



GOVERNMENT OF RWANDA

**PUBLIC EXPENDITURE AND FINANCIAL
ACCOUNTABILITY (PEFA) ASSESSMENT 2022**

(CENTRAL GOVERNMENT)

8th September 2022

Final Report

This report has been written by the key experts of IBF International Consulting Ltd. Responsibility for the information and views expressed in the report lies entirely with the authors.

Approved by:


Richard TUSABE

Minister of State in Charge of National Treasury



Table of content

ACRONYMS AND ABBREVIATIONS	3
EXECUTIVE SUMMARY	7
1 INTRODUCTION	19
1.1 RATIONALE AND PURPOSE	19
1.2 ASSESSMENT MANAGEMENT, OVERSIGHT AND QUALITY ASSURANCE.....	20
1.3 ASSESSMENT METHODOLOGY	22
2 COUNTRY BACKGROUND INFORMATION	24
2.1 RWANDA'S GOVERNMENT ECONOMIC SITUATION	24
2.2 FISCAL AND BUDGETARY TRENDS.....	26
2.3 LEGAL AND REGULATORY ARRANGEMENTS FOR PFM.....	28
2.4 INSTITUTIONAL ARRANGEMENTS FOR PFM	30
2.5 OTHER IMPORTANT FEATURES OF PFM AND ITS OPERATING ENVIRONMENT	32
3 ASSESSMENT OF PFM PERFORMANCE	34
3.1 PILLAR I. BUDGET RELIABILITY	34
<i>PI-1 AGGREGATE EXPENDITURE OUTTURN</i>	34
<i>PI-2 EXPENDITURE COMPOSITION OUT TURN</i>	35
<i>PI-3 REVENUE OUT TURN</i>	37
3.2 PILLAR II. TRANSPARENCY OF PUBLIC FINANCES	39
<i>PI-4 BUDGET CLASSIFICATION</i>	39
<i>PI-5 BUDGET DOCUMENTATION</i>	40
<i>PI-6 CENTRAL GOVERNMENT OPERATIONS OUTSIDE FINANCIAL REPORTS</i>	43
<i>PI-7 TRANSFERS TO SUB-NATIONAL GOVERNMENTS</i>	45
<i>PI-8 PERFORMANCE INFORMATION FOR SERVICE DELIVERY</i>	48
<i>PI-9 PUBLIC ACCESS TO FISCAL INFORMATION</i>	51
3.3 PILLAR III. MANAGEMENT OF ASSETS AND LIABILITIES.....	53
<i>PI-10 FISCAL RISK REPORTING</i>	53
<i>PI-11 PUBLIC INVESTMENT MANAGEMENT</i>	57
<i>PI-12 PUBLIC ASSET MANAGEMENT</i>	60
3.4 PILLAR IV: POLICY-BASED FISCAL STRATEGY AND BUDGETING.....	63
<i>PI-13 DEBT MANAGEMENT</i>	63
<i>PI-14 MACROECONOMIC AND FISCAL FORECASTING</i>	65
<i>PI-15 FISCAL STRATEGY</i>	67
<i>PI-16 MEDIUM-TERM PERSPECTIVE IN EXPENDITURE BUDGETING</i>	69
<i>PI-17 BUDGET PREPARATION PROCESS</i>	72
<i>PI-18 LEGISLATIVE SCRUTINY OF BUDGETS</i>	74
3.5 PILLAR V: PREDICTABILITY AND CONTROL IN BUDGET EXECUTION	78
<i>PI-19 REVENUE ADMINISTRATION</i>	78
<i>PI-20 ACCOUNTING FOR REVENUE</i>	82
<i>PI-21 PREDICTABILITY OF IN-YEAR RESOURCE ALLOCATION</i>	84
<i>PI-22 EXPENDITURE ARREARS</i>	86
<i>PI-23 PAYROLL CONTROLS</i>	87

<i>PI-24 PROCUREMENT</i>	89
<i>PI-25 INTERNAL CONTROLS ON NON-SALARY EXPENDITURE</i>	93
<i>PI-26 INTERNAL AUDIT</i>	96
3.6 PILLAR VI. ACCOUNTING AND REPORTING	99
<i>PI-27 FINANCIAL DATA INTEGRITY</i>	100
<i>PI-28 IN-YEAR BUDGET REPORTS</i>	101
<i>PI-29 ANNUAL FINANCIAL REPORTS</i>	104
3.7 PILLAR VII. EXTERNAL SCRUTINY AND AUDIT	106
<i>PI-30 EXTERNAL AUDIT</i>	106
<i>PI-31 LEGISLATIVE SCRUTINY OF AUDIT REPORTS</i>	110
4 CONCLUSIONS OF THE ANALYSIS OF PFM SYSTEMS	114
4.1 INTEGRATED ASSESSMENT OF PFM PERFORMANCE	114
4.2 EFFECTIVENESS OF THE INTERNAL CONTROL FRAMEWORK	118
4.3 PFM STRENGTHS AND WEAKNESSES	120
4.4 PERFORMANCE CHANGES SINCE A PREVIOUS ASSESSMENT	122
5 GOVERNMENT REFORM PROCESS	124
5.1 APPROACH TO PFM REFORMS	124
5.2 RECENT AND ONGOING REFORM ACTIONS	125
5.3 INSTITUTIONAL CONSIDERATIONS	127
ANNEXES	131
ANNEX 1: PERFORMANCE INDICATOR SUMMARY	131
ANNEX 2: SUMMARY OF OBSERVATIONS ON THE INTERNAL CONTROL FRAMEWORK	144
ANNEX 3A: SOURCES OF INFORMATION	147
ANNEX 3B: LIST OF STAKEHOLDERS INTERVIEWED	153
ANNEX 4: DATA USED FOR SCORING PI-1, 2& 3 (2016 METHODOLOGY)	157
ANNEX 5: GENDER RESPONSIVE PFM ASSESSMENT	164
ANNEX 6: CLIMATE RESPONSIVE PFM ASSESSMENT	190

Acronyms and Abbreviations

AfDB	African Development Bank
AG	Accountant General
AGA	Autonomous Government Agency
BCC	Budget Call Circular
BFP	Budget Framework Paper
BNR	Banque Nationale du Rwanda
CC	Climate Change
CFS	Consolidated Financial Statements
CG	Central Government
CoA	Chart of Accounts
COFOG	Classification of the Functions of Government
CRPFM	Climate-responsive public financial management
DAF	Director of Administration and Finance
DBS	Direct Budget Support
DC	District Council
DDS	District Development Strategies
DSA	Debt Sustainability Analysis
EAC	East African Community
EIA	Environmental Impact Assessments
ENABEL	Belgian Development Agency
ENR	Energy and Natural Resources
EPR	Environmental Performance Reviews
EU	European Union
FCDO	Foreign Commonwealth Development Office - UK
FY	Fiscal Year
GCIA	Government Chief Internal Auditor
GBE	Government Business Enterprise
GDP	Gross Domestic Product
GFSM	Government Financial Statistics Manual
GGCCRS	Green Growth and Climate Change Resilience Strategy
GHG	Greenhouse gases
GoR	Government of Rwanda
GPP	Green Public Procurement
IASB	International Accounting Standards Board
ICT	Information Communication Technology
IFMIS	Integrated Financial Management Information Systems
IMF	International Monetary Fund
IPM	Integrated pest management
IPPIS	Integrated Personnel and Payroll Information System
IPSAS	International Public Sector Accounting Standards
IT	Information Technology
ITAS	Integrated Tax Administration System
KPI	Key Performance Indicators
MDAs	Ministries, Departments, Agencies
MIFOTRA	Ministry of Public Service, Skills Development, Vocational Training & Labour
MINECOFIN	Ministry of Finance and Economic Planning
MINERENA	Ministry of Environment and Natural Resources
MINISANTE	Ministry of Health
MTEF	Medium Term Expenditure Framework

MRV	Monitoring, Reporting and Verification
N/A	Not applicable
NAPA	National Adaptation Programs of Action
NBU	National Budget Unit
NDC	National Determined Contribution
NDPR	National Development Planning and Research (Minecofin)
NGO	Non-Government Organization
NST	National Strategy for Transformation
OAG	Office of the Auditor General
OECD	Organization for Economic Cooperation and Development
PE	Public Enterprise
PEFA	Public Expenditure and Financial Accountability
PER	Public Expenditure Reviews
PEER	Public Environment Expenditure Reviews
PFM	Public Financial Management
PFM-PR	Public Financial Management Performance Report
PFM SSP	Public Financial Management Sector Strategic Plan
PIP	Public Investment Program
PS/ST	Permanent Secretary/ Secretary to the Treasury
REMA	Rwanda Environment Management Authority
RFA	Rwanda Forestry Authority
RGGG	Rwanda Green Growth Strategy
RHA	Rwanda Housing Agency
RPPA	Rwanda Public Procurement Regulatory Authority
RRA	Rwanda Revenue Authority
RSSB	Rwanda Social Security Board
RwF	Rwanda Franc
SAI	Supreme Audit Institution
SBD	Standard Bid Document
SDG	Sustainable Development Goals
SEA	Strategic Environmental Assessments
SG	Secretary General
SNG	Sub-National Government
SPIU	Single Project Implementation Unit
SSP	Sector Strategic Plan
TST	Treasury Single Account
TIN	Taxpayer Identity Number
UNFCCC	United Nations Framework Convention on Climate
USD	United States Dollars
VAT	Value Added Tax
WB	World Bank
WRB	Water Resources Board

CURRENCY AND EXCHANGE RATES

Currency: Rwf

1 EUR is equal to Rwf 1199.70

1 USD is equal to Rwf 988.05138

(As at June 2021)

FISCAL YEAR:

1st July to 30th June

Period covered by this assessment: FY2018/2019, FY2019/2020, and FY2020/2021.



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Public Expenditure and Financial Accountability (PEFA) Assessment of Rwanda 2022

The quality assurance process followed in the production of the PEFA report satisfies all the requirements of the PEFA Secretariat and hence receives the '**PEFA CHECK**'.

PEFA Secretariat,
September 8, 2022

Executive Summary

Purpose and management

The objective of the PEFA assessment is to draft a comprehensive “PFM – Performance Report” (PFM-PR) prepared according to the 2016 PEFA Performance Measurement Framework so as to provide an analysis of the overall performance of the PFM systems of the country as well as to follow-up on progress against the PEFA indicators from the 2016 assessment for purposes of measuring over time, changes in performance. In addition to the main PEFA assessment, a gender responsive PFM (GRPFM) and climate responsive PFM (CRPFM) assessments were conducted to provide a baseline for monitoring and evaluating the extent to which gender and climate change are mainstreamed into the central government PFM systems, the result of which will lead to the development of PFM reform strategy with gender and climate change perspective. Box 1.1 below outlines the assessment management framework, oversight, and quality assurance. The assessment was funded by a multi-donor basket fund with contribution from Belgium and Germany.

Mr. Vincent Nkuranga (Coordinator of Single Project Implementation Unit -SPIU, MINECOFIN) was the assessment manager and a member of the oversight team. Mr. Richard Tusabe (Minister of State in charge of National Treasury, MINECOFIN), was the chair of the oversight team. He provided general leadership and guidance. Mr. Vincent Nkuranga organised and secured all meetings as well as ensured the timely provision of all relevant documentation. He was responsible for the organisation of the PEFA training workshop held in Kigali. Other members of the oversight team include the Accountant General, the Auditor General, and the Deputy Commissioner General of RRA, representatives of development partners from ENABEL/Belgium, Germany/KfW, and UK-FCDO.

Scope, coverage, and timing

The assessment covered central government ministries and departments (specifically Ministry of Finance and Economic Planning: National Budget Directorate, Macroeconomic Policy Directorate, National Development Planning and Research Directorate, Public Debt Unit, Office of Government Chief Internal Auditor, Fiscal Decentralisation Unit, Public Financial Management Reform Unit, Tax Policy Division); Rwanda Environment Management Authority; Ministry of Education; Ministry of Health; Ministry of Infrastructure; Gender Monitoring Office; Accountant General’s Department; Rwanda Public Procurement Authority; Rwanda Revenue Authority; Office of the Auditor General; subnational governments for purposes of assessing PI-7 and PI-10.2; Rwanda Social Security Board (RSSB) and other extra budgetary units¹, public enterprises (in so far as they affect central government fiscal risk; and Parliament).

The fiscal years for this assessment are FYs 2018/2019, 2019/2020, and 2020/2021. The last budget submitted to Parliament for purposes of this assessment was FY2021/2022 budget submitted in FY2020/2021. The cut-off date was June 2021, as per the ToR.

The field mission began on Monday 11th April 2022 with a kick-off meeting with MINECOFIN and ended on 4th May 2022 with a debriefing meeting also with MINECOFIN. A day’s standard PEFA, PEFA Climate and GRPFM training workshop was organised on 25th April 2022 with participants from key GoR officials, development partners. The assessment was jointly conducted by international and local PEFA experts.

¹EBUs are separate units that operate under the authority or control of a central government (or in the case of a subnational government assessment, the state or local government). They may have their own revenue sources, which may be supplemented by grants (transfers) from the general budget or from other sources. Even though their budgets may be subject to approval by the legislature, extra-budgetary units have discretion over the volume and composition of their spending. Such entities may be established to carry out specific government functions, such as road construction, or the nonmarket production of health or education services. Budgetary arrangements vary widely across countries, and various terms are used to describe these entities, but they are often referred to as ‘extra-budgetary funds’ or ‘decentralized agencies’ (GFS Manual 2014, chapter 2, section 2.82).

Annexes 3A and 3B provide detailed lists of information used and people interviewed, respectively. Other official material used for this assessment include IMF Article IV Staff Report dated December 2021 and Transparency International Report 2020 and 2021. For the standard PEFA, all 31 performance indicators and 94 dimensions were used, but one dimension (PI-27.2) was not applicable because there are no suspense accounts. All 9 performance indicators related to gender responsive PFM (GRPFM) assessment were assessed and applicable. There are 14 PEFA climate indicators; all but one (CRPFM-9) were assessed and applicable. CRPFM-9 was not applicable because there were no climate-change related taxes.

Table 1.0 below outlines summary of overall PEFA/PFM performance scores in 2022. **Chart 4** provides a graphical representation of PFM performance change since 2016, **chart 5** overall PFM performance in 2022 by indicator, and **chart 6** overall ranking by indicator.

Impact of PFM systems on the three main budgetary and fiscal outcomes

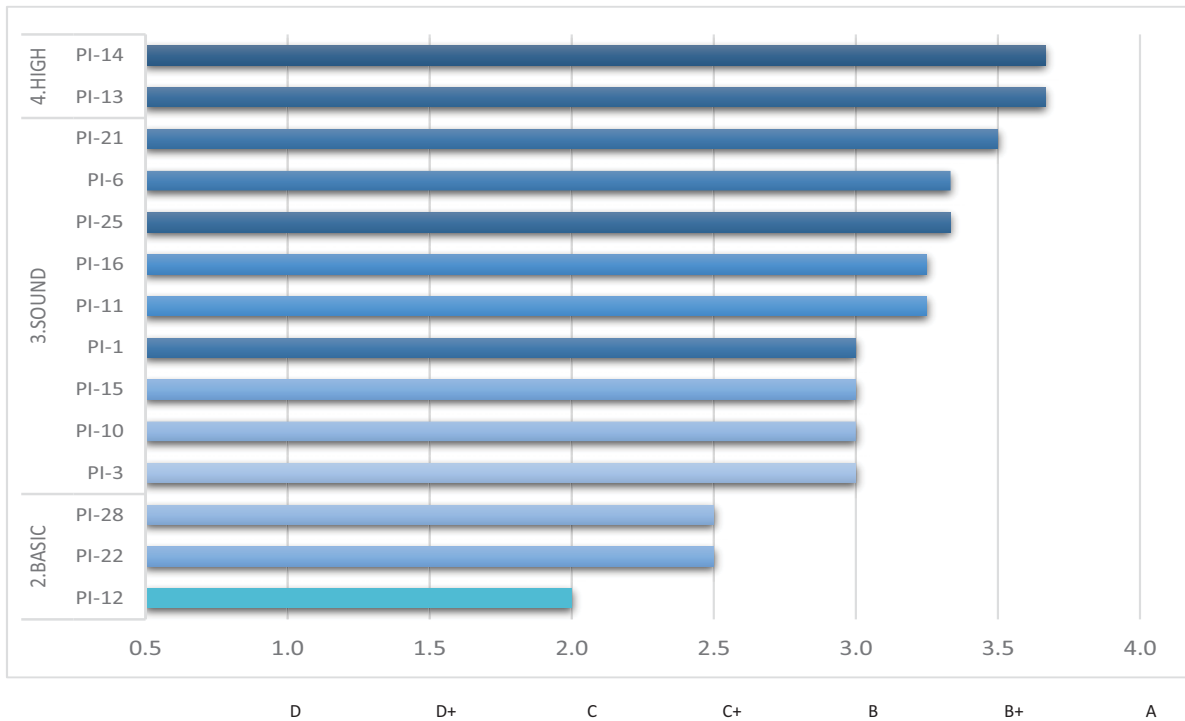
Aggregate fiscal discipline

Aggregate fiscal discipline is sound, as shown in **chart 1** below. Fiscal discipline is strengthened by the reliability of aggregate revenue and expenditure outturns, as well as the reasonable level of composition variances on both revenues and expenditures. Fiscal discipline is also strengthened by the low levels of in-year budget reallocations, done within clear guidelines and strict limits, as well as a robust and verifiable macroeconomic framework which support revenue projections. The general internal control framework shows reasonable performance, with the existence of strong PFM laws and regulations that provide clear guidance on the segregation of duties, supported by political will to enforce PFM laws – these contribute to strengthening fiscal discipline. Fiscal discipline is strengthened further by the inclusion of all expenditure in financial reports and the timely submission of financial reports by extrabudgetary units to the government, though this is undermined by the high level of revenue outside of financial reports. There is also a sound cash management framework, together with sound public investment and payroll management systems, all strengthening fiscal discipline.

Another strength to fiscal discipline is the effectiveness of expenditure commitment control framework, but now undermined by low levels of compliance with payment rules and regulations. Strong debt management system, in addition to the comprehensiveness of recording and reporting on central government fiscal risks, have contributed positively to fiscal discipline. Fiscal discipline is however weakened by the accumulation of both revenue and expenditure arrears.

Chart 1

Aggregate fiscal discipline SOUND

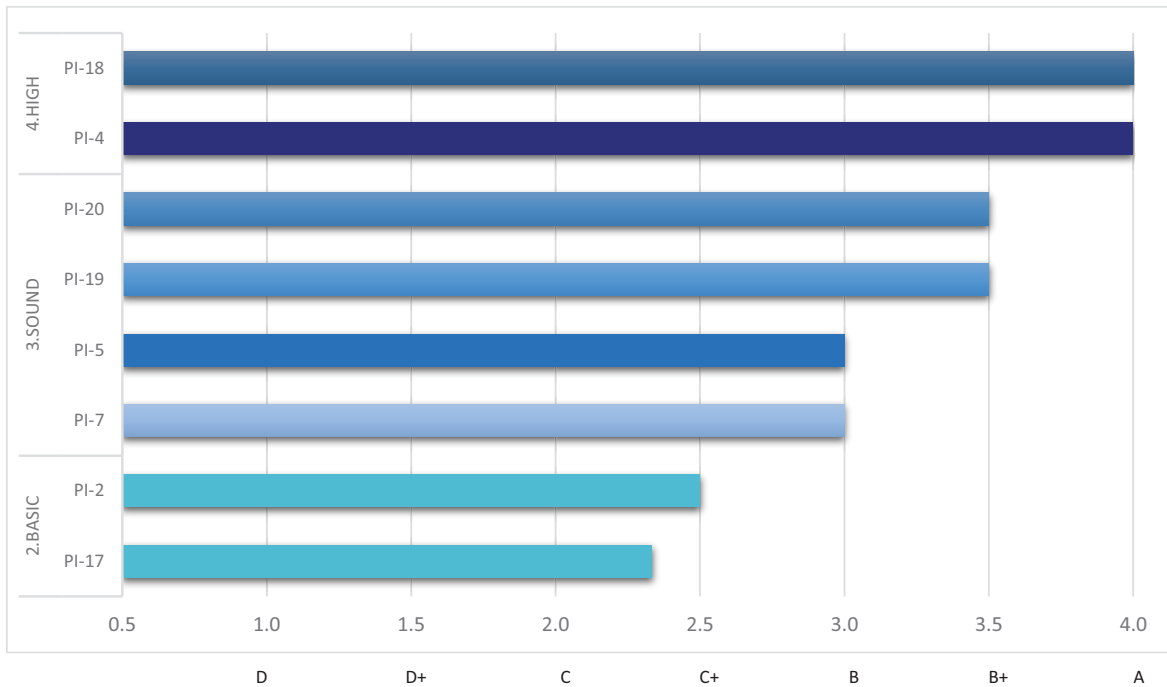


Strategic allocation of resources

As shown in **chart 2**, strategic allocation of resources is sound. Good budget classification system coupled with comprehensiveness and transparency of the budget have contributed positively to strengthen strategic allocation of resources. This means that resources can be tracked throughout the budget’s formulation, execution, and reporting cycle. The legislative scrutiny of the budget, which shows sound performance, has also ensured that public resources are allocated to government priority areas according to plan. The mechanism for allocating resources to sub-national governments is sound, as it is rule-based and transparent, allowing SNGs to effectively plan for the delivery of primary services. The performance of revenue administration and accounting framework is sound to support strategic resource allocation and ensure a timely flow of resources to service delivery units.

Strong macroeconomic and fiscal forecasts, a fiscal strategy that sets clear fiscal policy objectives and a medium-term perspective in budgeting enable government to more effectively plan budget allocations in accordance with priorities, contributing to strengthening strategic resource allocation, except for the fact that the BCC does not provide cabinet approved ceilings and the budget is not submitted to the legislature early enough to ensure effective scrutiny. The relatively minimal in-year budget adjustments help to ensure resources are allocated according to plan. The coverage and classification of data in the in-year reports allows for a direct comparison of actual expenditure to the original budget for all items of expenditure, key to ensuring that resources are allocated to originally intended government priority areas. Nevertheless, the issuance of in-year budget execution reports which experiences some delays, limits the ability of citizens to effectively track resources transparently.

Chart 2
Strategic allocation of resources SOUND

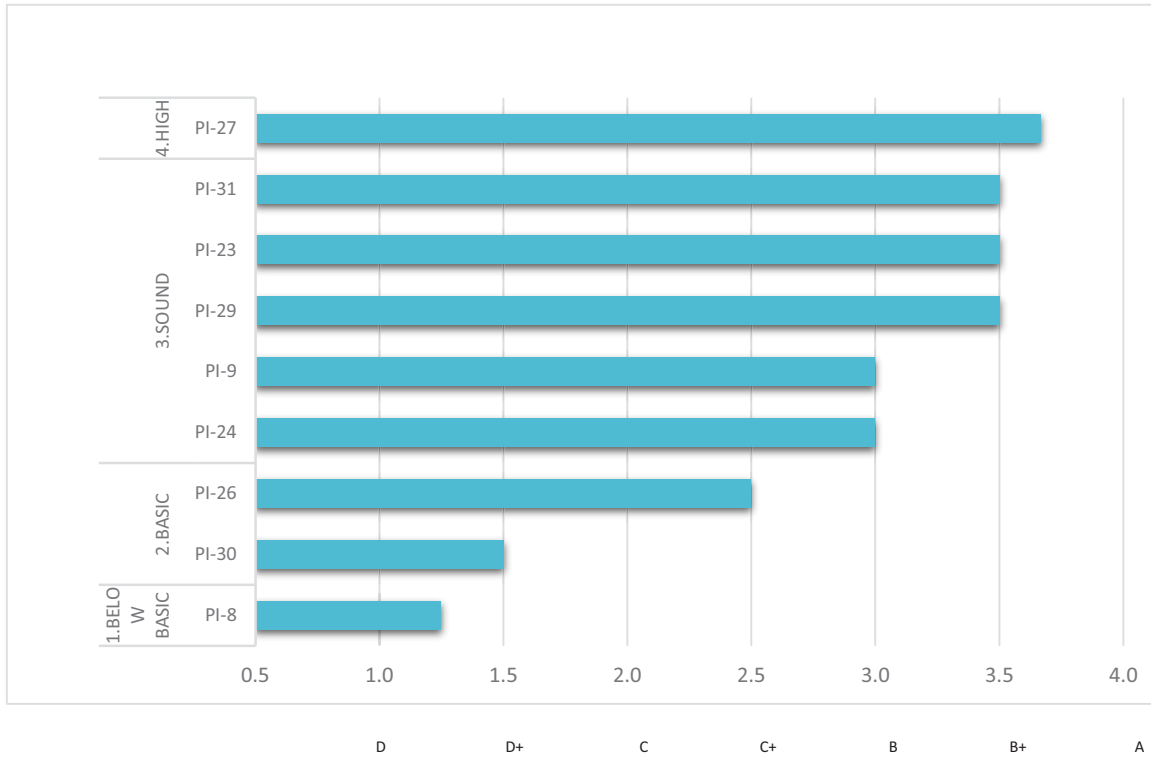


Efficient service delivery

Chart 3 below presents a graphical view of the performance of efficient service delivery, indicating sound performance at aggregate level. Sound legislative oversight through the review of OAG audit reports has contributed to strengthening efficiency in service delivery, in addition to sound financial data integrity systems which ensures that accounts are reconciled timely. The efficiency of the service delivery is positively impacted by good budget classification system in place as well as the transparency of budget documentation. The reliability of both the revenue and expenditure budgets at aggregate and composition level, coupled with the minimal in-year budget adjustments, helps the achievement of efficient service delivery. Efficient service delivery is also supported by transparent fiscal information regime that allows publication of most government fiscal data on time. Sound public investment management framework, as reflected under fiscal discipline, ensures that public funds are invested judiciously to promote efficiency in service delivery.

Efficiency in service delivery is strengthened by the good system in place for medium term expenditure estimates, providing greater predictability for budget allocations in the medium-term. This is however undermined by the fact that the ceilings are not approved by Cabinet before the issuance of the budget circulars. Performance information of primary service delivery performs poorly, particularly for resources received in kind, thereby limiting citizens’ ability to demand accountability. The strong procurement management framework, coupled with a relatively strong internal audit, have contributed to strengthening the efficiency of service delivery.

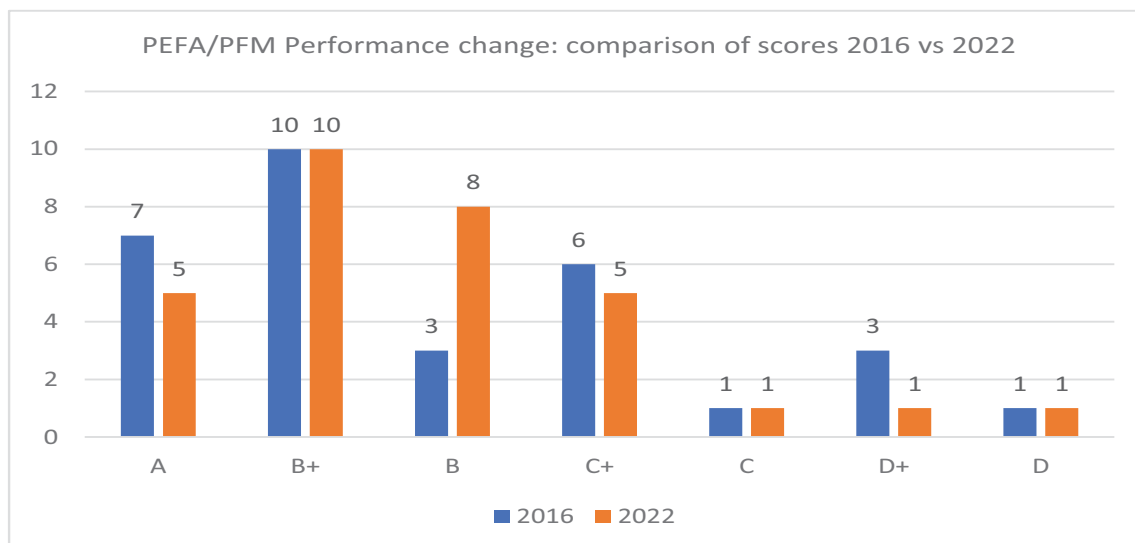
Chart 3
Efficient service delivery SOUND



Performance changes since last assessment in 2016

The chart below (chart 1) summarizes PEFA/PFM performance change since the last assessment in 2016. “A” scores have dropped from 7 in 2016 to 5 in 2022. There is no change in “B+” between 2016 and 2022, both assessments having 10. There is improvement in “B” scores from 3 in 2016 to 8 in 2022, with a decline in “C+” scores at 6 in 2016 to 5 in 2022. “C” scores, on the other hand, have remained unchanged, at 1 in 2016 and 2022. Whilst “D+” scores have dropped from 3 in 2016 to 1 in 2022, “D” scores have remained unchanged at 1 in 2016 and 2022. Overall, PFM performance has declined since 2016. The decline is partly due to the negative effect of COVID-19.

Chart 4: PFM performance change



Fiscal discipline

Not much has changed between 2016 and 2020 as far as fiscal discipline is concerned, as it continues to be reasonably strong in relation to PFM rules and regulations. The OBL 2013 remains the main PFM legal framework, and has been strengthened by the financial regulations of 2016 and the procurement regulations of 2020. Both aggregate and composition outturn of revenues and expenditures continue to be reliable, a positive impact on fiscal discipline. In both assessments, in-year budget reallocations are kept to a minimum and effected according to clearly spelt-out guidelines, which contribute to strengthening fiscal discipline. There is a reasonably strong macroeconomic and fiscal projection environment that supports revenue forecasts, a prerequisite to fiscal discipline. In the current assessment, fiscal discipline has been strengthened by the comprehensiveness of fiscal risk reporting which includes SoEs, SNGs, and PPPs – this was not the case in 2016. In both assessments, there is reasonably strong external audit (except for financial independence of OAG) and legislative oversight functions, ensuring that the executive is held accountable for the use of public funds. Payroll controls have remained strong in both assessments, contributing to strengthening fiscal discipline.

Another strength to fiscal discipline is the low level of revenue and expenditure of extra-budgetary units outside central government operations – this appears to be deteriorating in the current assessment compared to 2016; this is a weakness to fiscal discipline. There is also a concern regarding the level of revenues and expenditures arrears in the current assessment. The previous assessment recorded around 2% of both revenue and expenditures as outstanding, compared to 29% for revenue arrears, and between 7% and 11% for expenditure arrears – this is a weakness to fiscal discipline. Although expenditure commitment controls function effectively in both assessments, the level of compliance to financial management rules and procedures in 2022 is also deteriorating compared to 2016, based on evidence adduced by OAG.

Strategic allocation of resources

The good budget classification system, as well as budget comprehensiveness and transparency, which has been the case since the previous assessment in 2016, strengthen strategic resource allocation. This means that resource allocation can easily be tracked, accounted and reported. In both assessments (2016 and 2022), the existence of strong macroeconomic and fiscal forecasts, a fiscal strategy that sets clear fiscal policy objectives and a medium-term perspective in budgeting enable government to more effectively plan resource allocations in accordance with priorities, thereby contributing to strengthening strategic allocation of resources. Additionally, the timely approval of the annual budget estimates by the legislature ensures that allocated resources are utilized for planned service delivery programs. A sound

public investment management framework, which has been the case since 2016 and also in the current assessment, provide reasonable assurance that scarce public resources are put to good use, thereby strengthening resource allocation. In both 2016 and 2022 assessments, the performances of revenue administration and accounting framework are good to sustain strategic resource allocation and ensure a timely flow of resources to priority areas. Again, the minimal in-year budget adjustments ensure resources are allocated to originally planned government priorities.

Major weaknesses identified in 2016 that continue to exist in 2022 with negative impact on strategic allocation of resources include some delay in the issuance and publication of in-year budget execution reports (effectively limiting public accountability and the tracking of resource allocation on time), and the issuance of unapproved medium-term and annual budget ceilings prior to budget formulation and preparation (negatively impacting on the budgeting process). Further, GoR is unable to quantify the fiscal impact of all changes to policy proposals – this is a weakness to strategic resource allocation.

Efficient service delivery

Efficient service delivery is strengthened by the existence of good budget classification, coupled with comprehensiveness and transparency of budget documentation during 2016 and 2022 assessments. Likewise, the minimal levels of budget virements done within strict legal limits have contributed to strengthening efficiency in service delivery – this has been the case for both assessments. Both 2016 and 2022 assessments recorded satisfactory performances with regards to publication of most government fiscal data in a timely manner, allowing citizens to track the use of public funds. In 2016 and 2022, efficient service delivery has been strengthened by the fact that public investment management systems perform well in terms of conducting economic analysis and standardised project selection framework. Again, as noted in 2016 and in the current assessment, the good system in place for medium-term expenditure estimates provides greater predictability for budget allocations in the medium-term; this is however affected by the fact that the ceilings are not approved by Cabinet before the issuance of the budget circulars. Reasonably strong external and legislative oversight functions (except for the financial independence of OAG), both in 2016 and 2022, have had a positive impact on service delivery efficiency.

In spite of the above strengths, efficient service delivery is weakened by the fact that service delivery performance information is not publicly available during the current and the previous assessments. Furthermore, comprehensive data on resources in kind to primary service delivery units is not available, limiting the ability of government to effectively track all resources to these units, in order to ensure that there are no surpluses in certain service delivery units and shortages in others. A good public procurement system promotes service delivery efficiency – comparatively, the performance of public procurement in the current assessment has largely remained unchanged. Strong internal audits are a contributing factor to strengthening efficient service delivery; this is the case in the current assessment.

