.

2.7 IFMIS/SmartGov Implementation - Component 7

2.7.1 Context and Strategic Objectives

The Objective of this component was "to implement successfully a modern integrated financial management information system (IFMIS) for the purposes of strengthening financial management in MDA's and SN government units".

The PFM Reform Strategy does not provide an in-depth analysis of the key problems that resulted in a decision to proceed with the implementation of an IFMIS. Clearly, however, the range of poor scores allocated in the 2007 PEFA pointed to the need for an IFMIS, which would be crucial to the achievements sought in the majority of the other Reform Strategy components.

2.7.2 Assessment of key strategies and activities

The table below summarises the assessment of the realisation of the key strategies and activities planned under this Component.

Key strategies and key activities	Planned outputs	Assessment	
		MTR	2012
7.1 Complete Adequate Planning Process			
Prepare detailed plans and strategy for the acquisition, deployment and implementation Review relevant legislation and if necessary, effect amendments to allow for the implementation Review government business processes to confirm requirements and or changes before implementation	Approved Planning documents	B	B
Comments: The QAG report of August 2011 now represents the Strategic direction of the IFMIS development. The need to change direction reflects the operational difficulties that have caused the timetable to fall badly behind schedule. However, the new plan is realistic and has been accepted by all key Stakeholders.			
Conduct Quality Assurance [QA] on Readiness for IFMS/SmartGov implementation Implement recommendations of QA on readiness	QA Reports adopted by MINECOFIN	B	A
Comments: The latest QAG report represents realistic and safe options for GoR to move forward with its development of an IFMIS solution.			
Develop a Security Policy for the IFMS/SmartGov	Approved ICT Policy	B	B
Comments: This is area where criticism has been levelled in the KPMG Blueprint and QAG reports, particularly regarding the lack of documentation. However, we are assured that these issues have been addressed.			
Develop & implement a Communication Strategy	Approved Communication Strategy	B	A
Comments: There is an approved communication policy. At the time of the previous assessment it was not considered effective. Now it is fully implemented.			

Key strategies and key activities	Planned outputs	Assessment MTR	Assessment 2012
Contract Technical Assistance to support implementation – IFMIS Advisor	TA on board to support MINECOFIN	A	A
Comments: Technical assistance in the form of Resident Advisors were recruited to the Implementation team.			
7.2 Secure Adequate Resources			
Set up a Project Management Team & working teams for IFMS/SmartGov implementation	Project Management Team in place	B	B
Secure adequate IT support staff for IFMS/SmartGov implementation			
Comments: The organisation of Project Management has also been criticised and recommendations have been made in the QAG report for improvements both in numbers of staff and in the Organisational structure. An organisation review was undertaken and a new structure is now in place with clear roles and responsibilities.			
Set up Help Desk for SmartGov Implementation	Help Desk established & functioning	A	B
Comments: MINECOFIN has made considerable efforts to implement a HD, but it has not been able to cope with the volume of telephone calls and e-mails from users. Instead, users physically come to MINECOFIN to sort out their problems with the project team's help. The QAG report suggests that by establishing a true HD the mode of operation can be vastly improved. Again this has been reviewed and significant progress made in strengthening the effectiveness of the HD.			
7.3 Acquire the IFMS/SmartGov			
Deploy and test-run PublicBooks after development by Etools Company	PublicBooks Software formally approved by GoR	B	B
Comments: The software has been purchased and Rolled out to 100 Agencies. There have been many operational problems, in many cases a mixture of technical issues and lack of capacity by the users. Systems stablilisation has improved and reduced the level of technical issues.			
Train Super- users and Data Centre Staff on PublicBooks before handover by Etools to the GoR	Training of Super-Users and Data centre staff completed successfully	B	B
Train Super- users and Data Centre Staff on PublicBooks before handover by Etools to the GoR			
Comments: Training of Super –users at Agencies using IFMIS has been completed successfully.			
Provide for regular System enhancements	Contract for system enhancement in place	B	B
Comments: The contract for E-Tools has been extended, but there are concerns at the extent of new requirements that have been requested. However the mechanisms of review and monitoring are established and being followed.			
7.4 Prepare the Infrastructure for the IFMS/SmartGov			
Up-grade existing Data Centre to support the modern IFMS/SmartGov	Data centre up-graded	B	B
Comments: The infrastructure including network, switches, routers and server is not very well documented according to the QAG report, which also identifies other problems. However, a new production environment was deployed at the beginning of 2012/13 and the documentation upgraded to Oracle 11g environment.			
Plan and prepare a Disaster Recovery Site for the	Disaster Recovery Site established	B	A

Key strategies and key activities	Planned outputs	Assessment	
		MTR	2012
IFMS/SmartGov			
Comments: A Disaster site has been established at the National Bank of Rwanda			
Set up interface arrangements - IPPS, BNR, RRA ETC	IFMS/SmartGov interfaced with other systems	B	B
Comments: Only the interface with IPPS has been established. However, in terms of relevant financial information this is a very important link. An interface with the RRA is also important, but this is still outstanding.			
7.5 Pilot the Implementation of the IFMS/SmartGov			
Pilot the implementation of SmartGov	IFMIS/SmartGov piloted successfully	B	B
Set up WAN infrastructure for the IFMS/SmartGov – WAN			
Provide for IFMS/SmartGov Recurrent costs - see below for estimates			
Comments: The system has been piloted and rolled out to 100 Agencies. There have been a number of operational difficulties, but clearly also some successes given the positive response received from users.			
7.6 Roll out the IFMS/SmartGov			
Roll out the implementation of IFMIS/SmartGov [Public Books] to remaining MDAs, SN governments	IFMIS/SmartGov rolled out successfully to all remaining Ministries etc	C	B
Set up WAN infrastructure for the IFMS/SmartGov – WAN			
Provide for IFMS/SmartGov Recurrent costs - see below for estimates and etc			
Comments: A rollout to 100 sites in a 2 year period is impressive, although there have been significant delays in the planned "roll out". A further rollout plan is now in place and some implementation is already in progress. Nonetheless, at the time this report is being drafted the focus of the project has switched to one of "Stabilising existing Functionality" by improving testing and fixing infrastructure. Additionally there will be no more new development work. Once a stable position is reached the plan is to continue the "roll out" process. Hopefully this will mean that most Agencies will be included by the time that GoR make a definite decision on their future IFMIS requirements.			

In terms of "scoring" the effectiveness of the planned outputs it is difficult, given that there have been many changes, mostly arising from the recommendations made in the Quality Assurance Group and KPMG reports. The operational difficulties have also hindered timely progress on the Implementation project. Added to this the Key activities are not always related to the Planned outputs. Nonetheless we have endeavoured to allocate an effectiveness score to each Key Activity.

2.7.3 Performance during 2011/12

The following planned activities were carried out in the Fiscal Year 2011/12:

- A Quality Assurance Group report was successfully completed and its recommendations taken on board;
- Consultants completed an software support, development and upgrade exercise;
- Oracle consultancy upgraded from 10G to 11G successfully;
- 3 local IT technicians recruited to support Smart IFMIS piloting and roll out;

- 4 IT and 20 Financial Management graduate interns recruited to support the implementation of IFMIS throughout government;
- Smart Project Manager appointed to strengthen the team;
- IFMIS Financial Management Advisor appointed to support capacity building of IT staff;
- 2 International Financial Management specialists employed to support the IFMIS project team;
- 4 Local financial management specialists appointed to strengthen the IFMIS project team.

2.7.4 Cross-cutting issues

A god degree of success appears to have been achieved in training PFM staff from MDAs and Districts in the use and analysis of IFMIS and the reports produced by IFMIS. Clearly there have been difficulties in terms of the capacity of staff, which will inevitably have varied from organisation to organisation. Having experienced the issue already, it is to hoped that continuing the training and capacity building process for the new/revised IFMIS can be assimilated with a degree of comfort.

However, there is the possibility of a decision to proceed with a COTS IFMIS, and this may bring completely new Business processes and IT procedures. The training programme may start from scratch, although staff who have been trained previously should be more adept at going through the process again. This is one of the factors that must be taken into consideration in making the key future decision

2.7.5 Summary Assessment

For this component the primary strategy was to develop SmartGov to such a level that it fulfils the requirements of a modern IMFIS and the key strategies were:

- Complete the planning process for the deployment of SmartGov;
- Acquire the SmartGov;
- Prepare the infrastructure for implementing the IFMIS;
- Pilot and roll out the implementation of SmartGov in MDA's and SN governments.

It was a very ambitious "in house" development challenge. During the process of implementation there have perhaps been too many changes, such as the requirement to introduce a Chart of Accounts within a 6 month period. The fact that this task was achieved is remarkable. Added to such changes were the many operational difficulties that arose. Ultimately these numerous factors have forced a re-think of the project structure and approach. Indeed it seems that it has not been the Technical issues that are the main cause of the re-think, but more the functional arrangements, particularly the absence of adequate preparation, and not enough attention being given to developing internal user capacity to specify the varied client requirements. Whilst it is an unfortunate position to have reached, the fact is, as aptly stated in the QAG report "we are where we are, and it is too late to go back and fix what should have been right first time. So we do not dwell on these."

It is important also not to view the IFMIS SmartGov project as a failure. There are many positives to be taken forward:

- the SmartFMS was rolled out to 100 budget agencies;
- over 600 staff have been trained on the use of SmartFMS;
- A new Chart of Accounts has been implemented;
- SmartFMS interfaces with IPPIS for payroll processing and EFT payments have been implemented;
- MINECOFIN has established a broad SmartFMS project team structure from mid-2010 to ensure that the project is managed and run in a defined and smooth manner;

- The output from SmartGov IFMIS has been well received by the User, and there is clearly an appétit for further IT improvements;
- The IFMIS team has accumulated a wealth of knowledge and experience for the next stage;
- In all, there have been substantial achievements with the SmartFMS implementation, provided at an estimated modest cost of USD 2.5 million over the last 5-6 years period.

The QAG recommended plan for the future was accepted and is being implemented. The first important step is already in place with a tender process for a consultancy to specify the future IFMIS requirements of GoR. Six firms have been shortlisted and hopefully a contract will be let by the end of November 2012. In determining the IFMIS requirements we believe to emphasis 3 important "user" issues that the QAG report identified. It is critical that GoR clarifies the requirements and functionality needs of the variety of "users" of its IFMIS. The 3 areas identified are:
- Clarify the implications of the Decentralization reform;
- Cater for diverse needs in different government institutions;
- Select institutions which represent the range of user needs, including projects.

The way forward will, logically, be determined by GoR in the light of the recommendations made in the commissioned Consultancy report.

2.8 IPPS Implementation - Component 8

2.8.1 *Context and Strategic Objectives*

The objective of this component was "to strengthen payroll controls". The PFM Reform Strategy did not provide an in-depth analysis of the key problems that needed to be addressed in this area. The analysis is limited to identifying the main weaknesses of the PFM systems the PEFA PI-18 "Effective of payroll controls". The chosen solution was to implement an "in house" designed computerised payroll system.

2.8.2 *Assessment of key strategies and activities*

The table below summarises the assessment of the realisation of the key strategies and activities planned under this Component.

Key strategies and key activities	Planned outputs	Assessment	
		MTR	2012
8.1 Complete Adequate Planning Process			
Conduct Quality Assurance [QA] on Readiness for IPPS implementation Implement recommendations of QA on readiness	Quality Assurance Reports on Readiness	C	B
Comments: An initial Adam Smith Quality Assurance report in March 2009 raised one technical area in relation to information gaps in the available key documentation. Subsequently a second paper produced in December 2011 by Red Centre was more critical of the technical approach, although the Implementation team refute many of the criticisms raised.			
Develop & implement a Communication Strategy	Communication Strategy Adopted	C	B
Comments: Assurances were given that a Communication strategy was in place and documented.			
8.2 Secure Adequate Resources			

Key strategies and key activities	Planned outputs	Assessment MTR	Assessment 2012
Set up a Project Management Team & working teams for IFMS/SmartGov implementation Secure adequate IT support staff for IFMS/SmartGov implementation	Project Management Team in place	B	A
Comments: The PMT has been in place throughout the implementation process and delivered the payroll system, with some timing delays. By 2012 a 14 man IPPS team had been established.			
Set up Help Desk for SmartGov Implementation	Help Desk established & functioning	B	B
Comments: A Help desk is in place and a Call centre has recently been introduced. It is difficult to comment on the effectiveness or the efficiency of procedures.			
8.3 Acquire the IPPS			
Develop Software	Software approved for use	B	A
Comments: The system is now fully operational and no difficulties with the Software are apparent.			
Deploy and test-run the IPPS	IPPS successfully " tested"	C	A
Comments: The IPPIS was successfully tested before implementation began in 2011.			
Train Super- users and Data Centre Staff on the IPPS	Training of Super-Users and Data centre staff completed successfully	B	A
Comments: This training is organised centrally to prepare staff for entry at decentralised locations. The standard procedures appear to have worked efficiently throughout the implementation period.			
8.4 Prepare the Infrastructure for the IPPS			
Prepare a Data Centre to support the IPPS	Data centre Prepared	B	A
Comments: The Data Centre has been operational since early 2011. A secure VPN is used to share data in a decentralised environment.			
Set up interface arrangements - IFMIS/SmartGov, BNR, RRA etc.	IPPS interfaced with other systems	B	A
Comments: The important interfaces with IFMIS, for the transfer of Financial Management information and with the National Bank of Rwanda, to enable direct payment to employee accounts have been implemented and are fully operational. In security terms the direct link with the National Identity Reference Service is also an important step that should eliminate the possibility of "Ghost" workers.			
Plan and prepare a Disaster Recovery Site for the IPPS	Disaster Recovery Site Established	B	B
Comments: A Disaster Recovery site is being established at MINECOFIN.			
8.5 Pilot the Implementation			
Pilot the implementation of IPPS Set up WAN infrastructure for the IPPS Provide for IPPS Recurrent costs	IPPS piloted successfully	B	A
Comments: The pilot was successfully implemented.			
8.6 Roll out the Implementation to MDAs & SN governments			
Roll out the implementation of IPPS to remaining MDAs, SN governments Set up WAN infrastructure for the IPPS Provide for IPPS Recurrent costs and etc.	IPPS rolled out successfully to all remaining Ministries etc.	N/A	B
Comments: The implementation is ongoing, with many smaller Government Agencies being added. The RSS Board has just been implemented, and the next two organisations to have their employees included are the National Bank of Rwanda and Health Centres. It is expected that all Agencies will be included in the 2012/13			

Key strategies and key activities	Planned outputs	Assessment	
		MTR	2012
Fiscal Year.			

In terms of “scoring” the effectiveness in many cases the “planned outputs” are not an effective measurement of the Planned Activity. Nonetheless, most of the activities have been completed and it has been possible to allocate high scores.

2.8.3 Performance during 2011/12

There were no planned activities under this component in the Fiscal Year 2011/12. However the roll out to government institutions continued, with the following organisations being scheduled for the final quarter of 2012:

- Rwanda Social Security Board;
- Energy Water and Sanitation Authority;
- Rwanda Biomedical Centre;
- National Bank of Rwanda;
- University of Rwanda.

2.8.4 Cross-cutting issues

This project has almost been completed in a very effective and successful manner. The only concern may be relation to the efficiency of the IT software which has yet to be independently tested in an operational environment. It has been proposed, therefore, that a systems audit programme should be prepared to enable audit staff to test:

- The accuracy of data entry at those decentralised organisations who have responsibility for payroll data entry, and
- The efficiency of the software in produced the right pay and deduction calculations for the employees on the payroll.

The OAG has been recommended for this task, because currently the OAG is likely to have staff capable of designing such a programme. There is no reason why the programme could not be shared with Internal Audit.

2.8.5 Summary Assessment

For this Component the Key strategies were to:

- Complete adequate planning process;
- Secure adequate resources for the IPPS implementation;
- Acquire IPPS;
- Prepare the infrastructure;
- Pilot and roll out the IPPS in MDA’s and SN Governments.

To all extent and purposes the IPPIS project is close to a successful conclusion. Most Central and Local Government employees are now included in the Payroll system. The RSS Board employees were being added whilst the team was in Rwanda, to be followed shortly by employees of the National Bank and Health Centres. Security wise there is a direct link to the National Identity Number, which virtually eliminates the possibility of Ghost Workers. The computerised payroll has been very welcomed by staff, and enables the General ledger in IFMIS to be automatically to be updated with salary and employer’s costs. There is a high degree of customer satisfaction.

During our field visit it was not considered possible to judge the efficiency of the payroll systems. Subsequent to our field visit 3 important Reports/Papers became available that, unfortunately cast a somewhat different light on the IPPS project:

- A Red Centre consultants' report dated 12 December 2011;
- An IPPS Quality Assurance Review (Summary Report), prepared on 11 January 2012 by the Implementation team, responding to the Red Centre report;
- A Report from the Office of Auditor General, prepared on 11 January 2012. This is an audit report on the operations of the IPPS payroll.

The Consultants' report was very critical and questioned whether IPPS "was a model suitable, sustainable and reliable for the purposes for which it was chosen". In addition it raised many other technical concerns. The second paper from the IPPS Implementation team was a robust defence of their system, which questioned the validity of many of the consultant's points. The 3rd exercise undertake by the OAG was a well organised audit exercise to test the efficiency and effectiveness of the IPPS Payroll services. The report concluded that "Major weaknesses in design and/or implementation of controls were found". Importantly the Audit Report did not consider the technical issues of design and future viability of IPPS It is not clear to the evaluation team how MIFOTRA and the PFMRS addressed these reports and the significant issues that were raised in the reports. There is clearly a need to identify, in a transparent manner, what GoR action is necessary to remove any doubts about the future viability of IPPS, arising from the content of these three reports. The fact that no apparent course of action is available some 10 months after the initial report was produced is in itself a matter of some concern.

As an "in house" development, this project has to have been considered as a risky venture. In many respects the project has been very successful, and hopefully that will be the final outcome. However, the apparent failure to respond openly to a critical technical report casts considerable doubt over the IPPS component. It is imperative that those doubts are removed as quickly as possible.

Procurement - Pillar 3

2.9 Public Procurement – Component 9

2.9.1 Context and strategic objectives

The key objective of the component was: "Improve competition, value for money, controls, and transparency in public procurement". The key strategies set out to achieve the objective included:

- Strengthen the newly established Rwanda Public Procurement Authority;
- Strengthen procurement units in MDAs and in SN units;
- Develop strategy for capacity building with support of HIDA, School of Finance and Banking;
- Establish and implement an effective Information, Communication and Education Strategy for procurement;
- Align Procurement Planning with Budgeting.

2.9.2 Assessment of key strategies and activities

In this section we present our assessment of the key strategies and activities included in the PFM Reform Strategy 2008-2012.

Key strategies and key activities	Planned outputs	Assessment	
		MTR	2012
9.1 Strengthen the newly established Rwanda Public Procurement Authority			
Adopt and implement the new organization structure of the RPPA [2008-2009]	RPPA organisation structure fully adopted and implemented	A	A
Comments: The RPPA organisation structure has long been adopted and is now fully functional.			
Adopt and implement the human resources strategy [2008-2009]	Human resources strategy adopted and implemented	NS	A
Comments: Currently, Strategic Plan for Procurement Capacity Building (2012-2017) has been developed, was adopted by the Board of Directors on 17 April 2012 and is now being implemented.			
Clarify the roles and responsibilities for conducting procurement and compliance audits between RPPA and the OAG as well as linkages with anti-corruption institutions [2008-2009]	Roles and responsibilities between RPPA and OAG clarified	A	A
Comments: The roles of RPPA and OAG have been clarified. Since 14 Feb 2011, the RPPA has exited from conducting procurements for Procuring entities pursuant to circular No. 791/11/10/TC of the Minister responsible for Finance and Economic Affairs. A draft law that firms up RPPA mandates has been approved by Cabinet and has recently been submitted to Parliament and will soon be operational.			
9.2 Strengthen procurement units in MDAs and in SN units			
Conduct a Capacity Needs Assessment in MDAs and SNs to ensure sufficient staffing for those without	Capacity Needs Assessment report for MDAs and SNs approved for implementation	D	A
Comments: Training Needs Assessment was conducted by ITCILO and published in December 2011.			
Implement Recommendations of the Training Needs Assessment	Recommendations of TNA implemented in full	N/A	C
Comments: Training programme to address the procurement profession's gap in the country has been developed, as a consequence of the TNA by ITCILO. In the first phase:			

Key strategies and key activities	Planned outputs	Assessment	
		MTR	2012
Training of Trainers (ToT) course was developed and delivered. • 7 short courses in procurement management was developed and executed for procurement officers in government - focused on hands practical experience for procurement officers. • A Syllabus for a Masters Programme in public procurement has been developed by SFB in association with University of Turin and 40 candidates have been admitted. All students are public sector and sponsored by GoR. • In addition, RIAM has conducted already twice a Post graduate diploma in public procurement paid for by the GoR.			
Identify equipment needed by Purchasing Officers [POs] and ensure POs are equipped appropriately	Approved ICT equipments for procuring units to acquire and use	D	D
Comments: No progress has been made. However, RPPA has included the activity in their 2011-2016 Strategic Plan for Capacity Development.			
Arrange training of POs and members of tender committees	Training of POs and members of tender committees conducted	N/S	B
Comments: RPPA trained 81 members of Independent Review Panels from districts and MDAs during 2010/11 about basic procedures of public procurement and procedures for reviewing procuring entities decisions. During the same period, about 760 POs and members of Tender Committees at MDAs and SNs were trained on short courses in public procurement. Short courses in procurement management was developed and executed for procurement officers in government - focused on hands practical experience for procurement officers. During 2012/13, 40 Procurement officers under the sponsorship of the GoR have been admitted for a Masters Programme in public procurement that is being offered by SFB in association with University of Turin. Also, GoR through PFM funds is financing for training and fees of POs from big spending PEs who have registered for CIPS exams. During 16th April to 16th May 2012, RPPA organized training for all Procurement officers at the Institute of Applied Sciences (INES) in Musanze District, on Procurement Publication System (PPS).			
Ensure MDAs and SNs use ICT as much as possible for procurement management	MDAs and SNs use ICT for their procurement management	N/S	C
Comments: RPPA has developed the Procurement Publication System (PPS) to help procuring entities work with an online system for management and advertising procurement related data. POs in MDAs and SNs have been trained in the use of the system. PPS is facilitating the implementation of the Government's decentralization policy to support the activities of local administrative units. A feasibility study on e-procurement is ongoing and would lay the ground for the implementation of e-procurement in Rwanda.			
9.3 Develop strategy for capacity building with support of HIDA, School of Finance and Banking			
Develop and implement training curricula at different levels for procurement.	Training Curricula Approved for use	A	A
Comments: Currently, Strategic Plan for Procurement Capacity Building (2012-2017) has been developed for RPPA, was adopted by the Board of Directors on 17 April 2012 and is now being implemented in collaboration with SFB, RIAM, Turin University and HIDA.			
Identify a suitable procurement MIS for use by the RPPA and Procuring Entities	Procurement MIS recommended for use	D	C
Comments: RPPA is now exploring the use of e-procurement in Rwanda through a feasibility study financed by WB, the feasibility study report is expected to be out by June 2012. In addition, PPS has been implemented in all PEs in Rwanda.			
Establish working relationships with an international procurement body for the training and certification in procurement.	Formal arrangements entered into with an international procurement training institute.	C	A
Comments: There is already a twinning arrangement between the School of Finance and Banking in Rwanda			

Key strategies and key activities	Planned outputs	Assessment MTR	Assessment 2012
and the University of Turin in Italy to jointly run a Masters in Public Procurement Management. 40 procurement officers have joined the course which runs for one year with mix of online training, face to face and research. IMA is providing training to POs who want to sit for exams and qualify for certification in procurement and supply chain, i.e. CIPS UK (Chartered Institute of Procurement and Supply). The GoR is sponsoring most of the students training for CIPS, PFM funds have paid for two rounds of exams fees and training.			
Ensure a law is enacted for the establishment of a procurement association in the country	Law enacted establishing "a n independent Procurement Body" to promote and regulate members in the procurement profession	D	C
Comments: The law for the establishment of The Rwanda Institute of Procurement Professionals (RIPP) has been drafted and is now under administrative review process. The main responsibilities of RIPP shall be organization, supervision and regulation of the practice of procurement profession. Once RIPP comes to life, nobody shall be allowed to practise procurement profession or considered as such in regard with the law unless he or she is registered on the register kept by RIPP.			
Support SFB with carrying out Training on Procurement	Course on Procurement Introduced	A	A
Comments: RPPA is working closely with SFB and so far have conducted training together, both short term and long term i.e. Master in Public Procurement offered in collaboration between SFB and Turin University. Seven short courses were introduced and run during 2011/12 at SFB. In addition, a ToT on public procurement course was conducted at SFB in association with the University of Turin.			
9.4 Establish and implement an effective Information, Communication and Education Strategy for procurement			
Develop an approved IEC strategy	IEC strategy developed and approved	N/S	A
Comments: An IEC strategy has been developed and approved by RPPA Board.			
Implement approved IEC Strategy	Approved IEC Strategy implemented	D	A
Comments: The IEC strategy is now being implemented at various levels of government under the coordination of RPPA. Two RPPA staff have been recruited exclusively for ensuring that the strategy is implemented and particularly that procurement information is shared with all relevant stakeholders.			
Publish the prior review thresholds for public procuring entities	Procurement Thresholds Published	A	N/A
Comments: Since 14 Feb 2011, the RPPA has exited from conducting procurements for Procuring entities pursuant to circular No. 791/11/10/TC of the Minister responsible for Finance and Economic Affairs.			
Produce and publish reports on Fraud and Corruption cases that led to sanctions	Procurement Reports covering instances of frauds and corruption cases are produced	A	A
Comments: RPPA does produce and publish reports with instances of fraud and corruption. For example in 2011/12, of the audited cases 25 were found to be criminal in nature, out of which prosecution secured convictions in 12 cases in court.			
9.5 Align Procurement Planning with Budgeting			
Implement the requirement for MDAs and SN units to submit annual procurement plans with annual budget estimates	MDAs and SN government units submit Procurement Plans with budgets that are published	B	A
Comments: With the support of RPPA most MDAs and SNs (districts) are now submitting their procurement plans in to RPPA on time, compliance was about 94 percent in 2010/11 and 100% in 2011/12. For the financial year 2012/13 as of end of September, about 88% had submitted their plans to RPPA and published in their websites. And with the introduction of PPS, the publication process has been automated and therefore simplified, in the future; publication will be even faster with little delays.			

Key strategies and key activities	Planned outputs	Assessment	
		MTR	2012
Enforce publication of procurement plans and award of contracts & etc.	Contract awards are regularly published	N/S	B
Comments: Contract awards by Procuring Entities are published particularly in the RPPA website. For example in 2010/11, in total 6,849 contracts whose value amounted to RWF 377,160,063,743 were awarded and published. The challenge though remains of publishing contract awards in PEs respective websites where only about 12% of PEs complied during 2010/11.			

2.9.3 Performance during 2011/12

Most of the activities planned for 2011/12 were implemented as presented below:

- Feasibility study of Rwanda public procurement function and existing staff for formulating optimal project/training strategy, skill level and gaps, description of procurement officers' profile was conducted and the results provided.
- An assessment on SFB's institutional capacity to manage a full curriculum in public procurement was conducted.
- Curriculum and training modules for professionals in public procurement were developed. These are based on the ITC-ILO existing materials that were refined and customised to match the preliminary findings of the survey that they undertook.
- The Training of Trainers (ToT) program was completed with 20 participants having passed the ToT out of the 29 participants. The top 5 who passed were provisionally certified by RPPA and ITCILO as "National Procurement Trainers for Goods and Tender Preparation, Works and Contract Administration, and/or Physical and Consultant's Services.
- A core team of 8 staff that will form SFB's future teaching faculty in procurement were nominated to undergo the Turin Masters Programme. Seven of the eight candidates selected for the master program in Turin started pursuing the distance learning component of the Masters on 1st November 2011.
- Procurement for Twinning Arrangement between SFB and the University of Turin to running a One year "Masters in Public Procurement Management for Sustainable Development" was completed and 40 students already commenced the programme during the year. All the students are government officers and their fees are being paid for by the government.
- Training of Ombudsman's office staff, Public Prosecutors and government lawyers in investigation, dispute settlement and anti-corruption in public procurement was conducted during the year whereby 98% of the 150 expected participants attended.
- 20 from RPPA and other public institutions staff attended Chartered Institute of Purchasing and Supply (CIPS) course in preparation for a CIPS certification, exams were held in Nov 2011 and May 2012.
- The East African Procurement Forum was held in Kigali from 14th to 16th November 2011.

2.9.4 Cross-cutting

There are factors however that stand to derail the sustainability of achievements:

- Low skills level and experience for procurement staff;
- Small number of procurement officers deployed in government offices;
- Masters programme course may not be sustainable in the absence of continued government funding; private candidates consider the fees unaffordable.

2.9.5 *Summary assessment*

The objectives set under this component have generally been met despite the capacity challenges noted and described in this report. The first reform strategy set was the strengthening of RPPA, where they deservedly scored "A" across all the key activity outputs. The RPPA is adequately staffed and in accordance with the approved organisation structure, relevant working tools were availed to staff, relevant trainings to staff have been provided and geared towards building capacity of RPPA in the management of an effective public procurement body.

The exit of RPPA from conducting procurement activities is a good step and in line with best practice in public procurement. However, in Rwanda, the exit has meant that there is more work that has been delegated to decentralised levels with little or no capacity to handle the level of procurement activities required. Some district procurement officers interviewed stated that before the delegation, they were already overstretched and therefore further delegation has made their procurement burden almost unbearable taking into account there are only two such officers to carry out procurement for the entire district and for all economic sectors in the district. The procurement organisation structure especially with respect to staff numbers should be reviewed to establish the right staff number to match the procurement responsibilities.

Another significant mechanism to improve performance and transparency in public procurement in the country, although was not part of the reform programme activities, was the establishment of the National Independent Review Panel (NIRP). The NIRP was established by law to cater for complaints and handle appeals in the public procurement process. The number of appeals has since increased from 28 to 79 between 2008/09 and 2010/11 which indicates the public increased awareness and public faith in the appeals mechanism. On the other hand, the number of admissible and founded appeals dropped from 39% in 2008/09 to only 15% in 2010/11, which may be indicating improved practices in handling public procurement procedures.

The procurement system has improved and significant progress appears to have been made across the key performance indicators. For example, out of 2,129 audited tenders during 2010/11, about 71 percent were awarded using appropriate methods and the commonest method used was the open competitive tendering. In terms of value, the total amount for all tenders awarded through competitive method was about 78% of the total price of all the contracts awarded. The total amount for all the tenders awarded through unapproved methods has been reduced over the years to only 2% of the total value of all the tenders audited.

When the first exercise of procurement audit was done by RPPA during 2008/09, procuring entities compliance was on average less than 50% based on agreed performance indicators. Compliance improved to 61% in the following year and further to 72% the year 2010/11 when the last assessment was done. In some indicators, performance has improved to more than 80% such in existence of procurement plans, contracts awarded based on criteria in tender documents, existence of tender opening minutes and evaluation reports and final notifications to bidders sent. The challenges remaining are few and are noted in the publication of awarded contracts where compliance is only 12% and record keeping and documentation which has a compliance of 46%.

The improvements highlighted above are generally a result of sustained capacity building interventions through training of RPPA staff, procuring entities staff, Accounting Officers and tender committee members on the public procurement law N°12/2007 of 27/03/2007, Ministerial order N° 001/08/10/MIN of 15/01/2008 and regulations related to the Public Procurement Operations.

Even faster performance in the public procurement system could have been realised had the strategy to strengthen procurement units in MDAs and districts been implemented more effectively.

The number of procurement officers in MDAs and districts is considered inadequate, basic equipments that were supposed to be identified and provided to procurement officers have not been provided and the use of ICT in procurement has just started in the procuring entities. It is particularly recommended that a review of staff needs in all procurement entities be carried out and where gaps are identified, they should be filled.

Although the training needs assessment was conducted across MDAs and districts, implementation of the recommendations have only recently started to take shape, it will therefore take time before their impacts on the ground is felt. For example, one of the recommendations was the need to increase the number of trained procurement professionals in the country through a twinning arrangement with a renowned international institution. A Masters programme in Procurement Management is now jointly being conducted between the University of Turin (Italy) and School of Finance and Banking (SFB) and 40 procurement officers have enrolled into the programme.

Although the twinning arrangement for this Masters programme is a good step towards contributing to procurement professional development in the country, the sustainability of the programme is at stake should the current funding dry up. At a cost of €7,000 per student, only students sponsored by the government have been able to afford it. In order to build a big mass of procurement professionals, the establishment of programmes for undergraduate courses in procurement management at Rwanda public universities should be urgently considered.

The steps to enact a law establishing a public procurement professional body is important in attempting to build procurement as a profession in Rwanda and fill the existing gap. The establishment of the Rwanda Institute of Procurement Professionals (RIPP) therefore should be fast tracked to increase the quantity of procurement professionals in the country.