PFM reform agenda

The Government's PFM reform agenda, implemented through the current PFM strategy PFM-SSP 2018-2024, is linked to pillar 3 of NST-1 ("Transformational Governance" under priority number 5 - Strengthen Capacity, Service delivery and Accountability of Public Institution). The overall goal of the PFM strategy is to support Rwanda's socio-economic transformation through effective and accountable PFM. It seeks to support the delivery of NST-1 objectives in three ways: (i) to increase compliance with PFM rules and procedures to enhance fiscal controls and improve accountability (ii) to strengthen the PFM capabilities of local governments to plan and execute local investments for improved infrastructure and enhanced delivery of essential services; and (iii) enhancing the Government's ability to raise revenues and invest those resources in core NST-1 commitments in to foster growth without compromising fiscal discipline.

The Government is still implementing the PFM-SSP 2018-2024 which has seven thematic areas (or objectives), namely: (i) *expansion of the coverage and functionality of the PFM-ICT systems*; (ii) *development and sustainability of critical skills and partnerships for effective PFM*; (iii) *Increase*

compliance with PFM systems and international standards; (iv) Strengthening PFM systems supporting subnational investments and services; (v) enhancement of value-for-money (VFM) practices and supporting sound investment decisions; (vi) strengthening results and governance of government business entities (GBEs); and (vii) enhance resource mobilization for NST-1 priorities.

Development partners currently supporting the PFM-SSP through a multi-donor basket fund is ENABEL/Belgium and KfW (Germany). There is also support from UK-FCDO for the 2022 SNG PEFA assessments. WB, EU, AfDB, IMF and GIZ (Germany) have all provided support in varied forms to strengthen Rwanda's PFM.

Achievements so far include but not limited to the following:

- **Expansion of the coverage and functionality of the PFM-ICT systems:** The roll-out of the IFMIS and *Umucyo* electronic public procurement systems to Local Government/Non-Budgetary Agencies (NBAs) level including all the 416 sectors (100%), 46 district hospitals (100%), 504 health facilities (100%) and 498 schools. The digitalisation of national treasury and interlinkage of IFMIS with other PFM ICT systems such as Umucyo System; e-tax system; Integrated Personnel and Payroll Information System (IPPS); Internet Banking; etc, was successfully done and supported the GoR to remain resilient and provided critical responses to its citizens during the covid-19 pandemic lock downs.
- **Development and sustainability of critical skills and partnerships for effective PFM:** 1,275 public finance staff with a level of intermediate professional qualification as at 31 March 2021 plus 2,500 PFM officials undergoing specific trainings on International Public Sector Accounting Standards (IPSAS) and Performance Based Budgeting (PBB training).
- **Increase compliance with PFM systems and international standards:** External audit coverage and issuance of unqualified audit opinions has increased. Also, the Office of Government Chief Internal Audit conducted risk-based auditing for selected activities and processes at LG level, example school construction
- **Strengthening PFM systems supporting subnational investments and services:** Notable achievements include: (i) successful property registration conducted in all districts; (ii) PFM mentorship and coaching programmes conducted; (iii) assessment of PFM regulations related to local government was done.
- **Enhancement of value-for-money (VFM) practices and supporting sound investment decisions:** Improvements to gender policy-based budgeting done by reviewing and updating the existing modules to fit them with the current data, policies and strategic frameworks. Performance-Based Budgeting (PBB) introduced on a pilot basis in priority ministries geared at strengthening the links between budgeting and sector strategic plans, in selected ministries.
- **Strengthening results and governance of government business entities (GBEs):** Corporate governance of GBEs improved through (i) preparation of a comprehensive Standard Operation Procedure Framework; (ii) development of M&E guidelines as well as KPIs; (iii) development of a policy and a legal framework for GBEs.
- **Enhance resource mobilization for NST-1 priorities:** RRA's strategic plan was developed. Revenue collection has steadily improved with the implementation of E-tax systems and EBM for all projects. Revenue collection as a % of GDP for the FY 2019/2020 was 15.9% surpassing the initial target of 15.6%.

The Medium-Term Review of the Public Financial Management Sector Strategic Plan (PFM SSP) 2018-2024 dated July 2021 noted the following main challenges:

- Non-compliance to PFM rules and procedures still persist.
- Rate of follow-ups on audit recommendations by public entities is declining.

- Revenue shortfalls for timely payment of expenditure commitments, leading to accumulation of expenditure arrears.
- The full benefit of MTEF for reliable resource allocation yet to be harnessed.
- Weak governance of GBEs.

Table 1.0: Overall summary of PFM Performance Scores 2022

PFM Performance Indicator (PI)		Scoring Method	Dimension Ratings				Overall Rating
			i.	ii.	iii.	iv.	
Pillar I: Budget reliability							
PI-1	Aggregate expenditure outturn	M1	B				B
PI-2	Expenditure composition out turn	M1	B	C	A		C+
PI-3	Revenue outturn	M2	B	B			B
Pillar II. Transparency of public finances							
PI-4	Budget classification	M1	A				A
PI-5	Budget documentation	M1	B				B
PI-6	Central government operations outside fiscal reports	M2	A	C	A		B+
PI-7	Transfers to sub-national governments	M2	A	C			B
PI-8	Performance information for service delivery	M2	D	D	D	C	D
PI-9	Public access to key fiscal information	M1	B				B
Pillar III. Management of assets and liabilities							
PI-10	Fiscal risk reporting	M2	B	C	A		B
PI-11	Public investment management	M2	B	A	A	C	B+
PI-12	Public asset management	M2	C	C	C		C
PI-13	Debt management	M2	B	A	A		A
Pillar IV. Policy-based fiscal strategy and budgeting							
PI-14	Macroeconomic and fiscal forecasting	M2	A	A	B		A
PI-15	Fiscal Strategy	M2	D	A	A		B
PI-16	Medium-term perspective in expenditure budgeting	M2	A	D	A	A	B+
PI-17	Budget preparation process	M2	A	C	D		C+
PI-18	Legislative scrutiny of budgets	M1	A	A	A	A	A
Pillar V. Predictability and control in budget execution							
PI-19	Revenue administration	M2	A	A	A	C	B+
PI-20	Accounting for revenues	M1	A	B	A		B+
PI-21	Predictability of in-year resource allocation	M2	A	B	B	A	B+
PI-22	Expenditure arrears	M1	C	A			C+
PI-23	Payroll controls	M1	A	A	A	B	B+
PI-24	Procurement	M2	A	C	B	B	B
PI-25	Internal controls on non-salary expenditure	M2	A	A	C		B+
PI-26	Internal audit	M1	A	C	B	B	C+
Pillar VI. Accounting and Reporting							
PI-27	Financial data integrity	M2	B	NA	A	A	A
PI-28	In-year budget reports	M1	A	C	C		C+
PI-29	Annual financial reports	M1	A	A	B		B+
Pillar VII. External Scrutiny and Audit							
PI-30	External audit	M1	B	C	B	D	D+
PI-31	Legislative scrutiny of audit reports	M2	C	A	A	A	B+

Chart 5: Graphical representation of PFM performance in 2022 by indicator

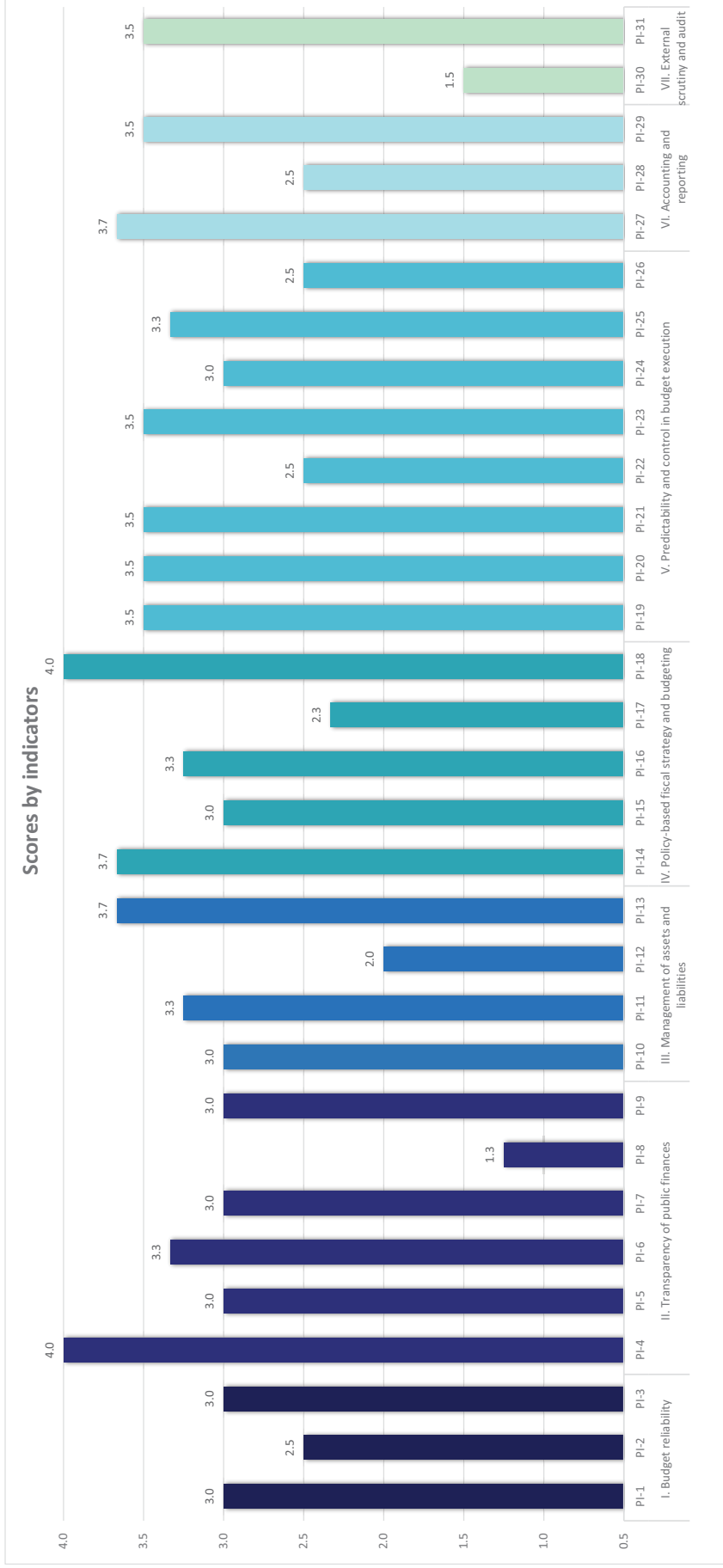
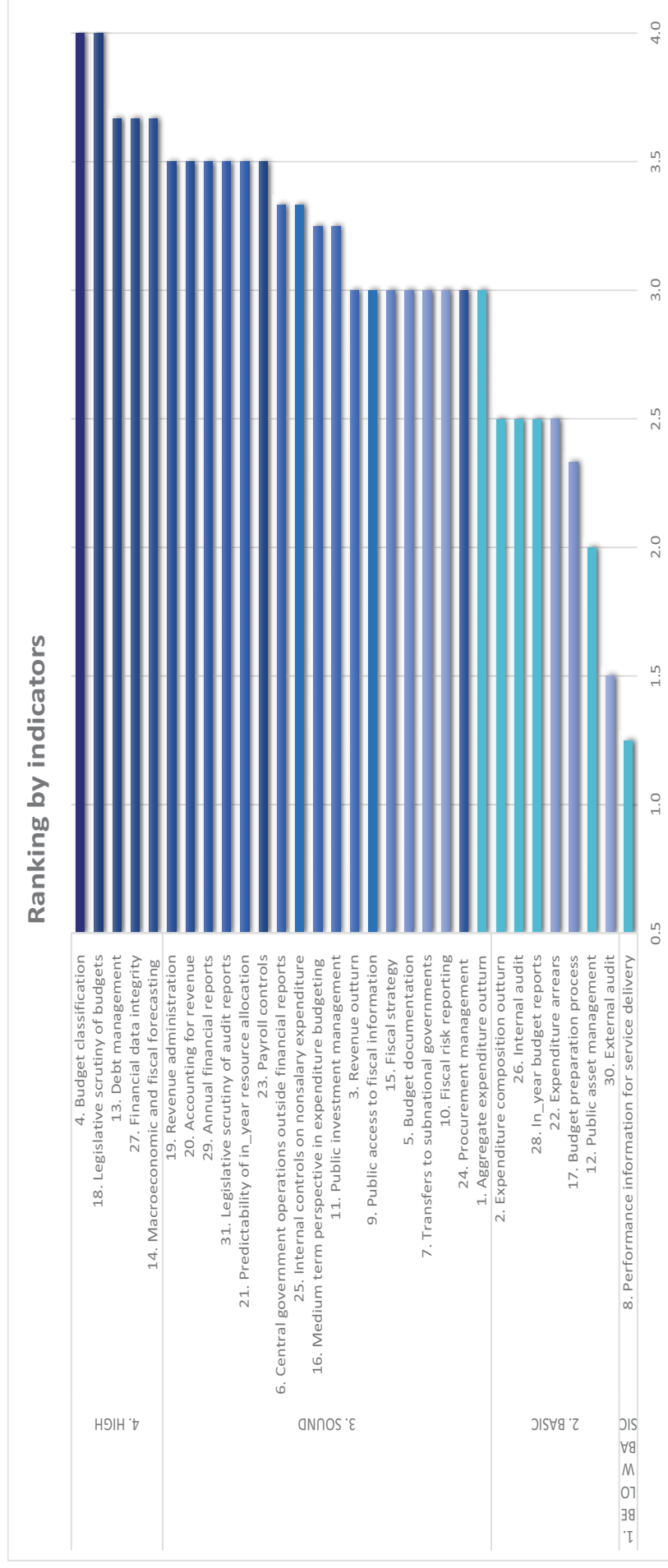


Chart 6: Overall ranking by performance indicator



1 Introduction

1.1 Rationale and purpose

Three Public Expenditure and Financial Accountability (PEFA) assessments have been conducted for the Central Government (CG) of Rwanda: in 2007, 2010, and 2016. The 2007 evaluation provides a baseline for the subsequent assessments (2010), based on the 2011 PEFA framework. With the 2016 Assessment, which used the 2015 Test Version and then migrated it into the 2016 PEFA Framework, a new baseline was established. The current assessment, for 2022, also uses the 2016 PEFA Framework, so that the scores of the 2016 Assessment and the Current Assessment will be directly comparable. A subnational government assessment was conducted in 2010 for 4 local councils, and a Sub-National (SNG) Assessment using the 2016 Framework has also been conducted alongside the CG Assessment in 2022. A joint launch workshop took place in Kigali during the third week of the CG Assessment mission.

Overall, the findings of the three previous central government PEFA assessments carried out since 2007 have led to the development of PFM reform strategies at every end of the PEFA assessment reports. These reform strategies are the Public Financial Management Reform Strategy (PFMR 2008-2013), followed by the Public Financial Management Reform Strategy (PFMRS 2014-2017) and the Public Financial Management Sector Strategic Plan (PFMSSP) 2018-2024.

These reform programs have led to a series of key legal and regulatory reforms, and the introduction of integrated financial management systems (IFMIS). To cite the key ones: (i) IFMIS becoming the financial management system for all government entities including Embassies, (ii) migration from Cash basis to Accrual basis in accounting for state finances (IPSAS), (iii) the Public Procurement System that is in-built, - the Rwanda electronic Government Procurement System called “Umucyo”, and (iv) the audit control, - the Office of the Auditor General for state finances based on the Anglophone system replacing the judicial Francophone model with the Court of Accounts.

Although the progress of PFM performance shows improvement, it is nonetheless not to date as significant as the authorities had hoped. The 2016 assessment showed that, for the 14 dimensions that were directly comparable with the 2010 assessment, 10 had not changed their performance level, and 4 had improved.

Rwanda, according to the 2021 Global Gender Gap Report of the World Economic Forum, is ranked 7th country globally and the 2nd country in Africa in bridging gender gaps. This depicts an impressive performance in ensuring gender equality. And to further improve, GoR decided to include the GRPFM assessment as part of the standard PEFA assessment. On climate, the country is taken steps to mitigate the negative effect of climate change, and to this end, the government saw the need to assess its PFM climate responsiveness.

Overall Objectives

The general objective of the PEFA assessment is to draft a comprehensive “PFM – Performance Report” (PFM-PR) prepared according to the 2016 PEFA Performance Measurement Framework Methodology so as to provide an analysis of the overall performance of the PFM systems of the country as well as to follow-up on progress against the PEFA indicators from the 2016 assessment that will permit the measuring over time of changes in performance.

Specific Objectives

The specific objectives of this assignment are to provide the GoR and its Development partners with:

- An assessment of the quality of PFM in the country in 2018/2019, 2019/2020 and 2020/2021 based on the PEFA methodology, including an assessment of the relative strengths and weaknesses of the three main budgetary outcomes: aggregate fiscal discipline, strategic resource allocation and efficient service delivery. The selection of the aforementioned years intends to unfold whether COVID- 19 had a setback to PFM reforms and results of the assessment will be used to design new PFM reforms Agenda in Rwanda
- A careful comparison between the results of the PEFA assessment carried out in 2016 on the various main dimensions of PFM, linking the results and PEFA standard indicators to related reform processes over the last three years (2018/2019, 2019/2020 and 2020/2021);
- Recommended actions to the PFM Coordination Forum (PFM CF) and PFM Technical Working Group (PFM TWG) for inclusion in the PFM Strategic Plan or in other existing strategies in PFM area. It is worth noting that the PEFA report provides no recommendations; therefore, this PEFA report has no recommended actions.
- An assessment of Gender Responsive PFM framework to facilitate the collection of information to assess the extent to which PFM systems respond to different needs of men and women, promote and contribute to gender equality.
- An assessment of Climate Responsive PFM (PEFA Climate) to provide a benchmark of performance that highlights where progress has been made and identify the opportunities to make PFM more climate responsive.

1.2 Assessment management, oversight and quality assurance

Box 1.1 below summarizes the assessment management framework, oversight and quality assurance. This assessment was funded by multi-donor basket fund, with contributions mainly from Belgium and Germany. The UK-FCDO provided funding for the SNG PEFA assessments. The lead development partner in the assessment management process is ENABEL/Belgium. It is the co-chair of the PFM Sector Working Group. Other members of the PFM Sector Working Group include Germany/KfW, World Bank, IMF, UK-FCDO. They peer-reviewed both the concept note and the draft report.

Mr. Vincent Nkuranga (the Coordinator of Single Project Implementation Unit -SPIU, MINECOFIN) was responsible for all contractual obligations as well as providing overall guidance on the Terms of Reference and assessment process. Mr. Vincent Nkuranga was the assessment manager and a member of the oversight team.

Mr. Richard Tusabe (Minister of State in charge of National Treasury, MINECOFIN), the chair of the oversight team, provided general leadership and guidance. Mr. Vincent Nkuranga (the Coordinator of Single Project Implementation Unit -SPIU, MINECOFIN), organised and secured all meetings as well as ensured the timely provision of all relevant documentation based on the draft meeting schedule and information requirement submitted by the consultants; he played a pivotal role in the organisation of the PEFA training workshop held in Kigali. Other members of the oversight team who provided valuable contribution to the success of this assessment include, from the Government side: Mr. Marcel Mukeshimana, Accountant General – MoF; (iii) Miss Rehema Namutebi, Director-General - National Budget, (iii) Mr. Faustin Tuyisenge, Acting Government Chief Internal Auditor – MoF; (iv) Mr. Alexis Kamuhire, Auditor General, Office of the Auditor General of State Finances; (v) Mr. Jean Louis Kaliningondo, Deputy Commissioner General, Rwanda Revenue Authority. From the donor community, members of the oversight team include (i) Mr. Wency Niyibizi and Meissa Ndir, ENABEL Representative,

(ii) Mrs. Pascale Magin and Mr. Noel Ntahobari, KfW Representative, and (iii) Mr. Adam Drury, Mr. Donato Pezzuto and Mr. Zephy Muhirwa UK-Foreign Commonwealth Development Office Representatives, Natalija Waldhuber, EU representative, Mr. Mkombozi Bosco Karake, World Bank representative, Mr. Gabor Pula, IMF Resident Representative for Rwanda and Mr. Andrew KAZUNGU, representative of GIZ (Germany).

PEFA Check

The quality assurance framework has been reinforced as of January 1, 2018 (see PEFA Secretariat Note: *PEFA Check: Quality endorsement of PEFA assessments from January 1, 2018*, www.pefa.org). The quality assurance process of this report is shown in Box 1.1 below. The first draft report was submitted for peer review on 15th June 2022.

Box 1.1 Assessment management and quality assurance arrangements

PEFA Assessment Management Organization

- Oversight Team (OT) — See Table below.
- Assessment Manager: Vincent Nkuranga (SPIU Coordinator, MINECOFIN)
- Assessment Team Leader: Charles Komla Hegbor (International Consultant);
- Other members of the assessment team: Elena Morachiello (Expert 1, International Consultant); Francis Mugisha (Local Expert); Camille Karamaga (Local Expert); Stephen Hitimana (Local Expert); Charles Gasana (Local Expert)
- Government of Rwanda, represented by Minister of Finance and Economic Planning (MINECOFIN)
- PEFA Secretariat
- Peer Reviewers (PEFA Secretariat, Government of Rwanda, Belgium, KfW (Germany), ENABEL, UK-FCDO, WB, EU and GIZ (Germany)).

Composition of the OT	Members of the OT
Chairperson	<ul style="list-style-type: none"> • Minister of State in Charge of National Treasury
Ministry of Finance and Economic Planning	<ul style="list-style-type: none"> • Accountant General • Director, National Budget Department • Auditor General • Commissioner General, RRA • PFM Technical Working Group Chair
Development Partners	<ul style="list-style-type: none"> • Head of cooperation, Embassy of Belgium • Head of cooperation, Embassy of Germany • ENABEL, Resident Representative • KfW, Country Representative • UK-FCDO, Country Representative • IMF, Resident Representative • European Union

Review of concept note and/or terms of reference

- **Date of review of draft concept note by the PEFA Secretariat:** reviewed by Tia Elise Raappana – Sr Public Finance Specialist, PEFA Secretariat. Date of Review: 1stDraft Concept Note – 4th October 2021; 2nd Draft Concept Note – 19th October 2021; Final Concept Note Approval – 21st October 2021.

- **Other invited reviewers:** Mr. Wency Niyibizi and Meissa Ndir, ENABEL Representatives, (ii) Ms. Pascale Magin and Mr. Noel Ntahobari, KfW Representatives (Germany), and (iii) Mr. Adam Drury, Mr. Donato Pezzuto and Mr. Zephy Muhirwa, UK-Foreign Commonwealth Development Office Representatives, Natalija Waldhuber, EU representative, Mr. Mkombozi Bosco Karake, World Bank representative and Mr. Andrew KAZUNGU, GIZ representative. (Germany).
- **Government of Rwanda:** Mr. Richard Tusabe (Minister of State in Charge of National Treasury)
- **Concept Note was shared with all peer reviewers on 17th August 2021.**

Review of the assessment report

- **Other Peer reviewers (names and institutions):** Mr. Wency Niyibizi and Meissa Ndir, ENABEL Representatives, (ii) Ms. Pascale Magin, KfW (Germany) Representative, (iii) Mr. Adam Drury, UK-Foreign Commonwealth Development Office Representative, (iv) Natalija Waldhuber, EU representative, (v) Mr. Mkombozi Bosco Karake, World Bank representative, and (vi) Mr. Gabor Pula, IMF Resident Representative
- **Government of Rwanda:** (i) Mr. Richard Tusabe, Minister of State in charge of National Treasury, MoF; (ii) Mr. Marcel Mukeshimana, Accountant General – MoF; (iii) Miss Rehema Namutebi, Director-General - National Budget, (iii) Mr. Faustin Tuyisenge, Acting Government Chief Internal Auditor – MoF; (iv) Mr. Alexis Kamuhire, Auditor General, Office of the Auditor General of State Finances; (v) Mr. Jean Louis Kaliningondo, Deputy Commissioner General, Rwanda Revenue Authority.
- **Development Partners:** Embassy of Belgium, Embassy of Germany, KfW (Germany), ENABEL, UK-FCDO, EU, IMF.
- **PEFA Secretariat's review** - (dates of reviews): 1st draft report – 15th June 2022; 2nd draft report – 16th August 2022.

1.3 Assessment Methodology

Scope and coverage of the assessment

The assessment covered central government ministries and departments (specifically Ministry of Finance and Economic Planning: National Budget Directorate, Macroeconomic Policy Directorate, National Development Planning and Research Directorate, Public Debt Unit, Office of Government Chief Internal Auditor, Fiscal Decentralisation Unit, Public Financial Management Reform Unit, Tax Policy Division); Rwanda Environment Management Authority; Ministry of Education; Ministry of Health; Ministry of Infrastructure; Gender Monitoring Office; Accountant General's Department; Rwanda Public Procurement Authority; Rwanda Revenue Authority; Office of the Auditor General; subnational governments for purposes of assessing PI-7 and PI-10.2; Rwanda Social Security Board (RSSB) and other extra budgetary units², public enterprises (in so far as they affect central government fiscal risk; and Parliament.)

When performance is assessed

The cut-off date was June 2021. The fiscal years for this assessment are FYs 2018/2019, 2019/2020, and 2020/2021. The last budget submitted to Parliament for purposes of this assessment is FY2021/2022 budget submitted in FY2020/2021.

²EBUs are separate units that operate under the authority or control of a central government (or in the case of a subnational government assessment, the state or local government). They may have their own revenue sources, which may be supplemented by grants (transfers) from the general budget or from other sources. Even though their budgets may be subject to approval by the legislature, extra-budgetary units have discretion over the volume and composition of their spending. Such entities may be established to carry out specific government functions, such as road construction, or the nonmarket production of health or education services. Budgetary arrangements vary widely across countries, and various terms are used to describe these entities, but they are often referred to as 'extra-budgetary funds' or 'decentralized agencies' (GFS Manual 2014, chapter 2, section 2.82).

Sources of information

Annex 3A outlines a detailed list of information used for this assessment. Annex 3B also provides a detailed list of institutions met during the assessment. Other official material used for this assessment include IMF Article IV Staff Report dated 20th December 2021, and Transparency International Reports 2020 and 2021.

Meetings were held with all key government officials from key ministries, departments and agencies as well as development partners including ENABEL of Belgium, Germany Embassy to Rwanda and KfW. (Please, refer to list of people met in Annex 3B). The assessment reviewed and analyzed official government data (please, refer to Annex 3A for full list of documents consulted). Comparison between the current assessment in 2022 and the previous assessment in 2016 is direct, since both assessments applied the 2016 PEFA framework. The result of the analysis in terms of progress of PFM performance are presented in Annex 1. The GRPFM assessment is annexed to this report (please, refer to Annex 5). It provides a detailed overview and findings of the gender responsive PFM assessment. Likewise, the CRPFM assessment is annexed to this report, providing a detailed synopsis and findings of the climate responsive PFM assessment.

This assessment was conducted by international and local PEFA experts. The field work began with a kick-off meeting at the MINECOFIN on 11th April 2022. Members of the oversight team were all present. A day's PEFA, GRPFM and PEFA Climate training workshop was organised and delivered on 25th April 2022 where the international consultants presented the 2016 PEFA methodology plus the new PEFA Climate and GRPFM modules to government officials, development partners and civil society organisations. The field mission lasted until 4th May 2022 with a debriefing meeting with MINECOFIN. The 1st draft report was submitted for peer review on the 15th of June 2022.

Other methodological issues for the preparation of the report

The assessment was conducted in line with the PEFA 2016 Framework as developed by the PEFA Secretariat, the January 2020 supplementary guidance for gender-responsive PFM, and the August 2020 PEFA Climate framework. These documents, as well as other guidance documents available from the PEFA website (www.pefa.org) - such as the second edition of the PEFA Handbook Volume II dated December 2018 - were used to conduct the assessment. The PEFA indicators were assessed covering data for a time period as specified in the PEFA 2016 Framework and with focus on the most up-to-date information as much as possible. There are seven key pillars in the standard 2016 PEFA framework, namely: (i) budget reliability, (ii) transparency of public finances, (iii) management of assets and liabilities, (iv) policy based fiscal strategy and budgeting, (v) predictability and control in budget execution, (vi) accounting and reporting, and (vii) external scrutiny and audit. These pillars are disaggregated into 31 performance indicators and further detailed into 94 dimensions. All 31 PEFA performance indicators were assessed. 1 out of the 94 dimensions was not applicable; namely: PI-27.2 (suspense accounts) – because there are no suspense accounts.

The supplementary guidance on gender responsive public financial management (GRPFM) has 9 performance indicators; they were all assessed and applicable. Additionally, the PEFA Climate module, which has 14 performance indicators, was used to assess climate responsive PFM. All 14 indicators were used and applicable.

2 Country background Information

2.1 Rwanda's government economic situation

Country context

Rwanda's development aspirations are well stated in her Vision 2050 and the roadmap to reaching the Vision is well elaborated in the pillars of the current 7-year National Strategy for Transformation (NST1-2017-2024). Rwanda is a small but growing market, with a population of slightly above 13 million people and a nominal Gross Domestic Product (GDP, Current) of USD12.105 billion, according to the World Bank and MINECOFIN. Before the COVID-19 pandemic, Rwanda enjoyed strong economic growth, averaging over 7% GDP growth annually over the last two decades. The Rwandan economy grew more than 9% in 2019 thanks to strong growth in industry, construction, services, and agriculture. Rwanda enjoys relatively high rankings in the World Bank's Ease of Doing Business Index, which ranked Rwanda 38th out of 190 economies in the 2020 report—second best in sub-Saharan Africa behind Mauritius. Recently, Rwanda joined yet another international ranking by qualifying the Kigali International Financial Centre (KIFC) as a financial centre that will transform Rwanda into an international financial destination for investors seeking opportunities across the African continent.

According to Transparency International, Rwanda ranked 49th out of 180 countries with a score of 54 out of 100, with a marginal drop of 1 point to 53 out of 100 points and ranked 52 out of 180 countries in 2021.

Country economic situation

Due to the COVID-19 outbreak, the Rwandan economy experienced its first recession since 1994, with a 3.4% GDP contraction in 2020 (Table 2.1 below). In February 2020, the World Bank reported that Rwanda was among the most affected economies in Africa, since the difference between pre-and post-growth projections reached 8%. At the moment, Rwandan GDP growth has rebounded to 6% and is projected to grow to 6.7% by the end of 2023.

The World Bank reported in July 2021 that Rwanda's public debt increased from 61% of GDP in 2019 to 71.4% in 2020 and was expected to reach 81% in 2023. Public debt increased due to reduced revenue, the need to support a struggling private sector and households impacted by lockdowns, and general government expenses. The percentage of foreign assistance (external grants and loans) in the country's annual budget has dropped from over 80% a decade ago to 33% in the 2021/2022 National Budget (MINECOFIN).

Leading sectors include energy, agriculture, trade and hospitality, and financial services. Rwanda's economy is overwhelmingly rural and heavily dependent on agriculture. Strong growth in the services sector over the past decade, particularly in construction and tourism, has contributed to overall economic growth. GDP per capita is USD913 in 2022, according to MINECOFIN (Table 2.1).

The government is seeking to turn Rwanda into a regional trade, logistics, and conference hub (as stipulated in the NST-1). Pillars of this strategy include the construction of several new international business class hotels, a convention centre in downtown Kigali, a new inland container terminal and bonded warehouse in Kigali. The government has also invested in expanding the fleet for the national carrier RwandAir and is pursuing U.S. authorization for a direct flight from Kigali to the United States. Construction of the new Bugesera International Airport is in its finishing stages.

Rwanda's principal exports (coffee, tea, cassiterite, coltan, wolfram, hides and skins, and pyrethrum) decreased 10% in value and 8% in volume between 2019 and 2020 due to reduced global demand from the COVID-19 pandemic, according to the Ministry of Finance and Economic Planning (MINECOFIN). Prior

to the COVID-19 pandemic, tourism was the country's leading foreign exchange earner. In October 2020, the IMF predicted that Rwanda's tourism revenues would fall from USD411 million in 2019 to only USD82 million in 2020 but is now recovering steadily. Revenues from Rwandan strategic investments in meetings, incentives, conferences/conventions and events/exhibitions (MICE) are expected to recover slowly given disruptions to international travel patterns and advances in teleworking.

Rwanda's small industrial sector contributes around 19% to GDP and employs less than 3% of the population. The services sector – including tourism - generates almost half of GDP (46%) and has grown at an average annual rate of around 10% in recent years. Rwanda is highly import-dependent, and the Rwandan government faces chronic and large current account deficits (see Table 2.1). In 2020, imports totaled USD3.109 billion compared to USD2.725 billion in 2019, an increase of 14% due to increased imports of consumer goods. Imports of capital and intermediary goods increased by 5% and 6% respectively, while energy product imports decreased by 33% over the past two years, according to the Ministry of Finance and Economic Planning. In 2020, principal imports included electrical machinery and parts; electronic equipment and parts; machinery appliances and parts; vehicles and accessories; cereals and other food stuffs; pharmaceutical products; construction equipment including iron and steel; and energy and petroleum products.

Key aspects of the government's economic and fiscal reforms

In 2018, the Government started implementing Rwanda's first National Strategy for Transformation (NST-1 2017 to 2024). This 7-year strategy is expected to lay the foundations for decades of sustained growth and transformation that will accelerate the move towards achieving high standards of living for all Rwandans, as embodied in Vision 2050 and the SDGs. The strategy builds on strong achievements in human capital development and specific priorities and strategies are presented under these three pillars:

- **Economic Transformation:** This presents a strategy to accelerate private sector-led economic growth and increased productivity.
- **Social Transformation:** This pillar entails strategic interventions for social transformation and goes beyond measures such as GDP per capita to bringing positive qualitative change in all aspects of people's lives.
- **Transformational Governance:** This pillar builds on the strong governance architecture established over the aftermath of genocide committed against Tutsi in 1994 to consolidate and provide building blocks for equitable transformational and sustainable national development.