Procurement initiatives in the past have focused only on improving capacity of public procurement officers and forgetting the need to create awareness to the private sector, who are key stakeholders of public procurement as contractors, consultants and vendors. The increased number of appeals above could only be an indication of lack of understanding of the procedures by bidders. In addition, the RPPA audit reports have highlighted instances of malpractices by some bidders such as use of forged documents to win tenders. The next phase of the reform strategy may need to consider more involvement of the private sector on what is going on in public procurement system.

Budget Execution Oversight - Pillar 4

2.10 Internal Audit – Component 10

2.10.1 Context and strategic objectives

The key objective of the component was: “Improve effectiveness of internal audit functions for the purpose of strengthening internal controls in financial management and reporting by MDAs and SN governments.”

The key strategies set to meet this objective included:

- Strengthen internal audit units in MINECOFIN, MDAs, and SN units;
- Build capacity of Internal Audit Cadre;
- Increase internal audit scope, coverage and quality.

2.10.2 Assessment of key strategies and activities

This section presents the assessment of the internal audit component in the PFM Reform Strategy.

Key strategies and key activities	Planned outputs	Assessment	
		MTR	2012
10.1 Strengthen internal audit units in MINECOFIN, MDAs, and SN units			
Conduct an organization review of the Office of the Government Chief Internal Auditor and internal audits units in MDAs, SN units on structures, numbers and placement in organizational hierarchies	Office of the Government Chief Internal Auditor (OGCIA), and audit units re-structured	C	C
Comments: Organisational reviews have not been conducted at OGCIA, MDAs and SNs and as such, structures and staff numbers needed are not yet established. At OGCIA there are 10 auditors including the acting GCIA, at least 1 auditor at each MDA while at SNs (districts) there are generally 2 auditors per entity. In total, according to the OGCIA, there are 205 internal auditors in government institutions.			
Implement the recommendations of the organization review	Recommendations of the organisation review fully implemented	N/S	N/A
Comments: Organisation review was not done.			
Secure TAs to provide technical support to the GCIA and capacity building activities	TAs secured and provide support to GCIA	N/S	A
Comments: One resident internal audit advisor has been recruited at Minecofin to provide support to the GCIA, since January 2011.			
Establish Audit Committees in key ministries- MINECOFIN, MINASANTE, MINEDUC, MIFOTRA	Audit Committees established	C	C
Comments: Ministerial circular N°004/09/10/MIN of 01/10/2009 to establish Audit Committees(AC) issued but committees are yet to be appointed in MDAs as required by the circular; in particular, Audit Committees are yet to be established at MINECOFIN, MINASANTE, MINEDUC and MIFOTRA. However, Audit Committees in SNs have been appointed since June 2011 and some have started to execute their work, e.g. Bugesera district. During 2011/12, audit committee induction trainings were conducted to 106 district AC members, against the target of 141 members.			
10.2 Build capacity of Internal Audit Cadre			

Key strategies and key activities	Planned outputs	Assessment	
		MTR	2012
Implement the Rwanda Expertise Scheme for internal auditors	Staff qualify as ACCA and CIA	C	C
Comments: A total of 49 of Internal auditors were enrolled to sit for ACCA exams for the year 2011/12 while 45 are being financed to sit for the ACCA exams in 2012. So far, none of the candidates have qualified for ACCA certificate. There are other efforts by the OGCIA to sponsor internal audit staff who would want to sit for CIA exams, for the next financial year, 20 internal audit staff will be sponsored to sit for CIA exams under the Institute of Internal Auditors - the OGCIA is now at procurement stage of identifying a training institution for CIA. No one has yet to sit for CAT examinations but the first batch is expected in December 2012. CPA examinations by iCPAR are also expected to take place in December 2012, for the first time. However internal auditors are now expected to qualify for CIA.			
Train auditors in conducting specialised audits – VFM, computerised environments, forensic audits etc	Training Conducted in specialised audits	N/S	B
Comments: VFM and IT audit manuals have been developed and ToT training was provided by Cowater International to 25 staff (VFM) in 2010/11. Cowater International also provided training on auditing in IT environment to 25 staff during 2010/11 and in addition, OGCIA trained 10 staff on auditing in IT environment during 2012/13. Furthermore, during 2010/11, Cowater provided ToTs to 25 internal auditors in risk based auditing as well as ToTs in procurement audit to 25 internal audit staff. In 2011/12, the OGCIA provided training to 111 internal auditors on IFMIS, targeting entities using national mode. OGCIA conducted IDEA refresher training for 10 staff in September 2012 and the tool is now being implemented.			
Second staff to outside internal audit functions – EAC, U.K, Canada etc	Staff sent on Secondments	D	C
Comments: OGCIA have formed partnership arrangements with sister institutions in Canada and Kenya; secondments are expected to commence after placement plans have been completed between the parties. Two internal auditors will be seconded to each of the two countries within the next year.			
Acquire audit software licences: Teammate, IDEA, ACL	Software acquired	C	B
Comments: OGCIA has acquired 30 Teammate licenses during the financial year 2011/12. Consequently 30 Government Internal Auditors have been trained on Teammate; (10 from Office of Government Chief Internal Auditor; 4 from Provinces; 1 from Kigali City, 5 from districts and 10 from Ministries and High institutions. Furthermore in the same year, 28 internal auditors have been trained on Teammate management to allow them to audit in a computerised environment. Of the 30 licenses, 24 licenses are in active use, 4 auditors have exited, while 2 were not using the software after the training. New users are now being identified to reassign the 6 inactive licenses followed by on the job training.			
Provide for annual Seminars for internal auditors and other conferences as part of professional development	Internal auditors attended annual seminars and other conferences	N/S	C
Comments: OGCIA has been supporting its members to attend seminars and workshops on internal audits. For example, AFRITAC has organised a regional internal audit workshop in November 2012 where some internal auditors from Rwanda will attend under the support of OGCIA.			
Adopt and implement IPSAS - Acquire copies of IPSAS for staff	Copies of IPSAS acquired & distributed to Staff	B	C
Comments: Financial audit guidelines based upon existing laws and regulations rather than IPSAS have been developed. Copies of IPSAS have not been acquired for distribution to staff since the GoR is yet to start complying with IPSAS in the preparation of financial statements. Auditors however have been trained on relevant IPSAS and Government accounting framework in August 2012 by Office of Auditor General and MINECOFIN.			
Adopt and implement Internal Auditing	Copies of Internal Auditing Standards	B	A

Key strategies and key activities	Planned outputs	Assessment	
		MTR	2012
Standards - Acquire copies of the Standards for staff	acquired and distributed to staff		
Comments: Copies of Internal Auditing Standards have been acquired from IIA and distributed to all internal auditors.			
Adopt and implement Internal Auditing Standards - Annual training on Auditing Standards conducted	Training conducted on Auditing Standards	B	A
Comments: Internal audit standards are included in the Internal Audit procedures Manual. During 2011/12, 115 government internal auditors of the total 205 were trained about the internal audit manual; each budget entity was represented by one internal auditor. However, implementation of internal audit templates provided to assist auditors set standards have not been fully implemented and further "on the job" coaching is required.			
10.3 Increase internal audit scope, coverage and quality			
On the job training provided to staff on Payroll Audits	Payroll Audits conducted	C	B
Comments: Cowater International provided a ToT training on Payroll Audits to 25 internal auditors in 2010/11. In addition, a payroll audit was carried out by the OGCIA staff under the supervision of Cowater International.			
On the job training provided to staff on Value for Money Audits	Value for Money Audits conducted	D	B
Comments: Cowater International provided a ToT on VFM to internal auditors in 2010/11. In addition, a VFM audit was carried out by the OGCIA staff under the supervision of Cowater.			
On the job training provided to staff on Financial Audits	Financial Audits conducted	C	B
Comments: Cowater International facilitated a Training of Trainers (ToT) for 25 internal auditors in 2010/11 and 35 in 2012/13 on financial audits, making a total of 60 with financial audit training. In this financial year, pilot financial audits are being conducted following the financial audit training to the 35 internal auditors. The pilot audits are to give staff practical experience and ensure exposure of the draft financial guidelines before they are finalised and rolled out.			

2.10.3 Performance during 2011/12

The main highlights of the component achievements during the year are summarised below:

- Under the Implementation of the Rwanda Expertise Scheme for Accountants and Internal Auditors, a contract was signed with the training institutions and students set for their ACCA or CFA exams in June 2012.
- Resident advisor has been hired and is working towards improving the capacity of the Office of the GCIA particularly in the application of internal audit professional standards.
- 115 government internal auditors out of a staff total of 205 were trained on internal audit manuals.
- Introduction training was provided for 45 new internal auditors.
- Training of 106 Audit committee members was conducted on the role of audit committees in promoting accountability in their respective organizations.
- Several seminars on the role of audit committees in promoting accountability conducted.
- Teammate has been installed and is currently being tested by Internal Auditors, after the acquisition of 30 licenses. Further training has also been carried out to enable internal auditors to maximize the value of the software especially on team central and working papers modules of Teammate.
- 30 CCH Teammate audit management licences were acquired and training conducted

- Internal audit procedures manual, Code of Conduct, Internal audit charter and the Audit Committee charter were prepared and disseminated.
- In the public sector 111 auditors were trained in Smart IFMIS.

2.10.4 Cross-cutting

The main challenges are affecting the internal audit function across the board:

- High staff turnover of experienced and qualified staff;
- Low pass rates for ACCA exams;
- Small number of internal auditors deployed in internal audit units;
- Organisation structure should be reviewed to elevate internal audit position;
- Lack of adequate incentive for staff to build internal audit career in the current set up.

2.10.5 Summary assessment

Although formed in 2006, efforts to develop a professional internal audit function in Rwanda public sector started effectively in 2010/11 when COWATER International, an international consulting firm was recruited to deliver Training of Trainers (ToT) courses. The internal audit professional is therefore generally at a nascent stage in the country.

As of now, the internal audit function has been established in all government institutions, but its organisation structure still needs to be reviewed to ensure independence, career prospects for internal auditors and effectiveness in delivery of its activities. Although, Rwanda has adopted international internal audit standards, the current organisational structure of the internal audit function is weak and does not allow compliance to the standards. Particular attention in the review should especially be given to internal audit supervisory roles and quality assurance.

The new internal audit structure therefore, should consider establishment of positions of heads of key result areas within OGCIA such as risk management, quality assurance, districts audit, MDAs audit, Payroll, etc. Furthermore, at internal audit units in MDAs and districts, the structure that provides for heads of the internal audit units should be established. Internal Auditor position should be elevated and the head of the unit should be able to report functionally to the Audit Committee and administratively to the Accounting Officer.

The government has taken good steps of financing the training of internal auditors to professionally qualify. However, there are only 20 out of the total 205 internal auditors in the government who are training to sit for ACCA examinations while 20 internal auditors will be sponsored to undertake CIA exams beginning 2012/13. Given the low pass rates of ACCA examinations in Rwanda and retention challenges for those that qualify, this small number of candidates does not indicate likelihood of increasing qualified internal auditors in public institutions in the near future.

The Office of the GCIA with only 10 internal audit staff including the GCIA is required to provide specialized skills to MDAs in IT, Value for Money, Forensic Audit and others that are uneconomical to develop in the decentralized internal audit units. Given the limited capabilities within OGCIA, it is not possible to fulfil all these requirements. It is clear that more skilled people would be required if these responsibilities were to be carried out effectively. In the short term therefore, the use of technical assistance to build capacities seems to be the option.

In addition to professional trainings being offered to internal audit staff, change management to internal audit staff will be important. The government should develop various mechanisms to encourage students to take self-drive in educating themselves and studying hard in their professional examinations to improve pass rates in professional examinations such as ACCA. Also, incentive mechanisms should be developed and provided to those who demonstrate high level of commitment to their work and studies.

Adoption of internal auditing standards and the audit procedure manual remains a challenge across the board mainly due to change management issues. Capacity building initiatives in the internal audit function in Rwanda and particularly at OGCIA started in 2010 when COWATER International conducted payroll, procurement, risk based internal auditing, financial auditing, Value for Money and IT auditing for 25 internal auditors followed by pilot audits in payroll, financial auditing and Value for Money. Later on however, a training impact assessment showed that these skills had not been institutionalized and a more long term change management approach including coaching and mentoring on use of the tools was required.

Furthermore, the approach that was adopted to train staff may not have been the most effective given the capacity challenges in the country particularly in complete lack of experienced internal auditors. In the future, more time for internal auditors to practice deployed tools under supervision of experienced auditors would be important before learning new skills and tools. Coaching on the job by more experienced internal auditors is a proven way of translating skills learnt into practice and for improving the quality of work. In line with this, one technical advisor may not be enough if the skills build up was to be sped up.

Internal audit scope currently is largely focused on compliance and financial audits. Coverage of systems audit, IT audit, forensic investigations and Value for Money is still limited, contributed mainly by lack of technical skills and work overload for the staff at OGCIA. Although investments have been made in IDEA and Teammate, it is yet not clear to whether the government has received value in return, as these tools have not been used and there is a sense that some of the trained staff may have forgotten how to apply them. However, the office of the GCIA is working with ICT to improve connectivity to auditors outside MINECOFIN in order to improve usage. Hands on training will be conducted for those auditors who are not using Teammate. Where auditors have left the service the Teammate licences will be reassigned.

The absence of audit committees at Ministries limits the effectiveness and professional independence of the audit function and internal auditors. In some entities where audit committees have been formed particularly in districts, they lack members with accounting or financial management skills and therefore making their work largely ineffective. Capacity building measures aimed at strengthening Audit Committees at districts and other government institutions should continue.

The evaluation team also noted that currently, the internal audit function is not optimally used at the ministries in providing its advisory and assurance services. This could be partly contributed by the perception of the current low professional capacity of internal auditors and therefore making some of the Executives hesitate to rely on their advisory and assurance services. Installation of audit committees at ministries and districts would reinforce the work of internal audit function.

At the Office of the GCIA, the position of GCIA has been held on an "acting" capacity for over one year and therefore creating uncertainty for the position holder and those she is supposed to supervise. Given the capacity challenges in the internal audit function, the significance it has in ensuring strong internal controls and systems for safeguarding public assets and the urgency to address the impending internal audit challenges, it would be imperative that the position of GCIA is substantively filled.

Internal audit staff number is inadequate at MDAs and districts with most ministries having only one audit staff. In addition to organisation structure review, a thorough job evaluation is needed to establish the right staff number for internal auditors at each of the public sector institutions in the country.

2.11 External Audit – Component 11

2.11.1 Context and strategic objectives

The key objective of the component was: "To strengthen the independence of the external audit for the purpose of increasing audit coverage and scope for greater accountability by MDAs and SN governments." The key strategies developed to achieve the objective included:

- Strengthen external audit independence;
- Implementation of the Audit Act giving enhanced autonomy to the OAG;
- Build HR Capacity in order to increase audit coverage and scope;
- Implement IT strategy;
- Develop and implement Staff Retention Strategy for professional staff.

2.11.2 Assessment of key strategies and activities

This section presents the assessment of the implementation of key strategies and activities stated in the PFM Reform Strategy related to the work of the Office of Auditor General of State Finances i.e. the component on external audit.

Key strategies and key activities	Planned outputs	Assessment	
		MTR	2012
11.1 Strengthen external audit independence			
Facilitate enactment of the Audit Bill	An Audit Law enacted and disseminated	B	B
Comments: Audit Bill has been submitted to Parliament for debate and passing, it is expected that the Bill will be passed into law by end of 2012/13 financial year.			
Prepare Audit Regulations	Audit Regulations prepared and disseminated	N/S	N/A
Comments: Audit regulations awaiting the passing of Audit Bill before they can be prepared.			
11.2 Implementation of the Audit Act giving enhanced autonomy to the OAG			
Design a new Structure based on the Audit Act for the OAG	OAG new structured designed	N/S	N/A
Comments: A new organisation structure will be prepared after the Audit Bill is passed. OAG is already preparing Terms of Reference for the procurement of a consultant to carry out an institutional review to align it with the new law once passed. Worth noting that in the organisation structure approved in February 2012 there was the introduction of the position of Secretary General, who is the Accounting Officer for OAG.			
Prepare HR Policies Manual	HR policies manual prepared	N/S	N/A
Comments: No progress has been made, awaiting passing of Audit Bill.			
Implementation of new structure and HR policies	New OAG structure and HR policies implemented	N/S	N/A
Comments: No progress has been made, awaiting passing of the new Audit Bill.			
Acquire two motor vehicles to facilitate implementation of the new Audit Act	Two M/vehicles acquired	N/S	B
Comments: The requirement was reduced to 1 vehicle and procurement processes have commenced to acquire one M/vehicle to facilitate audit work.			
11.3 Build HR Capacity in order to increase audit coverage and scope			

Key strategies and key activities	Planned outputs	Assessment	
		MTR	2012
Increase audit coverage in MDAs and SNs	75% of public expenditure audited in MDAs, and 70% of SN government units are also audited by 2012	B	B
Comments: According to the 2011 OAG audit report, 100% of Ministries, Provinces and Districts, 30% of GBEs, 21% of Departments and Agencies of government, 15% of projects and programmes were audited by the OAG. The slow progress in the audit coverage of GBEs, Central government independent departments and agencies, projects and programmes remain a concern.			
Conduct a Training Needs Assessment	TNA report approved	B	A
Comments: Based on an internal TNA a training plan and budget was prepared and has now been approved by the OAG Project Joint Coordinating Committee for implementation during the 2012/13 financial year.			
Support professional training - ACCA	Professionally qualified staff	N/S	C
Comments: Staff of OAG are given support to train, register and sit for ACCA exams. The average pass rates in the three parts (Part I, II, III) of ACCA exams were 40%, 35% and 30% for June 2011, Dec 2011 and June 2012 respectively. There is currently only 2 OAG staff who are fully qualified members of ACCA through the arrangement.			
Further professional development support for qualified staff	Professionally qualified staff	N/S	A
Comments: Those that qualify are promoted to senior positions and their salaries are raised, e.g. the most recently qualified auditors are the OAG Secretary General and the Deputy Auditor General. Other incentives such as paying for their membership subscriptions, sponsorship to attend professional development seminars and workshops.			
Professional Development Secondments to other SAIs	Secondments done to other SAIs	N/S	A
Comments: OAG is already seconding its staff to other SAIs, e.g. US, South Africa. Not all seconded staff are necessarily professionally qualified staff.			
Enhance a dedicated Training Unit in the OAG	Training Unit in OAG	N/S	C
Comments: Terms of reference for the consultant to propose ways of strengthening the training units at OAG have been drafted and advertised and a budget set aside for the activity during the 2012/13 financial year.			
On the job training provided to staff including Value for Money Audits	VFM audit on the job training provided to OAG staff	N/S	B
Comments: OAG staff have been trained in VFM and have actually conducted such audits culminating to one of their audits ranked second in an AFROSAI competition.			
Specialized training - forensic audits - attachment	Forensic audit training provided to OAG staff including attachment	N/S	D
Comments: Basic training in fraud investigation was provided, but it was considered inadequate.			
Specialized training - Management development	Management development training provided to OAG staff	N/S	A
Comments: KPMG is running Training Course on Audit Fellowship for Directors. Senior management are also seconded to other SAIs to practically learn what their peers are doing there.			
11.4 Implement IT strategy			
Enhance the current management information system	IT Strategy successfully implemented	A	B
Comments: OAG is now carrying out a review in order to update its Information Communication Technology (ICT) policies. Also, Automation strategy (roadmap) is being developed. One software supplier has already made a presentation to OAG management.			
Provide IT equipment	IT equipment provided	N/S	B
Comments: In anticipation of more automation of the audit processes, the OAG is in the process of upgrading of			

Key strategies and key activities	Planned outputs	Assessment MTR	Assessment 2012
IT infrastructure especially for Laptops; IPBX and Building security. Technical specifications for each of the IT equipments have been prepared ready for procurement process to commence.			
Acquire Office Software tools	Office Software tools acquired	N/S	A
Comments: All basic office software have been acquired as well as some audit software.			
Acquire audit software licenses: Teammate, IDEA	Teammate and IDEA acquired	NS	C
Comments: OAG already acquired licenses for IDEA software. For 2012/13, upgrade of IDEA software and refresher course for the 10 Champions group is planned. No decision has yet been taken on the purchase of Teammate Licences.			
Enhance the Data Centre	Data centre enhanced	N/S	C
Comments: OAG is developing a strategy for e-records management system and then procure software. The Rwanda Development Board (RDB) has made a presentation to OAG on a system they are deploying in government institutions for data management. OAG Technical Committee is studying it. In addition, a contract for the data migration exercise has been completed.			
Prepare a Disaster Recovery Site	Disaster recovery site prepared	N/S	D
Comments: No progress has been made, however RDB has recommended a company which OAG is considering for contract, once the completion of data migration exercise and the internal back up installation are completed.			
11.5 Develop and implement Staff Retention Strategy for professional staff			
Develop a professional Career Path for audit cadre	Staff Turnover reduced to 5% per annum	D	C
Comments: The staff number leaving the OAG has been gradually reducing, in 2010 there were 15 staff who left the office while 10 staff left in 2011. Until September 2012, 3 staff had left the OAG. Recently in July 2012, a government-wide staff pay and retention policy has been approved and it is hoped that it will help address some of the staff retention challenges. The passing of the Audit Bill which among other things seeks to enhance OAG administrative space for its staff is also expected to strengthen OAG ability to retain audit staff.			
Validation of Professional Career Path prior to implementation	Professional Career Path validated	N/S	D
Comments: No progress has been made			
Support implementation of the Career Path by setting a fund for Staff Retention and etc.	Staff Retention Fund established	N/S	D
Comments: No progress made however the government wide staff pay and retention policy passed in July 2012 may contribute towards addressing staff retention issues.			

2.11.3 Performance during 2011/12

The main initiatives implemented during the financial year are summarised below:

- ACCA training continued and students prepared and sat for December 2011 and June 2012 to meet the object of increasing substantially the number of ACCAs at OAG;
- KPMG were recruited to provide technical assistance for back stopping support to the OAG in order to expand audit scope and coverage.

2.11.4 Cross-cutting issues

The following challenges affect the OAG across the board:

- High staff turnover of experience and qualified staff;
- Low pass rates for ACCA exams;

- Inadequate incentives for qualified and experienced staff to be retained;
- Staff matters - autonomy of the OAG limited especially on recruitment and staff welfare.

2.11.5 Summary assessment

A new organisation structure was approved for the OAG in February 2012. Among the key changes is the introduction of the position of Secretary General as the Accounting Officer, reporting to the Auditor General and the increased staff establishment to 123 staff. The implementation of this new structure has commenced and is expected to enhance the capacity of OAG to increase audit coverage.

Nonetheless, it is changes proposed in the Audit Bill that is currently in Parliament that will likely have a significant impact in the capacity and independence of the OAG to hire and retain staff. Until when the Audit Bill is passed by parliament and it is clear what has been made into law and what has not, our evaluation can only base on the existing law. For this reason we consider a score of "B" to be fair for the current status of the strategy to facilitate enactment of the Audit Bill. As a consequence of the Audit Bill not being enacted, the Audit Regulations could not be prepared and disseminated; Human Resources policies based on the new law could not be issued and implemented.

According to the OAG reports covering 2008/09 to 2010/11, it is evident that the audit coverage of public expenditure has been improving though modestly on yearly basis, 69% in 2008/09 to 73% in 2010/11. According to the 2010/11 OAG audit report, 100% of Ministries, Provinces and Districts expenditures during the year were audited. The coverage in other public institutions is still minimal, though slowly increasing. During the 2010/11, only 30% (9) of GBEs, 21% (24) of Departments and Agencies of government, 15% (20) of projects and programmes were audited by the OAG.

In 2008/09, there was only one GBE audited by OAG and therefore the increase to 9, amid the capacity challenges in the office is a good signal to address the problem. Given the slow progress in the audit coverage of GBEs, government department and agencies, government projects and programmes, OAG needs to provide more attention to these audit areas in the future. The OAG should consider outsourcing audit services to private audit firms, in the short term, as it seeks to bolster its capacity to audit all government institutions in the long term using own resources. The OAG should also consider preparing guidelines for outsourcing audit services from private audit firms operating in the country whenever it has capacity issues as it is being practiced in other East African countries.

According to the recent OAG reports, there is very slow progress by organisations in implementing the audit recommendations raised by the OAG. During the 2010/11 audit, about 49% of audit recommendations from the previous year had not been addressed and therefore continued to be raised in subsequent audit reports. Furthermore, 47% of audited entities had not implemented over 50% of the AG audit recommendations. Only Government projects and programmes implemented most of the audit recommendations with GBEs and Districts doing very poorly. It would appear that DPs follow ups on issues raised in projects and programme audits has contributed to fewer outstanding audit queries from previous years as compared to other government institutions. Internal audit units should play their advisory role by helping government institutions address audit recommendations by OAG.

Important to note also is the small number of entities getting clean audit reports. The number of clean audit reports only increased from 6 in 2009/10 to 11 in 2010/11 out of 106 audited entities.

None of the districts and Kigali City, other Central Government departments and agencies or Government Business Entities got a clean audit report in both 2009/10 and 2010/11.

The Team has taken note of the interest that the current PM has exerted in the audit exercise especially the importance for Accounting Officers to address all audit queries raised in OAG reports. It is in record that the PM has ordered that the audit opinion of an entity under any Accounting Officer will form part of their annual performance contracts and that all public entities should have Clean audit reports by year 2014. To complement the steps being taken by the PM, strengthening the role of internal auditors and giving them the responsibility to follow up audit queries within their respective entities could prove useful and contribute towards strengthening internal controls and compliance in public entities.

Although just a few of the GBEs have been audited in the past few years, the audits have indicated substantial corporate governance gaps in the entities. There is need for government to pay closer attention to corporate governance issues in these public institutions and enhance supervision of the GBEs to facilitate improvements. Particularly, to ensure that appointed Boards and their respective Audit Committees understand their roles and are properly playing their fiduciary responsibilities.

The OAG ability to expand the audit scope to include VFM, Management, IT and forensic audits is still not adequately developed despite of the trainings that have been conducted. During 2010/11 three VFM audit were conducted, however, only one VFM audit was completed and was submitted along with other audit reports to Parliament. A consultancy firm has been hired to work with OAG staff in some of these areas but it will take time before significant improvements in the audit scope could be noted and felt. This is particularly one area that is significantly affected by the lack of qualified and experienced staff in the Office of AG. The OAG should continue to build its capacity to conduct specialised audits.

There was in the reform strategy specific activities to increase the number of ACCAs in the OAG, but it would seem that these efforts have only succeeded to produce two qualified staff at the OAG. Although two qualified staff are still in the office, over the past few years about 10 staff have qualified but left the organisation The Office has been providing considerable support to staff to get them trained, registered and to sit for ACCA exams, however, the pass rates have remained low i.e. 30-40% on average in the three parts of ACCA examinations, against a global pass rate of 48%. In the new reform strategy, the OAG will need to contemplate better approaches to increase the number of qualified auditors, if they are to achieve their aim of significantly increasing the current number of 3 ACCA qualified. They may consider allocating more study time for staff preparing to sit for the examinations.

The small number of qualified staff at OAG is exacerbated by staff turnover especially for those who are experienced and qualified. Improved terms of employment to staff is imperative to raise retention ratio at OAG. The strategy to develop and implement Staff Retention Strategy for professional staff was one of the strategies not implemented, warranting an overall "D" score. There is no OAG staff retention fund and no professional career path was developed and approved as initially planned and put in the reform strategy. The government has introduced the Pay and Retention policy in July 2012 which seeks to retain professional staff in public institutions, only time will tell how effective the policy will be in ensuring retention for OAG staff.

Under the strategy to implement an IT strategy, most outputs have generally been met and the overall achievement would deserve a score of "B". However, the OAG does not have a disaster recovery plan or site, consequently earning a score of "D".

Additional Components

2.12 PFM Reform Coordination Secretariat – Component 12

The PFMR strategy includes twelve technical components (including the PIP component added later to the PFMR strategy) and an operational component related to the coordination and management of the PFMR strategy by the PFMR secretariat. While the PFMR strategy does not include specific objectives for this operational component it includes a logframe for monitoring and evaluation purposes. The assessment of this component is presented in the table below. A more in-depth discussion on cross-cutting issues including the implementation framework and efficiency and effectiveness of the funding mechanism is included in chapter three.

Key strategies and key activities	Planned outputs	Assessment	
		MTR	2012
12.1 Complete Processes leading to the finalization of the PFM Reform Strategy			
Conduct discussions leading to the approval of the PFM Reform Strategy by stakeholders	PFM Reform Strategy approved for implementation and adequately funded	N/S	A
Secure Government Commitment and the DP to the PFM Reform Strategy			A
Secure adequate funding			B
Comments: The approval of the PFMR strategy was proceeded by various discussions in the Steering Committee and Technical Committee and working groups. There was lack of participation from the civil society. Government commitment to reform and the DPS commitment to support these reforms is reflected by the achievement of a significant part of the key objectives and activities envisaged in the PFMR strategy, as well as by taking over by the GoR the funding of the PFM reform coordinator. It is also reflected by the regular Steering Committee meetings which took place despite the decreased participation of the high level. The initial estimated cost of the implementation of the PFMR strategy is about twice the actual cost incurred. The reason for that is twofold. On the one hand the basket fund arrangement was finalised only in 2010, and on the other hand it took time for the stakeholders to get acquainted with the PFMR strategy and the possibilities it offers in terms of funding source for their reform measures. The OAG fund was established only in 2012. For an in-depth discussion of the funding mechanism see section 3.5.			
12.2 Set up PFM Reform Secretariat			
Recruit a PFM Reform Coordinator	PFM Reform Secretariat formally established in the Office of the PS/ST	N/S	A
Recruit M&E Officer			C
Recruit IEC Officer			D
Recruit Support/Team staff			B
Acquire office equipment etc			A
Develop and Implement an Operations Manual for the PFM Reform Strategy			A
Set up Financial and Procurement Management Systems			A
Comments: The PFMR strategy was completed by December 2008, and a PFM reform coordinator started his activities in November 2009. The PFMR strategy implementation was managed first by an external advisor, funded through external funds, and since 2012 by a MINECOFIN official who is funded by the government. The strategy envisaged that the PFMR secretariat will be composed of 5 staff members. Recruitment was delayed and the secretariat was fully staffed only by April 2011, a fact which affected the efficiency of the PFMR secretariat. Due to the departure of the M&E expert the position became vacant; the recruitment of a M7E			

Key strategies and key activities	Planned outputs	Assessment MTR	Assessment 2012
specialist is at an advanced stage. The position of IEC officer was dropped. The support team is very small; it consists of a procurement specialist and an accountant. It can also take advantage of the secretarial facilities of the Accountant General' office. The relatively low capacity of the PFMR secretariat influenced the efficiency of the secretariat. The PFMR secretariat follows the national procedures for budgeting, recording, accounting, auditing. An Operations Manual for the implementation of the PFMR strategy was developed and became effective in January 2010.			
12.3 Set up the PFM Oversight and operating committees			
Develop Terms of References for the PFM Reform Steering Committee; PFM Reform Technical Committee; Component Working Teams and obtain approvals	PFM Reform Steering Committee, PFM Reform Technical Committee and Component Working Teams established	N/S	B
Launch PFM Reform Strategy			A
Comments: The roles and responsibilities of the Steering Committee, Technical Committee and Working Groups, as well as the corresponding procedures, are clearly established in the Operations Manual. Over time, however, the Technical Committee ceased to function and its role was assumed by Working Groups. See for more in-depth discussion on the implementation framework section 3.3.			
12.4 Facilitate and Coordinate Reform Components			
Facilitate PFM Joint Annual Review Meetings	Minutes and progress reports on reforms	N/S	A
Facilitate PFM Quality Assurance Activities			A
Facilitate quarterly meetings of the PFM Reform Steering Committees			A
Facilitate Monthly PFM Reform Technical Committee Meetings			C
Facilitate Regular Component Working Group Meetings			B
Comments: The PFMR secretariat facilitated continuously the organisation of the Joint Annual Review meetings, Quality Assurance (QA) activities, Steering Committee Meetings (SCM), Technical Committee (in the beginning) and Working Groups. QA activities are documented by the QA reports which are largely available on the MINECOFIN website. The Steering Committee meetings and Technical/Working Groups meeting are document by minutes of the meetings. However, while SCM took place regularly and are largely documented; the meetings of the working groups are less organised and not always documented by minutes. The minutes of the Technical/Working groups are not automatically sent to the SCM; and the feedback mechanism between the SCM and the Technical/Working Groups is rather weak. All of these factors have ultimately influenced to some extent the effectiveness of the management of the PFMR strategy implementation.			
12.5 Implement IEC Strategy			
Develop an IEC Strategy	IEC Strategy and documents disseminated	N/S	D
Implement IEC Strategy			D
Comments: This activity was dropped. No strategy for IEC was developed. This together with the lack of an IEC officer reflect to a large extent the lack of awareness among the civil society and public of the PFMR strategy and progress in its implementation.			
12.6 Implement Monitoring and Evaluation Mechanism and Conduct Reviews			
Develop detailed M&E indicators for effective monitoring of the reform activities	Approved M&E indicators adopted	N/S	C
Comments: The current PFMR strategy does not have a clear M&E framework for its implementation. The M&E is largely related to the monitoring of the implementation of the implementation of activities of the Annual Work			

Key strategies and key activities	Planned outputs	Assessment MTR	2012
Plans of the individual components. There is no structured mechanism/logframe to M&E the achievement of objectives and corresponding performance targets. There is also a lack of direct link between the M&E of the PFMR strategy and the M&E of the CPAF as part of EDPRS.			
Develop and implement procedures for collection and dissemination of M&E indicators	Reports on performance produced	N/S	C
Comments: There are no specific procedures in place for collection and dissemination of the M&E indicators. The only reports on the implementation of the PFMR strategy are the quarterly progress reports, but these are limited to specific activities of the Annual Work Plans. There is a PFM sector monitoring matrix and there are regular Joint Sector Reviews, sector performance reviews, and CPAF reviews which are documented and available on internet but these are not linked explicitly with the PFMR strategy.			
Facilitate Mid-Term Review	Mid-Term Review Report	N/S	A
Comments: The MTR was finalised in May 2011.			
Facilitate PEFA PFM Assessment in 2010	PEFA PFM PR produced	N/S	A
Comments: The PEFA assessment was finalised in November 2010.			
Facilitate End of Program Review etc.	End of Program Report	N/S	A
Comments: The current report represents the output of this activity.			