The strategy also prioritizes the following cross-cutting areas: Capacity Development, HIV/AIDS and Non-Communicable Diseases, Disability and Social Inclusion, Environment and Climate Change, Regional Integration and International Positioning, Gender and Family Promotion, and Disaster Management.

The macroeconomic framework for NST-1 requires an average GDP growth of 9.1% over the NST-1 period for the country to remain on its path of economic transformation. This was attainable, if it were not external factors such as COVID-19 disruptions. The accelerated growth will require considerable efforts in boosting private and public investment financed by domestic savings and capital inflows; massive improvements in education; achieving significant increases in land efficiency and innovative capacity; and sustained efforts to boost production of tradable goods and services. At the same time, the rising working-age share of the population should generate gains in per capita income as Rwanda continues to benefit from a demographic dividend with a growing labour force, contributing to high economic growth rates.

Rwanda embraces the reform agenda, including the Public Financial Management Reform Strategy (2017-2024). The PFM reforms are consistent with NST-1 time period to allow the overall goal of ensuring

efficient, effective and accountable use of public resources as a basis for economic development and poverty eradication through improved service delivery. This requires modernizing the PFM infrastructure; the regulatory framework; policies and systems at both the central and local government levels. The ultimate objective is to ensure that the GoR develops the overall capacity to manage and regularly report on its own budget resources as well as utilize, account and report on assistance provided by development partners in whatever form.

The PFM process encompasses the whole range of activities including planning and budgeting, resource mobilisation, budget execution and expenditure control, reporting and accountability, audit and legislative oversight arrangements. These activities are managed or implemented by line ministries, districts, and are led by the Ministry of Finance and Economic Planning (MINECOFIN), the OAG and ultimately, Parliament.

2.2 Fiscal and budgetary trends

Fiscal performance

As a proportion of GDP, total revenues (including grants) are increasing steadily, despite global shocks such as COVID-19. The trend in ‘own revenue’ has exceeded the pre-COVID-19 level and is within the expected level. Total expenditure is also steadily increasing, most notably on capital account, which shows a steady rise over the period (Table 2.2 below).

Owing to the global economic downturn, the Government’s fiscal policy has recently sought to stimulate demand. As a result, the fiscal deficit excluding grants widened to an estimated 13.0% of GDP in FY 2020/21, though continued donor support reduced the deficit to 5.7% of GDP (refer to Table 2.1).

Table 2.1: Selected Economic and Financial Indicators (% , unless otherwise indicated)

Indicators	2019	2020	2021	2022 (projection)	2023 (projection)
Population (millions)	12.4	12.7	13.0	13.3	13.6
Annual change in Population (%)	2.4	2.3	2.3	2.3	2.3
Nominal GDP (RwF B) (FY)	8,718	9,402	10,279	11,812	13,694
Nominal GDP (RwF B) (CY)	9,314	9,607	10,944	12,696	14,709
Nominal GDP (\$m) (CY)	10,355	10,184	11,053	12,105	13,126
GDP per capita (\$)	837	804	853	913	968
Real GDP growth (CY)	9.5%	-3.4%	10.9%	6.0%	6.7%
Gross investment as a % of GDP	23.5	25.1	26.3	26.4	25.4
National savings as a % of GDP	11.6	12.8	15.5	14.7	14.7
FDI as % of GDP	2.5	1.0	1.9	3.0	3.2
Trade balance (% of GDP)	-14.1	-16.4	-15.0	-16.6	-14.9
Current account balance excl. Official transfers(% of GDP)	-14.5	-15.0	-14.0	-16.7	-14.0
Current account deficit, including official transfers (% of GDP)	-11.9	-12.2	-11.0	-12.2	-11.2
External debt (end period) % of GDP	61	71.4			81
Consumer price inflation (annual ave rate %)	2.4	7.7	0.8	9.5	8.0
Consumer price inflation (end of period rate, %)	6.7	3.7	1.9	8.8	6.5
In months of next year’s imports	5.9	5.8	5.2	4.6	4.3
Exchange rate: annual average RwF = \$1	899	943	990	1,047	1,121

Sources: MINECOFIN (Annual Budget Execution Reports; Annual Economic Reports; IMF Article IV)

Table 2.2: Aggregate fiscal data

Central government actuals (as a percent of GDP)			
	FY 2018/19	FY 2019/20	FY 2020/21
Total revenue	23.7%	23.4%	25.0%
- <i>Own revenue</i>	19.2%	18.8%	19.5%
- <i>Grants</i>	4.5%	4.7%	5.5%
Total expenditure	29.6%	31.2%	32.5%
- <i>Non-interest expenditure</i>	28.4%	29.7%	30.8%
- <i>Interest expenditure</i>	1.2%	1.5%	1.8%
- <i>Capital expenditure</i>	10.5%	11.0%	12.2%
- <i>Net lending</i>	0.3%	1.1%	1.0%
Aggregate deficit (incl. grants)	-5.9%	-7.8%	-7.5%
Overall deficit (excl. grant)	-10.5%	-12.4%	-13.0%
Primary deficit (incl. grant)	-4.7%	-6.3%	-5.7%
Net financing	5.6%	7.9%	7.3%
- <i>external</i>	5.1%	10.1%	6.4%
- <i>domestic</i>	0.5%	-2.3%	0.9%

Source: MINECOFIN (Annual Budget Execution Reports; Annual Economic Reports for each year)

Allocation of resources

Tables 2.3 and 2.4 below indicate government resource allocation over the three-year period ending June 2021. General public service, economic affairs and education continue to receive the largest proportion of government resources, with an average of 36.9%, 22.0% and 11.7% respectively. Government resource allocation to current expenditure averages around 64.0%, while capital expenditure averaged around 36.0% (table 2.4 below). Goods and services received an average allocation of 19.0%, followed by wages and salaries 9.2% and then interest payments of about 4.7%.

Table 2.3: Budget allocation by administrative heads as a percentage of total expenditure (actual figures)

Actual budgetary allocations by sector (as a percentage of total expenditure)			
	FY 2018/19	FY 2019/20	FY 2020/21
1. General public services	32.9%	36.0%	41.9%
2. Defense	4.1%	7.2%	4.7%
3. Public order and safety	5.1%	5.2%	5.2%
4. Economic affairs	25.6%	23.3%	17.0%
5. Environmental protection	1.3%	1.4%	1.4%
6. Housing and community amenities	5.4%	3.3%	2.3%
7. Health	9.2%	8.1%	8.1%
8. Recreation, culture, and religion	0.1%	0.6%	0.4%
9. Education	10.8%	10.3%	14.0%
10. Social protection	5.5%	4.6%	5.0%
Total	100%	100%	100%

Source: MINECOFIN (Annual Budget Execution Reports; Annual Economic Reports)

Table 2. 4: Budget allocation by economic classification (actual figures)

Actual budgetary allocations by economic classification (as a % of total exp)			
	FY 2018/19	FY 2019/20	FY 2020/21
Current expenditure	64.6%	64.8%	62.5%
- wages and salaries	9.4%	9.1%	9.0%
- goods and services	18.7%	19.5%	18.7%
- interest payments	4.0%	4.7%	5.4%
- transfers and subsidies	2.1%	2.7%	3.4%
- others	30.4%	28.8%	26.0%
Capital expenditure	35.4%	35.2%	37.5%

Source: MINECOFIN (Annual Budget Execution Reports; Annual Economic Reports)

2.3 Legal and regulatory arrangements for PFM

The legal and regulatory arrangements for the PFM sector have not significantly changed since the last PEFA in 2016. Under the 2003 Constitution (revised in 2015), Parliament has oversight of the annual finance bill and approves external borrowings and grants within set limits. The executive is constitutionally required to meet both 'ex-ante' and 'ex-post' reporting timeframes under the oversight of Parliament. The Chamber of Deputies receives and approves the annual finance bill in consultations with the Senate (the Upper House) – a process led by the 'Budget Committee of Parliament'. It also receives, debates, directs and approves the audited Consolidated Financial Statements (CFSs) from the Office of the Auditor General of State Finances (OAG) – a process led by the Public Accounts Committee (PAC). For public entities that receive funding from the national budget (central government, the subnational and extra budgetary entities), budget preparation, execution, reporting and oversight is regulated under the revised Organic Budget Law (OBL No 12/2013) on State Finances and Property. The relationship between Parliament, OAG and the executive is governed by the constitution (Articles 88 and 165), the OAG law no. 79/2013 of 11/09/2013 as well as the organic budget law (OBL) no. 12/2013 of 12.09/2013 on state finances and property.

Cabinet approves the government Medium Term Expenditure Framework (MTEF) and the annual Finance Bill (central government and the subnational) outlining the government priorities, policies, annual budget estimates (revenues, aggregate expenditure, fiscal balance and debt, etc.) for the next three years (budget year plus two outer years) submitted by the Ministry of Finance and Economic Planning. As soon as the bills becomes finance laws, the executive becomes accountable for their execution and reporting. The Minister of Finance and Economic Planning is mandated for planning budget, macroeconomic balance, execution and statutory reporting to Cabinet, OAG and Parliament. The accounting officer for budget agencies is the Chief Budget Manager (CBM) – accountable for planning, budgeting preparation, budget execution and reporting.

The Consolidated Fund (CF). The Government of Rwanda (GoR) operates a Consolidated Fund (CF) covering both the central government and the subnational – in which all revenues, earmarked funds, borrowings and grants are deposited and withdrawals made with prior permission from the Minister of Finance and Economic Planning – and for the subnational, the chairperson of the Executive Committee.

Financial Regulations N°001/16/10/TC of 26/01/2016 and the Organic Budget Law N° 12/2013/OL of 12/09/2013: The Financial Regulations and the Organic Budget Law establish the legal and regulatory framework public sector PFM for budget preparation, execution, accounting and financial reporting covering the central government, the subnational, public enterprises (GBEs), and extra budgetary funds – requiring public entities to adopt the "Modified Cash Basis of Accounting" and now, the GoR IPSAS roadmap.

The Office of the Auditor General is the Supreme Audit Institution of Rwanda. It regulated by Law N° 79/2013 OF 11/09/2013 and Article 183 of the 2015 amended Constitution of Rwanda. It is constitutionally required to: (a) annually audit and report to Parliament on the previous year budget (7 months after receipt from the executive) – provide an audit opinion (financial, compliance, performance, IT and special audits) on budget execution reports and CFSs – an assurance that public resources are efficiently put to use within the law, for purposes intended and add value (Value for Money); (b) submit a copy to the President, Cabinet, the Supreme Court (President) and the Prosecutor General; and (c) undertake any audit as may be required by the Chamber of Deputies – and similarly report on any other audits undertaken (Special Audits) within a specific timeframe.

Other relevant PFM laws include: Law on Public Procurement (Law N°62/2018 of 25/08/2018); law no 63/2007 of 30/12/2007 establishing the Rwanda Public Procurement Authority (RPPA) and amended by law No. 05/2013 of 13/02/2013 and a new Ministerial Order No. 001/14/10/TC of 19/02/2014; Law No37/2012 of 09/11/2012 establishing the value added tax; Law No 02/2015 of 25/02/2015 modifying and complementing Law No 37/2012; and Law No. 75/2018 of 07/08/2018 determining the source of revenue and property of decentralized entities. RPPA is the oversight institution accountable for transparency, efficient and effective public sector procurement (central government and the subnational). RPPA has since the FY2016/17 continued to strengthen the Electronic Procurement System (www.umucyo.gov.rw) for a more transparent, competitive, economy, efficiency, fair and accountable public procurement system.

Legal and regulatory arrangements in place for the internal control system

The Control Environment: The Chief Budget Managers (CBMs) are responsible for compliance with relevant PFM requirements. The sign-off and reporting of their assigned institutional resources – the roles and responsibilities outlined under the OBL; the Ministerial Instructions (MI); the Ministerial Orders (MO); and PFM procedure manual no. 002/09/10/A of 12/02/2009 (amended in 2021) setting out the internal control and audit regulations for Public Entities (PEs). PEs are required (Article 3 of MO no. 002/09/10/A of 12/02/2009) to put in place an effective internal control environment to mitigate risks, detect and prevent irregularities to meet key principles of economy, efficiency and effectiveness critical for their institutional mandate. The control environment is both preventative (ex-ante) and compliant (ex-post) to detect and confirm corrective actions. Public entities are supported with PFM control tools that include: the OBL, the MI, the MO and the PFM Procedure Manual – with the Audit Committees (ACs) providing the necessary oversight role and supported by the Office of the Government Chief Internal Auditor (GCIA). The control environment relies on a risk-based approach within the context of the ‘International Professional Practices Frameworks (IPPF)’ issued by the Institute of Internal Auditors (IIA) – for early detection and mitigation of risks. In this context, the ACs approve and monitor multi-year audit and risk mitigation plans that are copied to the GCIA. Additionally, the PFM Procedure Manual outlines the procedures for recording, accounting and reporting of transactions – including the rules such as ‘the routine segregation of duties’, a multi-layer authorizing environment and steps to take when the control environment falls short.

Information, Communication and Monitoring: Any control environment is influenced by the people that man it; their understanding, empowerment and buy-in of how it works; adequacy of skills at the point of need; and the incentive structure to the right things. The Rwanda PFM system has been maturing over a sustained period of reforms designed to ensure an accountable and effective service delivery. The underlying rules are clear, understood and enforced at each level. Oversight mechanisms (CBMs, GCIA, Audit Committees, OAG and Parliament), reporting timeframes (monthly, quarterly, semester and annually) are legally binding and respected. CBMs are accountable for the control environment. The internal audit function has recently been reorganized to be more effective at managing an increasing scope and retention of the skills it needs. Internal auditors are no longer assigned to one institution but centralized at the office of the GCIA from where they are deployed to support auditees and their audit committees. Audit recommendations are systematically tracked and reported on by the GCIA, OAG and PAC until they are fully implemented across government.

The PFM ICT Systems. The Rwanda PFM system is today dependent on a robust set of ICT systems that include an enhanced Integrated Financial Management Information System (IFMIS), a robust Integrated Personnel and Payroll Information System (IPPIS); e-Procurement (Umucyo); and real-time integration with other national databases at the Rwanda Revenue Authority (RRA), the National Bank of Rwanda (BNR), and these systems are now being enhanced to become true decision-making support tools for the PFM system.

The legal requirements for public participation

Article 10(1) of the financial regulations (ministerial order no. N°001/16/10/TC of 26/01/2016) makes provision for participatory, consultative, transparent and inclusiveness of all stakeholders (including CSOs) during the annual budget preparation process. In practice, public engagement during government budget preparation has been systematized and adopted each year. There is also parliamentary practice for public participation during budget scrutiny, as well as scrutiny of the annual audit reports from the Auditor General.

2.4 Institutional arrangements for PFM

Structure of the public sector

Tables 2.5, 2.6, and 2.7 below outline the structure of the public sector and central government operations. In Rwanda, central government includes budgeted central government institutions, extra-budgetary units and the social security fund, known as Rwanda Social Security Board. While all central government budget agencies receive direct funding from central government, extra-budgetary units receive part of their budget from central government.

Central government agencies include: 29 MDAs; 11 Boards; 10 GBEs; 30 Public Hospitals; and 30 District Pharmacies. There are 30 Districts, including City of Kigali – reduced from 31 after a recent reform. Rwanda’s subnational is deconcentrated into five (5) geographical provinces (West, East, South, North and the City of Kigali); 30 districts; and 416 sectors that are functionally linked to central government departments for service delivery and administratively accountable to the District Executive Secretaries (DESS).

Constitution

The 2015 (amended) Constitution sets out the legal and institutional framework of political governance and PFM. The Rwandan Parliament is the legislative authority and the second arm of government. The finance committee and the public accounts committee of the parliament examine budget documents and scrutinize audit reports, respectively. Government business is led by the Prime Minister, who is appointed by the elected President.

The Executive

The head of state is the President, elected for a term of seven years by universal suffrage. He (she) appoints the Prime Minister and political heads of all ministries, who together, form the cabinet. By the Article 12 of the Constitution, cabinet is accountable to the President and Parliament. The Minister of Finance is responsible for drafting the BFP for cabinet review and approval before submission to parliament for authorization. Cabinet is also mandated by the Constitution to approve the annual budget proposals and all supporting documentation before submission to parliament for scrutiny and approval. All in-year and annual fiscal reports are first reviewed by the executive before they are submitted to the legislature.

Parliament

Rwanda has a bi-cameral parliamentary system - the Chamber of Deputies (Lower Chamber) with 53 elected members and the Senate with 26 members. The Chamber of Deputies has a legislative, oversight

and representative mandate while the Senate elects the President, Vice-President and judges of the Supreme Court, approves the appointments for the Prosecutor General and Deputy, Chairpersons, members of National Commissions, the Ombudsman, the Auditor General of State Finances, Ambassadors, representatives to international organizations and other public officers mandated under the Organic Law. The lower chamber serves a five-year term while the Senate serves a seven-year term renewable once. The Constitution mandates parliament to scrutinise and approve all government bills with financial implications such as the annual budget, all central government borrowings, among others.

Judiciary

Judicial independence is constitutionally mandated – establishing the Supreme Court, the High Court and lower Courts as well as specialized Courts (Gacaca, Military, etc.). Any rulings on the constitutionality of organic laws and other internal regulations for the bi-cameral parliament are the preserve of the Supreme Court. The President is elected by universal suffrage for a seven-year term – and appoints the Prime Minister as the head of government. Rwanda is a multi-party system with a constitutionally mandated proportional representation.

Office of the Auditor General

Article 165 of the 2015 revised Constitution establishes the Office of the Auditor General of State Finances. It is the Supreme Audit Institution of Rwanda. The Auditor General is appointed by the President and approved by the Senate. The Constitution empowers the Auditor General to audit the public accounts of the Government of Rwanda and all public offices including the courts, the central government and district administrations, universities and public institutions, statutory corporations and government boards, companies with majority public interests, as well as entities established partly or wholly out of public funds.

Table 2.5: Structure of the public sector (number of entities and financial turn-over)

Public sector					
FY2020/2021	Government subsector		Social security funds	Public corporation subsector	
	Budgetary Unit	Extra budgetary Units		Nonfinancial public corporations	Financial public corporation
Central	110	80 ³	1 ⁴	15	5
1 st tier sub-national/local government	30	NA	NA	NA	NA

Note: NA = Not applicable.

Table 2.6: Financial structure of central government—budget estimates (Rwf Million)

FY2020/2021	Central government				
	Budgetary unit	Extra budgetary units	Social funds	security	Total aggregated
Revenue	2,098,200	84,170	251,540		2,433,910
Expenditure	2,650,600	80,580	23,155		2,754,335

Source: Budget Documents and Annual Financial Reports (CG including RSSB)

³ All EBUs except RSSB are part of the consolidated financial statements of CG.

⁴ In 2016, social security fund was separate from health insurance fund; the two institutions have now been combined into RSSB

Table 2.7: Financial structure of central government – actuals (Rwf Million)

FY2020/2021	Central government			
	Budgetary unit	Extra budgetary Units	Social security funds	Total aggregated
Revenue	2,568,200	72,139.11	247,444	2,887,783.11
Expenditure	2,997,707	72,109.00	25,738	3,095,554.00
Transfers to (-) and from (+) other units of general government	37,334.50	No data	No data	37,334.50
Liabilities	276,451.25	No data	46,577	323,028.25
Financial Assets (cash + cash equivalent)	157,841.78	No data	134,461	292,302.78
Non-financial assets	91,922.40	No data	13,676	105,598.40

Source: Annual Financial Reports (CG and RSSB)

2.5 Other important features of PFM and its operating environment

The PFM system is a centralized payment system, with each budget institution processing its payment request and submitting it in IFMIS to the AGD for payment. Each budget institution is headed by a political appointee, with the permanent secretary (PS) as the accounting officer or the chief budget manager (CBM), except at MINECOFIN where this position of permanent secretary was cancelled in the new organizational structure. The Government bank is the National Bank of Rwanda. Public accounts are audited annually by OAG.

PFM is a cross-cutting area and an enabler for the rest of the economy. The PFM Strategic Plan (PFM SSP 2018-2024) is linked to the National Strategy for Transformation (NST-1: 2018-2024) and ultimately, Rwanda’s vision 2050. PFM SSP overall mission is “to support Rwanda’s socioeconomic transformation through effective and accountable PFM” in terms of compliance with PFM rules and procedures, and ensuring public resources are used appropriately; the build-up of PFM capabilities at the subnational level to support local investments and service delivery; and enhancement of the Government’s capabilities to raise revenues and increase value for money in spending.

The Coordination Forum (CF) oversees the Forward-Looking Joint Sector Review (FLJSR) at the beginning of the year to agree sector priorities and resource allocations (ex-ante) and the Backward-Looking Joint Sector Review (BLJSR) at the year end to review progress against milestones (ex-post). The PFM SSP Mid-Term Review (MTR, 2021) concluded that the implementation of the seven (7) strategic objectives⁵ was on course despite the COVID-19 pandemic impact. A recent ENABEL PFM Portfolio MTR recommended some qualitative structural reforms to the sector oversight mechanisms in order to prepare the sector for a much deeper PFM reform – including the IPSAS roadmap and vision 2050 aspirations.

The PFM environment is supported by IFMIS which is rolled out all central government ministries, departments and agencies, except the National Bank of Rwanda and Rwanda Social Security Board.

⁵ (1) Expand the coverage and functionalities of the IFMIS and other PFM ICT systems; (2) Develop and sustain critical skills and partnerships for effective PFM; (3) Increase compliance with PFM systems and international benchmarks; (4) Strengthen PFM systems supporting subnational investments and service delivery; (5) Enhance VFM practices and support sound investment decisions; (6) Strengthen results and Governance of GBES; and (7) Enhance Resource Mobilization for NST-1 priorities.

Umucyo is the e-Procurement platform for all public sector procurement; this is directly linked to IFMIS. There is also direct interface between IFMIS and payroll system – IPPIS as well as e-tax system.

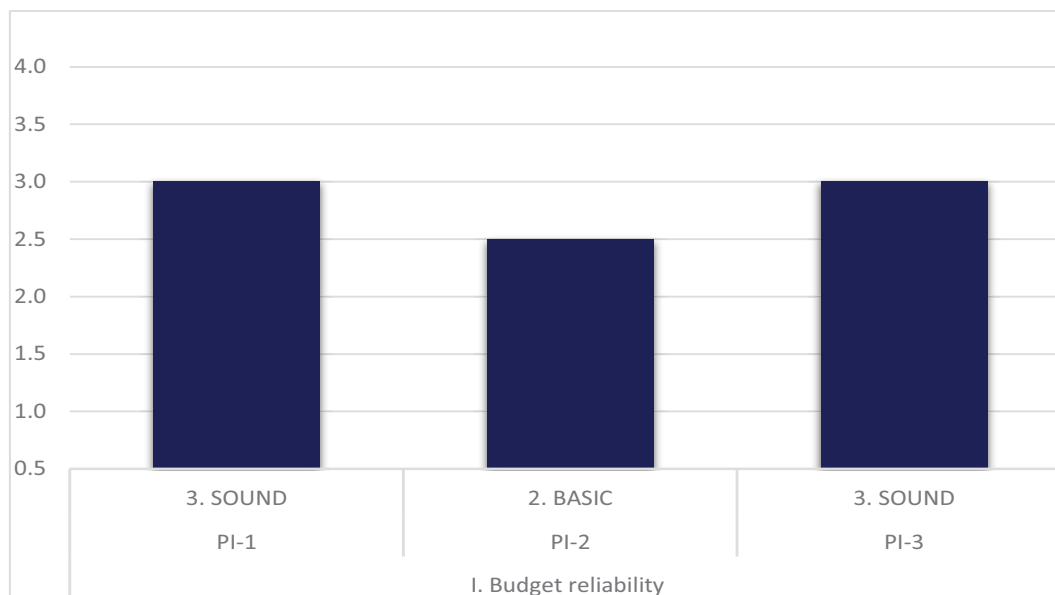
CSOs are engaged in public sector PFM in ensuring demand-side accountability. These are organised around the three principles of the budget, i.e., participation, transparency and accountability. The purpose is to ensure a greater inclusiveness in the budget process, increase access to information and improved responsiveness geared towards achieving gender sensitive budgeting, pro-poor budgeting and programmes.

3 Assessment of PFM Performance

3.1 Pillar I. Budget reliability

The chart below shows an overall sound performance for this pillar.

Pillar I : SOUND



PI-1 Aggregate expenditure outturn

This indicator measures the extent to which aggregate budget expenditure outturn reflects the amount originally approved, as defined in government budget documentation and fiscal reports. It has one dimension.

Summary of scores and performance table

PI-1	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
	Aggregate expenditure outturn	C	B		
	PI-1 Aggregate expenditure outturn	C	B	Aggregate expenditure outturn was between 90% and 110% of the approved aggregate budgeted expenditure in at least two of the last three years. It was 108% in FY 2018/19, 102% in FY 2019/20 and 113% in FY 2020/21.	Improvement in both score and performance. The aggregate expenditure outturn was between 90% and 110% of the approved aggregate budgeted expenditure in at least two of the last three years in the current assessment, while it was between 85% and 115% in the previous assessment.

Aggregate expenditure out turn was above the original budget for all the three years under assessment. It was 108% in FY 2018/19, 102% in FY 2019/20 and 113% in FY 2020/21, as reported in Table 1.1 below. The data is provided by the National Budget Department of MINECOFIN and is consistent with the annual finance laws and budget execution reports. As per the budget execution reports, front loading of outlays under recurrent, capital and net lending all contributed to the excess spending in FY 2018/19 while slightly higher spending on use of goods and services, interest costs as well as transfers for grants mainly accounted for the overall excess spending in the FY 2020/21. The budget execution for FY 2019/20 was generally in line with the projection. Detailed calculations are shown in Annex 4.

Table 1.1: Budgeted expenditure against actual out turn, excluding loans and grants (Rwf Billion)

	FY2018/2019	FY2019/2020	FY2020/2021
Original Budget	2,056.6	2,418.8	2,650.6
Actual Out turn	2,228.4	2,465.2	2,997.7
Actual Out turn %	108%	102%	113%

Source: National Budget Department, MINECOFIN

Dimension Score = B

Performance change since the previous assessment

The aggregate expenditure outturn improved from the previous assessment. It was between 85% and 115% of the approved aggregate expenditure in two of the last three years during the previous assessment and scored C. The score improved to B in the current assessment.

Recent or ongoing reform activities

None.

PI-2 Expenditure composition out turn

This indicator measures the extent to which reallocations between the main budget categories during execution have contributed to variance in expenditure composition. Variations in expenditure composition may indicate an inability to spend resources in accordance with the government's plans, as expressed in the originally approved budget.

Summary of scores and performance table

PI-2 M1	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 scores	Performance change and other factors
Expenditure composition outturn (M1)		C+	C+		No change in aggregate score but change in dimension score and performance.
2.1 Expenditure composition out turn by administration		C	B	The composition out turn by administrative classification was less than 10% in the last three completed fiscal years. It was 7.2%, 6.8% and 6.5% for the FYs 2018/19, 2019/20 and 2020/21 respectively.	Improvement in score and performance. The composition out turn by administrative classification was above 10% but less than 15% in two of the three years in the previous assessment. In the current assessment, it is less than 10% in all the three years.
2.2 Expenditure composition out turn by economic type		B	C	Variance in expenditure composition by economic classification was less than 15% in at least two of the last three years. It was in 7.9% in FY 2018/19, 10.4%	Deterioration in score and performance. The composition variance was less than 10% in two of the three years in the previous assessment, but decreased to less than 15% in current assessment.

PI-2 M1	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 scores	Performance change and other factors
				in FY 2019/20 and 14% in FY 2020/21.	
2.3	Expenditure from contingency reserves	C	A	Actual expenditure charged to the contingency vote was on average 2.1% of the original budget for FYs 2018/19 to 2020/21.	Actual expenditure charged to the contingency vote was on average 9.4% in the previous assessment. This has improved to 2.1% in the current assessment.

PI-2.1 Expenditure composition out turn by administration

This dimension measures the difference between the original approved budget and end-of-year out turn in expenditure composition, by functional (or administrative) classification, during the last three years under review, excluding contingency items, and interest on debt. The composition out turn by administrative classification was less than 10% in the last three completed fiscal years and has shown continuous improvement. It was 7.2%, 6.8% and 6.5% for the FYs 2018/19, 2019/20 and 2020/21 respectively. The data is provided by the National Budget Department of MINECOFIN and is consistent with the annual finance laws and budget execution reports. The major causes of the variation as per the budget execution reports are: in FY 2018/19, overspending on housing and community amenities and under spending on education; in FY 2019/20, overspending on health and under spending on education and housing and community amenities; and in FY 2020/21, overspending on health and under spending on education and social protection. Details of the calculations are presented in Annex 4.

Dimension Score = B

PI-2.2 Expenditure composition out turn by economic type

This dimension measures the difference between the original approved budget and end-of-year out turn in expenditure composition by economic classification during the last three years under review, including interest on debt but excluding contingency items. Variance in expenditure composition by economic classification was less than 15% in at least two of the last three years. The composition outturn by economic type for the FYs 2018/19, 2019/20 and 2020/21 was 7.9%, 10.4% and 14% respectively. The data is provided by the National Budget Department of MINECOFIN and is consistent with the annual finance laws and budget execution reports. The largest variances occurred in FY 2019/20 and FY 2020/21. The major causes of the variance in FY 2020/21 are under spending on interest, subsidies and other expenses and overspending on goods and services and acquisition of capital. In FY 2019/20, there was over spending on use of goods and services and underspending on acquisition of fixed capital, subsidies and other expenses. The calculations upon which the table is based are reported in Annex 4.

Table 2.1: Result Matrix PI-2. Composition variance by economic classification

Year	Total Expenditure Out turn (Less Contingency)	Composition Variance by Economic Classification
2018/19	108%	7.9%
2019/20	102%	10.4%
2020/21	113%	14%

Source: National Budget Department

Dimension Score = C

PI-2.3 Expenditure from contingency reserves

This dimension recognizes that it is prudent to include an amount to allow for unforeseen events in the form of a contingency vote, although this should not be so large as to undermine the credibility of the budget. Actual expenditure charged to the contingency vote was on average 2.1% of the original budget

for FYs 2018/19 to 2020/21. The detail calculations upon which the table is based are reported in Annex 4.

Dimension Score = A

Table 2.2 Result Matrix PI-2.1 & PI-2.3 Composition variance by admin classification and contingency

	for PI-1	for PI-2 (i)	for PI-2 (iii)
Year	Total expenditure out turn	Composition variance by admin	Contingency share
2018/19	108%	7.2%	2.1%
2019/20	102%	6.8%	
2020/21	113%	6.5%	

Source: National Budget Department.

Performance change since the previous assessment

No change in aggregate score, as the scoring method is M1, but change in dimension score and performance. The first and third dimensions have improved in score and performance, whereas the second has deteriorated. The composition out turn by administrative classification was above 10% but less than 15% in two of the three years in the previous assessment. In the current assessment, it is less than 10% in all the three years. The composition variance was less than 10% in two of the three years in the previous assessment but decreased to less than 15% in current assessment. The big variance was due to COVID-19 pandemic. Actual expenditure charged to the contingency vote was on average 9.4% in the previous assessment. This has improved to 2.1% in the current assessment.

Recent or ongoing reform activities

None

PI-3 Revenue out turn

This indicator measures the change in revenue between the original approved budget and end-of-year outturn. Accurate revenue forecasts are a key input to the preparation of a credible budget.

Revenue forecasting is formalized and derived from a revenue forecasting tool (REFOTO) and discussed in the Macroeconomic Working Group. Underlying assumptions to the projections are included in the BFP. The BFP also explains the differences with the forecasts made in the previous year's budget.

Summary of scores and performance table

PI-3 M2	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
	Revenue outturn	B+	B		Deteriorated in both score and performance due to deterioration in dimension 2.
	3.1 Aggregate revenue out turn	B	B	Actual revenue was between 94% and 112% of budgeted revenue in at least two of the last three years. It was 108.5% in FY 2018/19, 102.7% in FY 2019/20 and 122.4% in FY 2020/21.	No change in score and performance.
	3.2 Revenue composition out turn	A	B	Variance in revenue composition was less than 10% in two of the last three years. It was 9.4% in FY 2018/19, 6.3% in FY	Deterioration in both score and performance. Variance in revenue composition out turn was less than 5% during the 2016 assessment, but

			2019/20 and 12.4% in FY 2020/21.	increased to above 5% in the current assessment.
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PI-3.1 Aggregate revenue out turn

Total revenue is composed of domestic revenue and grants. Domestic revenue is composed of tax and non-tax revenues. Tax revenues are mainly collected from income, profits and capital gains, property, goods and services and international trade and transactions. The main source of other revenue is sales of goods and provision of services. As table 3.1 below shows, aggregate revenue out turn was reliable at 108.5% in FY 2018/19, 102.7% in FY 2019/20 and 122.4% in FY 2020/21. The detailed computation upon which the table is based is presented in Annex 4. The data is provided by the National Budget Department of MINECOFIN and is consistent with the annual finance laws and budget execution reports. Actual revenue exceeded the original target in all the three years in all categories. The outturn for FY 2020/21 was significantly above the original budget, driven mainly by other revenues.