2.13 Public Investment and Planning

The evaluation team could not find any document which clearly sets the background and the key objectives for this component. There is no formal document which amends the PFMR strategy to include this new component. The TA under the Public Investment and Planning (PIP) Component was included as a separate component in FY 2010/2011 and aimed mainly at setting up fully fledged PIP and Public Private Partnership (PPP) units within MINECOFIN and providing PIP and PPP financial expertise as well as skills and knowledge transfer to government staff.

The National Public Investment Policy (NPIP) was adopted in February 2009. According to the NPIP, public expenditure and Public Private Partnerships (PPPs) in general should support the achievement of the goals highlighted in Vision 2020 and EDPRS. The activities of this component should presumably facilitate the creation of an enabling environment for increasing public investments as percentage of GDP. The rationale for the NPIP is, therefore, to provide guidance and to ensure that the required public investment system, including the necessary PPP framework, is put in place in order to achieve adopted development and growth targets.

2.13.1 Assessment of key strategies and activities

All activities envisaged under this component were achieved by the time of the MTR. The table below present an assessment of the achievements.

Key strategies and key activities	Planned outputs	Assessment MTR	2012
Maximizing private sector investments and FDI inflows			
Resident expert on PPP to support and strengthen Rwanda development Board (RDB) and Public Investment Technical Team (PITT) unit and general capacity	Contract under Implementation, final approved reports to be ready by end of June 2010	A	A

Key strategies and key activities	Planned outputs	Assessment	
		MTR	2012
building			
Comments: A legal framework on PPP and PPP evaluation tools (PPP standardized bidding documents, contracts, economic and financial analysis parameters, etc.) were produced and adopted for use by PIC by December 2010.			
Resident Expert on PIP to support and strengthen the PIP unit	Contract under Implementation, final approved report to be ready by end of June 2010	A	A
Comments: A resident advisor was contracted only in July 2011. There were however significant delays in recruiting the experts which also influenced the start of capacity building in the MINECOFIN PIP Unit.			

2.13.2 Performance during 2011/12

No specific activities were conducted since the MTR except the production and dissemination of brochures to inform the public on Public Investment Policy.

2.13.3 Cross-cutting issues

The relevance of this component as a result of its later addition to the strategy is unclear although it is relevant for the realisation of the EDPRS priorities. Lack of a situational analysis and justification to a large extent explains the output-oriented design of this component. There is lack of justification for its inclusion in the PFMR strategy and the component's objectives seems to be very much output oriented without clearly identifying the expected impact on the functioning of the PFM.

Delays in the recruitment of the expert has influenced the efficiency of the implementation of this component's activities and caused delays for the respective capacity building activities. Also the exposure visits and study tours included in the Work Plans were not undertaken; respective funds were reallocated to financing feasibility studies for priority projects.

2.13.4 Summary Assessment

A properly designed and functioning Public Investment Policy and Public Private Partnership framework is an important factor for the private sector development and eventually for economic growth. On the other hand, this is also crucial for the efficient and effective management of scarce public resources since, if not planned for properly, it can impose fiscal risk to the state budget. Unfortunately, the component seems to aim at only establishing the PIP and PPP framework but fails to make any links and incorporate it into the national budget and strategic framework as well as public accounts. While the planned activities and outputs were fully achieved, the limited scope of this component represents a missed opportunity in comprehensively addressing the PIP and PPPs.

Remaining challenges relate to the following main issues:

- Public Investment Program (PIP) – there is room to enhance the capacity to consistently apply the PIP assessment against the established framework and pursue and finance as prioritized in the development plans. The Government shall ensure that all structured financing explicitly indicates the corresponding cost and risks. When priority projects cannot be financed by grants or concessional financing, non-concessional loans could be considered, but only with the debt framework determined in the debt strategy.
- Public Private Partnerships (PPs) - All contingent liability arising from PPP shall be identified and correspondingly addressed in the Debt Management Policy and Strategy. The capacity to assess PPPs in line with the objectives set in the Public Investment Program will need to be

further improved particularly in respect to the application of the PPP framework drawn under the Public Investment Program and ultimately their administration.

2.14 Legislative oversight

In steps to embolden the role of Parliament in enhancing oversight and accountability for public spending, the Rwandan Parliament in April 2011, for the first time in its history, formed the Public Accounts Committee (PAC). The PAC seeks to strengthen accountability between different parts of government and between the state and its citizens.

Still in its infancy, the PAC is learning on how to carry out its oversight mandates. To begin with, they have been working closely with OAG to understand external audit work and how PAC could participate in making audit work more effective and ensure that the Executive implements the PAC recommendations.

The PAC already has a one person secretariat, which it shares with other committees of Parliament. To execute their duties effectively, PAC would need a strong Secretariat with the relevant skills to provide the committee with required technical support. The PAC would need to conduct a training needs assessment to establish the kind of support they need from their secretariat and the best model to deliver it effectively. The PAC may also need to prepare their own strategic plan on accountability during their term in office.

As part of capacity building initiative of this newly formed parliamentary committee, the PAC may need to pay visit to other PACs in neighbouring countries to learn how their colleagues conduct their oversight roles. After the study tours, the PAC could prepare their own working modality, to fit their environment and political set up.

3 Cross-cutting issues

3.1 Relevance, design and scope

The PFM Reform Strategy 2008-2012 was prepared largely as a reaction to the 2007 PEFA where the country had received a set of poor performance scores. A desire to improve those scores when the next PEFA was held was the driving force behind the Reform process. That reform process did not perhaps give enough attention to “service delivery”, but nonetheless when the next PEFA was held in 2010 the improvements in scores was impressive. Many steps forward had been taken including significant improvements in some service delivery areas. It is difficult, therefore, to conclude anything other than a high degree of Relevance was incorporated in the Reform Strategy.

The scope of the design was very wide and very ambitious. There were many changes during the course of the reform programme and the timetable was certainly an area where not too many activities were actually finished on time. Included in the design were two high risk options of developing major “in house” IT systems, the IMFIS (Integrated Financial Management Information System) and the IPPS (Payroll). The latter has appeared to have been a great success for GoR, but as indicated in this report there are some serious questions that remain unanswered. The IFMIS has been a much more difficult process, but has nevertheless produced positive results and given government PFM staff a “sight” of what the future will look like when an IFMIS functions effectively and efficiently. Although a decision has been taken to re-look at the GoR future user needs and functionality requirements, many benefits have already arisen. Indeed in hindsight we believe that the IT developments will be viewed as a “wise choice” in that GoR has been able to establish a strong computerised core of financial management information which puts them well placed to move to a COTS IFMIS, if that turns out to be the long term decision.

In conclusion we believe that the Design and Scope have to be judged favourably given that the majority of aims have been, or will be effectively delivered in the foreseeable future. To a certain extent the Reform Programme had a large slice of good luck along the way, because the planning, timetable, prioritisation and monitoring were not strong. However, the effort and endeavour displayed by the staff perhaps warranted some good luck.

3.2 Impact and sustainability

In this section we consider, on a component by component and pillar by pillar basis, the impacts that each has achieved, and identify any other benefits that had arisen, despite not being included in the original Reform Programme of Outputs or Key Activities. The report also considers the extent to which each component and pillar has reached a sustainable position and identifies which areas are likely to still require ongoing financial support.

3.2.1 Economic Management and Budgeting (Pillar 1)

Economic Management

There have been achievements made in the level of service provided in this area, but there remains scope for a greater level of improvement if GoR is to receive the quality of macroeconomic and fiscal framework services it requires to provide a sustainable overall budget ceiling. Impact has been small.

At this stage, therefore, there are doubts regarding the sustainability of the improvements made. Further development of this component is required, and attention must also be paid to staff capacity issues. Particular expertise is required in this component area and this aspect must be addressed.

Budget Formulation and Preparation

Progress has been made in enhancing the budget preparation process by aligning budget calendar and practices to EAC practices. Budget transparency and comprehensiveness have also been improved with the alignment of the budget classification and the chart of accounts (IMF GFS 2001 standard) and greater access to fiscal information for the public.

However, the MTEF process, Programme budgeting and Performance budgeting remain areas of considerable concern. The budget does not have a true long term perspective, and this aspect need a thorough review. The component cannot be considered sustainable as funding support will be required to rectify these critical deficiencies.

Public Investment Policy

A legal framework on PPP (Public Private Partnerships) and PPP evaluation tools were produced and adopted for use by PIP in December 2010. A Resident Advisor was also appointed in July 2011 to support the MINECOFIN PIP unit. This was the extent of the Component's objectives.

It is believed that this limited scope represents a missed opportunity and that for the investment to be effective and sustainable the following remaining challenges should be tackled:

- Public Investment Program (PIP) – there is room to enhance the capacity to consistently apply the PIP assessment against the established framework and pursue and finance as prioritized in the development plans. The Government shall ensure that all structured financing explicitly indicates the corresponding cost and risks.
- Public Private Partnerships (PPs) - All contingent liability arising from PPP shall be identified and correspondingly addressed in the Debt Management Policy and Strategy. The capacity to assess PPPs in line with the objectives set in the Public Investment Program will need to be further improved particularly in respect to the application of the PPP framework drawn under the Public Investment Program and ultimately their administration.

The government will need to decide whether to extend the scope in the next PFM reform strategy.

Intergovernmental Fiscal Relation

As previously indicated there have been a number of activities in this component, most of them implemented successfully but the level of PFM impact so far has been restricted to District Authorities. Progress has been made at District level, largely because of the IT links established with IFMIS, despite these having endured many operational problems. Nonetheless PFM has improved within the District Authorities and they have certainly welcomed the computerised financial information that they now receive. Stage II of the Reform Process will enable the Districts to continue to improve. However, for subsidiary entities (Hospitals, Health Centres & Schools) Sectors Cells there have been no real improvements in the quality of PFM arising out of the Reform Programme. MINECOFIN are aware of the weaknesses in this area and these must be addressed as part of the Stage II Reform Programme.

In effect, therefore, there is little in the way of achievements to sustain. Instead a significant volume of work is envisaged in the next 5 years. The first step will be to enable the SN entities below District level to actually receive FMI about their budget allocation and budget execution costs. This is largely an IT based project that must be developed in conjunction with the new IFMIS. Ultimately the allocation of discretionary PFM responsibilities to the Subsidiary Units will be a long term aim. However, such a change will not be easily made, given the capacity building and PFM skills base that will be required. At this point in time this option is considered a long term aim, rather than an achievable proposition.

Domestic Revenue Generation

The improvement in Domestic Revenue Generation represents a success story for the GoR. The RRA has been well supported by the PFMR and other Donor funding and has made consistent progress throughout the Reform period. Many achievements are pointed out in this report.

To a large extent the RRA has reached a sustainable position and could feasibly survive and prosper without further funding. However, it is an organisation that has become accustomed to securing development resources on an ongoing basis. It is similar to the OAG in this respect. It is suspected, therefore, that development projects proposals will be forthcoming from the RRA, and they will seek additional funding in the next Reform strategy.

Synthesis

The following is a synthesis of the achievement of the strategic objectives of this pillar:

- Make Budget more realistic: The Annual Budget is now a more realistic and consistent financial plan.
- Reduce the extent of unreported Government Operation: Progress has been made in reducing the extent of unreported government operations. There remains scope to further improve, particularly in the area of unreported Donor funding.
- Enhance the Multi-year perspective in Fiscal Planning and Budgeting: Although an MTEF is produced and Programme Budgeting and performance budgeting has been introduced, they are not effectively implemented to give a multi-year perspective. Significant improvement is required.
- Increase comprehensiveness of Government Documentation: There have been notable improvements in the comprehensive of government documentation, but there are still weaknesses in the area of “budget execution” documentation and the timeliness of data production
- Raise Public access to key Fiscal information: Transparency is much improved through the use of government web sites. Transparency for the private sector has also improved with, for instance, the RPPA web site on procurement tenders and contracts awarded

3.2.2 Financial management and Reporting (Pillar 2)

Accounting and Reporting

In terms of the Key Strategic objectives to Strengthen Internal control, improve capacity and strengthen PFM in MDA’s and in SN units it has to be said that the results are disappointing. In reality those Strategic objectives were set far too high. The logistics difficulties faced made the targets impossible to achieve. Firstly success was dependent upon a smooth and timely implementation of IFMIS. This has not happened. Secondly not enough detailed consideration had been given to how PFM management financial information could be provided at SN levels below District level. Only now, as preparation for the Stage II Reform programme, is this aspect being considered in detail. Thirdly capacity levels and other human resource issues have been far more difficult to resolve than initially anticipated.

Unfortunately the other Key Strategic objectives have also failed to produce significant results. The ICPAR investment will no doubt benefit Financial Management throughout the private sector, as will the ACCA courses provided by CBS. The benefit to the Public Sector, however, is virtually non-existent. The strategy for producing qualified accountants and accounting technicians needs to be re-considered. Finally there has been no progress on accounting for fixed assets.

Despite the disappointment, it would be unfair to say that there has been no impact. The reporting which has been achieved from IFMIS has been gratefully received and welcomed by PFM staff in MDA's and Districts. It has created an environment of expectation which augers well for the future. PFM Staff in 100 Agencies have become familiar with data entry procedures and receiving and processing IT generated reports. A set of consolidated accounts has been produced within 3 months in 2011/12.The experience gained will stand those organisations in good stead for the next steps forward. Finally there is a substantial benefit for society as a whole in respect of the increase in financial qualified staff, as a result of the CBS and ICPAR public investments from the Reform programme.

In terms of Sustainability the gains to be sustained are few. The work remaining to be completed is significant. The expectation must be there will be a requirement for significant financial support to complete the original strategic objectives. In particular the desire to take financial management information to the SN levels below District will in itself be a major project, and will be dependent on whatever IT solution is decided upon for providing these units with financial management information. Decisions on Accountancy qualifications will also have to be taken.

Treasury Management

The Treasury Component represents a success story. There have been notable achievements in Debt Management, where DFMAS software has been introduced and in establishing the Single Treasury Account arrangements. Bank Reconciliation procedures have been improved and Cash flow management arrangements have been developed. These centrally controlled arrangements have undoubtedly improved the Effectiveness and Efficiency of Financial management at the centre of government.

The newly established GPU also represents a significant step forward, addressing a previous weakness in GoR in identifying fiscal risk.

There is scope for improvements in both the Treasury Management and Fiscal Risk areas, although the improvement may best be developed once there are revised IFMIS arrangements in place. However, those improvements should not require any major investment. This component should now be sustainable without the need for additional funding.

IFMIS/Smart Gov Implementation

The IFMIS/SmartGov Implementation project could possibly be described as poorly conceived, to the extent that it was too ambitious in its plan to convert existing systems to a full IFMIS within too short a space of time. However, the project has been sustained by the endeavour and enthusiastic effort of a committed Project implementation team. There is no doubting the commitment. Any team that can implement a new Chart of Accounts in only 6 months has demonstrated both their commitment and technical capacity. A decision has now been made to stabilise the current systems whilst the "planning" aspects are re-visited, so that the long term functionality and user needs of a GoR IFMIS are determined.