Table 3.1: Comparison of budgeted revenue against actual outturn (Billion Rwf)

	2018/2019	2019/2020	2020/2021
Original Budget	1,903.6	2,136.0	2,098.2
Actual Out turn	2,065.0	2,193.0	2,568.2
Actual Out turn %	108.5%	102.7%	122.4%

Source: National Budget Department, MINECOFIN

Dimension Score = B

PI-3.2 Revenue composition out turn

The revenue composition outturn was also reliable, as is the case with the aggregate revenue. Variance in revenue composition was less than 10% in two of the last three years. It was 9.4% in FY 2018/19, 6.3% in FY 2019/20 and 12.4% in FY 2020/21. The detailed computation is attached in Annex 4. Tax revenues and grants were generally within target in FYs 2018/19 and 2019/20, but the deviation increased in FY 2020/21. The largest deviation from the budget was recorded on non-tax revenue in all the three years, with the highest deviation being in FY 2020/21, pushing the composition variance to above 10%.

Table 3.2: Revenue composition outturn

Fiscal year	total revenue out turn	composition variance
2018/2019	108.5%	9.4%
2019/2020	102.7%	6.3%
2020/2021	122.4%	12.4%

Source: National Budget Department, MINECOFIN

Dimension Score = B

Performance change since the previous assessment

Revenue outturn generally remained reliable during both assessments, with a marginal deterioration from a score of B+ in the previous assessment to a score of "B" in the current assessment. While aggregate revenue outturn (PI-3.1) remained B in both assessments, the revenue composition outturn (PI-3.2) deteriorated from an A score in the previous assessment to a B score in the current assessment.

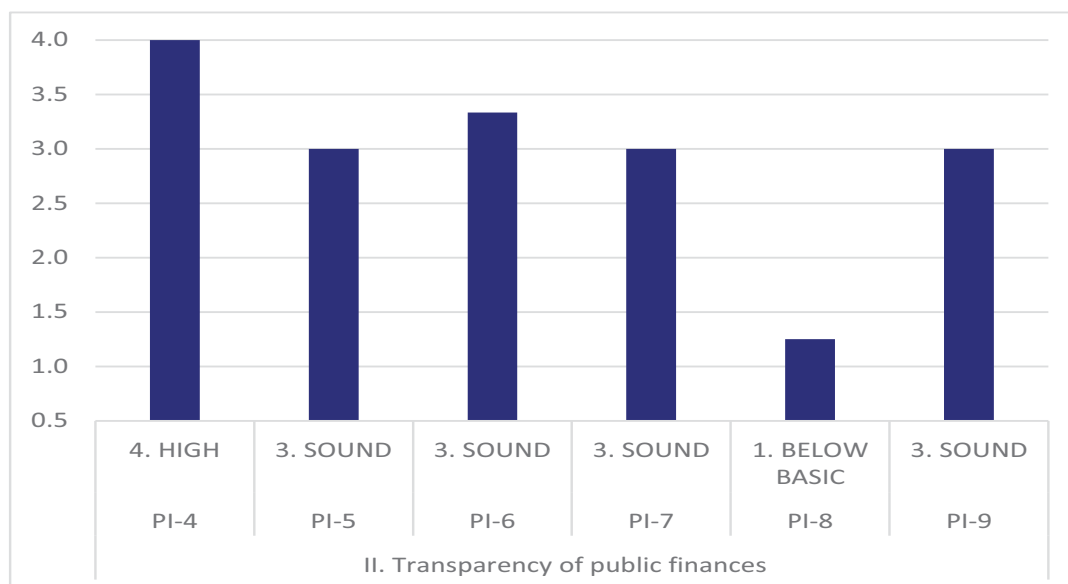
Recent or ongoing reform activities

None

3.2 Pillar II. Transparency of public finances

As indicated in the chart below, the performance of this pillar at the overall level is sound.

Pillar II : SOUND



PI-4 Budget classification

PI-4.1 Budget and accounts classification is consistent with international standards

This indicator assesses the extent to which the government budget and accounts classification is consistent with international standards. It has one dimension.

Summary of scores and performance table

PI-4	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2017 PEFA)	Brief justification of 2022 score	Performance change and other factors
4.1	Budget and accounts classification are consistent with international standards	A	A	Budget formulation, execution and reporting are based on administrative, economic and functional/sub-functional classification based on the GFSM 2014 standards.	No change and no other factors.

Budget formulation, execution and reporting are based on administrative, economic and functional/sub-functional classification based on the GFS 2014 standard. The Chart of accounts (CoA) in use and by IFMIS also provides for programmatic classification and identifies sources of funding. Moreover, this satisfies the requirements of the Organic Budget Law 12/2013. The CoA is configured in a 36-digit system. It is made up of 5 Segments as shown in the Table 4.1 below. The economic classification has 6 digits in compliance with GFS.

Table 4.1: Structure of the Chart of Accounts (CoA)

Segment 1	Segment 2	Segment 3	Segment 4	Segment 5
Organization	Fund	Function/ Programme	Economic	Location
2+2+3+3	1+2+4	2+2+2+2	1+1+1+1+2	1+2+2
10 digits	7 digits	8 digits	6 digits	5 digits

Dimension Score = A

Performance change since the previous assessment, where applicable

The budget classification of the GoR remains robust during both assessments, with a score of “A”.

Recent or ongoing reform activities

The GoR is migrating to accrual-based accounting. There is also Performance-Based Budgeting (PBB) which has been initiated as part of ongoing budget reforms piloted in some ministries spending more than others.

PI-5 Budget documentation

PI-5.1 Budget documentation is measured against a list of ‘basic’ and ‘additional items’

This indicator has one dimension to assess the comprehensiveness of the information provided in the annual budget documentation presented by the Executive Government to the House of Assembly, and is measured using a list of ‘basic’ and ‘additional’ elements included in the last budget submitted to parliament, i.e., the FY2021/2022 budget.

Summary of scores and performance table

PI-5	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
5.1	Budget documentation	B	B	Budget documentation fulfills 9 elements, including all 4 basic elements, plus 5 additional elements.	No change in score or performance.

Annual budget documentation refers to the executive’s budget proposals for the next fiscal year with supporting documents, as submitted to the legislature for scrutiny and approval. The set of documents provided by the executive should provide a complete picture of central government fiscal forecasts, budget proposals, and the out turn of the current and previous fiscal years.

Article 32 of the OBL requires the Minister of Finance and Economic Planning to prepare and submit to both Chambers of the Parliament, by not later than 30th April of each year, the Budget Framework Paper, after approval by Cabinet. The Budget Framework Paper and Budget Documentation, which were submitted for FY2021/22, includes the following annexes:

- the basic macroeconomic indicators;
- the fiscal projections for the relevant period;

- the mid-year budget execution report of the current year;
- the borrowing and loan servicing projections;
- the projections of grants by source;
- the guidelines on earmarked transfers to decentralized entities;
- the projected internally generated revenues and related expenditures of Central Government entities;
- the consolidated summaries of revenues and expenditures of decentralised entities;
- the revenues and expenditure projections of public institutions;
- the dividends paid by companies in which the State holds shares and the part of the amount which will go to the budget;
- the securities issued by the Government;
- the gender budget statement.

As shown in Table 5.1 below, budget documentation fulfils 9 elements, including all 4 basic elements plus 5 additional elements.

Table 5.1: Budget documentation benchmarks

Element/ Requirements	Met (Y/N)	Evidence used/Comments
Basic elements		
1. Forecast of the fiscal deficit or surplus or accrual operating result	Yes	This can be found in the Budget Framework Paper FYs 2021/2022-2023/2024, IV.1. Projection of Resources and Expenditures in 2021/22 and the medium term (Page 26). (https://www.minecofin.gov.rw/index.php?eID=dumpFile&t=f&f=20535&token=da65839f9dc0686e86732f2bf7b40090f9b9c417)
2. Previous year's budget out turn, presented in the same format as the budget proposal. This can be either the revised budget or the estimated out turn.	Yes	This can be found in the annual finance law. (https://www.minecofin.gov.rw/index.php?eID=dumpFile&t=f&f=24238&token=23caa1e81eba6c54f3880252fbeb645975857f7c).
3. Current fiscal year's budget, presented in the same format as the budget proposal	Yes	This can be found in the annual finance law. (https://www.minecofin.gov.rw/index.php?eID=dumpFile&t=f&f=24238&token=23caa1e81eba6c54f3880252fbeb645975857f7c).
4. Aggregated budget data for both revenue and expenditure	Yes	This can be found in the Budget fact sheet. (https://www.minecofin.gov.rw/index.php?eID=dumpFile&t=f&f=25275&token=77eabcf781c71d4ac7c3a5074164083e4c878ba3)
Additional elements		
5. Deficit financing, describing its anticipated composition	Yes	This can be found in the Budget Framework Paper FYs 2021/2022-2023/2024, Page 24 and Annex: Medium term fiscal projections. xls (https://www.minecofin.gov.rw/index.php?eID=dumpFile&t=f&f=20535&token=da65839f9dc0686e86732f2bf7b40090f9b9c417)
6. Macroeconomic assumptions, including at least estimates of GDP growth, inflation, interest rates, and the exchange rate	Yes	Assumptions on GDP growth, interest rate, exchange rate, and inflation rate are stated.
7. Debt stock, including details at least for the beginning of the current fiscal year, presented in accordance with GFS or other comparable standard	Yes	This can be located in the medium-term debt strategy. (7. Annexes) (https://www.minecofin.gov.rw/fileadmin/user_upload/Minecofin/Publications/REPORTS/Chief_Economist/Debt_Management/Rwanda_MTDS-FY_2019-20.pdf)
8. Financial assets, including details at least for the beginning of the current fiscal year presented in accordance with GFS or other comparable standard	No	
9. Summary information of fiscal risks	Yes	This can be located in the Fiscal risk statement. (https://www.minecofin.gov.rw/fileadmin/user_upload/Minecofin/Publications/REPORTS/Chief_Economist/Macroeconomic_Policy/Fiscal_Risk_Statements/Rwanda_Fiscal_Risk_Statement_FY_21_22.pdf)
10. Explanation of budget implications of new policy initiatives and major new public investments, with estimates of the budgetary impact of <i>all</i> major revenue policy changes and/or changes to expenditure programs	No	
11. Documentation on the medium-term fiscal forecasts	Yes	This can be found in the Budget Framework Paper; FYs 2021-2024, under Executive Budget Proposal, Annex: Medium term fiscal projections. Xlxs. (link)
12. Quantification of tax expenditures	No	The tax expenditure report can be found on the website until FY 2019/2020 only.

Source: 2021/2022 budget documentation from National Budget Department.

Dimension Score = B

Performance change since the previous assessment

No change in performance and score

Recent or ongoing reform activities

None

PI-6 Central government operations outside financial reports

This indicator measures the extent to which government revenue and expenditure are reported outside Government financial reports. It has three dimensions. Coverage is central government.

Summary of scores and performance table

PI-6 (M2)	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
6	Central government operations outside financial reports	A	B+		There is deterioration in overall score and performance, largely due to slippage in dimension (ii), even though there is improvement in dimension (iii).
6.1	Expenditure outside financial reports	A	A	All entities which are controlled and mainly financed by GoR are on budget and included in fiscal reports. Part of the RSSB expenditure is unreported; this accounts for 0.86% of CG budgeted expenditure for FY2020/2021 (refer to Table 6.2).	No change and no other factors.
6.2	Revenue outside financial reports	A	C	For FY2020/2021, revenue outside financial reports was 9.6% (please, refer to Table 6.3).	Deterioration in score and performance. Revenue outside government financial reports was higher in 2022 assessment, at 9.6% compared to less than 1% in 2016 assessment.
6.3	Financial reports of extra-budgetary units	B	A	Detailed financial reports of <i>all</i> extrabudgetary units, including RSSB, are submitted to government annually within three months of the end of the FY.	Improvement in score and performance. In the previous assessment, public institutions submitted their accounts within six months. In the current assessment, they submit their accounts within three months.

PI-6.1 Expenditure outside financial reports

Article 7 of OBL 2013 requires that “all revenues, including grants and loans, and all expenditures shall be included in the budget of the concerned public entity”. Article 65 specifies that “all public entities shall prepare and submit their quarterly budget execution reports to the Minister. Public institutions shall submit their quarterly budget execution reports after approval by the relevant competent authority. On a quarterly basis, the Minister shall prepare and submit a consolidated budget execution report to Cabinet”. The FY2020/2021 national budget shows that all entities that are controlled and financed by GoR appear on the national budget. They are also included in the relevant financial reports as part of the standard reporting processes by the parent MDA. The entities in question are listed in Table 6.1 below.

The Rwanda Social Security Board (RSSB) was established by the law No.45/2010 of 14/12/2010 that determines its mission, organization and functioning. It merged what were previously the Rwanda Social

Security Fund (RSSF) and the Rwanda Health Insurance Fund (RAMA). Its mandate is to administer social security in the country. RSSB has a legal personality, administrative and financial autonomy and is supervised by the National Bank of Rwanda. As shown in Table 6.2 below, expenditure outside central government financial reports for FY2020/2021 stood at 0.86%.

Table 6.1. Public institutions/Non-Commercial Corporations

Public institutions/Non-Commercial Corporations	
1	Rwanda Civil Aviation Authority (RCAA)
2	National Bank of Rwanda (BNR)
3	Rwanda Social Security Boards (RSSB)
4	Rwanda Utilities Regulatory Agency (RURA)
5	Special Guarantee Fund
6	Military Medical Insurance Scheme (MMI)

Source: Accountant General's Department.

Table 6.2. Expenditure outside the budget and financial reports - FY 2020/2021

RSSB Expenditure FY 2020/2021 (outside BCG financial reports) Rwf million	25,738
BCG actual expenditure FY 2020/2021 (Rwf million)	2,997,707
% Expenditure outside financial reports	0.86%

Source: RSSB annual financial statements for FY2020/2021 and data from National Budget

Dimension Score = A

PI-6.2 Revenue outside financial reports

Income of entities that are controlled and mainly financed by GoR appear on the national budget. They are also included in the relevant fiscal reports as part of the standard reporting processes by the parent MDA. The entities in question are listed in Table 6.1 above. The share of income of the RSSB that corresponds to GoR's contributions to RSSB – set at 5% of salaries – is reported as expenditure in MDAs budgets and financial reports. The remaining income of RSSB is not reported in the national budget or the Consolidated Annual Financial Statement. For FY2020/2021, revenue outside financial reports was 9.6% (please, refer to Table 6.3).

Table 6.3: Revenue outside central government financial reports – FY2020/2021

RSSB Income FY 2020/2021 (outside BCG financial statements) Rwf million	247,444
BCG reported actual income FY 2020/2021 Rwf million	2,568,200
% of revenue outside CG financial reports	9.6%

Source: RSSB annual financial statements for FY2020/2021 and data from National Budget

Dimension Score = C

PI-6.3 Financial reports of extra-budgetary units

Article 67 of the Organic Law No 12/2013 on State Finances and Property mandates all extrabudgetary units including social security fund (RSSB) to prepare and submit detailed annual financial reports to the government, either through their parent MDA or directly to MINECOFIN, within three months after the end of the financial year. This is done in practice, including submitting quarterly financial reports to MINECOFIN. Apart from RSSB, all other extrabudgetary units' financial reports are part of the consolidated annual financial statements of GoR. RSSB also submits annual financial statements to MINECOFIN and OAG within three months after the end of the financial year. The consolidated financial

statements for the FY 2020/21 (which includes financial reports of extra-budgetary units) were submitted to the OAG on September 29, 2021, which is within three months after the end of the fiscal year (refer to PI-29.2).

Dimension Score = A

Performance change since the previous assessment

There is deterioration in overall score and performance, largely due to slippage in dimension (ii), even though there is improvement in dimension (iii).

Recent or ongoing reform activities

A revised PFM organic law takes into account a new (and operationally clearer) definition of public institutions was approved by Cabinet and is being submitted to Parliament.

PI-7 Transfers to sub-national governments

This indicator assesses the transparency and timeliness of transfers from the central government to the first-tier Sub-national Governments (SNGs - also known as local governments) along with fiscal relations with the central government. It reviews the basis for the transfers, including whether they receive timely information about their allocations to facilitate fiscal planning. It has two dimensions. Coverage is central government and the subnational governments which have direct financial relationships with CG.

Summary of scores and performance table

PI-7 (M2)	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
7	Transfers to sub-national governments	A	B		Deterioration in both score and performance due to slippage in dimension (ii).
7.1	System for allocating transfers	A	A	The horizontal allocation of all transfers for the devolved sectors to districts from central government is determined by a transparent, rule-based system, and was applicable to both conditional and unconditional grants.	No change in score and performance.
7.2	Timeliness of information on the transfers	A	C	LGs received information from CG for the preparation of their budget estimates for FY2020/2021 before the start of their fiscal year. Deadline for submission of LGs budget proposals was only two weeks from date of issuance of BCC.	Deterioration in both performance and score. The negative impact of COVID-19 affected the budget preparation process.

PI-7.1 System for allocating transfers

The subnational government administration in Rwanda consists of 27 District Councils, and the City of Kigali. Each Council has an elected mayor and is responsible for delivering services to its citizens. The local governments are funded from different source of revenues including: (i) budgetary transfers from central government (block transfer from national budget and earmarked transfers from line ministries) (ii) own source revenues and (iii) funding from development partners.

Fiscal transfers from the Central Government make up the largest share of local government resources. The resources are shared with districts using three mechanisms, namely:

1. A block grant, designed to meet wages and some operational costs;
2. Recurrent earmarked transfers to support the delivery of specific public services; and
3. Development earmarked transfers to finance specific development projects.

The total resources (conditional and unconditional grants) available to districts over the last completed FY, allocated through transparent and rule-based system, is shown in the table below:

Table 7.1: Resources (ceilings) allocated to District Councils (Rwf) for FY 2020/2021

	FY 2020/2021
Block Grant	59,215,473,965
Earmarked transfers	227,945,454,609
District capital domestic	127,691,643,675
Total	414,852,572,249

Source: MINECOFIN (2nd BCC, dated 13 March 2020).

Mechanisms for distribution of fiscal transfers

Earmarked transfers

MINECOFIN is responsible for issuing guidelines governing earmarked transfers. Article 32 of the OBL (2013) on preparation and presentation of the Budget Framework Paper (BFP) mandates the Minister of Finance and Economic Planning to issue guidelines on earmarked transfers to decentralized entities as an annex to the BFP to be presented to Cabinet. Guidelines on earmarked transfers to decentralized entities are issued and published annually as an annex to the BFP presented to Cabinet. The earmarked resources for devolved activities are determined during the budget preparation process by line ministries responsible for the delegated functions to be implemented at local government level. They are based on delegated outputs and performance indicators delivered at local government level. All allocations regarding earmarked transfers were made in accordance with earmarked transfers guidelines issued by MINECOFIN in July 2020 as part of the preparation of BFP 2020-2021. The guideline details the allocation formula for each sector which is based on outputs and the method. An example of the allocation formula for education sector for FY 2020/21 is shown below in table 7.2.

Table 7.2: Earmarked transfer allocation formula for education sector for FY 2020/21

Program & Subprogram	Outputs	Method
Program: Health		
Sub-Program: Health Staff Management	Output 1: Staff of Health facilities remunerated on time	1. Number of Staff 2. Amount per staff according to their position 3. Monthly lump- sum of DG of Hospitals 4. Horizontal promotion
Sub-Program: Health Infrastructure, Equipment and Goods	Output 2: All Districts Hospitals are financially supported to pay overheads expenses	1. Number of district hospitals 2. Running cost for wash infrastructure at 7 POEs in 3 DISTRICTS
Sub-Program: Disease Control	Output 3: All CHW cooperatives are given performance incentives	1. Number of CHWs Cooperatives 2. (Equal amount per cooperative, but districts assess cooperatives

		according to performance indicators and alter pay 3. Running cost
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Earmarked development transfers

Law 62/2013 established the Local Administrative Entities Development Agency (LODA), with oversight responsibility by Ministry of Local Government (MINALOC). LODA has many functions, including mobilization of resources to finance development activities in local administrative entities. It is also charged with putting in place mechanisms of distributing financial support in local administrative entities. It is funded primarily from the Government budget for an amount equivalent to 10% of the previous year’s central government domestic revenue collection. These resources are supplemented by funds provided by the donor community. LODA focuses on capacity building of local administrative entities, and monitors and evaluates the implementation of development programs in Districts. Funds are allocated to Districts via transparent formulae. For example, funds for decentralized development projects use established parameters including population size: 40% (based on National Census and Habitat data 2012); geographical area: 20%; and, poverty level: 40% (based on data from the Integrated Household Living Conditions Survey 2016/2017).

Block grant

The objective of the Block Grant is to supplement the resources collected directly by districts and to provide additional non-earmarked financial resources to the decentralized level of government to meet wages and salaries expenditures and other operational funding requirements. Every year, the Government transfers to decentralized entities at least five percent (5%) of the domestic revenue of the previous tax period in order to support their budgets. (Article 65 Law N° 75/2018 of 07/09/2018 determining the sources of revenue and property of decentralized entities) . The distribution of the grant uses a simple Excel-based formula by applying established parameters including: (i) 50% based on the number of ‘Sectors’ (as a proxy for the wage bill, and service delivery costs); 30% based on poverty (using data from National Institute of Statistics); and 20% on population (area population). The formula for distributing block grants to LGs is determined by a Cabinet Directive, however it is not published. The block grant for FY 2020/21 was allocated based on this formula.

In summary, the horizontal allocation of all transfers for the devolved sectors to districts from central government is determined by a transparent, rule-based system, and was applicable to both conditional and unconditional grants.

Dimension score = A

PI-7.2 Timeliness of information on the transfers

The planning and budgeting calendar is guided by two budget call circulars (BCCs) issued by MINECOFIN. The first BCC, which is for planning purposes, and not for budget submissions, is normally issued in quarter two of the financial year. The second BCC, which is issued with indicative expenditure ceilings was communicated to LGs on 13 March 2020, before the start of LGs fiscal year, providing districts with their indicative budget ceilings for the following financial year. Local governments were required to submit their budget proposals within two weeks, i.e., by 29 March 2020. This period was shortened due the COVID-19 pandemic, which struck the world around the same time of budget preparation.

Although changes to the ceilings may occur as the available resource envelope is refined during budget discussions (for example in March when the final draft of “Imihigo” is produced), the changes are not significant. Discussions with authorities indicate that even though a two-week deadline was quite tight, no substantial delays were noted in the budget preparation procedures for LGs for FY 2020-2021 since

LGs started preparing their budget proposals using expenditure ceilings of the preceding year (in this case FY 2019/2020) because they do not anticipate significant changes in their budgetary allocations.

Dimension score = C

Performance change since the previous assessment, where applicable

Deterioration in score and performance due to deterioration in score and performance in 7.2. In the previous assessment, districts were allowed enough time (more than six weeks) to prepare their budget. In the current assessment, this period is reduced to two weeks.

Recent or ongoing reform activities

The 4th Fiscal and Financial Decentralization policy has been drafted and it is being discussed within the fiscal decentralization steering committee. This policy has new proposed reforms under this component.

PI-8 Performance information for service delivery

This indicator examines the service delivery performance information in the executive's budget proposal or its supporting documentation in year-end reports. It determines whether performance audits or evaluations are carried out. It also assesses the extent to which information about resources received by service delivery units is collected and recorded. It has four dimensions. Coverage is central government.

Summary of scores and performance table

PI-8 M2	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
PI-8 Performance information for service delivery		D	D		No change in overall score and performance.
8.1 Performance information for service delivery		D	D	Available data indicated that only 32% by value of central government entities prepare and publish annual action plans with key performance indicators relating to outputs and outcomes	No change in performance and score.
8.2 Performance achieved for service delivery		C	D	Quarterly and annual performance reports, with information on outputs and outcomes are prepared at sector level, by central government agencies listed in Table 8.1 above, and submitted to MINECOFIN for consolidation. The annual performance reports of these agencies (refer to Table 8.1 above, constituting 32% by value) and the joint sector reports are published on their respective websites.	No real change in score and performance. The previous assessment was over scored because the performance reports (year-end budget-execution reports) were not published.
8.3 Resources received by service delivery		D	D	A framework for tracking all resources received (both cash and kind) is yet to be fully operational for MoE. The resource tracking tool for MoH is not functional. There is also no consolidated report on all	No change in performance and score

PI-8 M2	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
				resources received by MoE and MoH	
8.4	Performance evaluation for service delivery	D	C	Independent evaluations of the efficiency and effectiveness of service delivery for sectors representing 47%, 32% and 40% by value for FYs 2018/2019, 2019/2020, and 2020/2021 respectively, have been carried out by Rwanda Governance Board (RGB) through the Rwanda Governance Score Card; the 8th edition was published by RGB in 2021 (for evaluation of the sectors listed in Table 8.2 below) and is available on RGB website	Improvement in both score and performance. In the previous assessment, performance evaluations (surveys) were conducted but did not cover 25% of expenditure. This has improved to more than 25% but below 50% of expenditure in the current assessment.

8.1 Performance plans for service delivery

All budget agencies are required to prepare their annual performance plans (*Imihigo*) and annual action plans that spell out expected outcomes, outputs and target indicators. The Budget Call Circular (BCC) for FY 2022/2023 provided guidance and formats for preparation of annual key performance indicators and outputs. Performance indicators are presented at administrative, program and activity levels, with outputs and outcomes. The performance plans and action plans of each budgetary agency are published on the website of MINCOFIN until FY 2020/21 only. In order to institutionalize performance measurement in the country's PFM system, Performance-Based Budgeting (PBB) has been initiated as part of ongoing budget reforms, and its being piloted on 4 ministries since FY2019/2020. As shown in Table 8.1 below, 32% by value of key service delivery central government agencies have prepared annual performance plans and annual action plans for the FY 2022/23.

Table 8.1: Key Service Delivery Central Government Agencies: FY 2022-2023

Central Government Agency	Budget
Ministry of Agriculture (Minagri)	101,793,190,220
Ministry of Trade & Commerce (Minicom)	113,369,417,735
Ministry of Justice (Minijust)	23,737,221,417
Ministry of Education (Mineduc)	181,003,123,401
Ministry of Infrastructure (Mininfra)	618,668,610,180
Ministry of Health (Minisante)	243,039,250,390
Ministry of Environment (MoE)	9,121,905,966
Total	1,290,732,719,309
Total budget (FY 2022/23)	4,037,232,782,861
% of total budget	32%

Source: MINECOFIN BCC II FY 2022-23

Dimension score = D

PI-8.2 Performance achieved for service delivery

Quarterly and annual performance reports, with information on outputs and outcomes are prepared at sector level, by central government agencies listed in Table 8.1 above, and submitted to MINECOFIN for consolidation. The annual performance reports of these agencies (refer to Table 8.1 above, constituting 32% by value) and the joint sector reports are published on their respective websites. The practice has been the same for FY 2020/21. However, the consolidated performance reports are not published.

Dimension score = D

PI-8.3 Resources received by service delivery

Ministry of Health (MoH) has a robust resource-tracking system (Health Resource Tracking Tool), but out-of-service since 2020. That said, officials of MoH indicated that a consolidated report on resources received in kind for the period 2018-2020 has been drafted, yet to be finalized. Nevertheless, all resources in cash are reported in the annual financial statements of the ministry. Ministry of Education, on the other hand, is currently developing its own resource-tracking system (to track resources in kind), and it is expected to be operational in FY2023/2024.

Dimension score = D

PI-8.4 Performance evaluation for service delivery

Performance monitoring & evaluation is conducted on a quarterly and annual basis for a number of service delivery sectors including agriculture, education, health and infrastructure. Independent evaluation for performance contracts (*Imihigo*) was done once in the last three years by the National Institute of Statistics of Rwanda (NISR). The independent evaluation report done by NISR was published in September 2020⁶. In addition, independent evaluations of the efficiency and effectiveness of service delivery for sectors representing 47%, 32% and 40% of total budget for FYs 2018/2019, 2019/2020, and 2020/2021 respectively, have been carried out by Rwanda Governance Board (RGB) through the Rwanda Governance Score Card; the 8th edition was published by RGB in 2021 (for evaluation of the sectors listed in Table 8.2 below) and is available on RGB website⁷.

Table 8.2: Independent evaluations performed by Rwanda Governance Board (RGB) (2019-2021)

	Sector	Budget		
		2018/2019	2019/2020	2020/2021
1	Agriculture	143,753,119,411	115,320,359,396	122,101,976,225
2	Education	126,961,246,207	148,641,050,519	244,513,920,924
3	Environment	26,679,078,493	40,154,584,448	33,310,963,642
4	Health	192,131,340,339	185,385,571,899	205,754,578,747
5	Infrastructure	408,468,461,637	148,641,050,519	400,932,068,200
6	Justice	90,577,911,102	106,260,216,603	119,509,560,621
7	Social protection	97,583,302,532	106,820,409,798	120,705,964,081
8	Trade and industry	40,985,959,395	46,543,468,247	32,944,791,316.27
9	Gender & family promotion	18,529,122,441	16,974,280,038	14,426,953,883.00
	TOTAL	1,145,669,541,557	914,740,991,467	1,294,200,777,639
	Total National Budget	2,443,535,804,386	2,876,916,340,789	3,245,708,206,238
	Percent of total national Budget	47%	32%	40%

Source: MINECOFIN (Annual Finance Laws & RGB service delivery assessments)

Dimension score = C

⁶<https://www.statistics.gov.rw/documents/subject/imihigo-reports>

⁷<https://www.rgb.rw/index.php?eID=dumpFile&t=f&f=33214&token=aa3dc82a03fecc2cddb2c6516dccc4f7def100c0>

Performance change since the previous assessment, where applicable

No change in overall score and performance. Whilst there is improvement in dimension (iv), there appears to be a deterioration in dimension (ii).

Recent or ongoing reform activities

Performance-Based Budgeting (PBB) is being piloted in 4 ministries since FY2019/2020.

PI-9 Public access to fiscal information

This indicator assesses the comprehensiveness of fiscal information available to the public based on specified elements of information to which public access is considered critical. There is one dimension for this indicator.

PI-9.1 The comprehensiveness of fiscal information available to the public

Summary of scores and performance table

PI-9	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
9.1	Public access to fiscal information	B	B	GoR makes available to the public 7 elements, including 4 basic elements plus 3 additional elements.	No change in score, but improvement in performance. One additional element (macroeconomic forecast) is also made available to the public, which was not the case in 2016

The Table 9.1 below analyses information made to the public for the completed fiscal year 2020/2021. The Government of Rwanda makes available to the public four basic elements plus three additional elements in accordance with the specified timeframe.

Table 9.1: Assessment of public access to key fiscal information

No	Fiscal information benchmarks	Availability (Yes/No)	Notes (Means of Availability)
Basic elements			
1.	Annual Executive Budget Proposal documentation. A complete set of executive budget proposal documents (as assessed in PI-5) is available to the public within one week of the executive's submission of them to the legislature.	Yes	Budget Framework Paper (2020/2021-2022/2023)–with 13 annexes, including the budget estimate, was published on May 2020 while the budget proposal was submitted to the legislature on June 17, 2020- https://www.minecofin.gov.rw/
2.	Enacted Budget. The annual budget law approved by the legislature is publicized within two weeks of passage of the law.	Yes	Annual Finance Law (2020/2021) was publicized within one weeks of passage and is available on government website (the annual budget was approved on June 29, 2020 and published on June 30, 2020: https://www.minecofin.gov.rw/index

No	Fiscal information benchmarks	Availability (Yes/No)	Notes (Means of Availability)
3.	In-year budget execution reports. The reports are routinely made available to the public within one month of their issuance, as assessed in PI-28.	No	Available on government website, but significantly delayed – the earliest publication is within 45 days: https://www.minecofin.gov.rw/national-budget/publications/reports/Budget Execution Reports
4.	Annual budget execution report. The report is made available to the public within six months of the fiscal year's end.	Yes	Available on government website, published within 6 months: https://www.minecofin.gov.rw/index.php?eID=dumpFile&t=f&f=25968&token=207b0a9487eeb643da072f82d57bbd6461cc4771
5.	Audited annual financial report, incorporating or accompanied by the external auditor's report. The reports are made available to the public within twelve months of the Fiscal year's end	Yes	Available on Government (OAG) website, published within 10 months: https://www.oag.gov.rw/fileadmin/REPORTS/Annual_Report_2021.pdf
Additional elements			
6.	Pre-Budget Statement. The broad parameters for the executive budget proposal regarding expenditure, Planned revenue and debt is made available to the public at least four	No	This is not made available
7.	Other external audit reports: All non-confidential reports on central government consolidated operations are made available to the public within six months of submission.	Yes	Other external audit reports are published within six months of submission. Available on government website: https://www.oag.gov.rw/fileadmin/REPORTS/Annual_Report_2021.pdf
8.	Summary of the Budget Proposal: A clear, simple summary of the Executive's Budget Proposal or the Enacted Budget accessible to the non-budget experts, often referred to as a 'citizens' budget', and where appropriate translated into the most commonly spoken local language, is publicly available within two weeks of the Executive Budget Proposal's submission to the legislature and within one month of the budget's approval.	Yes	The citizen guide (citizen budget) is prepared in three languages (Kinyarwanda, French and English) and published within two weeks of the executive budget proposal's submission to the legislature. It is available on government website: https://www.minecofin.gov.rw/index.php?eID=dumpFile&t=f&f=28326&token=e8b7142fa11fd99d974f959967ffc5d0cf111ac5
9.	Macroeconomic forecasts: The forecasts as assessed in PI-14.1 are available within one week of its endorsement.	Yes	Budget Framework Paper (2020/2021-2022/2023)–with 13 annexes, which includes the macroeconomic forecasts, was published on May 2020 while the forecast was endorsed on June 17, 2020.

No	Fiscal information benchmarks	Availability (Yes/No)	Notes (Means of Availability)
			https://www.minecofin.gov.rw/1/publications/reports?tx_filelist_filelist%5Baction%5D=list&tx_filelist_filelist%5Bcontroller%5D=File&tx_filelist_filelist%5Bpath%5D=%2Fuser_upload%2Fminecofin%2Fpublications%2FREPORTS%2FNational_Budget%2FBudget_Framework_Paper%2F2020-2023_Executive_Budget_Proposal%2F&cHash=58de5aececb28a6ec349cca7f6aec340 .

Dimension Score = B

Performance change since the previous assessment

No change in score, but improvement in performance. One additional element (macroeconomic forecast) is also made available to the public, which was not the case in 2016.

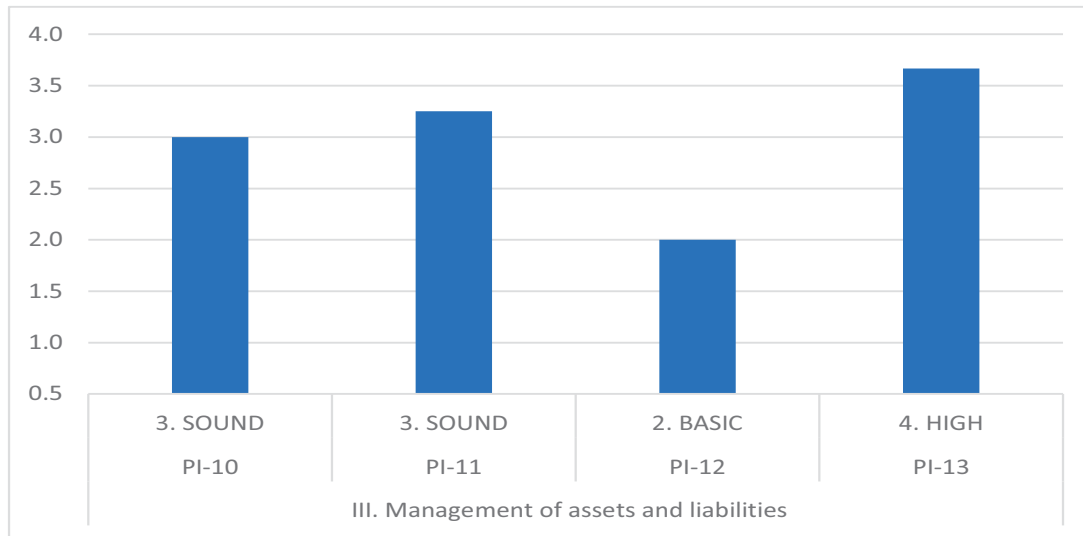
Recent or ongoing reform activities

None

3.3 Pillar III. Management of assets and liabilities

The overall performance of this pillar is sound, as shown in the chart below

Pillar III : SOUND



PI-10 Fiscal risk reporting

This indicator has three dimensions. Dimension 10.1 assesses the level of monitoring of fiscal risk implications of public corporations on central government operations; dimension 10.2 examines fiscal risk posed by sub-national governments and dimension 10.3 measures the monitoring and reporting of central government contingent liabilities and other fiscal risks. Dimension (i) covers CG-controlled public corporations; dimension (ii) covers SNG with direct relations with CG; dimension (iii) covers CG.

Summary of scores and performance table

PI-10 M2	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
	Fiscal risk reporting	C+	B		Improvement in both score and performance due to improvement in dimension (iii).
10.1	Monitoring of public corporations	B	B	As shown in Table 10.1 below, at least 79.9% by value of public enterprises publish their audited annual financial statements on the website within six months after the end of the financial year. There is also publication of SoE risk in the fiscal risk statement.	No change in both performance and score
10.2	Monitoring of sub-national governments	C	C	As shown in Table 10.2 below, all districts submitted their annual financial statements to MINECOFIN within one month after the end of the fiscal year 2020/2021. These statements were audited by the Auditor General and published within 10 months after the end of the fiscal year 2020/2021. The Accountant General also prepares a consolidated report of the financial position of all districts	No change in both performance and score
10.3	Contingent liabilities and other fiscal risk	C	A	Government quantifies all contingent liabilities, including PPPs. As at 30 th June 2021, total contingent liabilities (excluding PPPs) stood at RWF 76,093,226,214 ⁸ . Contingent liabilities arising out of PPPs stood at USD164.4 ⁹ million as at June 2021.	Improvement in both score and performance. GoR now quantifies all contingent liabilities including PPPs, which was not the case in 2016

PI-10.1 Monitoring of public corporations

Article 66 of the Organic Budget Law 2013 mandates all public entities including state-owned enterprises to submit annual financial statements to the Minister of Finance within one month after the end of financial year, and then to the Office of the Auditor General within three months after the end the previous financial year. Most public enterprises submit their annual financial statements to the Government on time, and then to OAG for external audit. Good practice suggests that audited annual financial statements of public enterprises be published in a timely manner, at least within 6 months after the end of the fiscal year. As shown in Table 10.1 below (green-shaded SOEs), at least 79.9% by value of public enterprises publish their audited annual financial statements on the website within six months after the end of the financial year. There is also publication of SoE risk in the fiscal risk statement, which is published.

⁸ Source: 2020/2021 AFS, page 38

⁹ Source: Fiscal Risk Statement for FY2020/2021, page 14

MINECOFIN also prepares a consolidated financial performance of all public corporations, with a risk analysis of these enterprises. This information is included in the annual financial statements as well as the fiscal risk statement; these are published annually.

Table 10.1: Analysis of SoEs/PEs

State Owned Enterprises/Public Enterprises	Government ownership	Latest Annual Financial Statements submitted to OAG/GoR	Date of publication of audited annual financial statements	Net Book Value of SoE (Rwf)	As a percent age of total Net Book Value
Rwanda Airports Company Limited	100%	30-Jun-21	Dec-21	3,720,055,000	0.5%
Rwanda Energy Group (REG)	100%	30-Jun-21	Dec-21	31,969,611,690	4.0%
National Post Office	100%	31-Dec-20	Jul-21	3,507,114,215	0.4%
Water and Sanitation Corporation (WASAC)	100%	30-Jun-21	Dec-21	43,002,442,689	5.4%
AVIATION TRAVEL AND LOGISTICS HOLDING	100%	30-Jun-21	Dec-21	246,586,814,000	30.8%
Bella Flowers Ltd	100%	31-Dec-20	Aug-21	8,196,480,000	1.0%
Horizon Group Ltd	100%	31-Dec-20	Aug-21	42,766,014,000	5.3%
Agaciro Corporate Trust Ltd	100%	30-Jun-21	Dec-21	232,686,596,000	29.1%
Rwanda National Investment Trust Ltd	100%	30-Jun-21	Jan-22	493,799,680	0.1%
Muhabura Multi Choice Limited	100%	31-Dec-20	Jul-21	867,965,000	0.1%
Rwanda Engineering and Manufacturing Cooperation (REMCo)	100%	30-Jun-21	Dec-21	6,643,355,953	0.8%
Rwanda Cooperation Initiative	100%	31-Dec-20	Jul-21	1,016,663,011	0.1%
Rwanda Finance Ltd	100%	30-Jun-21	Jan-22	85,532,250	0.0%
King Faisal Hospital	100%	31-Dec-20	Jul-21	11,285,927,000	1.4%
Prime Holdings Ltd	100%	31-Dec-20	Jul-21	75,001,835,000	9.4%
Kigali Innovation City Corporation Limited	100%	30-Jun-21	Dec-21	5,000,000,000	0.6%
Rwanda Medical Supply Ltd	100%	30-Jun-21	Dec-21	37,783,681,716	4.7%
Rwanda Grains and Cereal Corporation Ltd	57.30%	31-Dec-20	Jun-21	2,796,958,020	0.3%
Gabiro Agribusiness Hub	90%	02-Apr-21	Sep-21	31,579,563,578	4.0%
Business Development Fund (BDF)	55%	31-Dec-20	Aug-21	14,465,619,000	1.8%
Total (Rwf)				799,456,027,802	

Source: Data from Consolidated Annual Financial FY2020/2021

Legend: green-shaded SOEs in Table 10.1 above publish their audited accounts six months after year-end.

Dimension score = B

PI-10.2 Monitoring of sub-national governments

Articles 23 and 24 of the Organic Budget Law regulate the monitoring of subnational governments (also known as districts). The law requires districts to submit quarterly budget execution reports and annual financial statements to the Minister in charge of decentralization, Minister of Finance through the Accountant General, with the copies of the annual financial statements submitted to the Auditor General for external audit. This has been the practice, likewise for the last fiscal year FY2020/2021. As shown in Table 10.2 below, all districts submitted their annual financial statements to MINECOFIN within one month after the end of the fiscal year 2020/2021. These statements were audited by the Auditor General and published within 10 months after the end of the fiscal year 2020/2021. The Accountant General also prepares a consolidated report of the financial position of all districts. This is published (within 10 months) only after they have been audited by the Auditor General.

Table 10.2: Submission and publication of SNG financial reports

	Districts	Latest Audit Report	Latest AFS submitted to OAG	Date of submission Annual Financial Statement to GoR – MoF AG	Publication of Consolidated SNG audit report + timeframe
1	Ngoma District	FY 2020/2021	FY 2020/2021	29 th July 2021	Yes, in May 2022
2	Bugesera District	FY 2020/2021	FY 2020/2021	29 th July 2021	Yes, in May 2022
3	Gatsibo District	FY 2020/2021	FY 2020/2021	29 th July 2021	Yes, in May 2022
4	Kayanza District	FY 2020/2021	FY 2020/2021	29 th July 2021	Yes, in May 2022
5	Kirehe District	FY 2020/2021	FY 2020/2021	29 th July 2021	Yes, in May 2022
6	Nyagatare District	FY 2020/2021	FY 2020/2021	29 th July 2021	Yes, in May 2022
7	Rwamagana District	FY 2020/2021	FY 2020/2021	29 th July 2021	Yes, in May 2022
8	Huye District	FY 2020/2021	FY 2020/2021	29 th July 2021	Yes, in May 2022
9	Nyamagabe District	FY 2020/2021	FY 2020/2021	29 th July 2021	Yes, in May 2022
10	Gisagara District	FY 2020/2021	FY 2020/2021	29 th July 2021	Yes, in May 2022
11	Muhanga District	FY 2020/2021	FY 2020/2021	29 th July 2021	Yes, in May 2022
12	Kamonyi District	FY 2020/2021	FY 2020/2021	29 th July 2021	Yes, in May 2022
13	Nyanza District	FY 2020/2021	FY 2020/2021	29 th July 2021	Yes, in May 2022
14	Nyaruguru District	FY 2020/2021	FY 2020/2021	29 th July 2021	Yes, in May 2022
15	Rusizi District	FY 2020/2021	FY 2020/2021	29 th July 2021	Yes, in May 2022
16	Nyabihu District	FY 2020/2021	FY 2020/2021	30 th July 2021	Yes, in May 2022
17	Rubavu District	FY 2020/2021	FY 2020/2021	30 th July 2021	Yes, in May 2022
18	Karongi District	FY 2020/2021	FY 2020/2021	30 th July 2021	Yes, in May 2022
19	Ngororero District	FY 2020/2021	FY 2020/2021	30 th July 2021	Yes, in May 2022
20	Nyamasheke District	FY 2020/2021	FY 2020/2021	30 th July 2021	Yes, in May 2022
21	Rutsiro District	FY 2020/2021	FY 2020/2021	30 th July 2021	Yes, in May 2022
22	Burera District	FY 2020/2021	FY 2020/2021	30 th July 2021	Yes, in May 2022
23	Gicumbi District	FY 2020/2021	FY 2020/2021	30 th July 2021	Yes, in May 2022
24	Musanze District	FY 2020/2021	FY 2020/2021	30 th July 2021	Yes, in May 2022
25	Rulindo District	FY 2020/2021	FY 2020/2021	30 th July 2021	Yes, in May 2022
26	Gakenke District	FY 2020/2021	FY 2020/2021	30 th July 2021	Yes, in May 2022
27	Ruhango district	FY 2020/2021	FY 2020/2021	30 th July 2021	Yes, in May 2022
28	City of Kigali	FY 2020/2021	FY 2020/2021	30 th July 2021	Yes, in May 2022

Source: MINECOFIN – Accountant General’s Department

Dimension score = C

PI-10.3 Contingent liabilities and other fiscal risks

The consolidated annual financial statements (AFS) of the Government of Rwanda quantifies all significant explicit contingent liabilities and other fiscal risks. For FY2020/2021, total explicit contingent liabilities, including PPPs, stood at RWF 238.53 billion (76.09 bn + 162.44 bn¹⁰). In addition to the AFS, the macro department also prepares an annual report of all government fiscal risks, including contingent liabilities arising out of public private partnerships (PPP). Both the AFS and the fiscal risk statement, which contain information on all central government units (budgetary units, extra-budgetary units including the Rwanda Social Security Board) are published annual on MINECOFIN’s website. As at 30th June 2021, total contingent liabilities (excluding PPPs) stood at RWF 76,093,226,214¹¹. Contingent liabilities arising out of PPPs stood at USD164.4¹² million as at June 2021.

Dimension score = A

¹⁰ USD164.4 million multiplied by RWF988.05 exchange rate at 30th June 2021

¹¹ Source: 2020/2021 AFS, page 38

¹² Source: Fiscal Risk Statement for FY2020/2021, page 14

Performance change since the previous assessment

There is improvement in overall score. This is due to improvement in both performance and score for dimension (iii); government now quantifies all contingent liabilities, including PPPs.

Recent or ongoing reform activities

None

PI-11 Public investment management

This indicator assesses the process of economic appraisal, selection, costing, and monitoring of most significant public investment projects by the government. It has four dimensions. The indicator covers central government.

Summary of scores and performance table

PI-11 (M2)	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
11	Public investment management	B+	B+		No change in score and performance.
11.1	Economic analysis of investment projects	B	B	For FY2020/2021, all major investment projects (as shown in Table 11.1 above) went through economic analysis, with appraisal documents submitted to MINECOFIN, in accordance with the national investment policy guidelines to ascertain the socio-economic viability of these projects. The investment appraisal technical team, a unit under the NDPR, reviewed all appraisal documents submitted by the respective agencies. Some of the results of these feasibility studies were published on the website	No change in score and performance.
11.2	Investment project selection	A	A	FY2020/2021, Cabinet reviewed the final results of the appraisal documents received from NDPR. Prior to inclusion in the public investment planning (PIP) budget, Cabinet issued a brief on the planning process, leading to the selection of investment projects based on published investment management guidelines.	No change in score and performance.
11.3	Investment project costing	A	A	Investment projects show the total capital cost plus a three-year breakdown of total investment cost, in addition to the forward-linked recurrent cost of the investment project; these are included in the annual budget submitted to the legislature.	No change in score and performance.
11.4	Investment project monitoring	C	C	The NDPR, in collaboration with M&E departments of each implementing agency, monitor and evaluate all investment projects in line with established guidelines. Both physical and financial progress of investment project is monitored. Quarterly and	No change in score and performance.

PI-11 (M2)	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
				annual implementation reports are prepared, but not published.	

Table 11.1: List of major capital investment projects FY2020/2021

Ministry	Project Title	Total Cost of project in Rwf	National Budget FY2020/20201	% of budget
MININFRA	Rwanda Sustainable Water Supply and Sanitation Program	465,014,421,495	3,245,700,000,000.00	14.3%
MINICOM	Construction of provincial industrial parks	236,100,000,000	3,245,700,000,000.00	7.3%
MINAGRI	Gabiro Irrigation Hub	76,365,500,000	3,245,700,000,000.00	2.4%
MININFRA	Upgrading Nyagatare-Rukomo road 74km	53,716,729,285	3,245,700,000,000.00	1.7%
MININFRA	Upgrading of Sonatubes-Gahanga-Akagera road	43,778,535,888	3,245,700,000,000.00	1.3%
MINAGRI	Gako Integrated Beef Project	39,800,800,000	3,245,700,000,000.00	1.2%
MINAGRI	Kigali wholesale market project	34,293,158,000	3,245,700,000,000.00	1.1%
MINAGRI	Kayonza Irrigation and Integrated Watershed management Project (KIWP)	24,733,203,778	3,245,700,000,000.00	0.8%
MINISANTE	Construction of a Research and Training Institute Against Digestive Cancer (IRCAD) in Rwanda/Kicukiro District	15,679,864,950	3,245,700,000,000.00	0.5%
MINEDUC	The African Institute for Mathematical Sciences-Next Einstein Initiative (AIMS-NEI)	22,812,260,801	3,245,700,000,000.00	0.7%
Total major investment projects		1,012,294,474,197		

Source: MINECOFIN 2020/2021 budget document - PIP

PI-11.1 Economic analysis of investment projects

PEFA (Pages 37 and 84 of the PEFA Framework 2016 and the PEFA Field Guide 2018 respectively) defines “major investment project” as “total investment cost of project amounting to 1 percent or more of total annual budget expenditure” and these investment projects are “among the largest 10 projects (by total investment cost) for each of the 5 largest central government units, measured by the units’ investment project expenditure”.

Data, as presented in Table 11.1 above, shows a list 10 major investment projects of all central government units. Seven out of the ten listed projects meet the PEFA definition of major investment projects.

MINECOFIN has developed and published a national investment policy, dated April 2017, cataloguing into details, guidelines to be followed by all central government institutions and districts for conducting feasibility studies of all investment projects. The National Development Planning and Research (NDPR) is responsible for reviewing all investment proposals. For FY2020/2021, all major investment projects (as

shown in Table 11.1 above) went through economic analysis, with appraisal documents submitted to MINECOFIN, in accordance with the national investment policy guidelines to ascertain the socio-economic viability of these projects. The investment appraisal technical team, a unit under the NDPR, reviewed all appraisal documents submitted by the respective agencies. Majority of the results of these feasibility studies were published on the website; for instance: Upgrading of Sonatubes-Gahanga-Akagera road (<https://projectsportal.afdb.org/dataportal/VProject/show/P-RW-E00-011>); Rwanda Sustainable Water Supply and Sanitation Program (<https://projectsportal.afdb.org/>). These two major investment projects (highlighted in green in Table 11.1) represent 50.3% by value of all major investment projects analysed in Table 11.1 above.

Dimension score =B

PI-11.2 Investment project selection

The NDPR reviews economic analyses (feasibility studies) of all major investment projects received from implementing agencies. Once the review is completed, the results are forwarded to Cabinet. For FY2020/2021, Cabinet reviewed the final results of the appraisal documents received from NDPR. Prior to inclusion in the public investment program (PIP) budget, Cabinet issued a brief on the planning process, leading to the selection of investment projects based on published investment management guidelines. Prioritization requirements are well highlighted in the first planning and budget call circular (PBCC) as well as the planning outlook paper, which are published. Key priorities to guide budget allocations, project prioritizations and selections are also indicated the summary of the outcomes of Ministerial Planning Consultations.

Dimension score = A

PI-11.3 Investment project costing

NDPR is responsible for putting together the development (capital investment) budget. The National Budget Department is also responsible for the formulation and preparation of the recurrent budget. These two departments work together to outline the consolidated national budget. The public investment programme (PIP) for FY2020/2021 has a three-year rolling programme. It shows the total capital cost plus a three-year breakdown of total investment cost, in addition to the forward-linked recurrent cost of the investment project; these are included in the annual budget submitted to the legislature.

Dimension score = A

PI-11.4 Investment project monitoring

The NDPR, in collaboration with M&E departments of each implementing agency, monitor and evaluate all investment projects in line with established guidelines (both in the national investment policy and the national monitoring and evaluation learning guidelines published on MINECOFIN website), through field visits for physical project inspection. As stipulated by the M&E guidelines: in order to track the performance of projects, a combination of five parameters, grouped into financial (annual spending, cumulative spending) and non-financial (physical progress, time consumed and quality assurance or sustainability) is used to evaluate investment projects. Additionally, the financial progress is also monitored by way of analysing project completion rate against payments made to contractors. Quarterly and annual implementation reports are prepared, but neither is published.

Dimension score = C

Performance change since the previous assessment

No change since 2016

Recent or ongoing reform activities

None

PI-12 Public asset management

This indicator has three dimensions. Dimension 12.1 assesses the level at which financial assets (government investments in public or private companies) are monitored and reported; dimension 12.2 examines the extent to which non-financial assets (fixed assets) are monitored and reported; dimension 12.3 measures the level of transparency of asset disposal. Coverage is both central government – for dimension (i), budgeted central government for dimension (ii) and budgeted and central government for dimension (iii)

Summary of scores and performance table

PI-12 (M2)	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
12	Public asset management	D+	C		Improvement in overall score and performance due to improvement in dimensions (ii) and (iii).
12.1	Financial asset monitoring	C	C	MINECOFIN maintains and record of GoR's investments in public and private enterprises, including cash/bank balances as well as the acquisition cost of GoR's investment. Information on the performance of government investments is prepared by GPMU but not published.	No change in performance and score
12.2	Non-financial asset monitoring	D	C	Each budgeted central government institution maintains an asset register in addition to the data captured by IFMIS. The asset register (plus data in IFMIS) provides information on the date of acquisition of asset, location and status of assets.	Improvement in score and performance. IFMIS now captures fixed assets.
12.3	Transparency of asset disposal	D	C	The sales and disposal of government fixed assets are highlighted in the Law No. 50/2008 of 9th September 2008. Disposal of fixed asset is through public auction once the valuation committee approves the assets to be disposed. Partial information on transfer and disposal is included in the financial reports.	Improvement in score and performance. In 2016, evidence was lacking to determine the process of disposal/transfer of fixed assets.

PI-12.1 Financial asset monitoring

The government maintains a record of its holdings in major categories of financial assets. The Government Portfolio Management Unit (GPMU) within the Ministry of Finance and Economic Planning

(MINECOFIN) is in charge of overseeing and monitoring the performance of Government Business Enterprises (GBEs) as well as private companies and institutions where the GoR has financial interests (shares). GPMU consolidates the financial statements of public corporation by semester and annually. The Statement of Government Portfolio Investments is also included in the consolidated financial statements, which are published.

Section 1.2 of FY2020/2021 consolidated financial statements show the GoR's Consolidated Statement of Financial Assets and Liabilities as at 30 June 2021 with a total value of Rwf8.1 billion while cash/bank balances stood at Rwf445.5bn at the same period. Details on Government investment is provided in section 1.8 on important disclosures to the financial statements and specifically 1.8.3 of summarized financial information of Government portfolio showing investment in 26 public corporations with total investment value of Rwf2,518.7 bn, their financial performance and statement of financial position for the fiscal year ended 30th June 2021. However, detailed information on such investments in terms of performance, i.e., movement of shares, dividends, capital appreciation etc., is prepared by GPMU but not published.

Dimension score = C

PI-12.2 Non-financial asset monitoring

Table 12.1 below outlines the categories of fixed assets for FY2020/2021. Each budgeted central government institution maintains an asset register in addition to the data captured by IFMIS. The asset register (plus data in IFMIS) provides information on the date of acquisition of asset, location and status of assets, as well as current usage of the asset.

Section 1.8 of consolidated financial statements discloses government fixed assets. Also, the Land Administration Information system managed by Rwanda Management Authority under the Ministry of Environment gives detailed information on all Government land. However, the stock of non-financial assets including valuables, minerals and energy and other naturally occurring assets are not reported, as indicated in Table 12.1 below.

Table 12.1: Categories of non-financial assets – FY2020/2021

Categories	Subcategories	Where captured	Comments
Fixed assets	Buildings and structures	Disclosure Section 1.8.1.2 of physical assets	These assets are recorded in the Government fixed assets register in IFMIS. Total amount presented Rwf3,542.4bn.
	Machinery and equipment	Disclosure Section 1.8.1.2 of physical assets	These assets are recorded in the Government fixed assets register in IFMIS. Total amount presented Rwf270.3bn.
	Other fixed assets	Disclosure Section 1.8.1.2 of physical assets	These assets are recorded in the Government fixed assets register in IFMIS
Inventories	—	Section 1.8.1.1. Breakdown of inventory of supplies and consumable	Total inventory of supplies and consumables presented of Rwf190.2bn among which include: consumable stores, animal and veterinary products, strategic stocks take the biggest share.
Valuables	—		

Categories	Subcategories	Where captured	Comments
Non-produced assets	Land		In line with land management, Law No. 27/2021 of 10/06/2021 governing land determines modalities of acquisition, registration, allocation, transfer, management and use of resources. All Government Land is recorded in the Land Administration Information system (LAIS) clearly indicating the Identification number, size, location and user entity. The system is managed by Rwanda Land Management Authority
	Mineral and energy resources		Not reported
	Other naturally occurring assets		Not reported
	Intangible non-produced assets	1.8.1.5. Summary of intangible assets	

Dimension score = C

PI-12.3 Transparency of asset disposal

The processes and procedures for the disposal of unserviceable, obsolete or surplus non-financial assets are contained in the policies and legal frameworks. The sales and disposal of government fixed assets are highlighted in the Law No. 50/2008 of 9th September 2008 that provides the legal framework for government assets disposal, and is operationalized by MO No. 007/2009 as well as the Cabinet Resolution of 25 September 2020 adopted the National Strategy for a Management of Government Buildings by which includes all process of identification, acquisition, valuation, operation, maintenance, disposal, write off and recording. It further guides public institutions in setting up adequate systems and procedures to manage their immovable assets (buildings). Disposal of fixed asset is through public auction once the valuation committee approves the assets to be disposed. The rollout of e-Procurement (UMUCHO) has now digitized the asset disposal process, making it more transparent. There is however no specific legal framework governing the disposal and/or transfer of financial assets.

The consolidated financial statements under section 1.3 *Government of Rwanda consolidated statement of cash flows* reports on proceeds from disposal of assets with a value of Rwf4.0 billion as at 30th June 2021, while section 1.8 on *important disclosures* shows reduction in different asset categories among which is of physical assets and biological assets respectively. This information is provided by the central asset management register in IFMIS; this information is considered partial as it shows no original cost of asset disposed/transferred.

Dimension score = C

Performance change since the previous assessment

Improvement in overall score and performance due to improvement in dimensions (ii) and (iii). IFMIS now captures fixed assets. Asset disposal procedures are now established.

Recent or ongoing reform activities

Among the major reforms is the functioning central government asset management register managed through the IFMIS which enables all agencies record and manage all assets under their responsibility. The same facilitates the capitalization, consolidation and reporting on assets in the consolidated financial statements. Also, the ongoing IPSAS implementation to change from modified cash accounting to accrual accounting will among others facilitate consolidation of public corporations and as well improve the reliability of asset information as reported in the consolidated annual financial statements

3.4 Pillar IV: Policy-based fiscal strategy and budgeting

PI-13 Debt Management

There are three dimensions under this indicator; dimension 13.1 assesses the integrity and comprehensiveness of reporting central government debt (both domestic and foreign debts as well as guarantees); dimension 13.2 measures the legal and regulatory framework governing approval of loans and guarantees; dimension 13.3 assesses whether government prepares medium-term debt strategy. Coverage of this indicator is central government.

Summary of scores and performance table

PI-13 M2	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
Debt management		A	A		No change in score and performance
	13.1 Recording and reporting of debt and guarantees	B	B	All public debt and guarantees are reconciled at least quarterly. MINECOFIN prepares and publishes complete and accurate semi-annual and annual debt reports comprising stock of domestic, external, debt service payments and disbursements, and selected public debt sustainability ratios and relevant statistics.	No change in score and performance
	13.2 Approval of debt and guarantees	A	A	For FY2020/2021 and in accordance with Article 50 of the Organic Budget Law 2013, the Minister of Finance is the sole authority to borrow and approve all guarantees on behalf of the Government of Rwanda (for both budgetary units and extra-budgetary units), including PPPs.	No change in score and performance
	13.3 Debt management strategy	A	A	MINECOFIN has produced a current three-year medium-term debt strategy (MTDS), published on MINECOFIN website. MINECOFIN prepares and submits annual reports on all central government debts and guarantees, detailing targets sets and actual debts and guarantees contracted for the period, to the legislature. All	No change in score and performance

PI-13 M2	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
				Government's annual borrowing plan is in accordance with its medium-term debt strategy.	

PI-13.1 Recording and reporting of debt and guarantees

All central government debt and guarantees, including for all budgetary and extra-budgetary units, are managed centrally by MINECOFIN. The total public debt as at 30th June 2021 was Rwf6.53 trillion, comprised of domestic debt of Rwf1.34 trillion (representing 20.6% of total debt) and external debt Rwf5.19 trillion (representing 79.4% of total debt). Government guarantees are reported in the annual financial statements and published annually; total guarantees amounted to Rwf313.78 billion as at 30th June 2021. The domestic, foreign debts and guarantees are managed by the Public Debt Unit within the Macro-fiscal Department of MINECOFIN. The government uses the Debt Management and Financial Analysis System (DMFAS) for recording and reconciling all public debt, including guarantees. The domestic debt is managed through the National Bank of Rwanda (NBR), where data is retrieved and recorded manually within DMFAS.

Whereas the domestic debt is reconciled monthly by a tripartite committee involving NBR, Public Debt Unit and Accountant General's Department, the foreign debt is reconciled quarterly, with creditors notice of confirmation received every quarter, by the Public Debt Unit. The data is accurate and complete for both domestic and foreign debt, as well as guarantees. The Public Debt Unit prepares and publishes semi-annual and annual statistical report on all public debt (including guarantees), comprising stock of domestic, external, debt service payments and disbursements, and selected public debt sustainability ratios and relevant statistics.

Dimension score = B

PI-13.2 Approval of debt and guarantees

For FY2020/2021 and in accordance with Article 50 of the Organic Budget Law 2013, the Minister of Finance is the sole authority to borrow and approve all guarantees on behalf of the Government of Rwanda (for both budgetary units and extra-budgetary units), including PPP arrangements. All central government borrowings (domestic and external) are contracted in line with objectives of the Medium-Term Debt Strategy (MTDS); the strategy outlines the procedures and guidelines on government borrowing, issuance of debt and guarantees, as well as all debt-related transactions. For borrowings undertaken by public enterprises and districts, the Minister of Finance, according to the law, must grant permission before such loans are contracted; in fact, these loans are guaranteed by the Minister of Finance in line with the MTDS. All domestic and external borrowings, by law, require parliamentary approval.

Dimension score = A

PI-13.3 Debt management strategy

MINECOFIN has produced a current three-year medium-term debt strategy (MTDS) covering the period 2019/2020 to 2021/2022. The MTDS has been published on MINECOFIN website (www.minecofin.gov.rw). Key elements of the MTDS include: (i) risk analysis of alternative debt, (ii) structure of public debt and guarantees, (iii) debt sustainability analysis, (iv) cost of public debt and associated risk, (v) market environment of debt in the medium-term, and (vi) interest rate risk, among

others. The three-year debt strategy covers both existing debt portfolio and forecast debt figures for all central government operations, including budgetary and extra-budgetary units. The Government, through MINECOFIN prepares and submits semi-annual and annual reports on all central government debts and guarantees, detailing targets sets and actual debts and guarantees contracted for the period, to the legislature. All Government’s annual borrowing plan is in accordance with its medium-term debt strategy. The MTDS includes targets for indicators such as interest rates, refinancing, and foreign currency risks. The implementation of the MTDS is publicly reported as part of the annual reporting criteria.

Dimension score = A

Performance change since the previous assessment

No change in performance and score since the last assessment in 2016.

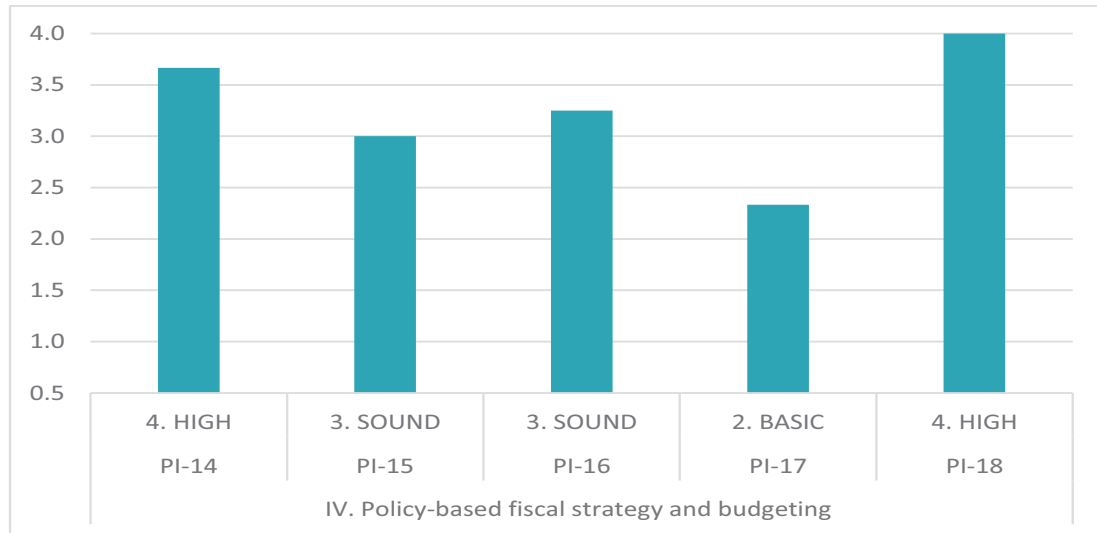
Recent or ongoing reform activities

GoR is upgrading IFMIS to capture all debts. The current debt management system (DMFAS) is not directly linked to IFMIS, requiring manual reconciliation. This will no longer be the case after the upgrade.

Pillar IV. Policy-based fiscal strategy and budgeting

At the overall level, this pillar’s performance is sound as indicated in the chart below.

Pillar IV : SOUND



PI-14 Macroeconomic and fiscal forecasting

This indicator measures the ability of a government to develop robust macroeconomic and fiscal forecasts, which are crucial to developing a sustainable fiscal strategy and ensuring greater predictability of budget allocations. It has three dimensions. Dimension (i) covers the whole economy; dimensions (ii) and (iii) cover central government.