An assessment of the "Impact" is difficult, but nonetheless there are positives benefits and achievements arising and we would see these as follows:

- The staff in MINECOFIN are in no doubt that an IFMIS represents the tool that is required;

- Those same staff have developed a significant depth of experience on the implementation of an IFMIS;
- The staff in the 100 Agencies linked to Smart/Gov IFMIS have welcomed and embraced the new IT environment;
- There is already a strong base of Financial Management information;
- The political will to extent the decentralisation process to SN units below District level is very strong;
- There is also a determination from Key Stakeholders not to make the mistakes made in the Stage I Reform process.

Sustainability is unfortunately not such a straightforward issue. There are two possible routes forward: An enhanced SmartGov/IFMIS or a replacement COTS. Whichever option is chosen there will be substantial costs arising in the Reform Process Stage II and Funding support will be a necessity. Although there is an accumulated base of experienced staff available, the cost arising will be similar to those arising on a new IFMIS project. It is also probable that with a COTS solution it will mean that the majority of "users" will have to undertake new training programmes.

IPPS Implementation

The new Payroll systems still has the capacity to represent another success story for GoR. Salary payments represent a very significant percentage of the government's expenditure. To have secure, computerised facilities to control and account for this area of expenditure is a major achievement. The links to the National Identity Reference service should ensure that the problem of "ghost" workers will not surface in Rwanda again. The impact so far has been considerable, and there is a high user satisfaction rate. Unfortunately the critical report produced by Red Centre consultants in December 2011 has not been openly addressed. The government must rectify this problem as a matter of urgency, and the evaluation team are suggesting an independent review to clarify the validity of the technical criticisms which have been made. Until such an independent report is available it is difficult to make any assessment of the technical and financial sustainability of this component.

In sustainability terms the IPPS did not require any planned developments in 2011/12, or indeed any Basket funding throughout its development, and should not, logically, require any further additional funding. It should be able to function within its recurrent budget.

Synthesis

The following is a synthesis of the achievement of the strategic objectives of this pillar:
- Provide timely, comprehensive and high quality "in year" budget reports: To the extent that organisations have direct links to IFMIS significant improvements have been made. However, not all organisations have direct links and IFMIS is now unlikely to be fully operational until 2017. A "sight" of what the future offers has been provided, but it remains tantalisingly on the distant horizon.
- Enhance effectiveness of internal control for non-salary expenditure: Again the purchase order process introduced in IFMIS offers far more effective internal controls for non-salary expenditure. This control needs to be applied throughout the public sector, including in the local government sub entities operating below Districts.
- Enhance quality and timeliness of Annual Financial statements: Consolidated Government accounts were produced within 3 months for 2011/12. However, consistency will depend upon an operational effective IFMIS. It will also depend upon the accounts reflecting actual expenditures for sub entities below District level, and not recording "central government transfers" as expenditure.

- Improve information on resources received by service delivery units: Through IFMIS considerable improvements have been made for MDAs and Districts in terms of the FMI they receive. The improvement has been very welcomed by these organisations, and they view IFMIS as a success. However, no progress has been made for Sectors, Cells and Education and Health units operating below Districts. Bringing FMI to those organisations is a major focus of the next 5 year PFM Reform process. It will in itself be a major project.
- Improve monitoring of expenditure payment arrears and reduce the stock: It is considered that the information produced on expenditure arrears is now satisfactory the only improvement required is to include an age analysis for the expenditure arrears.
- Enhance effectiveness of Payroll controls: The IPPS is fully operational and already covers the vast majority of government employees. The effectiveness of the controls has been questioned by the OAG report of January 2012, and further operational testing should be undertaken on an ongoing basis to "prove" the efficiency of the new systems.
- Improve monitoring of Public Enterprises (PEs) and Autonomous Government Agencies (AGAs): The introduction of the GPU is a major step forward in the monitoring of Public Enterprises and controlling the fiscal risk that they may present to the public sector. The unit is in its infancy and its effectiveness & efficiency should be tested when the next PEFA exercise is undertaken.

3.2.3 Public Procurement (Pillar 3)

The decentralised public procurement arrangements have been welcomed by the majority of public sector organisations, as a major improvement in the service. The RPPA has quickly adopted to its new role of control and monitoring, and all the statistics show that steady improvement has been made in compliance standards and in dealing with a growing number of public complaints, which suggests that transparency of the service is also much higher. Training of Procurement officer has received significant attention, and so has the training of members of the Independent Review Panels. The impact of the changed procedures has been considerable and augurs well for the future of the service.

In sustainability terms there is one significant area of concern. There are no qualified or certified procurement officers working in the public sector. Radical steps are in hand to rectify this position, but the government is already aware of how difficult that process is proving for financial qualifications. Further funding and other solutions may be necessary in the future.

Synthesis

The following is a synthesis of the achievement of the strategic objectives of this pillar:

- Enhance efficiency of procurement and achieve Value for Money: The operational changes that have seen procurement services decentralised to MDAs and Districts is viewed by the organisation and their staff as a great success. Transparency of the new service has been improved, as evidenced by the increased numbers of public complaints, and by the RPPA web site that provides details of tenders issued and contracts awarded. There are currently capacity and workload issues for staff, so there remains scope for some further improvement.

3.2.4 Budget Execution Oversight (Pillar 4)

Internal Audit

As indicated earlier in this report the Internal Audit component was probably the last in the Reform Programme to gain momentum and did not really start until 2010/11. An internal audit service has been established in all government institutions. Audit Committees have also be established in most institutions but not all at this point in time. An extensive training programme has been also put in place, but so far no qualified staff have been produced. Compared with External Audit the profile of Internal Audit remains very low and the impact that the service has achieved has been minimal.

To produce an effective and efficient internal audit service we have suggested that a major review of the current structure and organisation is required. The service currently provided is poor and there are few achievements to sustain. A major review should logical bring a fresh approach to the organisation and approach to service delivery. This will require funding support and sustainability costs which are likely to run throughout the next 5 year reform programme. Internal Audit is one of the identified priorities for the future.

External Audit

External audit is a well organised unit which has achieved the majority of its Reform Programme aims. It has also managed to raise significantly the importance of audit to "Accounting Officers" in MDAs and SN organisations. The fact that Accounting Officers now have the achievement of a "clean audit" as part of their Performance Contract will no doubt reinforce the audit profile. The Impact of External Audit has been high and beneficial for the government. The one area of concern has been the difficulty in securing more qualified accountants.

By the end of the current fiscal year it is expected that a new Audit Law will be enacted. Once this is law there are plans to prepare new audit regulations, design a new structure, and prepare a new HR policies manual. This process should further strengthen the independence of external audit. On the basis of what has been achieved it is possible to assume that the service could now be considered sustainability. However, we suspect that once the Audit Bill has been approved, the OAG are likely to bring forward a raft of proposals to further improve the service, particularly in the area of securing and retaining qualified accountants. We expect, therefore, to see funding requests from the OAG in the next 5 year reform programme.

Synthesis

The following is a synthesis of the achievement of the strategic objectives of this pillar:

- Improve efficiency of Internal Audits: Although the Internal audit service has been extended throughout government and Audit Committees are being introduced ultimately to all organisations, the impact of IA has been disappointing. This is an area that has failed, not necessarily because of effort and endeavour but, we believe, because the organisational structure is not conducive to the delivery of efficient IA services, nor is it conducive to providing suitable career opportunities for qualified staff.
- Improve the quality and scope of external audits: In External Audit considerable improvement strides forward have been taken over the Reform period and the OAG has greatly enhanced the reputation and standing of the audit service. The service has expanded into specialist areas such as VFM and systems audit, and recognises the need to develop IT and procurement audit skills. The production and retention of qualified accountants has proved difficult and if such problems can be solved, it is expected that the scope to further specialise will become available.

PFM Reform Coordination Secretariat

There has been a well-established PFMR Secretariat, which was approved by all key Stakeholders and has successfully organised and managed the reform programme throughout the whole period. The general success of the Reform Strategy demonstrates that the organisation and administration must have worked well. The impact will not have been noticed, it would, however, have been noticed if it had performed badly. Unfortunately there have been indications of some tensions in the last year, with key meetings sometimes missing the attendance of key stakeholders, and papers not being distributed on time. Perhaps there was a feeling that the Reform programme was nearly finished and other work was regarded as more important. However, we believe that the failure to fill two posts (M&E and communications) within the Secretariat was one of the root causes of the difficulties. This has certainly placed an increased workload on the remaining staff, particularly the PFMR Coordinator.

One significant concern has arisen since out field visit and that is in relation to the IPPS Component. A report was issued by Red Centre Consultants on 11 December 2011 and this report was extremely critical of the IPPS design and implementation process. Indeed it questioned whether this model "was a model suitable, sustainable and reliable for the purposes for which it was chosen". This report, and the response to the report, written by the IPPS Implementation team did not go to the Steering Committee for consideration. Neither did a critical OAG operational audit report. Unfortunately this raises serious questions on whether the key Stakeholders were receiving all the relevant information that they should have been receiving.

The Reform Strategy Stage II will need a professional Secretariat, which should be fully staffed given that the administration and organisation is likely to be somewhat more complicated than in Stage I. This is because of the focus in Stage II on bringing FMI down to the lowest level of SN units (Schools, Health Centres, etc.) and also because the government should be giving greater transparency and publicity to the successes of the reform programme(s). In sustainability terms, therefore, appropriate funding must be in place if PFM Reform is to continue to be taken forward.

3.3 Implementation Framework

3.3.1 Organisation and Management

The PFM reform strategy sets out an institutional framework and corresponding arrangements for the implementation of the PFM Reform Strategy which envisages that the oversight for the implementation of the PFMR strategy will be provided by the PFM Reform Steering Committee; the PFM Reform Technical Committee supported by Component Working Groups, and the PFM Reform Secretariat which should be accountable to Permanent Secretary of the MINECOFIN.

The choice for this set up is based on a number of principles including avoiding parallel management structures; recognizing the comprehensiveness of the PFM reforms and the need to address inter-component linkages; facilitating a direct participation at the highest levels of Government; and promoting direct engagement of development partners (DPs) to achieve sustained support.

The Operations Manual for Public Financial Management (PFM) Reform Basket Fund details further the specific arrangements for the implementation of the PFMR strategy, and clarifies particularly the roles and responsibilities of the GoR, DPs and key stakeholders. The manual became effective as of January 2010.

The implementation framework which is established in the PFM reform strategy is well-designed and entails sufficient level of details. In practice, most of the proposed arrangements were implemented as planned although their efficiency and effectiveness in terms of responding to the above mentioned principles was not necessarily optimal.

The *Steering Committee* has met on a regular basis and has carried out to a large extent its proposed functions including monitoring the progress, providing guidance to the PFM reform Secretariat and facilitating the policy dialogues with the DPs. Nevertheless, the SCM focused mainly on issues related to basket funding and to a lesser extent to the core of their business which is take decision on conceptual issues and provide overall guidance of all PFM related reforms including on issues which are not necessarily funded through the basket fund (i.e. IPPS, Fiscal Decentralisation etc.). The Steering Committee Meetings (SCM) however were in some cases delayed and not at all times chaired by the PS of MINECOFIN. At the beginning of the programme the SCM were attended by most of the entitled stakeholders. However, with the evolving of the implementation, the participation became limited to a core group of stakeholders which was not wholly representative. Also, while the established framework envisaged for the participation of the civil society and private sector, there were no representatives from outside the government except the DPs. Also the supporting documents for the Steering Committee meetings were often distributed at the last moment leaving no time for the participant to review them in advance of the meeting.

The *Technical Committee* was envisaged to meet on a monthly basis and serve as a forum for coordinating reform activities between components being supported by Component Working Groups. In practice, however, these two arrangements proved to become redundant as result of the extent of the overlapping issues which were discussed at both forums. Also due to hiccups at the beginning of the process many activities were postponed, a fact which led that some of the components became too big in terms of their activities and budget, as well as their management towards the end. With the evolving of the PFM reform implementation the activities of the Technical Group were taken over by Component Working Groups. The functioning of the Working Groups varies across components, the most active being the ones on IFMIS and RRA. While the PFM reforms strategy clearly established all stakeholders involved in a particular component, not all stakeholders were involved in the corresponding working groups. The management and the monitoring of the implementation of activities was largely restricted to the component leader. The minutes of the Technical Committee meetings and later the Working Groups were not transmitted to the Steering Committee meetings.

The efficiency and effectiveness of the *PFM Reform Secretariat* has been coloured by a number of factors. Most importantly from the launch of the strategy and through its implementation the PFM reform secretariat had limited capacity to adequately fulfil its mandate. The recruitment of the planned 5 staff was delayed. The PFM Reform Secretariat was fully staffed (except the Information and Communication position) only by spring 2011. The initial set up of the Secretariat envisaged for an Information and Communication expert. This was however dropped and the position was never fulfilled. Given the important role of awareness raising and dissemination for assuring the success of PFM reforms, the latter presents a big missed opportunity in raising public awareness about PFM reforms and consequently getting the required buy-in (see the discussion below). The establishment of the PFM Basket Fund in 2010 has increased the number of activities to be undertaken. With all activities being carried through a procurement process, it became apparent that one procurement specialist is not sufficient to properly handle all procurements in an efficient and timely manner. While this issue was put on the agenda it has not yet yielded any results.

Another factor that affected the efficiency and effectiveness of the strategy implementation was the departure of the M&E specialist in April 2011 which has further stretched the already limited capacity of the Secretariat. With the departure of the M&E specialist the PFM reform coordinator had to assume also the responsibility for M&E activities. The recruitment of a new M&E specialist is ongoing and is expected to be finalised soon. The capacity constraints influenced to a large extent the effectiveness of the Secretariat. It seems they became a “machine” for producing various performance reports i.e. monthly, quarterly, bi-annual, annual and other special reports for the SCMs, TCM, Joint Reviews etc., which in many cases were overlapping in terms of information they contain, but were necessary to comply to the existing agreements. This in turn shifted the focus from adequate coordination and monitoring of reforms at a higher level to a micro-management of reforms limited to reporting on status of implementation of activities and utilisation of financial resources.

All the above-enumerated factors influenced to a different extent the efficiency and effectiveness of the implementation mechanism and may reflect either the inadequacy of the established implementation mechanism, or the gradual loss of momentum for (high-level) commitment to PFM reforms. Whatever the true reason may be, this suggests that the current mechanism may need to be reinvigorated in order to maintain the strategic position of the Steering Committee and Reform secretariat as well as to retain a holistic perspective in the overall PFM reform implementation.

3.3.2 Communication and awareness

Many of the reform measures included in the strategy (e.g. new Chart of Accounts, new internal audit methods, sector planning and medium term budgeting, rolling out of IFMIS and IPPS etc.) have implications for a broad range of stakeholders both horizontally onto line ministries, as well as vertically onto agencies, provinces, districts and subsidiary entities. Experience in various countries demonstrates that development and dissemination of manuals and guidelines while necessary is not sufficient for securing the buy-in for reforms and ultimately achieve intended effects. Given that reforms may affect the current practice of many stakeholders, it requires adequate attention to overcome resistance to change and create the necessary buy-in and ownership of reforms. For broader accountability purpose it is also necessary to raise awareness amongst politicians and the general public.

The PFMR strategy pays no specific attention to raising awareness of the PFM reforms and communication. No Communication Strategy was developed later as the implementation advanced, and little dissemination activities took place. In fact the dissemination of the implementation of the reform strategy is limited to the stakeholders which were directly involved in the PFMR strategy implementation process through minutes of the meetings, Action Plans and Strategies. Through the MINECOFIN website the public has access to the PFM reform strategy and selected progress reports i.e. Joint Reviews, MTR etc. The GoR does not prepare any newsletters or brief success stories, which besides being informative and accessible to the public, could have also maintained the momentum for reforms. Finally, the only envisaged element for awareness raising and dissemination, through the Information and Communication specialist which was supposed to be part of the PFM reform secretariat was dropped for unclear reasons.

It is recommended that the next strategy pays due attention to communication and awareness rising of the PFM reform strategy. This can be done by adequately incorporating sensitisation in public and political awareness raising campaigns, broader engagement and consultation with stakeholders within and outside the government, and ensuring access to and publication of key materials on internet and through other media.

3.3.3 Monitoring and Evaluation

A well designed and functioning mechanism for Monitoring and Evaluation (M&E) of the PFM reform strategy is one of the major factors for its successful implementation. The PFM reform strategy however does not clearly establish a M&E framework. The strategy document underlines only that the monitoring of the PFM reform strategy will be undertaken on the basis of the Common Performance Assessment Framework (CPAF) for the PFM within the EDPRS 2008-2012, and the PEFA performance Measurement Framework. The strategy envisaged that the M&E framework will be designed specifically to feed into the Government wide national EDPRS M&E framework.

Nevertheless, the CPAF and PEFA framework indicators are not explicitly linked to the activities defined in the PFM reform strategy. So while there is continuous monitoring and reporting against the PFM reform strategy logframe, CPAF and PEFA framework, these do not inform each other. The current mechanism does not allow judgement on the extent to which the reform activities defined in the PFM reforms strategy contribute to progress against the CPAF and PEFA indicators and targets. One of the main reasons is that performance of the PFM reform strategy is measured against inputs and outputs which does not properly feed information on their effectiveness, benefits and potentially impact. Further, reporting on the implementation of the PFM reforms strategy reflects only activities funded mainly through the Basket Fund arrangement. It does not address all reform measures carried out by implementation institutions/components and therefore does not provide a full appreciation of the progress of all reforms. This leads to an incomplete monitoring of overall progress and gives an incomplete picture of reforms.

That is not strange given that the PFM reform strategy identifies the weaknesses based on the PEFA assessment, but generally fails to translate these weaknesses in concrete activities and concrete performance indicators and targets. Above that, a consistent baseline against which the performance shall be measured is also missing in the strategy. These deficiencies in the design of the strategy to a large extent influenced the efficiency and effectiveness of the monitoring mechanism.

3.4 Human Resource Capacity

The PFM reform strategy recognises the importance of skilled and professional staff for PFM. However, the strategy is designed in a way that it leaves the management of the human resource capacity building to individual components, arguing that the magnitude and requirements for human resource varies across components. Leaving the management of capacity building activities to individual components may result in inconsistent approaches across components, but most importantly inefficiencies in implementation. Above that, human resources capacity is more than just training and skills development as reflected in the strategy. It incorporates also such elements as buy-in and commitment, leadership, incentive framework, change management etc. which deserve adequate place in the strategy.

Ownership, buy-in and incentives framework

Unlike many other countries, one of the major factors that guaranteed the success of the PFM reform implementation in Rwanda is the ownership and commitment to reforms at high political level as well as at senior management level. Besides that, there is generally strong buy-in for reforms at lower level, both horizontal and vertical, often despite full appreciation and understanding of reform measures. The low level of corruption in Rwanda combined with this level of leadership reflects the relatively strong relationship between the Development Partners and government on PFM issues.

Although reforms may not have been originally designed by government, there is a high level of government buy-in. At the beginning the implementation of the PFMR Strategy was driven by external advisers who had high expectations and loads of energy to drive reforms. On the other hand, in the beginning the GoR did not have clear vision and expectations of the road ahead of them. They could barely imagine the full magnitude of implications the proposed reforms and their pace would have on the PFM practices and people. Also, at the beginning of the road there was no capacity to properly think through and develop Work Plans. Over time, however, the understanding and appreciation of reforms and their implications increased. The interaction with advisors also increased the capacity of the reform leaders. With the advancing of reforms implementation, also the capacity across all components improved significantly. A brief review of the quality of Action Plans over year reflects this improvement. One of the main benefits of the PFM reform implementation is the improved awareness at the senior-management level and increased leadership in designing reforms.

The GoR adopted a performance management system in 2006. The performance of civil servants is evaluated annually and performance bonus is paid based on performance. It is beyond the scope of this evaluation to assess the effectiveness and impact of this performance management system on the function of the PFM. It is also not clear to what extent performance contracts include measures related to implementation of PFM reforms although there are indications that some performance contacts include direct measures linked to PFM reforms.

Capacity Development

The PFM reform strategy places great emphasis on capacity building activities under individual components, particularly on various forms of training activities and development of specific training institutions. However, it fails to address other elements of capacity building which are, equally, if not even more important. This is a major omission in the design of the PFM reform strategy especially when taking into account the capacity challenges which are persistent across all components, at all levels from central government to districts, provinces and subsidiary entities, as well as the impact it has on the quality of public financial management and subsequently the level of service delivery. Capacity challenges reflect the lack of qualified skills; lack of staff; predominance of young staff i.e. fresh graduates with no practical experience; high turnover of staff in the public sector; low salaries; cultural norms and values; lack of an adequate feedback mechanism in respect to capacity development activities etc.

There is no overall PFM capacity development strategy which informs the capacity development activities in the PFM reforms strategy. A capacity building needs assessment was carried out in 2005 for accountants and auditors in central government. As response to the Decentralisation Policy, the focus of capacity building is increasingly at the district level. As part of the National Decentralisation Implementation Plan, a District Capacity Needs Assessments (CBNA) and Capacity Building Plans were developed in 2009. Capacity development activities are supported mainly through the Public Sector Capacity Building Programme (PSCBP), but also through other sources including the basket fund.

The effectiveness of the training along with its benefits to the participants and their further application in practice is beyond the scope of the current evaluation and therefore no judgement is possible. However various interviewees suggested that the trainings did not necessarily deliver desired benefits. There seem to be a lack of feedback from the participants on the usefulness of the training courses and consequently on the application of the accumulated knowledge and skills in practice. This can be partly explained by cultural factors as well as by the lack of adequate feedback mechanism.

The sustainability of the capacity development efforts depends to a large extent on the sustainability of the available funding. Exit strategies are currently non-existent or insufficiently built in the current initiatives. The sustainability of capacity development efforts is further adversely affected by the current problems with retention of staff after they have been trained, the flat pay structure and limited career opportunities in the government structures.

The capacity challenges are slowly being addressed by ensuring that adequate human resources are availed to all Government entities, undertaking institutional restructuring and by carrying out continuous capacity building programs such as professional ACCA training, on-the-job training/coaching, regular reinforcement training workshops and the imminent setting up of professional training programs for procurement professionals via a twinning arrangement with SFB.

Pay and Retention policy has been on the government agenda for a while and only in January 2012 a new Pay and Retention Policy was approved by the government. Since July 2012 the allowance increased by 30 percent and prior to participating in a training, staff need to sign a contract with the public sector so that in case someone opts to leave public for private sector, he/she shall reimburse the costs of the training. This may or not serve as an incentive for the staff to remain with the public sector, and potentially may contribute to increasing the sustainability of the provided training. While it is a small step in improving the staff incentives to stay with the public sector it will not solve the issue of the high turnover of staff particularly for MINECOFIN which has already introduced some preferential pay scales. Therefore, future consideration should be to enhance retention of the staff in the PFM area.

The next PFM reform strategy should aim at moving away from considering capacity building merely as transfer of skills and equipment towards a more holistic perspective. It shall also pay more attention to adequately linking its capacity development efforts with other capacity development initiatives, an element which is omitted in the current strategy.

Change management

The PFM reform strategy does not address the need for an overall change management strategy for the PFM reforms. Given the ambitious scope and timing of the reforms package, and the dynamics of numerous changes, this is one of the major omissions. Without a clearly defined change management strategy the implementation of the PFM reforms in terms of their effectiveness and sustainability can be affected unfavourably.

3.5 Efficiency and effectiveness of the funding mechanism

The efficiency of the funding mechanism and corresponding implementation arrangements characterise to a large extent the efficiency and effectiveness of the implementation of reform measures. A large part of the public spending is financed through development aid. Most of the PFM reform measures are supported by external aid, too. The government budget does not include a budget line or programme dedicated specifically to PFM reforms. Nevertheless, even if indirectly, it contributes financially through taking the responsibility for some of the recurrent costs particularly associated with the salaries of the involved staff (e.g. since 2012 the salary of the PFM Reform Coordinator is paid for by the GoR).

The main funding mechanisms used for the implementation of the PFM Reform Strategy is basket funding, which is regulated by the Memorandum of Understanding (MoU) signed between the GoR and the signatory development partners namely WB, DFID, KfW, EC and SIDA. The MoU outlines the basic principles, terms, roles and responsibilities for the GoR and the contributing Development Partners (DPs). The detailed institutional, administrative, financial management, procurement, monitoring and evaluation arrangements for the PFM Basket Fund are outlined in the Operations Manual. The Basket Fund arrangement and its Operations Manual became effective as of January 2010. The pooled funding is managed by the PFMR Secretariat.

An overview of other sources of funding of the implementation of the PFM reform strategy is presented in the table below. These include:

- the Multi-Donor Trust Fund (MDTF) - Grant provided for by the European Union and the UK Department for International Development (DfID) and administered by the World Bank, expired in 2010 but extended to the end of 2011;
- the Public Sector Capacity Building Project (PSCBP) - Grant from the World Bank, expired in December 2011;
- direct support provided by development partners which is managed in line with the bilateral agreements.

Table 3.1 Overview of funding arrangements for implementation of the PFM Reform Strategy

	Start	End	DPs	Budget US $	Actual contributions US $ as of 30 .06.2012
Multi Donor Trust Fund (MDTF) for PFM reforms	01.01.09	30.10.10	EC and DFID contribution, administered by the WB	3,962,093	3,751,520
Public Sector Capacity Building Project (PSCBP)	08.02.10	31.12.11	WB	5,245,000	5,245,000
PFM Reform Basket Fund	08.02.10	30.06.13	KFW, DFID, SIDA, WB, EC	6,184,632	15,679,424

Source: PFMR Secretariat, PFM JSPR 2009/10.

The table below gives an overview of funds received in the PFM basket fund.

Table 3.2 Funds received in PFM basket Fund (US$)

Disbursement by Donors	2009/2010	2010/2011	2011/2012	Total
KFW	788,528	788,528	1,573,200	3,150,255
DFID	288,184	2,489,557	2,201,000	4,978,741
SIDA	1,000,767	1,000,767	1,000,760	3,002,294
EC	0	1,169,027	1,200,000	2,369,027
Transfer from MDTF-DFID portion of remaining balance	0	0	179,107	179,107
World Bank-PSCBP Contribution	0	0	1,000,000	1,000,000
Unutilized budget in previous year	0	0	1,000,000	1,000,000
GIZ Contribution	0	0	0	0
Total	2,077,478	5,447,879	8,154,067	15,679,424

Source: PFMR Secretariat – Quarterly Progress Reports.

Given the delays in operationalizing the Basket Fund, the reform measures of the PFM reform strategy were initially funded through the MDTF and PSCBP. There is no complete picture on the total value of funds which were directed towards the implementation of PFM reforms since the launch of the PFM reform strategy. The amount reported in the progress reports prepared by the PFMR secretariat is only a portion of all funds. It includes only the support mobilised through he basket fund, and partially the MDTF and PSCBP. It does not however reflect the government contribution and the contributions through bilateral funding. This fact is a clear reflection of the fact that the PFM Reform Strategy is associated with an additional source of funding rather than seen as a comprehensive and holistic strategy which is guiding the overall PFM reform efforts.

The PFMR strategy envisaged also the establishment of a dedicated fund to support reform measures of the Office of the Auditor General. The establishment of this Fund did not happen until 2012. The severe delays in the establishment of this Fund were due to difficulties in operationalizing it while maintaining the independence of the OAG. As a transition solution, a temporary bank account was opened to facilitate the transfer of funds and ensure their accessibility and independence of the OAG. The OAG Fund is overseen by the Joint Coordination Committee. So while the delays in the establishment of the OAG Fund had implications on the efficiency of the reform activities undertaken by the OAG, it did not significantly affect their effectiveness since funding was also mobilised from other sources. For example, the OAG received Dutch support US$ 375,000 in November 2011 as contribution to the OAG Strategic Plan 2011-2016, through a delegated cooperation agreement with DFID.

The delays in establishing the PFM Basket Fund, on the other hand, had adversely affected both the efficiency and effectiveness of the implementation of the reform activities envisaged in the PFMR Reform Strategy. On several occasions due to financing gaps some activities approved in the Annual Work Plans were deferred until funds became available (e.g. implementation of risk management software; remote connectivity to new regional offices etc.).

The yearly planning and budgeting process for the implementation of the PFM reform strategy and corresponding mobilisation of funds did not experience severe difficulties. The procedures for approval and implementation of the WPs are clear and were largely respected. Consequently budget estimates were made available generally as envisaged, thee months prior to the start of the FY. No difficulties were experienced in respect to the disbursements of funds and their timeliness, once the WPs were approved and donor funds committed.

Utilisation of funds

The PFMR Strategy includes a cost estimate for the implementation of the strategy which was calculated on the basis of detailed strategies and activities. The total value was estimated at approximately US $ 30 million over the five years. The table below gives an overview of the disbursed funds to individual components against the estimated costs in the PFM reform strategy. Given that a number of activities continue to be supported outside the basket funding this amount is an underestimation. Nevertheless, even when accommodating for this fact the utilisation of funds appears to be much lower than expected which implies that reform opportunities might have been missed.

Table 3.3 Overview of estimated costs and actual disbursements

Pillars and components	Total Estimated $'000	Disbursed $'000 as of 30.06.12	Disbursed as % of estimated
Pillar 1: Economic Management and Budgeting	8,428	5,176	61
C1: Economic Management	1,948	1,849	95
C2: Budget Formulation & Preparation	1,215	121	10
C3: Intergovernmental Fiscal Relations	1,517	828	55
C4: Domestic Revenue Generation	3,748	2,378	63
Pillar 2: Financial Management & Reporting	11,938	5,865	49
C5: Public Accounting & Reporting	5,301	2,287	43
C6: Treasury Management	600	577	96
C7: IFMIS/SmartGov Implementation	4,300	3,001	70
C8: IPPS Implementation	1,737	0	0

Pillars and components		Total Estimated $'000	Disbursed $'000 as of 30.06.12	Disbursed as % of estimated
Pillar 3: Public Procurement		3,221	633	20
C9: Public Procurement		3,221	633	20
Pillar 4: Budget Execution Oversight		4,299	850	20
C10: Internal Audit		1,891	405	21
C11: External Audit		2,408	445	18
Sub-total for all Pillars		27,886	12,523	45
C12: PFM Secretariat - Coordination		2,000	543	27
C13: Public Investment Policy[2]		-	-	-
Grand Total		29,886	13,067	44
Contributions:	MDTF	4,004	3,752	94
	Basket Fund	10,408	15,679	151
	PSCBP	5,245	5,245	100

Source: PFM Reform Strategy, August 2008; PFMR Secretariat – Quarterly Progress Reports.

Given that PFM reform activities were also financed through bilateral funding outside the basket fund, this table should be interpreted with care. The assessment of the achievement of planned outputs suggests that most of planned activities were implemented and corresponding results realised. The relatively low level of disbursements against estimates of the PFM reform strategy does not necessarily reflect, in all cases, a low absorption capacity of funds. This is mainly because in many cases reform activities were implemented with funding outside the basket fund which is not included in the reporting on PFM reform strategy implementation. On the contrary, the high level of disbursement against estimates suggests that the reform activities within the corresponding components were implemented merely with basket funds assistance.

The table below provides a better picture of the dynamics of the use of basket funds of individual components over time. As it can be seen, while the absorption of funds was very low at the launch of the basket fund, it became optimal towards the end of the last year of the PFM reform strategy implementation.

Table 3.4 The dynamics of utilisation of Basket Funds

	FY 2010			FY 2010/2011			FY 2011/2012		
$ '000	Planned	Actual	%	Planned	Actual	%	Planned	Actual	%
C 1[3]	2,095	101	5	1,425	828	58	934	920	99
C2	403	0	0	203	22	11	111	100	90
C3	475	0	0	420	214	51	614	614	100
C4	0	0	0	794	777	98	1,601	1,601	100
C5	2,562	0	0	1,114	621	56	1,723	1,666	97
C6	0	24	-	0	250	-	315	302	96
C7	899	0	0	899	972	10	2,232	2,029	91
C8	0	0	0	0	0	0	0	0	0
C9	353	0	0	92	92	10	617	541	88
C10	405	0	0	361	77	21	353	328	93
C11	838	0	0	538	0	0	445	445	100

[2] The spending for this component is included in Component 1.

[3] Activities under the additional PIP Component are included under Component 1.

	FY 2010			FY 2010/2011			FY 2011/2012		
$ '000	Planned	Actual	%	Planned	Actual	%	Planned	Actual	%
C12	493	0	0	190	203	10	499	340	68
Total	8,522	126	1	6,035	4,055	67	9,443	8,886	94

Source: PFM Reform Strategy, August 2008; PFMR Secretariat – Quarterly Progress Reports.