Summary of scores and performance table

PI-14 (M2)	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
14	Macroeconomic and fiscal forecasting	B+	A		Improvement in both score and performance due to improvement in dimension (i)
14.1	Macroeconomic forecasts	B	A	The government prepares forecasts of key macroeconomic indicators, which, together with the underlying assumptions, are included in budget documentation submitted to the legislature. These forecasts are updated at least once a year. The forecasts cover the budget year and the two following fiscal years. The projections have been reviewed by cabinet.	Improvement in score and performance. Macroeconomic indicators/projections are now reviewed by cabinet, which was not the case in 2016
14.2	Fiscal forecasts	A	A	The detailed budget estimates present projections of the main fiscal indicators, including revenue by type, expenditure, the budget balance and financing, for the ensuing fiscal year plus two outer years. Underlying assumptions to the projections are included in the BFP. The BFP also explains the differences with the forecasts made in the previous year's budget. The budget and the BFP are submitted to Cabinet for review, then to Parliament for FYs 2018/2019, 2019/2020, and 2020/2021.	No change
14.3	Macro-fiscal sensitivity analysis	B	B	The government prepares, for internal use, a range of fiscal forecasts scenarios based on alternative macroeconomic assumptions. The budget documents include a discussion of forecast sensitivities.	No change in score and performance.

PI-14.1 Macroeconomic forecasts

The Macroeconomic Policy Directorate (MPD) uses projections incorporating government policies set out in the National Strategy for Transformation (NST-1: 2018-2024), and inputs from the National Statistics Institute of Rwanda and the Central Bank to produce key macroeconomic indicators. An overview of the medium-term macroeconomic framework is provided, along with projections of the real, external, monetary and fiscal sectors. The projections include GDP growth, interest rate, exchange rate, and inflation rate. The MPD updates the projections at least once a year. The forecasts cover the budget year and two outer years. Underlying assumptions such as global market commodity prices are included. The forecasts together with the underlying assumptions are reported in the BFP, which is submitted to Parliament together with the annual budget (ref.PI-5). The projections are reviewed by Cabinet (i.e., by an entity other than the preparing entity) before they are submitted to Parliament. The National Statistics of Rwanda and the Central Bank also review the correctness of the projections.

Dimension score = A

PI- 14.2 Fiscal forecasts

The detailed budget estimates present projections of the main fiscal indicators, including revenue by type, expenditure, the budget balance and financing, for the ensuing fiscal year plus two outer years. Before being integrated in the budget process, revenue forecasting is formalized and derived from a revenue forecasting tool (REFOTO) and discussed in the Macroeconomic Working Group. Underlying assumptions to the projections are included in the BFP¹³. The BFP also explains the differences with the forecasts made in the previous year's budget. The budget and the BFP are submitted to Cabinet for review, then to Parliament for FYs 2018/2019, 2019/2020, and 2020/2021.

Dimension score = A

PI- 14.3 Macro-fiscal sensitivity analysis

The work of the MDP described in 14.1 includes modelling various scenarios based on different macro-fiscal assumptions (endogenous and exogenous). Recently, these have included the impact of changes in commodity prices and the adverse impact of severe exogenous shocks, such as the corona virus pandemic. These assumptions are used to prepare three main alternative scenarios - baseline, negative and positive – for both fiscal and macroeconomic indicators. The final accepted/approved scenario is included in the Fiscal Risk Statement (FRS), which is prepared every year and forms an integral part of the budget documentation package submitted to Parliament. The FRS includes discussion on the sensitivities of the forecast. The FRS is an annex to the BFP, which is published on the MINECOFIN website (ref.PI-9).

Dimension score = B

Performance change since the previous assessment

Improvement in both score and performance due to improvement in dimension (i). Dimensions (ii) and (iii) remained unchanged.

Recent or ongoing reform activities

MINECOFIN has already is taking steps to strengthen its fiscal forecasting capabilities, with particular focus on revenue forecasting. In 2019, and with assistance from the IMF, this reform resulted in the completion of a new and more accurate revenue forecasting framework. The forecasts from this framework are now used to inform the budget and fiscal framework. This work is expected to continue and result in a more reliable revenue forecast. Efforts are also being invested in analysing the source of expenditure forecast errors whether in budget preparation or budget execution, or both, and appropriate corrective action is being taken to improve the reliability of expenditure projections.

PI-15 Fiscal Strategy

This indicator provides an analysis of the capacity to develop and implement a clear fiscal strategy. It also measures the ability to develop and assess the fiscal impact of revenue and expenditure policy proposals that support the achievement of the government's fiscal goals. It has three dimensions. Coverage is central government.

Summary of scores and performance table

PI-15 (M2)	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
15	Fiscal Strategy	A	B		No real change. Dimension (i) in 2016 was overrated.

¹³https://www.minecofin.gov.rw/1/publications/reports?tx_filelist_filelist%5Baction%5D=list&tx_filelist_filelist%5Bcontroller%5D=File&tx_filelist_filelist%5Bpath%5D=%2Fuser_upload%2Fminecofin%2Fpublications%2FREPORTS%2FNational_Budget%2FBudget_Framework_Paper%2F&cHash=1da15fba3c7d304071a721bb958d4ac5

PI-15 (M2)	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
15.1	Fiscal impact of policy proposals	A	D	The government does assess the fiscal impact of new revenue and expenditure policy proposals for the coming year, but not for all changes (i.e., 90% in value).	There is no real change in performance compared to 2016. The dimension was overrated.
15.2	Fiscal strategy adoption	A	A	The GoR has set three-year medium-term fiscal objectives with quantitative targets at the start of the budget preparation in each of the last 3 FYs.	No change and no other factors.
15.3	Reporting on fiscal outcomes	B	A	The government has submitted to the legislature and published with the annual budget a report that describes progress made against its fiscal strategy and provides an explanation of the reasons for any deviation from the objectives and targets set. The report also sets out actions planned by the government to address any deviations, as prescribed in legislation.	No change and no other factors.

PI- 15.1 Fiscal impact of policy proposals

On the revenue side, the macroeconomic policy directorate (MDP) within MINECOFIN advises the Minister on possible tax changes that will meet economic policy objectives, and highlights the impact on both taxpayers and the economy. The MDP also identifies new avenues for widening the tax base to raise domestic revenues to finance the budget, prepares annual and medium-term revenue forecasts, produces quarterly and annual revenue performance reports, and drafts appropriate legislation for new revenue measures to be included in the annual finance law.

The MDP also analyses the implications of all expenditure proposals as they affect both aggregate supply (production) and aggregate demand (spending) in order to provide government with an appropriate orientation on public expenditure as well as effective resource allocation to spending as compiled in the consolidated fiscal operations tables. In addition, the public investment technical team in MINECOFIN provides important inputs to this process in relation to the planning and management of public investments.

Although the authorities indicate that an impact analysis of new policy proposals is done, there is no evidence that budget documentation presented to Parliament for the last three FYs contains such an analysis.

Dimension score = D

PI- 15.2 Fiscal strategy adoption

The medium-term fiscal framework (MTFF) is an integral part of the BFP, within which the MTEF and the annual budget of the GoR are formulated. It is also the basis for preparation of aggregate spending ceilings for budget institutions, including budgetary and extra budgetary units. The framework includes forecasts of all projected resources, expenditures, fiscal balance, debt issuance and debt service payments. It is formulated using a series of standard assumptions to ensure that the basis upon which fiscal forecasts are produced is both robust and transparent. Different scenarios are modelled for internal use at MINECOFIN level. The BFP submitted to the legislature for FY2020/2021 contains explicit time-

based targets of fiscal goals that are quantified, in addition to qualitative objectives for the budget year and the two outer years. The BFP is published on MINECOFIN website.

Dimension score = A

PI- 15.3 Reporting on fiscal outcomes

MINECOFIN reports on fiscal outcomes. These are contained in the BFP, the annual budget execution reports and the annual economic reports. All these reports are submitted to parliament and published on MINECOFIN website. The report sets out actions planned by the government to address any deviations, as prescribed in legislation. It also describes progress made against GoR's fiscal strategy with explanation regarding reasons for any deviation from the objectives and targets set. Table 15.1 below outlines summary of fiscal outcomes reported to parliament for covering 2018/2019 to 2020/2021.

Table 15.1: Reporting on fiscal outcomes

	2018/2019		2019/2020		2020/2021	
	Rwf (bn)	%GDP	Rwf (bn)	%GDP	Rwf (bn)	%GDP
Planned fiscal balance	-457.7	-5.1	-1,171	11.9	-927.1	-9.2%
Actual fiscal balance	-546.5	-6.3	-854.9	-9,1	-886.7	-8.2%
Difference	-88.8	-1.2	- 316.2	-2.8	40.4	-1,0%

Source: MINECOFIN (Macroeconomic Policy Directorate).

Dimension score = A

Performance change since the previous assessment

No real change. Dimension (i) in 2016 was overrated.

Recent or ongoing reform activities

None

PI-16 Medium-term perspective in expenditure budgeting

This indicator examines the extent to which expenditure budgets are developed for the medium-term within explicit medium-term budget expenditure ceilings. It also examines the extent to which annual budgets are derived from medium-term estimates and the degree of alignment between medium-term budget estimates and strategic plans. This indicator covers budgeted central government.

Summary of scores and performance table

PI-16 (M2)	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
16	Medium-term perspective in expenditure budgeting	B	B+		Improvement in score and performance due to improvement in dimension 16.4.
16.1	Medium-term expenditure estimates	A	A	The annual budget includes estimates of expenditure for the budget year and the two following fiscal years allocated by administrative, economic and program (or functional) classification.	No change in score and performance.
16.2	Medium-term expenditure ceilings	D	D	Aggregate and ministry-level expenditure ceilings for the budget year and the two	No change in score and performance.

PI-16 (M2)	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
				following fiscal years are not approved by Cabinet before the issuance of the first budget circular.	
16.3	Alignment of strategic plans and budgets	A	A	Medium-term strategic plans are prepared for 78% of MDAs and the expenditure policy proposals in the annual budget estimates align with the strategic plans.	No change in score and performance.
16.4	Consistency of budgets with previous year estimates	B	A	The budget documents provide an explanation of <i>all</i> changes to expenditure estimates between the last medium-term budget and the current medium-term budget at the ministry level.	Improvement in score and performance. In the previous assessment, the links between the MTEF second year estimates and setting of the annual budget for the following FY are clear and differences were explained for MDAs representing 75%. In the current assessment, this is undertaken for <i>all</i> MDAs.

PI- 16.1 Medium-term expenditure estimates

The annual approved budget for FY 2021/2022 presents estimates of expenditure for the budget year and the two following fiscal years allocated by administrative, economic (salaries and wages, goods and services, capital expenditure) and functional (10 COFOG) classification. The disaggregation by economic type is at the 6-digit GFS classification.

Dimension score = A

PI- 16.2 Medium-term expenditure ceilings

The Macroeconomic policy unit prepares the fiscal policy forecasts that set the basis for the planning and budgeting framework presented to Cabinet. This provides the overall fiscal policy objectives for the medium-term period. The second and final BCC provide expenditure ceilings to MDAs for both the recurrent and development budget; however, these are not cabinet approved ceilings. The ceilings are approved by the cabinet via the BFP, but after the issuance of the BCC. The BCC for the FY 2021/2022 was issued on April 1, 2021, while the BFP was approved on May 5, 2021. The BFP was approved also after the deadline for the submission of budget proposals by MDAS, namely April 8, 2021.

Dimension score = D

PI- 16.3 Alignment of strategic plans and budgets

The Sector Ministries are required to prepare sector strategic plans aligned to ST-1 (2018-2024), with government medium-term agreed priorities with indicative costing and financing gaps as highlighted on the MINECOFIN website (minecofin.gov.rw). There, 15 costed sectors strategic plans are posted. The second and final BCCs for the FY 2021/2022 budget present ministry-level ceilings and ask MDAs to submit costed medium-term expenditure frameworks that are aligned to their programs and sub-programs in accordance to NST-1 policy objectives. The budget vote for selected big ministries for FY 2021/22 is 78% of the total BCG finance law. The strategies analyse the different risks and sets out scenarios. Table 16.1 shows the list of these MDAs and their budget execution for the FY 2021/2022 with costed strategies.

Table 16.1 MDAs with fully costed medium-term strategy

Ministry/MDA	Budget Vote FY 2021/2022
Ministry of Finance and Economic Planning	1,516,841,542,433
Ministry of Infrastructure	395,874,263,285
Ministry of Education	179,960,374,761
Ministry of Health	317,337,745,843
Ministry of justice	107,065,771,754
Ministry of Local Government	109,518,318,824
Ministry of Agriculture	108,978,320,069
Ministry of Trade and Industry	34,901,093,655
Ministry of Environment	27,223,509,207
Ministry of Gender and Family Promotion	10,232,784,492
Ministry of ICT & Innovation	22,476,298,823
Ministry of Culture	6,064,103,009
Ministry of Sports	4,382,651,129
Ministry of Emergency Management	16,554,294,268
Ministry of Transport	2,161,580,804
Ministry of Foreign Affairs	41,113,001,648
Total sector budget vote, FY 2021/22	2,900,685,654,004
Total BCG budget vote FY 2021/22	3,806,951,198,883
% of Sectors that prepared a fully costed strategy	78%

Source: State Finance Law 2021/22

Dimension score = A

PI- 16.4 Consistency of budgets with previous year estimates

The BFP sets a medium-term resource envelope and clarifies the costs of strategic policy options. The expenditure estimates in the last medium-term budget are consistent with the current medium-term budget. Explanations for changes to expenditure between the second year of the last medium-term budget and the first year of the current medium-term budget at both aggregate and ministry levels are provided in the BFP.

The FY 2021/22 BFP states that the budget for the FY2021/2022 reflected the medium-term policies to accommodate and support spending needs under the Economic Recovery Plan and Economic Recovery Fund; the total net wage bill increases in line with new recruitments of teachers and health workers, and the restructuring of the civil service to improve central government service delivery; spending for the rollout of vaccination campaign program; and capital spending to continuing to deliver on investments aim to reach NST goals. As shown in the table below, projected expenditures have changed slightly, but are explained in the BFP.

Table 16.2: Approved budget per functional categories for FY 2021/22 as per medium term budgets

Functional category	Medium term budget FY 2020/21 – 2023/24	Medium term budget FY 2021/22 -2024/25
701 General public services	1,364,597,561,341	1,760,247,402,976
702 Defence	151,192,056,668	166,751,434,387
703 Public order and safety	180,334,059,284	172,579,475,419
704 Economic affairs	721,119,519,605	601,444,274,141
705 Environmental protection	47,332,932,055	50,155,217,477
706 Housing and community amenities	110,713,371,570	77,563,158,647
707 Health	258,658,615,820	377,321,024,472

708 Recreation, culture and religion	22,524,947,608	12,751,813,013
709 Education	377,286,723,429	420,224,334,312
710 Social protection	174,630,571,955	167,913,064,039
	3,408,390,359,335	3,806,951,198,883

Source: MINECOFIN, Budget Framework Papers FY 2020/21 and FY 2021/22.

Dimension score = A

Performance change since the previous assessment, where applicable

The scores for the indicator remain mostly the same, except the improvement on PI-16.3 from “B” to “A”, resulting in an overall improvement of the aggregate score from “B” to “B+”. The annual budget continues to include estimates of expenditure for the budget year and the two following fiscal years allocated by administrative, economic and program (or functional) classification (PI-16.1 scored “A” in both assessments), while no improvement is made on medium-term expenditure ceilings (PI-16.2 scored “D” in both assessments). Expenditure policy proposals in the approved medium-term budget estimates align with the strategic plans, which are also costed (PI-16.3 scored “A” in both assessments). The budget documents (BFP) provide an explanation of all changes to expenditure estimates between the last medium-term budget and the current medium-term budget at the ministry level for all ministries (PI-16.4 improved from “B” to “A”).

Recent or ongoing reform activities

None

PI-17 Budget preparation process

This indicator assesses the budget formulation process that allows for an effective top-down and bottom-up participation of the MDAs, including their political leadership represented by Cabinet. It also assesses the extent to which the annual budget preparation process supports the linking of the draft budget to public policy objectives. Dimensions (i) and (ii) are assessed using the last budget submission, for FY2021/2022. Dimension (iii) is assessed on the basis of the last three completed fiscal years: i.e., the FYs2018/19-2020/21. Coverage is budgeted central government.

Summary of scores and performance table

PI-17 (M2)	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
17	Budget preparation process	A	C+		Change in score and performance due to deterioration in dimension 17.3.
17.1	Budget calendar	A	A	MINECOFIN issues a clear and comprehensive fixed budget calendar to MDAs. The BCC allows at least three months for MDAs to prepare budget estimates. All MDAs submit their proposals on time.	No change in score and performance.
17.2	Guidance on budget preparation	B	C	The BCCs issued are both comprehensive and clear and the second BCC includes ceilings by administrative and functional areas. Cabinet approved the ceilings after MDAs have completed their submissions.	No real change in score and performance. In the previous assessment, the BCC also did not include Cabinet approved ceilings and these were approved after MDAs had completed their submissions.

PI-17 (M2)	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
17.3	Budget submission to the legislature	A	D	The executive submitted the annual budget proposal to the legislature less than one month before the start of the fiscal year.	Deterioration in score and performance. In the previous assessment, the executive submitted the budget to the legislature at least two months before the end of the FY for all three years assessed. In the current assessment, the budget was submitted to the legislature less than one month before the end of the FY for all three years assessed.

17.1 Budget calendar

The OBL in its Articles (1-6) provides the legal and regulatory framework for annual national budget preparation and approval, as well as reference to the issuance of budget call circulars accompanying the budget instructions. MINECOFIN issues a clear and comprehensive fixed budget calendar to MDAs. Two BCCs are issued. Together, they provide around 5 months for MDAs to send their submissions. For the preparation of the FY 2021/2022 budget, the first BCC was issued on October 30, 2020 and the deadline for the budget submissions was April 8, 2021. The BFP is the document through which the ceilings in the BCC are approved. For the preparation of the FY 2021/2022 budget, all budgetary units (100%) submitted their proposals on time, as shown in Table 17.1 below.

Table 17.1: MDAs/Sectors budget submission to MINECOFIN for FY 2021/22

Functional category	Approved budget for FY 2021/22	Budget submitted on time (yes/no)
701 General public services	1,760,247,402,976	Yes
702 Defence	166,751,434,387	Yes
703 Public order and safety	172,579,475,419	Yes
704 Economic affairs	601,444,274,141	Yes
705 Environmental protection	50,155,217,477	Yes
706 Housing and community amenities	77,563,158,647	Yes
707 Health	377,321,024,472	Yes
708 Recreation, culture and religion	12,751,813,013	Yes
709 Education	420,224,334,312	Yes
710 Social protection	167,913,064,039	Yes
Total approved budget for FY 2021/22	3,806,951,198,883	
% Submitted on time per BCC	100%	

Dimension score = A

17.2 Guidance on budget preparation

The second BCC provides expenditure ceilings to MDAs for both the recurrent and development budget, detailed by administrative and functional areas. It is clear and comprehensive, and so is the first BCC. The second BCC does not however include cabinet approved ceilings. The deadline for MDAs to complete their budget submissions provided by the BCC for the preparation of the FY 2021/2022 budget is April 8,

2021. Cabinet approved the BFP, which contained the MDA ceilings on 5th May 2021, for the last budget (FY2021/2022) submitted to parliament; the approval date of the ceilings in the BFP was after MDAs submissions of their budget proposal to Cabinet for review, which was 8th April 2021.

Dimension score = C

17.3 Budget submission to the legislature

The OBL stipulates that the Minister of Finance, after Cabinet's approval, shall submit the draft budget to Parliament not later than 15th June of the previous FY. That said, for two of the last three budgets, the budget was submitted to Parliament after that date, and less than one month before the end of the FY for all three (See Table 17.2 below).

Table 17.2 Dates of submission of the budget to parliament

Year	Dates of submission to parliament
2019/2020	7 th June 2019
2020/2021	17 th June 2020
2021/2022	18 th June 2021

Source: National Budget Department and Parliament

Dimension score = D

Performance change since the previous assessment, where applicable

Change in score and performance due to deterioration in dimension 17.3. No change in dimension 17.1 rated “A” in both assessments. For dimension 17.2, in the previous assessment, the BCC also did not include Cabinet approved ceilings and these were approved after MDAs had completed their submissions. Thus, the previous assessment overrated the dimension, and there is no change in performance despite the change in score from “B” to “C”. For 17.3, the deterioration in score from “D” to “A” reflects a real change in performance. In the previous assessment, the executive submitted the budget to the legislature at least two months before the end of the FY for all three years assessed. In the current assessment, the budget was submitted to the legislature less than one month before the end of the FY for all three years assessed. This change might be the result of negative impact of COVID-19.

Recent or ongoing reform activities

None

PI-18 Legislative scrutiny of budgets

This indicator assesses the legislative scrutiny and debate of the annual budget law as described by the scope of the scrutiny, the internal procedures for scrutiny and debate and the time allocated to that process, in terms of the ability to approve the budget before the commencement of new fiscal year, and also assesses the existence of rules for in-year amendments to the budget without ex-ante approval by the legislature. It has four dimensions. This indicator covers budgeted central government.

Summary of scores and performance table

PI-18 (M1)	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
18	Legislative scrutiny of budgets	B+	A		No real change in score and performance. The previous assessment underscored dimensions 18.2 and 18.4.

PI-18 (M1)	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
18.1	Scope of budget scrutiny	A	A	The legislature first reviews and approves the BFP before the budget is formally presented: the timeframe allows detailed debate and scrutiny. The budget scrutiny covers fiscal policies, medium-term fiscal forecast, detailed revenues and expenditures, as well as medium-term priorities.	No change in score and performance.
18.2	Legislative procedures for budget scrutiny	B	A	The legislature's procedures to review budget are firmly established in law and are respected. Procedures include public consultation, technical support office, specialized committees and negotiations.	No real change in score and performance. The previous assessment underscored this dimension.
18.3	Timing of budget approval	A	A	The legislature approved the annual budget before the start of the FY in the last three years.	No change in score and performance.
18.4	Rules for budget adjustments by the executive	B	A	Clear rules exist for in-year budget adjustments by the executive. The rules set strict limits on the extent and the nature of the amendments and are adhered to in <i>all</i> instances.	No real change in score and performance. The previous assessment underscored this dimension.

PI-18.1 Scope of budget scrutiny

The power of Parliament to scrutinize the national budget is derived from Amendment n°03 of 13/08/2008 to Article 79 of the Constitution. This requires the Chamber of Deputies to adopt the Finance Bill every fiscal year. The Cabinet is required to submit the Finance Bill for adoption to both Chambers. Article 32 of the OBL requires the Minister of Finance and Economic Planning to prepare and submit a BFP to both Chambers of the Parliament, by not later than 30th April of each year, after approval by Cabinet. After the Minister of Finance presents the BFP to both chambers, a resolution is passed to scrutinise it through the Parliamentary Budget Committee. Both the Budget Framework Paper and draft finance bill to Parliament include the following annexes:

- Fiscal year budget estimates and MTEF;
- Explanatory note to the BFP/Draft Finance bill (English, Kinyarwanda and French);
- Basic macroeconomic indicators;
- Fiscal projections of the Fiscal year and Medium-term;
- Mid-year budget execution report of the current year;
- Summarized central Government transfers;
- guidelines on earmarked transfers to Decentralized entities;
- Annual external debt projections;
- Annual domestic debt projections;
- Rwanda Medium Term Debt Strategy (MTDS);
- The projected internally generated revenues and related expenditures of Central Government entities;
- Medium-term consolidated summaries of revenues and expenditures of decentralized entities;
- Annual block grant allocations per district;
- Revenues and expenditure projections of public enterprises;
- Consolidated gender budget statement for Central and Local Government.

The committee scrutinises the draft finance bill and all related annexes. The budget scrutiny covers fiscal policies, medium-term fiscal forecast, detailed revenues and expenditures, as well as medium-term priorities. It prepares a report on the conclusions of its scrutiny for adoption by Parliament. In addition to their internal review of the BFP and the related annexes, the Parliamentary budget committee organises Parliamentary budget consultations, during which all sector Ministries are invited to present their priorities and budget estimates as presented in the BFP.

Dimension score = A

PI-18.2 Legislative procedures for budget scrutiny

The overall arrangements for Parliament’s consideration of the draft budget are set out in the Constitution, Standing Orders and OBL. The legislature’s procedures to review budget proposals are approved by the legislature in advance of budget hearings and are respected. The procedures include arrangements for public consultation and internal organizational arrangements, such as specialized review committees, technical support and negotiation procedures.

Article 38 of the OBL defines the procedures of the Chamber of Deputies and establishes 11 standing committees, including the Budget Committee that examines in detail the budget proposals as adopted by the plenary session of Parliament. The Budget Committee has 9 members. It is supported by a technical office which assists MPs in their review of the budget estimates. The presence of such an office ensures enough time for actual discussions, a meaningful debate on the budget proposal, and established negotiation procedures with the entities.

Dimension score = A

PI-18.3 Timing of budget approval

The budget was approved before the start of the fiscal year in all three fiscal years under review. Table 18.1 below presents the dates of approval of the budgets by Parliament.

Table 18.1: Budget Submission to Parliament and Adoption (2019/2020-2021/2022)

Budgets	Date Budget Proposal was Submitted to Parliament	Date Budget was Approved by Parliament
FY2019/2020	7 th June 2019	27 th June 2019
FY2020/2021	17 th June 2020	29 th June 2020
FY2021/2022	18 th June 2021	28 th June 2021

Source: National Budget Directorate and Parliament

Dimension score = A

18.4 Rules for budget adjustments by the executive

Any significant adjustment to expenditure, or increase in total expenditure, has to be requested through a ‘Supplementary Budget’ or “Revised Budget”, the approval of which follows the same process as the Finance Law, and is thus subject to Parliamentary approval. In turn, rules for supplementary budgets are clearly defined in Articles 45 and 68 of the OBL. Article 68 of the OBL makes a provision that the Government submits to the Chamber of Deputies a six-month report on the execution of the budget in Government institutions and reserves a copy to the Auditor General of State Finances. Article 45 of the OBL states that on the six-month review report of the budget execution, the Minister or the Executive Committee Chairperson of the local administrative entity may submit a revised draft budget, proposals for policy revision of revenue and expenditure and the related estimates to the Chamber of Deputies or to the local Council of such an entity.

The rules for expenditure reallocation within the total expenditure envelope approved with the Finance Law are also clearly defined, by Articles 31 and 51 of the OBL. Article 31 defines the rules for “urgent and unexpected expenditure”. It implies that at the start of the new fiscal year, the budget approved by Parliament through the Finance Law already allows for MINECOFIN to spend for unplanned items for up to two percent (2%) of its recurrent budget. Article 51 of the OBL defines the rules for budgetary re-allocations. The rules do not allow extensive budget reallocations. It allows:

1. MINECOFIN to grant reallocations between programs for up to 20% of the budget line, subject to Cabinet approval;
2. For reallocations between programs in excess of 20%, budget agencies need to send a request to MINECOFIN;
3. For reallocations between expenditure categories, wages and salaries excluded, Cabinet approval is required;
4. Between MDAs and for expenditure reallocations that involve wages and salaries, the Parliamentary approval is required.

The rules have been applied during the execution of the FY 2020/2021 budget in *all* instances. The changes in total expenditure and the re-allocations other than those falling in the categories described above were approved through the revised budget for FY 2020/2021.

Dimension score = A

Performance change since the previous assessment

No change in score and performance. The previous assessment underscored dimensions 18.2 and 18.4.

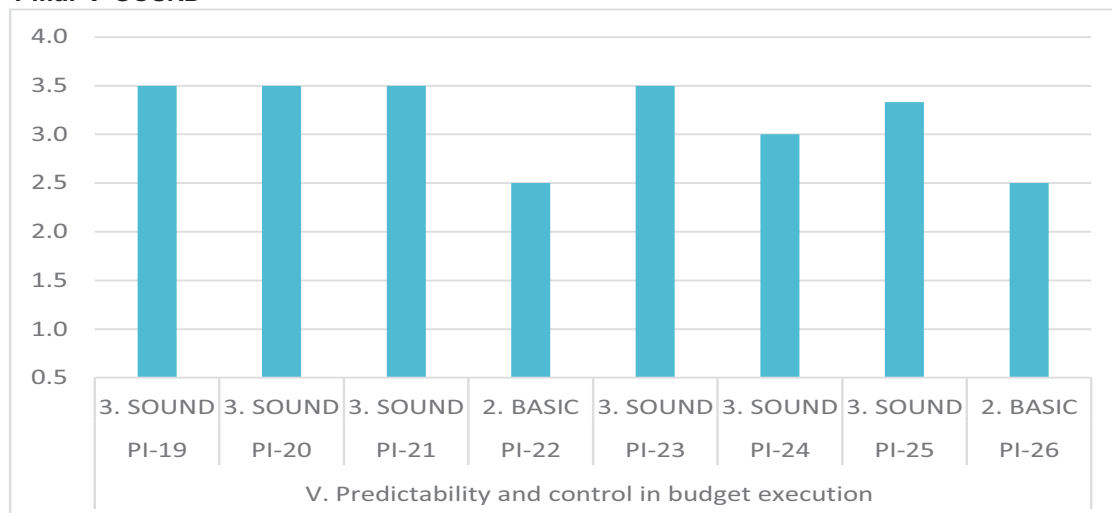
Recent or ongoing reform activities

. A new OBL has been approved by cabinet, awaiting parliamentary approval, seeking to strengthen the legal framework governing in-year budget adjustments.

3.5 Pillar V: Predictability and control in budget execution

As shown in the chart below, the performance of this pillar at the overall level is sound.

Pillar V SOUND



PI-19 Revenue administration

The indicator assesses the procedures used to collect and monitor central government revenues. A government's ability to collect revenue is an essential component of any PFM system. It has four dimensions. This indicator covers central government.

Summary of scores and performance table

PI-19 M2	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
	Revenue administration	C+	B+		Improvement in both performance and score due to improvement in dimensions (iii) and (iv).
19.1	Rights and obligations for revenue measures	A	A	The rights and obligations of revenue measures are provided to the public in a variety of ways, including through the website (www.rra.gov.rw), electronic media (radio and TV), print media (newspapers, magazines, and client leaflets), Facebook, and a toll-free telephone system (3004). Taxpayer rights are clearly stipulated in the various revenue laws, which are published on RRA's website. These rights include rights of appeal internally within RRA structure (administrative redress	No change in performance and score

PI-19 M2	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
				mechanism) followed by the law courts for final redress; there is no independent tax appellate body before the law courts	
19.2	Revenue risk management	A	A	The Rwanda Revenue Authority has developed a comprehensive risk management framework that assures smooth risk profiling of taxpayers. The system provides a comprehensive, structured and systematic approach for assessing and prioritizing compliance risk for all types of revenues	No change in performance and score
19.3	Revenue audit and investigation	D	A	RRA completed a little over 95% by number of planned audits and fraud investigations for the last completed fiscal year 2020/2021. Audits and fraud investigations are carried out according to documented compliance improvement plan	Improvement in both score and performance. In fact, there was no data in 2016 to properly assess the audit completion rate, a vast difference in 2022.
19.4	Revenue arrears monitoring	D	C	The stock of revenue arrears for the last completed fiscal year 2020/2021 amounted to Rwf485.1 billion. This represents 29.3% of total central government revenues for the same period. Revenue arrears older than 12 months represent 58.8% of total revenue arrears for the period under review.	There is improvement in both score and performance. In 2016, even though revenue arrears were 13.3% of total collections, those older than 12 months represent 81.6% of total stock of arrears.

Table 19.1 below summarises GoR's revenue streams for FY2020/2021. As indicated in the table, the Rwanda Revenue Authority collects 100% of all central government domestic revenues; in fact, it also collects revenue for the districts as well.

Table 19.1: Summary of total domestic revenues (excluding grants) for FY2020/2021 (Rwf Billion)

REVENUE CATEGORY	COLLECTIONS (Rwf billion)	%
RRA COLLECTIONS		
PAYE	365.8	22.1%
PROFIT TAX (CIT, PIT & WHT)	348.3	21.1%
VAT	531.4	32.1%
EXCISE	194.4	11.7%
MINING ROYALTIES	4.1	0.2%
CUSTOMS DUTIES	103.3	6.2%
ROAD FUND	50.9	3.1%

REVENUE CATEGORY	COLLECTIONS (Rwf billion)	%
STRATEGIC RESERVES LEVY	11.5	0.7%
INFRASTRUCTURE DEV. LEVY	14.4	0.9%
OTHER TAXES	11.5	0.7%
NON-TAX REVENUE (incl. Social Security)	18.9	1.1%
OTHER NON-TAX REVENUES	0.0	0.0%
GRAND TOTAL	1,654.5	

Source: RRA Annual Activity Report FY2020/2021

PI-19.1 Rights and obligations for revenue measures

The rights and obligations of revenue measures are provided to the public in a variety of ways, including through the website (www.rra.gov.rw), electronic media (radio and TV), print media (newspapers, magazines, and client leaflets), Facebook, and a toll-free telephone system (3004). There is also a chart box that allows clients to register their concerns for redress; this works 24/7. Information relating to the main revenue obligation areas (registration, complete/accurate filing and payment) can be found on RRA's website. The website is user-friendly, with updated and complete information of all revenue measures, including taxpayer rights and obligation. Laws, regulations and guidelines (RRA Act, Income Tax Act, VAT Act, Customs and Excise Laws, Mining Laws, Rwanda Social Security Board revenue guidelines, etc.) For all revenues measures. RRA website also has laws and regulations for district taxes, fees, and licences. Filing of tax is done electronically; the RRA portal allows taxpayers to declare their income and make payments accordingly. Examples of some laws, regulations, and guidelines on RRA website include:

- Law No 025/2019 of 13/09/2019 establishing The Excise Duty
- Tax Procedures 2019
- Law No 19/2017 of 28/04/2017 establishing the levy on imported goods
- Law No 016/2018 of 13/04/2018 establishing taxes on Income
- Law No37/2012 of 09/11/2012 establishing the value added tax
- Law No 02/2015 of 25/02/2015 modifying and complementing Law No 37/2012

There is a regular private sector engagement through town meetings, as well as one-on-one engagement which affords taxpayers the right to seek for clarifications on all revenue measures. Each RRA office also has a client service desk/department for handling customer complaints. Taxpayer rights are clearly stipulated in the various revenue laws, which are published on RRA's website. These rights include rights of appeal internally within RRA structure (administrative redress mechanism) followed by the law courts for final redress; there is no independent tax appellate body before the law courts.

Dimension Score = A

PI-19.2 Revenue risk management

The Rwanda Revenue Authority has developed a comprehensive risk management framework that assures smooth risk profiling of taxpayers. This has been automatically configured into ITAS, and has completely removed human interface for the identification and profiling of taxpayers for audit and fraud investigations. The system provides a comprehensive, structured and systematic approach for assessing and prioritising compliance risk for all types of revenues. RRA has a compliance improvement plan to mitigate identified compliance risks. The compliance improvement plan includes planned mitigation measures in the area of: (i) revenues; (ii) key taxpayer segments such as large taxpayers, medium and small taxpayers; and (iii) risks associated with taxpayer obligations.

Self-assessment continues to be the main tax declaration mechanism, and also applicable, just as in 2016, via mobile phones through the M-declaration App. The App allows tax declaration and payments via mobile money platforms across all mobile phone networks, thus facilitating taxpayer tax filing and payments systems across the country. Currently, all taxpayers pay their taxes and/or any non-tax revenues directly to the commercial banks (either through electronic transfer or walk-in customers) as well as via mobile money payment systems.

The RRA revenue administration platform, ITAS, is currently linked to the National ID System, vehicle licensing and registration system, the commercial banks, and the company's registration database. These interfaces have improved the taxpayer database updates as well as reduced the incidence of tax evasion. The linkage between ITAS and company's registration has facilitated the automatic generation of tax identification numbers (TINs) for businesses. Individual taxpayers have also been linked to the national ID system, with each payer having a unique TIN. Taxpayers have been categorized into small, medium and large taxpayers for easy identification and monitoring.

Dimension Score = A

PI-19.3 Revenue audit and investigation

Table 19.2 summarizes RRA's performance in terms of audit and fraud investigations. The data shows that it achieved a little over 95% by number of planned audits and fraud investigations for the last completed fiscal year 2020/2021. These audits resulted in additional revenues or recoveries of Rwf62.3 billion. The audits and fraud investigations are carried out in accordance with a documented revenue compliance plan.

Table 19.2: Performance of revenue and audit investigation FY2020/2021

Revenue type	Number of planned audits and investigations	Number of completed audits and investigations	Percentage completion	Amount recovered (Rwf, billion)
Large taxpayer office	86	87	101.1%	58.5
Small and Medium taxpayer office	200	192	96.0%	3.5
Customs post-clearance audit	300	279	93.0%	0.3
Total	586	558	95.2%	62.3

Source: RRA Annual Activity Report FY2020/2021

Dimension Score = A

PI-19.4 Revenue arrears monitoring

All revenue due the state, not paid, after the end of the fiscal year are classified as revenue arrears. The assessment of this indicator excludes tax refunds such as VAT (please refer to PEFA field guide 19.4:3. Arrears in the payment of refunds or the processing of revenue offsets to revenue payers by revenue authorities are not included in the measurement of this dimension – page 142). As indicated in Table 19.3 below, the stock of revenue arrears for the last completed fiscal year 2020/2021 amounted to Rwf485.1 billion. This represents 29.3% of total central government revenues for the same period. Revenue arrears older than 12 months represent 58.8% of total revenue arrears for the period under review.

Table 19.3: Analysis of revenue arrears

Age of revenue arrears	Total Domestic revenue arrears (Rwf billion)	Percentage share of arrears
Less than 3 months overdue	15.1	3.1%
Between 3 to 6 months overdue	144.8	29.8%
Between 6 to 12 months overdue	39.9	8.2%
More than 12 months overdue	285.3	58.8%
Total revenue arrears	485.1	100%
Total collections	1,654.50	
Stock of revenue arrears (%)	29.3%	

Source: RRA Annual Activity Report – FY2020/2021

Dimension Score = C

Performance change since the previous assessment

There is improvement in both performance and score due to improvement in dimensions (iii) and (iv).

Recent or ongoing reform activities

None

PI-20 Accounting for revenue

This indicator assesses procedures for recording and reporting revenue collections, consolidating revenues collected, and reconciling revenue accounts. Accurate recording and reporting of tax and nontax revenue collections is important to ensure all revenue is collected in accordance with relevant laws. The assessment of this indicator covers central government (budgetary units and extra-budgetary units).

Summary of scores and performance table

PI-20 M1	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
	Accounting for revenue	B+	B+		No change in score and performance
	20.1 Information on revenue collections	A	A	The RRA, collecting all central government revenues, prepares a monthly revenue report with detailed information on all types of revenue collections (income tax, customs revenue, VAT, excise duties, and non-tax revenue). The revenue report is submitted to the Minister of Finance through the Tax Policy Unit of MINECOFIN	No change in score and performance
	20.2 Transfer of revenue collections	B	B	Transfers from the RRA transit account to the National Treasury account is done daily, automatically, leaving a zero-balance at close of business. Nevertheless, transfers from the 13 commercial bank accounts into the RRA transit account is done twice a week	No change in score and performance

PI-20 M1	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
20.3	Revenue accounts reconciliation	A	A	Complete reconciliation between assessment, collections, transfers and arrears is undertaken monthly within two weeks.	No change in score and performance

PI-20.1 Information on revenue collections

The RRA, collecting all central government revenues, prepares a monthly revenue report with detailed information on all types of revenue collections (income tax, customs revenue, VAT, excise duties, and non-tax revenue). The revenue report is submitted to the Minister of Finance through the Tax Policy Unit of MINECOFIN. The report also indicates projected revenue collections for the month in question, compared with actual collections for the period, with a variance analysis and reasons for deviations. For instance, total revenue collections for the month of April 2022 stood at Rwf134 billion as against a target of Rwf131.1 billion, showing an excess collection of Rwf2.9 billion.

Dimension Score = A

PI-20.2 Transfer of revenue collections

The Rwanda Revenue Authority (RRA) collects all domestic revenues, including revenues for Rwanda Social Security Board. RRA has 164 commercial bank accounts as at the time of this assessment. These accounts are domiciled in 13 different commercial banks. The Revenue Authority has one transit account at the National Bank of Rwanda, linked to the TSA, which collects all revenues from the 13 commercial banks. Transfers from the RRA transit account to the National Treasury account is done daily, automatically, leaving a zero-balance at close of business. Nevertheless, transfers from the 13 commercial bank accounts into the RRA transit account is done twice a week.

Dimension Score = B

PI-20.3 Revenue accounts reconciliation

The Rwanda Revenue Authority uses the Integrated Tax Assessment Software (ITAS) for central government revenue administration. The system undertakes complete reconciliation between revenue declaration (also known as assessment) and collections or payments made by taxpayers. The outcome of this reconciliation, which is done in real time, is the outstanding collections due the state from all declarations. The reconciliation is carried out automatically by ITAS, and individually according to each taxpayer. The reconciliation report shows name of taxpayer, tax period, total tax declared or due, total payments, and outstanding balance or stock of revenue arrears.

The second phase of reconciliation is between RRA and the Treasury. This is done monthly within two weeks following the previous month, between total collections and transfers to the Treasury. The reconciliation statement is signed off between RRA and Treasury representatives respectively. Differences arising out of this reconciliation, is that part of collections in transit, still with commercial banks, yet to be transferred to the Treasury.

Therefore, complete reconciliation between assessment, collections, transfers and arrears is undertaken monthly within two weeks.

Dimension Score = A

Performance change since the previous assessment

No change in score and performance.

Recent or ongoing reform activities

None.

PI-21 Predictability of In-year Resource Allocation

This indicator assesses the extent to which MoF is able to forecast cash commitments and expenditure requirements and to provide reliable information on the availability of funds to budgetary units for service delivery. It contains four dimensions. Dimension 21.1 assesses the consolidation of cash balances; dimension 21.2 examines cash forecasting and monitoring; 21.3 assesses existence of information on commitment ceilings and dimension 21.4 assesses significance of in-year budget adjustments. The assessment of this indicator covers budgeted central government.

Summary of scores and performance table

PI-21 M2	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
	Predictability of in-year resource allocation	B+	B+		No change in score and performance
	21.1 Consolidation of cash balances	A	A	All budgeted central bank accounts are consolidated on a daily basis. The National Treasury operates a TSA, with zero-balance sub-accounts for budgetary units. The daily balances are automatically transferred to the TSA, each day.	No change in score and performance
	21.2 Cash forecasting and monitoring	B	B	For FY2020/2021 and in line with the requirement of Article 42 of OBL No.12/2013/OL, a consolidated annual cashflow forecast is prepared by MINECOFIN, after receiving inputs from budgetary units. The consolidated cashflow is updated on a quarterly basis based on actual cash inflow and outflow	No change in score and performance
	21.3 Information on commitment ceilings	B	B	For FY2020/2021, MDAs were provided reliable information on commitment ceilings in advance, at least quarterly.	No change in score and performance
	21.4 Significance of in-year budget adjustments	A	A	There are clear guidelines on in-year budget adjustments. These are stipulated in Article 46 of the OBL. These guidelines limit the reallocations that can be made at the level of the chief budget managers (CBM) and the minister of finance. For FY2020/2021, in-year budget reallocations took place only once, 6 months into the fiscal year, through the revised budget.	No change in score and performance

PI-21.1 Consolidation of cash balances

MINECOFIN, through the National Treasury Unit, manages the TSA and all ministries and budgetary units. It also operates zero-balance sub-accounts for budget units to the main TSA. The consolidation of cash balances is generated automatically from IFMIS on a daily basis, which has an interface with National Bank of Rwanda where all MDAs and budgetary units bank accounts are domiciled. The specific cash required for the transactions of budgetary units is transferred on the same business day from the TSA main account to MDAs bank account at the National Bank of Rwanda (BNR). This applies also to the accounts of externally financed projects. All unused balances in the MDA's bank accounts are automatically transferred into the TSA on the same day.

Dimension score = A

PI-21.2 Cash forecasting and monitoring

For FY2020/20201 and in line with the requirement of Article 42 of OBL No.12/2013/OL, a consolidated annual cashflow forecast is prepared by MINECOFIN, after receiving inputs from budgetary units. The consolidated cashflow is updated on a quarterly basis based on actual cash inflow and outflow, to regulate the releases to be made to MDAs. Each MDA prepares annual procurement plan together with an annual cash plan and submits it to MINECOFIN through IFMIS.

Dimension score = B

PI-21.3 Information on commitment ceilings

For FY2020/2021, MDAs were provided reliable information on commitment ceilings in advance, at least quarterly. With the approval of Finance Law passed by parliament, reliable quarterly expenditure commitment information is communicated to all MDAs in line with Article 42 of the OBL, following the submission of annual cash forecast by each MDA to MINECOFIN for consolidation. All budgetary institutions have the liberty to commit without restrictions from MINECOFIN within the approved commitment ceilings issued in line with available cash.

Dimension score = B

PI-21.4 Significance of in-year budget adjustments

There are clear guidelines on in-year budget adjustments. These are stipulated in Article 46 of the OBL. These guidelines limit the reallocations that can be made at the level of the chief budget managers (CBM) and the minister of finance. The details of the guidelines have been described under PI-18.4. For FY2020/2021, in-year budget reallocations took place only once, 6 months into the fiscal year, through the revised budget. They are reported to parliament in a transparent way, in the same way as for the original budget approval process. One revised budget was approved in FY 2020/2021, as is the customary process every year.

Dimension score = A

Performance change since the previous assessment

All the scores for this indicator remain unchanged. In the Previous Assessment, PI-21.1 and 21.2 scored "A" and PI-21.2 and 21.3 scored "B". All central government budgetary units' cash balances operate the TSA and consolidation is done on a daily basis including bank accounts of externally financed projects. Each MDA prepares annual cash flows and submits to MINECOFIN for consolidation. The cash flow forecasts are updated quarterly on a rolling basis, based on actual cash flows. Budgetary units are provided reliable information on commitment ceilings at least quarterly in advance and significant in-year

adjustments to budget allocations take place no more than twice in a year and are done in a transparent and predictable way.

Recent or ongoing reform activities

None

PI-22 Expenditure Arrears

This indicator has two dimensions. Dimension 22.1 assesses the level of stock of expenditure arrears; dimension 22.2 examines the framework for monitoring expenditure payments arrears. The assessment of this indicator covers budgeted central government

Summary of scores and performance table

PI-22 M1	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
	Expenditure arrears	C+	C+		No change in overall score, but improvement in dimension (ii) and a deterioration in dimension (i)
	22.1. Stock of expenditure arrears	A	C	The analysis (please refer to Table 22.1 below) indicates that arrears represent 7.51% of total budgeted central government expenditure in 2018/2019, 9.77% in 2019/2020, and 10.73% in 2020/2021.	There is deterioration in both score and performance. In 2016, stock of arrears stood below 2% in all three years assessed, compared to between 7% and 11% in 2022.
	22.2. Expenditure arrears monitoring	C	A	A consolidated data and age of expenditure arrears is generated quarterly within a month after the end of the quarter.	Improvement in both score and performance. Data on expenditure arrears are now age-profiled.

PI-22.1. Stock of expenditure arrears

There is no legal definition of expenditure arrears in Rwanda. That said, GoR considers all outstanding expenditure commitments beyond 45 days as arrears. The stock and composition of expenditure arrears are disclosed in the consolidated financial statements. The stock of expenditure arrears, disclosed in Table 22.1 below, consists of salary and pension arrears, payments due to contractors for completed projects and long-term liabilities as at 30th June 2021 (end of financial year). The stock of expenditure arrears shows sturdy increases from 2018/2019, at Rwf197.68 billion to Rwf 394.84 billion in 2020/2021. The analysis (please refer to Table 22.1 below) indicates that arrears represent 7.51% of total budgeted central government expenditure in 2018/2019, 9.77% in 2019/2020, and 10.73% in 2020/2021.

Table 22.1 Analysis of stock of expenditure arrears (Rwf Billion)

	2018/2019	2019/2020	2020/2021
Total arrears (excluding retentions)	197.68	294.34	394.84
Total BCG expenditure	2,630.7	3,013.0	3,680.0
% of arrears to total expenditure	7.51%	9.77%	10.73%

Source: Consolidated Financial Statements – FYs 2018/2019 to 2020/2021

Dimension score = C

22.2. Expenditure arrears monitoring

The Article 67 of the finance law N° 12/2013/OL of 12/09/2013 spells out how the chief budget managers (CBM) of budget institutions must register and report the expenditure payment arrears. The CBM register and report through IFMIS, each month, the status of accounts payable (arrears). Therefore, with all government budget agencies being on IFMIS, the expenditure payment arrears are monitored closely, including their age. A consolidated data and age of expenditure arrears is generated quarterly within a month after the end of the quarter.

Dimension score = A

Performance change since the previous assessment

No change in overall score, but improvement in dimension (ii) and a deterioration in dimension (i).

Recent or ongoing reform activities

IPSAS accrual implementation.

PI-23 Payroll Controls

The indicator of payroll control is concerned with how the payroll is managed, how changes to the payroll are controlled and how the personnel records are aligned to the payroll in order to promote predictability in the availability of resources when requested. The indicator contains four dimensions; Dimension 23.1 examines the integration of payroll and personnel records, dimension 23.2 assesses the management of payroll changes, dimension 23.3 assesses the effectiveness of payroll control, and dimension 23.4 assesses the extent of payroll audits. This indicator covers central government.

Summary of scores and performance table

PI-23 M1	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
	Payroll controls	B+	B+		No change in score and performance.
	23.1 Integration of payroll and personnel records	A	A	Central government's HR database is directly linked to IPPIS and IFMIS, allowing timely (daily) reconciliation and control of approved personnel and payroll budget.	No change in score and performance.
	23.2 Management of payroll changes	A	A	All required changes to the personnel records and payroll are updated monthly, in time for processing and payment of the following month's salaries, covering all central government operations (budgetary units and extra-budgetary units). There were no retroactive adjustments as at the cut-off date (June 2021).	No change in score and performance.
	23.3 Internal control of payroll	A	A	Access to personnel and payroll records of central government institutions is limited to only authorized staff. Both the HR and payroll software are password protected. All changes are	No change in score and performance.

PI-23 M1	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
				properly authorized with approved supporting documentation, resulting in an audit trail. The control process (within both HR and payroll databases) is clear and sufficient for ensuring full payroll integrity.	
23.4 Payroll audit		B	B	During the fiscal year 2019/2020, OAG conducted a comprehensive payroll audit of all central government institutions.	No change in score and performance.

PI-23.1. Integration of payroll and personnel records

As at the time of assessment, Central Government (budgetary units, extra-budgetary units, and RSSB) payroll was managed through the Integrated Personnel Payroll Information System (IPPIS), with eight (8) modules, directly linked to IFMIS and the human resource management electronic database managed by the Ministry of Public Service and Labour's (MIFOTRA), allowing timely (daily) reconciliation and control of approved personnel and payroll budget. At every central government unit, there is a human resource department responsible for updating the records of personnel, in line with approved HR structure. The establishment list, staff structure and salary scale are approved by MIFOTRA, in addition to parliamentary approval, once the annual budget is submitted to the legislature for promulgation. Whilst the civil servants HR is managed by MIFOTRA, the security services (defence and police) managed their own HR database, also linked directly to the IFMIS and IPPIS.

New staff can only be recruited on the basis of an approved post (budget) as well as availability of vacancy. Central government institutions (budgetary units, extra-budgetary units, and RSSB) make official requests to MIFOTRA for new recruitments, then adverts are placed in newspapers and websites of recruiting entity, followed by, shortlisting, interview and selection. MIFOTRA then issues appointment letters to successful applicants. Copies of appointment letters are forwarded to Accountant General's Department within the same month of recruitment, in addition to the immediate update in the personnel database, which is automatically reflected in the payroll database. All staff (new and existing) receive their monthly salary directly through bank transfer.

Dimension score = A

PI-23.2. Management of payroll changes

Whilst the Accountant General's Department is responsible for managing and payment of all central government payroll, MIFOTRA, defence and police service manage civil servants and security services HR databases respectively. All required changes to the personnel records and payroll are updated monthly, in time for processing and payment of the following month's salaries, covering all central government operations (budgetary units and extra-budgetary units). There were no retroactive adjustments as at the cut-off date (June 2021).

Dimension score= A

PI-23.3 Internal control of payroll

MIFOTRA maintains the electronic records of all civil servants, but also supported with personnel files for each employee; the same applies to security services HR records. Similarly, the payroll records are

electronic, also with manual backups. Central government institutions have no direct access to these records. The Accountant General's Department maintains the payroll records of all central government institutions. Access to personnel and payroll records of central government institutions is limited to only authorized staff. Both the HR and payroll software are password protected. All changes are properly authorized with approved supporting documentation, resulting in an audit trail. The control process (within both HR and payroll databases) is clear and sufficient for ensuring full payroll integrity. As at the time of assessment and within the assessment period, no adverse findings were reported by the external and internal auditors referencing payroll controls.

Dimension score = A

PI-23.4. Payroll audit

During the fiscal year 2019/2020, OAG conducted a comprehensive payroll audit of all central government institutions. The annual financial and compliance audits of OAG, during the last three completed fiscal years 2018/2019 to 2020/2021, also includes payroll audit as part of the annual financial audits, which is partial payroll audit. The GCIA also undertakes payroll audit of selected central government institutions each year.

Dimension score= B

Performance change since the previous assessment, where applicable

No change in score and performance since 2016 assessment.

Recent or ongoing reform activities

None

PI-24 Procurement

This indicator focuses on the management of procurement expenditure for managing and promoting predictably of resource availability. The indicator has four dimensions that focus on key procurement management, procurement monitoring, transparency, openness and competitiveness of procurement methods applied, public access to procurement information and the management of procurement complaints and redress arrangements. This indicator covers central government.

Summary of scores and performance table

PI-24 M2	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
	Procurement	B+	B		Overall marginal deterioration in both performance and score.
24.1	Procurement monitoring	A	A	RPPA maintains complete data on procurement contracts, including data on value of procurement contracts awarded for goods, works, services and works, and database of suppliers/contractors. The data is accurate as it has been verified by RPPA.	No change

PI-24 M2	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
24.2	Procurement methods	A	C	As indicated in Table 24.2 below, competitive procurement method (national and international) by value accounted for 62.4% of total central government procurement for FY2020/2021.	Deterioration in score and performance.
24.3	Public access to procurement information	C	B	The government meets at least five out of the six PEFA criteria as shown in Table 24.3 below, with published procurement information meeting the timeframe that is useful for the public.	Improvement in score and performance. Five elements were met in 2022 assessment compared to 3 in 2016 assessment
24.4	Procurement complaints management	A	B	Element one (1) and three others are met. The fact that the number of IRP members are, at the moment, only five (5) instead of eleven (11) as required the procurement law, the complaints process may be compromised.	Deterioration in both score and performance.

PI-24.1. Procurement monitoring

Article 16 of Law N°62/2018 of 25/08/2018 on procurement details the public procurement process and practices. According to this law, all central government institutions (budgetary units, extra-budgetary units including the Rwanda Social Security Board) are obliged to submit their procurement plans to Rwanda Public Procurement Authority (RPPA), an autonomous regulatory body in charge of enforcing the implementation of the procurement law. The RPPA is required by law to compile annual statistical data on all procurement activities and monitor them to ensure value for money, complete information on contracts awarded and other key information, including the procurement methods, among others.

Much as the RPPA's automated procurement system 'UMUCYO' is linked to IFMIS at MINECOFIN, where procurement plans are also linked to budget (in IFMIS), there is still need for RPPA to monitor all procurement activities annually in a timely manner, especially so when the Rwanda Social Security Board is not on IFMIS. Nevertheless, procurement plans, bid opportunities and contract awards of all central government institutions are published individually and timely on RPPA website. RPPA maintains complete data on procurement contracts, including data on value of procurement contracts awarded for goods, services and works, and database of suppliers/contractors. The annual procurement statistics for FY2020/2021 has been compiled and verified by RPPA. The data is complete and accurate as it contains data on online procurement (from UMUCYO) and offline procurement. According to the 2020/2021 procurement annual report, total online procurement amounted to RWF380,694,594,260 (representing 82% by value), with offline procurement at RWF83,425,459,639 (representing 18% by value).

Dimension score = A

PI-24.2 Procurement methods

The applicable public procurement threshold in Rwanda is presented in Table 24.1 below.

Table 24.1: Procurement method thresholds

1. Sole-sourcing method/direct procurement	Up to Rwf500,000
2. Request for Quotation (minimum of three quotations) shall be used when the estimated value of the procurement is below:	Between Rwf500,000 and Rwf3,000,000
3. National Competitive Bidding (NCB) shall be used when the estimated value of the procurement is below:	Above Rwf3,000,000 (goods, works, consultancy)
4. International Competitive Bidding (ICB) shall be held when the estimated value of the procurement exceeds:	For works: Rwf2,000,000,000 For goods: Rwf600,000,000 For consultancy: Rwf100,000,000

Source: Procurement Regulations 2020

As indicated in Table 24.2 below, competitive procurement method (national and international) by value accounted for 62.4% of total central government procurement for FY2020/2021. The remaining 37.6% by value of public procurement is non-competitive (single source: 32%; restricted tender: 1.7%; request for quotation:3.9%). This data is complete and accurate as it has been verified by RPPA.

Table 24.2 Procurement methods (FY2020/2021 – audited figures)

Procurement method	FY2020/2021	
	RWF	%
International open tender	149,014,248,597	32.1%
National open tender	140,529,876,543	30.3%
Single source	148,269,894,877	32.0%
Restrictive tender (national & international)	7,995,433,799	1.7%
Request for quotation	18,310,600,083	3.9%
Total	464,120,053,899	100.0%

Source: Statistics from RPPA

Dimension score = C

PI-24.3. Public access to procurement information

The government meets at least five out of the six PEFA criteria as shown in Table 24.3 below, with published procurement information meeting the timeframe that is useful for the public. The elements met include: (i) legal and regulatory framework, (ii) government procurement plans, (iii) bidding opportunities, (iv) contract awards, and (v) data on resolution of procurement complaints. Element (vi) on publication of annual statistics is met but significantly delayed (publication was on 15th July 2022). The procurement information is complete and reliable for all procurement operations; it is independently verified by the RPPA. The procurement information is accessible free-of-charge from RPPA functional website.

Table 24.3: Public Access to Procurement Information

Element/ Requirements	Met (Y/N)	Evidence used/ Comments
1. Legal and regulatory framework for procurement	Yes	The legal framework exists and is enforced by RPPA as a regulator. The law is updated as necessary. The current public procurement law is Law N°62/2018 of 25/08/2018. This is published on the website (https://rppa.gov.rw) and (www.umucyo.gov.rw)
2. Government procurement plan	Yes	By the law in (1) above, all government procurement plans are posted to RPPA's 'UMUCYO' website (www.umucyo.gov.rw), which is also linked to the IFMIS
3. Bidding opportunities	Yes	Bidding opportunities are all posted to "UMUCYO" (www.umucyo.gov.rw)

Element/ Requirements	Met (Y/N)	Evidence used/ Comments
4. Contract awards (Purpose, contractor and value)	Yes	Contract awards are published on 'UMUCYO' (www.umucyo.gov.rw)
5. Data on resolution of procurement complaints	Yes	Procurement complaints and resolutions are published on RPPA website (https://rppa.gov.rw).
6. Annual procurement statistics.	No	The annual procurement statistics for FY2020/2021 has been published but with significant delay (published on 15 th July 2022).

Dimension score = B

PI-24.4. Procurement complaints management

This dimension assesses the existence and effectiveness of an independent, administrative complaint resolution mechanism. Articles 12 to 15 of the procurement law N°62/2018 of 25/08/2018 contain details of the procurement complaints processes and how the resolutions are handled by the independent review panel (IRP).

The complaints mechanism is in-built within the e-procurement system 'UMUCYO' and specifies the period for filing complaints. However, at the moment the independent review panel is comprised of five (5) members instead of eleven (11) required by Article 13 of the procurement law N°62/2018 of 25/08/2018. Table 24.4 below shows a summary of the PEFA elements for effective procurement complaint management framework.

Table 24.4 Elements of procurement complaints framework

Elements/Requirements	Met (Y/N)	Evidence used/ Comments
Complaints are reviewed by a body which:		
(i) Is not involved in any capacity in procurement transactions or in the process leading to contract award decisions	Yes	Members of the Independent Review Panel (IRP) are not involved in any capacity in procurement leading to contract awards
(ii) Does not charge fees that prohibit access by concerned parties	No	Fees are charged, as per Article 92 of the Public Procurement Regulations No. N° 002/20/10/TC of 19/05/2020. Per the law, RWF50,000 and RWF100,000 are charged for tenders below RWF20 million and above RWF20 million respectively.
(iii) Follows processes for submission and resolution of complaints that are clearly defined and publicly available	Yes	The process of complaints follows legal provisions (Article 12 of law N°62/2018 of 25/08/2018). The IRP annual report 2020/21 contains the summary of resolutions, which is publicly available on RPPA website.
(iv) Exercises the authority to suspend the procurement process	No	The members of the IRP are able to exercise their authority to suspend the procurement process immediately after a complaint is lodged to the IRP and this is supported by both the law in Rwanda and the Umucyo system. However, the members of the IRP are only five (5) instead of eleven (11) as required by law. This may delay or compromise the procurement process
(v) Issues decisions within the timeframe specified in the rules/regulations and	Yes	The legal provision (Article 52 of PPA Act of 2018) mandates the IRP to issue decisions within 30 days after receipt of procurement complaints. Additionally, the law provided that if the panel is unable to reach a decision within thirty (30) days, it must inform both the procuring entity and the complainant of the need for the extra time. The additional time shall not go beyond thirty (30) days. In practice, IRP decisions do not exceed 60 days in total as evidenced below from samples of IRP decisions: <ul style="list-style-type: none"> • Kamugundu vs RBC (reference 004/2021/IRP): date of complaint 29/06/2021; date of decision 10/08/2021

Elements/Requirements	Met (Y/N)	Evidence used/ Comments
		<ul style="list-style-type: none"> Inema Company Ltd vs City of Kigali (reference 020/2021/IRP) date of complaint 26/08/2021; date of decision 23/09/2021 BA Heza General Services Ltd vs Remera Sector (reference 018/2021/IRP): date of complaint 23/08/2021; date of decision 23/09/2021
(vi) Issues decisions that are binding on every party (without) precluding subsequent access to an external higher authority	Yes	By Article 53 of the procurement law N°62/2018 of 25/08/2018, the decisions of IPR are binding to all parties but does not preclude subsequent access to the law courts

From the elements above, element (1) and three others are met. The fact that the number of IRP members are, at the moment, only five (5) instead of eleven (11) as required the procurement law, the complaints process may be compromised.

Dimension score = B

Performance change since the previous assessment

There is marginal deterioration in score and performance mainly due to deterioration in dimension (ii).

Recent or ongoing reform activities

1. Enactment of Rwanda public procurement law of 2018 and related regulations
2. Introduction of E-GP System (umucyo e-Procurement system) in the year 2017-2018 covering nine modules: E-registration, E-bidding, E-catalogue, E-contract, E-shopping mall, E-disposal, External linkages.
3. RWANDA MAPS REPORT ,2019-2020
4. Integration of Umucyo with IFMS
5. Introduction of E-contract management, E-Invoicing and E-GP System (umucyo e-Procurement system)
6. Revamping of reference prices system
7. Revamping of categorization framework in public procurement
8. Reporting of offline contracts through Umucyo e-procurement system
9. Support of Made in Rwanda through public procurement
10. Professionalization of public procurement (Enrolment of government staff into CIPS Program, initiation of national professional certification program in procurement, introduction of E-learning system in public procurement,
11. Review of standard bidding documents
12. Review of the law and regulations on public procurement by introducing sustainable and green public procurement, procurement of innovation and other new methods of public procurement
13. Improved Partnership with stakeholders (development partners, private sector, HLIs, CSOs, international organisations)
14. Membership to regional public procurement bodies (African Public Procurement Network (APPN), East African Public Procurement Forum (EAPF)
15. Improved Partnership with women organizations (New Face New Voices) to increase the level of women's participation in public procurement

PI-25 Internal controls on non-salary expenditure

This indicator measures the effectiveness of general internal controls for non-salary expenditures. Specific expenditure controls on public service salaries are considered in PI-23. The indicator assesses

segregation of duties, the effectiveness of expenditure commitment controls and compliance with payment rules and procedures. The assessment of this indicator covers central government.

Summary of scores and performance table

PI-25 M2	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
	Internal controls on non-salary expenditure	A	B+		Deterioration in score and performance due to slippage in dimension (iii)
25.1	Segregation of duties	A	A	The PFM laws and regulations also provide clear guidance on segregation of duties for expenditure initiation, authorisation and approval, disbursement, expenditure payment, acquisition, use and disposal of public assets, recording and reconciliation	No change in performance and score
25.2:	Effectiveness of expenditure commitment controls	A	A	All budget institutions use IFMIS for expenditure commitment, including extra-budgetary units, except for Rwanda Social Security Board that uses its own financial management software. Both systems limit expenditure commitments to approved budgets as well as projected cash availability within the financial management systems/software.	No change in score and performance.
25.3	Compliance with payment rules and procedures	B	C	Expenditure payments are generally compliant with payment rules and procedures. According to OAG, non-compliance levels across central government stands at 29% by value.	Deterioration in score and performance.

25.1. Segregation of duties

Article 19 of the Organic Law N° 12/2013 stipulates that the Chief Budget Manager (CBM) of each central government institution (budgetary and extra-budgetary unit) is responsible for maintaining accounts and records of the public entity (PE), preparing reports on budget execution, managing the financial resources for the public entity effectively, efficiently and transparently, ensuring sound internal control systems in the public entity and safeguarding the public property held by the public entity. This article is further reinforced by Article 99 of the Ministerial Order N°001/16/10/TC of 26/01/2016 relating to financial regulations, in which the CBM accepts responsibility for the financial statements, which have been prepared using appropriate accounting standards applicable in Rwanda.

The CBM as the head of budget execution is responsible for ensuring that internal controls are followed. As stipulated in the OBL and financial manuals, every PE do have an Accountant or Chief Accountant, Director of Finance (DAF) and Head of Corporate services. Accordingly, the Accountant/Chief Accountant prepares/initiates the local purchase order for payment in accordance with procurement plans in the budget. This is reviewed by the DAF before it transmitted to the head of corporate services for further checking. At the end of chain, is the CBM who finally approves the payment.

As at the time of assessment, the OBL No. Law N° 12/2013, Financial Regulations No. N°001/16/10/TC, Public Procurement Law No. 62/2018 of 25/08/2018 and Procurement Regulations No. 002/20/10/TC of 19/05/2020 were applicable to all central government institutions including budgetary units, extra-budgetary units and the Rwanda Social Security Board. The PFM laws and regulations also provide clear guidance on segregation of duties for expenditure initiation, authorisation and approval, disbursement, expenditure payment, acquisition, use and disposal of public assets, recording and reconciliation, among others.