As it can be seen one component, IPPS (Component 8), was not funded from Basket Fund (neither from MDTF) due to alternative funding available during the whole period of the implementation of the PFM reform strategy. Other components, Budget Formulation and Preparation (Component 2), IFMIS (Component 7) and Public Procurement (Component 9) were initially not funded from the Basket Fund due to alternative funding including from MDTF, but later turned to the PFM basket Fund. Two components, Treasury Management and Revenue Management, were funded initially neither from MDTF nor from PFM basket fund, but from alternative sources. Only when these were exhausted they turned to the PFM basket fund. The low absorption capacity of funds for FY 2010/11 of the External Audit (Component 11) is due to the availability of alternative funding as well as to the delays in the establishment of a dedicated OAG fund.

Despite the fact that RRA and OAG did not benefit from PFM basket funds until FY 2011/12, they absorbed fully the allocated funds for the implementation of their work plan in that FY. This reflects their ability to quickly utilise resources when these are available mainly since they have multi-year strategic plans and experience in mobilising & utilising donor funds for its implementation.

The preparation of work plans for each financial year is not restricted by any guidance on financial constraints. The components may therefore put forward unlimited number of activities. Only after the plans are prepared the PFM reform secretariat initiates the fundraising process. If the necessary amount of funds cannot be mobilised some proposed activities may be dropped or postponed, a situation which happened at various occasions in practice. Such an approach is not necessarily supporting a proper sequencing and prioritisation of reform activities and may need to be reconsidered for the next Stage II reforms.

Sustainability of funds

Sustainability of reforms is largely dependent on the availability of funds for new reform measures as well as continued funds to cover recurrent cost implications e.g. software licenses, continuous training of new staff to work with the software etc. GoR is highly dependent on external funding; most of the PFM reforms during the last years were implemented with external funding. If this problem is not adequately addressed, the implementation of the next PFM reform strategy and sustaining the achieved results may be put at stake. In order to mitigate any possible risk, the GoR can consider various financing options when developing the next PFM reform strategy. That in combination with a proper sequencing and prioritisation of reform measures will ensure that most important things are given priority and the necessary funding is being secured.

In order to assure sustainability of funds as well as holistic approach to PFM reform the GoR may consider organising a SWAP for the PFM "sector". While not being a formal EDPRS or MTEF sector, PFM is cross-cutting to all sectors and crucial for achieving the ultimate goals of the EDPRS. Establishing a SWAP will allow the identification of all relevant stakeholders, including the civil society and the private sector who are indispensable for the transparency and accountability chain, but also all contributing Development Partners. Then it is possible to build in a multi-year perspective in PFM reform planning and budgeting and link in the reform measures of the EDPRS priorities and reform efforts in other relevant areas/sectors i.e. public sector, decentralisation etc.

4 Lessons learned and recommendations

4.1 Lessons for Reform Strategy Stage II organisation

In this section we have summarised the major lessons that we believe can be learned from the Reform Programme, Stage I that can we used to inform the Preparation and implementation of the Reform Programme Stage II. In section 4.2 we have identified six key PFM areas that need to be addressed in the Reform Strategy Stage II. Finally In section 4.3 we have also detailed technical activities that can also be considered to assist the continuing improvement of PFM activities.

The majority of the organisational lessons learned relate mainly to the cross cutting issues, which are so influential in determining the success or failure of major projects. We believe that the major lessons arising from the PFM Reform Strategy 2008-2012 are those set out below:

- The PFM area is broader than those elements funded from the basket fund. The PFM Sector Strategic Plan should cover the whole PFM area and establish a clear sequencing and prioritisation of reform measures. Stage II of the Reform process should likewise cover the whole area. The problems that have arisen on the IPPS component are an indication that even within the existing Reform Strategy, significant issues had not found their way to the Steering Committee for effective consideration.
- It is important that the PFM SSP, and the consequential Stage II Reform programme, are not restricted to PFM developments which will be financed by “Basket Funding”. Consideration should be given to expand the scope of the PFM Reform Secretariat beyond the activities funded by the basket fund. It should clearly assume responsibility for managing and coordinating all PFM reforms regardless of their financing. The currently existing mechanism for coordinating reforms in specific areas (i.e. PSCBS, Fiscal decentralisation etc.) should be either integrated under the umbrella of the PFM reform secretariat or harmonised.
- For Stage II the planning needs to be better and the sequencing of events should be accordance with a realistic timetable.
- PFM reforms should be linked to the other relevant reforms like Decentralisation reforms and broader Public Sector and Civil Service reforms. This could be achieved by bringing the coordination of individual reforms under the umbrella of an Inter-ministerial Committee which will coordinate the reforms in all these areas. Such a Committee should assume the responsibility for reviewing progress and identifying common challenges and areas of joint engagement.
- The achievement of poorly defined outputs does not necessarily mean effective reform.
- In the Stage II Reform process there will be a need for a clear, defined and measurable M & E framework.
- Political leadership and commitment will be crucial to maintain momentum for reforms.
- Re-invigorate the Steering Committee for Stage II, to recognise that more focus will be outside MINECOFIN and MDAs and District representation may be required. The Steering Committee must cover the whole range of PFM activities.
- The PFM Reform Secretariat should be strengthened in order to fulfil its mandate.
- Need to increase public interest and participation in the management of public finances;
- Increase direct communication with the public. As an introduction to Stage II publicise the successes of the Stage I Reform process. Let the public know what is being done on their behalf.

4.2 Key PFM Areas for Reform Strategy Stage II

Effective Medium/Long Term Budgeting

This area represents an ongoing major weakness for the government. There must be a credible budget process that incorporates a disciplined approach to medium/long term budgeting, which is supported by an effective MTEF. The government must also be clear about the future for Programme budgeting and performance budgeting, and the extent to which financial accountabilities and responsibilities will be moved from Institutional heads to "Heads of Programmes" and the timetable for such a change.

IFMIS Implementation

No matter what decision is taken on a future IFMIS, it is clear that MINECOFIN will be required to control the major, and most expensive element, of the next Reform Strategy. Delivery of the IFMIS project will dominate the whole of the next 5 years. The planning process will be vital to avoid the mistakes made in the Stage I Reform, and a realistic timetable must be set and achieved.

IPPS implementation

As a matter of urgency GoR should commission an independent review of the of the IPPS payroll systems to clarify:

- The validity of the criticisms made in the Red Centre report dated 11 December 2011
- The validity of the response of the IPPS Implementation Team dated 11 January 2012
- Based upon these initial findings give a clear view on the future viability of the IPPS payroll systems so far developed
- If it felt necessary make recommendation on an alternative payroll option. This would include the possibility of purchasing a payroll package associated with any COTS IFMIS that may be under consideration
- In the event of IPPS being viewed as the most appropriate ongoing option for GoR, to make whatever recommendations to improve the existing technical, design and operational issues. This would include addressing the issues identified in the OAG report dated 11 January 2012.

Decentralisation of PFM to SN Units

The difficulties that arise in this area have already been clarified. The importance of providing PFM services at SN levels below District level, now appears to have a strong political commitment, but it is not evident that the consequences of exercising PFM responsibilities at this level are fully understood. The first step is to get FMI to the lowest level. This planned improvement, by its very nature, can almost be considered a sub project of IFMIS. The IFMIS user requirements will need to consider the most effective option for providing FMI to the service delivery units at the lowest SN level (School, Health Centres, etc.) and deciding, for instance, whether the budget & budget execution data for the units, is better collected in a locally based software which integrates with IFMIS, is a better option than direct access to IFMIS. The option which is best suited to the staff working in the SN units will clearly be of importance. The two IT projects need to be closely integrated, although the Decentralisation element should perhaps be given its own technical management team, where there is adequate SN representation.

However, the major step of expecting the lower level units to exercise PFM responsibilities should only proceed once there is certainty that the staff capacity and skill required are in place. Effectively this is a second major project, which is, at present, probably a step too far.

Internal Audit

The concerns on Internal Audit have already been set out in the Internal Audit Component section above. Here we wish to emphasise our belief that the problems which Internal Audit face cannot be addressed unless there is a clinical review of the Organisational Structure. Such a review must consider how the IA service can develop to a point where:

- Qualified Accountants and Accounting Technicians can be attracted to the service;
- Career prospects and professional development can be offered to IA staff;
- A pool of expertise in specialist audit, such as IT, PFM, Risk Management, Systems, Procurement, Payroll, etc. can be developed and retained.

Human Resource Capacity

Capacity difficulties in PFM feature in the majority of the Components. It is the issue that perhaps threatens the ongoing sustainability of the PFM Reform Strategy more than any other. We have briefly considered the particular issue of qualified finance staff in the next paragraph. However, there must be a continued need, throughout the Reform Strategy Stage II, to develop a human resource capacity programme in the PFM sector that will produce a solid sustainable financial knowledge base within government. The next PFM reform strategy should also aim at moving away from considering capacity building merely as transfer of skills and equipment towards a more holistic perspective. It shall also pay more attention to adequately linking its capacity development efforts with other capacity development initiatives, an element which is omitted in the current strategy. This strategy will need, in particular, to link to the planned decentralisation of PFM to SN units.

Qualified Finance Staff

Clearly the Reform Strategy Stage I process has not succeeded in increasing the number of qualified finance staff within the PFM public sector. New initiatives are required. It will have also be noted from the comments made in the External Audit component above, that the OAG included in their Stage 1 plans an extensive programme aimed at offering career opportunities, incentives for qualified staff and the retention of those staff. That programme was not fulfilled, but with the approval of the Audit Bill there must be every expectation that the OAG will again pursue such a programme, from a base of greater independence. The government should be wary of a situation developing where the incentives offered by the External Audit service are superior to those that can be offered to Accountants in MINECOFIN, MDAs and the Internal Audit service. Preferably there should be an incentive scheme that applies across government, so that there is no disadvantage experienced in a particular public service area.

It should also be recognised that there must be a limit to how many ACCA or CPA accountants that the public sector need, or indeed can afford. However, the public sector clearly does need many financially trained staff to work in Ministries, Departments, Agencies, Sub National government, etc. In term of new initiatives, therefore, we would suggest that discussions be held with ICPAR to explore the possibility of producing a CAT qualification with a bias to a Public Sector Syllabus (to include audit). At present the public sector needs Accounting Technicians as much as it needs fully qualified Accountants.

4.3 Technical Activity Recommendations

During our consideration of the key activities in each of components the team has made several suggestions on minor improvements and activities that we believe would be beneficial to the PFM process. We have summarised these suggestions/ideas below:

- Reconsider the decision not to purchase new software to facilitate “revenue forecasting”.
- Extent of unreported budget operations remains a weak area and would require further attention not only in respect to donor funds but also internally generated funds and funds of public enterprises.

- There is room for improvement in terms of physical accessibility for the public to the information which is published on the MINECIF website and the timeliness of the in-year budget execution reports.
- RRA IT systems security and reliability needs to be improved. Integration with other government IT systems needs to achieved.
- Uncollectable old tax arrears need to be “written off”, with MINECOFIN’s approval.
- Improvements can be made in Local Government revenues collections.
- RRA need to consider other options to improve the collection rates of tax arrears.
- The investment in the CBS and ICPAR need to be reviewed. More practical option to train qualified accountants and retain their services are required.
- No progress whatsoever has been made on “Accounting for Fixed Assets” and this does not appear to be a GoR priority issue. The GoR must decide whether this issue will be included in their Stage II Reform Programme.
- Age profile information should be introduced to all data on expenditure arrears.
- Treasury management should liaise with Budget management to see if clearer “cash flow budget limits” can be set by MINECOFIN to ease the burden on individual MDAs.
- The adequacy of staffing levels in Districts for Procurement services may need to be reviewed.
- The OAG should develop a payroll systems audit programme to test the efficiency and accuracy by Agencies with decentralised responsibility for data entry to the payroll. Ideally this programme should be shared with Internal Audit.
- Care is needed to ensure that the steps in place actually produce qualified procurement officers within the public sector. The difficulties experienced in producing more qualified accountants demonstrate that this exercise will not be straightforward.

Annexes

Annex 1: People interviewed

Name	Organisation	Position
MINECOFIN		
Pitchette Kampeta SAYINZOGA	MINECOFIN	Permanent Secretary & Secretary to the Treasury, Chair of the Steering Committee PFM Reforms
Amin MIRAMAGO	PFM Reform Secretariat	Coordinator
Elias BAINGANA	MINECOFIN National Budget	Director General of National Budget
Obald HAKIZIMANA	MINECOFIN Gov. Chief Economist Directorate	Macroeconomic Policy Expert – Real Sector
Christophe NSENGIYAREMYE	Fiscal Decentralisation Unit	Director
Patrick MARARA SHYAKA	Office of the Accountant General	Accountant General
John MUNGA	Office of the Accountant General	Deputy Accountant General – Public Accounting and Reporting
Jean de Dieu RURANGIRWA	Office of the Accountant General	IFMIS Coordinator
Paul CHEGE	Office of the Accountant General	Resident Advisor on Accounting & Reporting
Cyrille HATEGEKIMANA	Office of the Accountant General	Coordinator of Government Portfolio Management
Veneranda MUKAKIMENYI	Office of the Government Chief Internal Auditor	Acting Government Chief Internal Auditor
George MANG' OKA	Office of the Government Chief Internal Auditor	Resident Internal Audit Advisor
Caleb RWAMUGANZA	MINECOFIN	Deputy Accountant General – Treasury Management
Octave SEMWAGA	MINECOFIN	Senior Specialist for Agribusiness Development & Acting PITT Coordinator
Vincent NKURANGA	MINECOFIN	Financial Management Specialist
Ronald NKUSI	External Finance Unit	Director
Leonard RUGWABIZA MINEGA	MINECOFIN	Director General of National Development Planning & Research
Ministries, Department and Agencies		
Innocent DUKA	Ministry of Health	Director of Finance
	Ministry of Local Government	
Roger Migabo	MIFOTRA, IPPS	IPPS Coordinator
	Ministry of Health	Director of Finance
Office of the Auditor General of State Finances (OAG)		
Obadiah R. BIRARO	OAG	Auditor General
Gift Madzonga	OAG	Strategic Advisor
Alice Ntamitondero	OAG	Secretary General
Obadia BIRARO	OAG	Auditor General
Grace RWAKAREMA	OAG	Auditor
Godwin AKANKUNDA	OAG	Auditor
Rwanda Parliament		

Name	Organisation	Position
Jean Baptiste MUSEMAKWELI	Chamber of Deputies	Member of Public Accounts Committee
Juvenal NKUSI	Chamber of Deputies	PAC Chairman
Omar HAMIDOU	Chamber of Deputies	PAC member
Marie Claire INGABIRE	Chamber of Deputies	PAC member
Jean Baptiste MUSEMAKWELI	Chamber of Deputies	PAC member
Jean Thierry KAREMERA	Chamber of Deputies	PAC member
Marianne NIYITEGEKA	Chamber of Deputies	Legal Drafter and Advisor
Patricie BARAKAGWIRA	Chamber of Deputies	Budget Researcher
Dinah NIYONSABA	Chamber of Deputies	Budget Researcher
Other institutions		
Alex RUTIKANGA MUGIRE	Rwanda Revenue Authority	Head of Reform & Modernisation Unit
Evans MULERA	iCPAR	CEO
Olive MUKANKWAYA	iCPAR	Head, Audit Quality Assurance & Registration
Augustus SEMINEGA	RPPA	Director General
Prosper HABUMUREMYI	RPPA	Legal Officer
Christopher	RPPA	Director of Monitoring and Audit
Fidele ABIMANA	School of Finance and Banking	Coordinator
Shema Ida MURANGIRA	Public Sector Capacity Building Secretariat	Advisor to Executive Secretary
Bonane NTARE	Public Sector Capacity Building Secretariat	Coordinator
Districts		
Benoit MPAMBARA	Bugesera District	Director of Finance
Francois KIGANDA	Bugesera District	Budget Officer
Annonciata MUKANGWIZA	Bugesera District	Accountant
James MULINDWA	Bugesera District	Internal Auditor
Viatem SINDIKUBWABO	Bugesera District	Local Finance Inspector
Martin BIMENYIMANA	Bugesera District	Procurement Officer
Ruben SEBATWARE	Bugesera District	District Land Bureau Officer
Gloriose MUTIMUKEYE	Bugesera District	Logistics Officer
Jean Marie TWIZEYIMANA	Kicukiro District	Director of Finance
Ms. Winnie	Kicukiro District	Procurement Officer
Ms. Claudine	Kicukiro District	Accountant
Development Partners		
Paul WELTON	The World Bank Rwanda	Senior Financial Management Specialist
Vincent de BOER	Delegation of the EU to Rwanda	Attaché
Lars JOHANSSON	Embassy of Sweden	First Secretary
Joachim BAGAZA	Department for International Development (DFID)	Deputy Programme Manager (Governance)
Daniela BECKMANN	KFW Bankengruppe	Directeur de la KFW Bureau Kigali

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