The Rwanda Public Procurement Law No. 62/2018 of 25/08/2018 and Procurement Regulations No. 002/20/10/TC of 19/05/2020 also prescribe procurement processes and disposal of fixed assets. At the time of assessment, public officials responsible for initiating public procurement process, first through purchase requisitions and then local purchase orders (LPOs) cannot authorize expenditure payments, meaning, separate officers responsible for raising, purchase requisitions and LPOs are separate from those responsible for approvals and payments. Again, government officials responsible for approving procurement tenders are different from those signing procurement contracts. There are also separate public officials who enter financial transactions into IFMIS and financial management systems of extra-budgetary units not covered by IFMIS, and those with authorization and approval levels within the software.

Dimension score = A

25.2 Effectiveness of expenditure commitment controls

Expenditure commitment controls are prescribed within the financial management laws and regulations. These laws are applicable to all central government institutions. All budget institutions use IFMIS for expenditure commitment, including extra-budgetary units, except for Rwanda Social Security Board that uses its own financial management software. Both systems limit expenditure commitments to approved budgets as well as projected cash availability within the financial management systems/software. The control mechanism within IFMIS is set in such a way that the procurement system (the e-procurement “UMUCYO”) is linked to the budget and availability of cash. The presence of internal auditors across all central government institutions also provides additional layer of controls with regards to expenditure commitments

Dimension score = A

25.3. Compliance with payment rules and procedures

As at the time of assessment, central government operations (including budgetary units, extra-budgetary units, Rwanda Social Security Board) were generally compliant with regular payment rules and procedures. That said, the government Chief Internal Auditor (GCIA) at MINECOFIN states that there are capacity issues surrounding the central government agencies, which in most cases are under staffed or lack the necessary skilled personnel. It is, however, noted that all budget agencies make their payments through the IFMIS system, in which payment controls are imbedded. This mitigates some risk that may violate the rules and procedures. The Rwanda Social Security Board uses its own financial management application, different from IFMIS – expenditure payment procedures follow the same process as that of IFMIS.

The annual audit report by the Office of Auditor General (FY 2020/21 page 9) show that payment rules and regulations are largely followed as stipulated for in the financial law and regulations. However, looking at the OAG report and records, the non-compliance to rules and regulations still persists and now stands at 29% by value with a coverage of 91% of the total budget expenditure. This means that non-

compliance issues within the whole central government still exist. For example, the record shows a 29% non-compliance in the entire Central Government entities and this means that the compliance index is at 61%.

Dimension score = C

Performance change since the previous assessment

Deterioration in score and performance due to slippage in dimension (iii).

Recent or ongoing reform activities

Implementation of IPSAS accrual basis of accounting

PI-26 Internal audit

International good practice in public financial management looks for the operation of internal audit as a service to management, with the function to identify ways of correcting and improving systems, so as to improve the efficiency, economy and effectiveness of the delivery of public services. This indicator (with four dimensions) assesses internal audit coverage, the nature of audits and standards applied, implementation of internal audit plans and the response to internal audit reports (findings). The assessment of this indicator covers central government budget institutions and extra-budgetary units.

Summary of scores and performance table

PI-26 M1	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
	Internal audit	C+	C+		No change in overall score and performance. That said, dimensions (iii) and (iv) have improved but dimension (ii) has dropped.
	26.1 Coverage of internal audit	A	A	As shown in Table 26.1 below, internal audit coverage was 96.9% by value of total central government expenditures and 99.6% by value of central government revenues.	No change in score and performance.
	26.2 Nature of audits and standards applied	B	C	Internal audit functions largely focus on financial compliance. Risk-based audit is yet to take root. There is also no central government risk register to inform the development of risk-based audit plans.	Deterioration in score and performance mainly due to capacity constraints.
	26.3 Implementation of internal audits and reporting	C	B	As shown in Table 26.2 below, between 83% and 89% of programmed audits have been completed within the last three completed fiscal years.	Improvement in score and performance

PI-26 M1	Dimension	Score 2016 (using PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
26.4	Response to internal audits	C	B	Table 26.3 below summarises management responses to internal audits during the last three completed fiscal years. The data shows that between 82% and 86% of audit recommendations are responded to officially and implemented timely	Improvement in score and performance. Management responses have increased over the assessment period compared to 2016 assessment.

26.1. Coverage of internal audit

The establishment of internal audit function in Rwanda is backed by Article 70 of OBL N° 12/2013/OL of 12/09/2013 and Article 115 of the Ministerial Order No. 001/16/10/TC of 26/01/2016 relating to financial regulations. The internal audit staff in all central government entities (including budgetary, extra-budgetary and social security fund) are coordinated, monitored and trained by the Office of Government Chief Internal Auditor (GCIA) located at MINECOFIN. Also, Article 117 of the Ministerial Order No. 001/16/10/TC of 26/01/2016 relating to financial regulations mandates the Minister to monitor the establishment of audit committees in public entities and issue regulations on their proper functioning.

The scope of the GCIA, as at the time of assessment, includes central government budget entities, the local government entities, extra-budgetary units, government projects/programs and government foreign embassies. The office of GCIA has only 27 staff in charge of all central government entities. The GCIA points out that there are capacity challenges and this affects the operations of the internal audit function across central government. As shown in Table 26.1 below, internal audit coverage was 96.9% by value of total central government expenditures and 99.6% by value of central government revenues.

Table 26.1: Coverage of internal audit

Coverage	As at June 2021	
	Expenditure	Revenue
Budgeted central government	2,791,962,445,150.00	2,714,014,530,481
Extra-budgetary operations including RSSB	137,685,858,882.00	90,072,060,281
Total coverage	2,929,648,304,032.00	2,804,086,590,762
Total central government operations	3,023,445,000,000.00	2,815,644,000,000.00
% Coverage	96.9%	99.6%

Source: Office of Government Chief Internal Auditor plus budget data.

Dimension score = A

26.2 Nature of audits and standards applied

This dimension assesses the nature of audits performed and the extent of adherence to professional standards, in order to determine the adequacy and effectiveness of internal controls. To this effect, the audit manual and charter found on MINECOFIN website are delivered from Global Internal Audit Standards and the Internal Audit Charter outlines the Standards of Audit Practice and requires the office of GCIA and its agencies to meet or exceed the International Standards for the Professional Practice of

Internal Auditing (ISPPA) and the Code of Ethics. Rwanda is in the process of reinforcing the establishment of Institute of Internal Auditors to generally enforce the Internal Audit Guidelines. Much as there is risk management guidelines issued by MINECOFIN, there is no central government risk register to inform the development of risk-based audit plans. The GCIA agrees that the quality assurance process is in its infancy and started with establishing risk coordinators and committees and thereafter, the training in risk management frameworks will follow.

This means that, in practice, the internal audit activities have focused on financial compliance largely due to capacity constraints, as pointed out earlier. This was also evidenced through sampled internal audit reports made available to the assessment team by OG CIA as at the time of assessment. The internal audit functions are only starting on evaluation of the adequacy and effectiveness of internal controls. Given that the institutional risk register is still work in progress and that risk coordinators and risk committees are also work in progress, the assessment team concluded that there is no quality assurance process in place within the internal audit function.

Dimension score = C

26.3. Implementation of internal audit and reporting

Each internal audit unit across central government institutions prepare and submit annual work plans (AWPs) to the GCIA for vetting and recommendation on areas to be covered by the audit. The AWP are also submitted to the head of each government institution for approval. Once approved, internal audit units audit in line with the approved AWP, and then submit monthly and quarterly internal audit reports to GCIA as well the head of audited government institution. GCIA then consolidates the quarterly reports for the attention of the Minister of Finance, with copies to audit committees for remedial action on audit findings. As shown in Table 26.2 below, between 83% and 89% of programmed audits have been completed within the last three completed fiscal years. The data provided by OG CIA was verified by the PEFA assessment team. This was done by reviewing the AWP and internal audit reports of central government institutions submitted to OG CIA for the last three years (2018/19, 2019/20, and 2020/21) under this assessment.

Table 26.2: Implementation of internal audit

Fiscal Year	Total Planned Audits	Total Audit Implemented		Total Audit Not Implemented	
		Number	%	Number	%
2018/19	452	404	89%	48	11%
2019/20	470	400	85%	70	15%
2020/21	543	452	83%	91	17%

Source: Office of Government Chief Internal Auditor

Dimension score = B

26.4. Response to internal audits.

The OBL mandates all heads of central government institutions to provide timely and official response to internal audit findings. The law also entails the establishment of audit committees to oversee the implementation of audit recommendations. The internal audit standards require the GCIA to set up a framework that assesses, evaluates, monitors and report on the effectiveness of the internal controls and risk management processes and procedures. Table 26.3 below summarises management responses to internal audits during the last three completed fiscal years. The data shows that between 82% and 86% of audit recommendations are responded to officially and implemented timely.

Table 26.3: Management response to internal audits

Fiscal Year	Number of internal audit recommendations raised	Number of internal audit recommendations implemented		Number of internal audit recommendations not implemented	
		Number	%	Number	%
2018/19	1,487	1,280	86%	207	14%
2019/20	1,125	991	88%	134	12%
2020/21	1,417	1,155	82%	262	18%

Source: Office of Government Chief Internal Auditor

Dimension score = B

Performance change since the previous assessment

No change in overall score and performance. That said, dimensions (iii) and (iv) have improved but dimension (ii) has dropped.

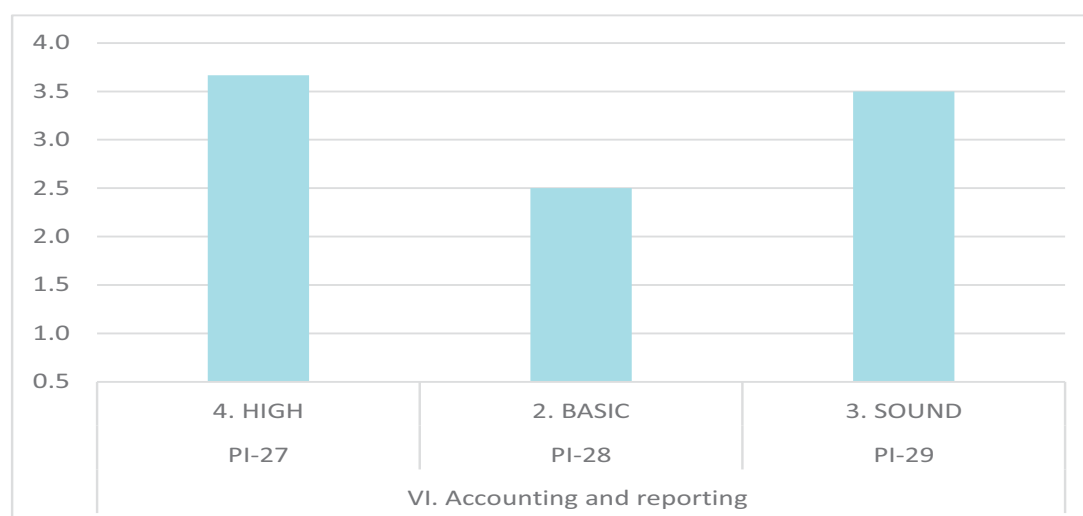
Recent or ongoing reform activities

. Government is introducing an automated audit process in order to fast-track audit procedures and improve compliance.

3.6 Pillar VI. Accounting and reporting

The overall performance of this pillar is also sound, as indicated in the chart below.

Pillar VI : SOUND



PI-27 Financial data integrity

This indicator assesses the extent to which treasury bank accounts, suspense accounts, and advance accounts are regularly reconciled and how the processes in place support the integrity of financial data. It contains four dimensions. Dimension 27.1 assesses the extent and frequency of bank reconciliations for the central government accounts, dimension 27.2 assesses reconciliation of suspense accounts, dimension 27.3 measures the frequency of reconciling advance accounts and dimension 27.4 measures the financial data integrity processes. Coverage of this indicator is budgeted central government (BCG).

Summary of scores and performance table

PI-27 M2	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
	Financial data integrity	B+	A		Improvement in overall score due to improvement in dimension (iv).
PI-27.1	Bank account reconciliations	B	B	Bank reconciliation is undertaken by budget agencies and the treasury for all BCG bank accounts on a monthly basis, at aggregate and detailed levels within 15 days from the end of the month	No change in score and performance
PI-27.2	Suspense accounts	NA	NA	This dimension is not applicable as there are no suspense accounts.	No change in score and performance
PI-27.3	Advance accounts	A	A	All advances are reconciled in a timely manner, monthly within 15 days after the end of the previous month.	No change in score and performance
PI-27.4	Financial data integrity process	B	A	The financial management system is strong, pass worded with restricted access to authorized staff only. The system results in audit trail. There is a unit responsible for ensuring data integrity.	There is improvement in both score and performance. An operational unit has been introduced to check data integrity.

PI-27.1 Bank account reconciliations

At the time of assessment, there were 1,187 GoR bank accounts operating under the 'zero balance' accounting system of the Treasury Single Account (TSA) covering 151 bank accounts for MDAs and 1,036 for project bank accounts. Bank reconciliation is undertaken by budget agencies and the treasury for all BCG bank accounts on a monthly basis, at aggregate and detailed levels within 15 days from the end of the month as required by the revised organic budget law (OBL). Also, all information on expenditure (up from 80% in the 2016 PEFA) and receipts (Treasury Bills, bonds, letters of credit, etc.) are centrally recorded into the cashbook (IFMIS) and processed through the National Bank of Rwanda (BNR).

Dimension score = B

PI-27.2 Suspense accounts

This dimension is not applicable as there are no suspense accounts.

Dimension score = NA

PI-27.3 Advance accounts

Any imprest accounts (petty cash) operated at budget agencies continue to be reconciled and reported to on in the monthly budget execution reports (annexed to the reports) by the 15th for the following month-end. There are advances paid to contractors as mobilisation fees in accordance with public procurement rules, which involves securing bank guarantees by contractors before these advances are made. These contractors' advances are reconciled monthly within 15 days against contractors' interim certificates of performance and expensed off in the month or period of payment.

Dimension score = A

PI-27.4 Financial data integrity process

The Rwanda PFM ICT infrastructure has deepened since the last PEFA and its core includes: IFMIS, IPPS, Umucyo (e-procurement). Access (entry, modify, view or report) is sufficiently restricted to authenticated user requirements and function, and all the PFM ICT system databases are appropriately linked in real-time.

The level of automation of the Rwanda IFMIS, as the central PFM system, is such that data integrity is protected at access level by function, restricted at both the modification and reporting levels, including the use of 'one-time passwords (OTP)' and leaves a strong audit trail, which the assessment team was able to observe during a walk-through test. The rights and obligations are established within the 'Manual of Public Financial Management Policies and Procedures (1st Edition: July 2019), where within a budget agency, different people have access rights to initiate, review and approve transactions – an important element of preserving financial data integrity. For instance, when a Chief Budget Manager (CBM) is on leave, rights are transferred to his/her replacement and reverted when the CBM reports back to work through authorized requests.

The PFM manual described above provides the initial layer of financial data integrity controls. There is a unit under IFMIS, led by the Head of IFMIS System Administration, who is responsible for the integrity of the system – this means that there is an operational unit responsible for ensuring data integrity. IFMIS meets the requirements of the ISO/IEC 27000 and is one of the systems protected by Rwanda's National Cyber Security Authority (NCSA), thus enhancing its security from unauthorized access. Also, a recent reform has introduced the position of the office of the Chief Digital Officer (CDO) reporting to both the Minister and the Rwanda Information Security Authority (RISA) to oversee the PFM sector ICT systems, to further strengthen data integrity.

Dimension score = A

Performance change since the previous assessment, where applicable

Improvement in overall score due to improvement in dimension (iv). An operational unit has been introduced to check data integrity.

Recent or ongoing reform activities

The introduction of the office of the Chief Digital Officer is intended to streamline the continued development, management, and oversight of the PFM sector ICT systems.

PI-28 In-year budget reports

This indicator assesses the comprehensiveness, accuracy and timeliness of information on budget execution. In-year budget reports must be consistent with the budget coverage and classification to allow monitoring of budget performance and if necessary, timely use of corrective measures. It contains three dimensions. Dimension 28.1 assesses coverage and compatibility of reports, 28.2 measures the timing of

in-year budget reports and 28.3 assesses accuracy of in-year budget reports. This indicator covers budgeted central government.

Summary of scores and performance table

PI-28 M1	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
In-year budget reports		D+	C+		Improvement in both score and performance due to improvement in dimension (ii).
PI-28.1	Coverage and compatibility of reports	A	A	For FY2020/20201, coverage and classification of data allows for a direct comparison of actual to the original budget for all items of expenditure. The report also includes information on expenditures made from transfers made to de-concentrated central units.	No change in score and performance.
PI-28.2	Timing of in – year budget reports	D	C	For FY2020/21, MINECOFIN issued and published on its website the quarter 1 report on 15th November 2020 (46 days after the end of the quarter), quarter 2 was issued and published on 15th February 2021 (45 days after the end of the quarter), quarter 3 was issued and published on 15th May 2021 (46 days after the end of the quarter), and quarter 4 was issued and published on 15th August 2021 (45 days after the end of the quarter).	Improvement in score and performance. Issuance of in-year budget reports now faster than was the case in 2016.
PI-28.3	Accuracy of in-year budget reports	C	C	There are still data concerns as highlighted by OAG, but showing improvement over the years, with 35% non-compliance and financial data inaccuracies in 2019/2020 to 32% in 2020/2021. That said, the financial data is very useful for analysis of budget execution. Issued and published in-year reports capture expenditure at commitment stage only. The in-year budget execution reports are also analysed at least a half-yearly basis. The in-year budget execution reports do not highlight issues relating to data inaccuracies.	No change in score and performance.

PI-28.1 Coverage and compatibility of reports

For FY2020/2021, coverage and classification of data allows for a direct comparison of actual to the original budget for all items of expenditure. The budget execution reports published on MINECOFIN's website include: budget execution report by COFOD classifications; by programs and sub-programs; fiscal outturn; and a general performance report (GFSM2014) with detailed analysis and comparisons between actuals and budgets. The report also includes information on expenditures made from transfers made to de-concentrated central units. There is also analytical performance for the real GDP, trade balance, revenue, expenditure, net lending (borrowing) and financing, and the fiscal outturn.

Dimension score = A

PI-28.2 Timing of in-year budget reports

Budget agencies are required under Article 65 of the OBL to submit quarterly budget execution reports to the Minister of Finance, who submits a consolidated quarterly execution report to the Cabinet as well as a semester report to parliament in a format prescribed in the financial regulations. BCG institutions submit monthly execution reports within 15 days after the end of the previous month. For FY2020/21, MINECOFIN issued and published on its website the quarter 1 report on 15th November 2020 (46 days after the end of the quarter), quarter 2 was issued and published on 15th February 2021 (45 days after the end of the quarter), quarter 3 was published on 15th May 2021 (46 days after the end of the quarter), and quarter 4 was published on 15th August 2021 (45 days after the end of the quarter).

Dimension score = C

PI-28.3 Accuracy of in-year budget reports

With the deepening of controls in the IFMIS and the strengthened PFM system in general since the last PEFA, there has been improvement in the accuracy of in-year budget execution reports. While IFMIS has a functionality for capturing expenditure at both commitment and payment stages, the in-year budget execution reports issued and published only capture expenditure at payment stage only. There are still data concerns as highlighted by OAG, but showing improvement over the years, with 35% non-compliance and financial data inaccuracies in 2019/2020 to 32% in 2020/2021. That said, the financial data is very useful for analysis of budget execution. The in-year budget execution reports are also analysed at least a half-yearly basis. The in-year budget execution reports do not highlight issues relating to data inaccuracies.

Dimension score = C

Performance change since the previous assessment, where applicable

No change in score and performance.

Recent or ongoing reform activities

IPSAS accrual basis of accounting

PI-29 Annual financial reports

This indicator assesses the extent to which annual financial statements are complete, timely, and consistent with generally accepted accounting principles and standards. This is critical for accountability and transparency in the PFM system. It contains three dimensions. Dimension 29.1 assesses completeness of annual financial reports, dimension 29.2 measures the timely submissions of reports for external audit and dimension 29.3 assesses the accounting standards used to prepare financial statements. This indicator covers budgeted central government.

Summary of scores and performance table

PI-29 M1	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
	Annual financial reports	C+	B+		Improvement in both score and performance due to improvements in dimensions (i) and (iii).
PI-29.1	Completeness of annual financial reports	C	A	GoR prepares consolidated annual financial statements each year. For FY2020/2021, the consolidated annual financial statements contain information on revenues, expenditure, financial assets, financial liabilities, guarantees, and long-term obligations. The statements also include a reconciled cash flow statement.	Improvement in both score and performance. The completeness of AFS has improved since 2016.
PI-29.2	Submissions of reports for external audit	A	A	For FY2020/21, CFSs were submitted to OAG on the 29 th September 2021, within three months after the end of the fiscal year	No change in score and performance
PI-29.3	Accounting standards	C	B	For all three years under assessment, accounting standards were consistently applied in line with national PFM laws. These have been disclosed in the consolidated financial statements. Gaps between applied standards and IPSAS have been explained.	Improvement in both score and performance. Gaps between IPSAS and applied accounting standards have been explained.

PI-29.1 Completeness of annual financial reports

Every year, the Government of Rwanda prepares consolidated annual financial statements; the statements are comparable with approved budget. Table 29.1 below outlines the content of the consolidated annual financial statements for FY2020/2021; they contain information on revenues, expenditure, financial assets, financial liabilities, guarantees, and long-term obligations. The statements also include a reconciled cash flow statement.

Table 29.1: Information contained in annual financial statement – FY2020/2021

Financial heading	Sub-financial heading	Presence in Financial Statements	Reference
Revenue	Direct Tax	Yes	Note 1
	Indirect Tax	Yes	Note 1
	Investment Income	Yes	Page 171
	Non-Tax Revenue	Yes	Page 7
Expenditure & transfers	Grants	Yes	Page 7
	Personnel Emolument	Yes	Page 7
	Goods and Services	Yes	Page 7
	Interests	Yes	Page 5
	Investments	Yes	Note 1.6
	Losses	N/A	Not applicable
	Statutory Payments	Yes	Page 72
Assets	Subsidies and Transfers	Yes	Page 71, Note 14
	Cash and Bank Balances	Yes	Page 29
	Advances	Yes	Page 30
	Public Loans (Receivable)	Yes	Page 177
	Equity and Other Investments	Yes	Page 176
	Revenue Arrears	Yes	Page 42
	Tangible Assets	Yes	Page 174
Liabilities	Public Debts (Domestic)	Yes	Page 187, Note 7
	Public Debts (Foreign)	Yes	Page 187, Note 7
	Long-Term Borrowings	Yes	Page 187, Note 7
	Suspense Accounts	N/A	Not applicable
	Contingent Liabilities	Yes	Page 96, Note 3.8.8
	Guarantees	Yes	Page 196, Note 7.4.3
Cash flow statement	Expenditure Arrears	Yes	Page 2
	Reconciled cash flow statement	Yes	Page 54, Note 2.4

Source: Consolidated Annual Financial Statements

Dimension score = A

PI-29.2 Submissions of reports for external audit

Article 67 of OBL requires the Minister of Finance to submit Consolidated Financial Statements (CFSs), including those of individual budget agencies, the sub-national and government business entities (GBEs) to the OAG for external audit within three months after the end of the financial year. For FY2020/21, CFSs were submitted to OAG on the 29th September 2021, within three months after the end of the fiscal year (please, refer to Table 29.2 below).

Table 29.2: Submission of Consolidated Annual Financial Statements for External Audit

Fiscal Year	Date of submission to ASSL
2020/2021	29 th September 2021

Dimension score = A

PI-29.3 Accounting standards

The GoR consolidated financial statements are prepared and authorized by the Minister of Finance and Economic Planning (MINECOFIN) in accordance with organic budget law (OBL) no. 12/2013 of 12/09/2013 on state finances and property and related legal framework. Accounting standards applied within the last three completed fiscal years 2018/2019 to 2020/2021 are disclosed in page 10 of the consolidated financial statements. Accounting policies have been applied consistently throughout the period. In FY2019/2020, Rwanda entered the “1st Time Adoption” context with related exemptions on the implementation of IPSAS accrual. The year prior to that was the 2nd year in the roadmap – and Rwanda

was still at the ‘modified cash’ basis – which is also an IPSAS standard. The progression in the last three fiscal years (2018/2019, 2019/2020 and 2020/2021) implies that accounting standards applied to all financial reports are consistent with the legal framework, incorporating the majority of IPSAS standards with gaps and variations explained and properly disclosed (pages 12 to 21 of consolidated financial statements).

Dimension score = B

Performance change since the previous assessment

Improvement in both score and performance due to improvements in dimension (i) which assesses the completeness of annual financial statements and dimension (iii) which assesses the accounting standards applied.

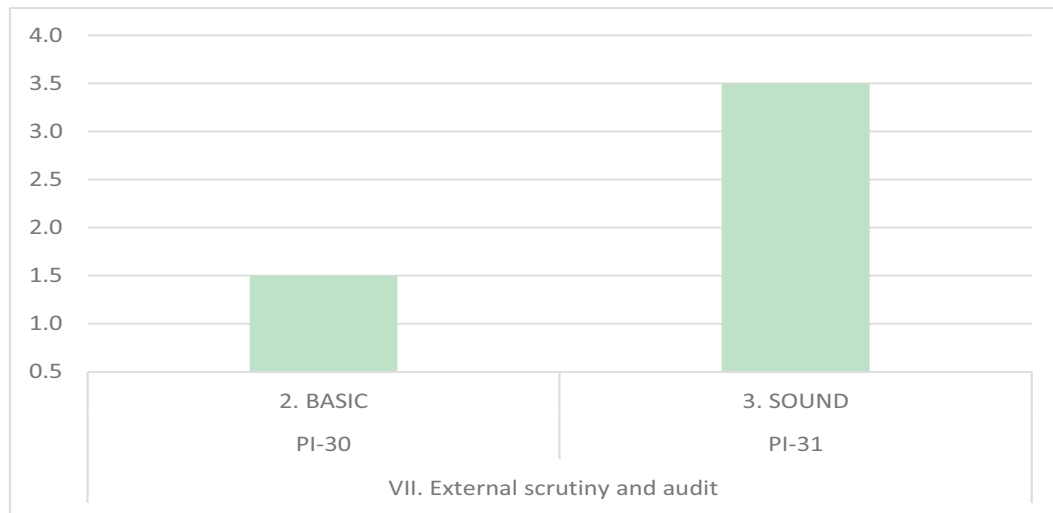
Recent or ongoing reform activities

Implementation of Rwanda’s accrual IPSAS roadmap (2017-2024)

3.7 Pillar VII. External scrutiny and audit

As shown in the chart below, the performance of this pillar is sound.

Pillar VII : SOUND



PI-30 External audit

This indicator assesses the quality of the external audit in terms of the scope and coverage of the audit, adherence to appropriate audit standards (including independence of the external audit institution). The timeliness of submission of audit reports to the legislature is also important in ensuring timely accountability of the executive to the legislature and the public, much as it is for a timely follow-up of the external audit recommendations. The assessment covers the central government institutions including all agencies and extra-budgetary units and focuses on the last 3 financial years.

Summary of scores and performance table

PI-30 M1	Dimension	Score 2016 (using PEFA)	Score 2022 (using PEFA)	Brief justification of 2022 score	Performance change and other factors
	External audit	D+	D+		No change in overall score in spite of improvement in dimension (iii).
30.1	Audit coverage and standards	B	B	As shown in Table 30.1, audit coverage stood at 85.9% and 87.1% of CG revenues and CG expenditures for FY2018/2019. Audit coverage increased to 88.9% of CG revenues and 87.8% of CG expenditures for FY2019/2020. In spite of the outbreak COVID-19, audit coverage improved further to 91% and 90.8% of CG revenues and expenditure for FY2020/2021. The audit highlights material issues, systemic and control risks.	No change in score and performance.
30.2	Submission of audit reports to the legislature	C	C	As shown in Table 30.2 below, the AG has submitted the consolidated audit reports to parliament within seven (7) months of the receipt of the consolidated annual financial statements	No change in score and performance.
30.3	External audit follow-up	C	B	The OAG management letters are formally responded to in timely and comprehensive manner with institutional commitments for resolution of identified issues.	Improvement in score and performance. Executive responses to audit findings are more comprehensive and timelier.
30.4	Supreme Audit Institution (SAI) Independence	D	D	The independence of the OAG is undermined by the fact that its budget is subject to MoF's approval.	No change in score and performance.

PI-30.1. Audit coverage and standards

The consolidated financial statements (CFSS) submitted by the executive to the OAG for external audit contain a comprehensive set of information as described under PI-29.1 above, that include revenue, expenditure, assets, and liabilities for **all** CG entities - and have been annually audited using INTOSAI standards (ISSAI 12). As shown in Table 30.1 below, audit coverage stood at 85.9% and 87.1% of CG revenues and CG expenditures for FY2018/2019. Audit coverage increased to 88.9% of CG revenues and 87.8% of CG expenditures for FY2019/2020. In spite of the outbreak COVID-19, audit coverage improved further to 91% and 90.8% of CG revenues and expenditure for FY2020/2021.

OAG audit covers projects, central government agencies, GBEs, ministries, and central government hospitals. It also covers subnational governments (not applicable to this dimension). The Office of the Auditor General of State Finances (OAG) conducts five audits (financial, compliance, performance, special and IT audits) – where relevant material issues, systemic and control risks are highlighted.

Table 30.1: OAG Audit Coverage

Description	FY2018/19		FY2019/20		FY2020/21	
	Revenue	Expenditure	Revenue	Expenditure	Revenue	Expenditure
Audited Expenditure (budgeted and extra-budgetary units + RSSB) (Rwf bn)	1,895.00	1,958.20	2,141.00	2,186.10	2,562.00	2,745.00
Total CG Expenditure (BCG + EBU + RSSB)	2,203.58	2,248.31	2,405.96	2,490.34	2,815.64	3,023.44
Coverage (Percentage Audited)	85.9%	87.1%	88.9%	87.8%	91.0%	90.8%

Source: OAG audit reports and RSSB audited reports

Dimension score = B

PI-30.2. Submission of audit reports to the legislature

Under Article 165 of the Rwanda Constitution of 4th June 2003 as revised in 2015 as well as Articles 6 and 14 of Law no 79/2013 of 11/09/2013 governing the Office of the Auditor General (OAG), the Auditor General (AG) is required to submit the audit report of government finances to parliament not later than 30th April after the end of the previous financial year. In practice and for the last completed fiscal years 2018/2019 to 2020/2021, OAG submitted audited reports of GoR to parliament on or before the 30th of April. As shown in Table 30.2 below, the AG has submitted the consolidated audit reports to parliament within seven (7) months of the receipt of the consolidated annual financial statements.

Table 30.2: Submission of external audit reports to Parliament

Financial year	Date of receipt of annual financial statement from Accountant General Department/MoF	Date of submission of audit reports by OAG to Parliament	Time lag
2018/2019	27 September 2019	30 April 2020	Within 7 months
2019/2020	30 September 2020	28 April 2021	Within 7 months
2020/2021	29 September 2021	29 April 2022	Within 7 months

Dimension score = C

PI-30.3. External audit follow-up

Budget agencies and Chief Budget Managers are accountable and required under Article 69 of the OBL to respond and implement the OAG recommendations for effective management of public finances – this is tracked through an agreed implementation plan to address the audit findings. Throughout the year, progress is reported on in the monthly execution reports signed by the Chief Budget Managers (CBMs) - and the OAG reviews progress or lack of it during the next audit or as deemed necessary to mitigate risks identified. More effort is increasingly spent on finding the root-causes in a bid to appropriately address weaknesses to deter a re-occurrence. In the fiscal years 2018/19 to 2020/21, the OAG recommendations that were fully and partially addressed were 64%, 66% and 64% respectively (Table 30.3). In addition, the office of the Chief Government Internal Auditor (GCIA) systematically tracks and helps auditees to address the findings (whether from the OAG, Parliament and GCIA). In particular, the office of the GCIA has worked to improve the implementation or closure of all (GCIA, OAG and Parliament) audit recommendations through a close follow up of agreed ‘audit matrices’ or ‘action plans’ as well as the strengthening of Audit Committees in budget agencies. The OAG management letters are formally responded to in timely and comprehensive manner with institutional commitments for resolution of identified issues.

Table 30.3: Implementation of the OAG Audit Findings

Recommendations Implemented	FY2017/18		FY2018/19		FY2019/20		FY2020/2021	
	%	cumulative	%	Cumulative	%	Cumulative	%	Cumulative
Fully Implemented	49%	49%	44%	44%	47%	47%	48%	48%
Partially Implemented	19%	68%	20%	64%	18%	66%	16%	64%
Not Implemented	32%	100%	36%	100%	34%	100%	36%	100%

Source: OAG

Dimension score = B

PI-30.4. Supreme Audit Institution independence

OAG's independence is analysed in Table 30.4 below, as at the time of assessment. The OAG's independence is reviewed in terms of appointment and removal, remuneration, financial independence, staffing, the annual audit work plan, and access to public records. The Auditor General (AG) is appointed by the President with Parliament's approval – while remuneration is by a presidential order (and not a direct charge to the Consolidated Fund).

OAG financial independence is moderately undermined by the need to negotiate resources with the executive during the budget cycle, although once approved by Parliament, the OAG gains full control. Development Partners' (DPs) support to OAG is provided under a sub-fund managed directly by OAG. The AG can hire and fire OAG staff, except for the Deputy AG and the Secretary General.

The OAG annual audit work plan is approved by Parliament. The OAG has unrestricted and timely access to records, documentation and information for all audited entities. That said, the removal of AG can be done through a Presidential Order. Furthermore, OAG has no full financial independence.

Table 30.4: Independence of OAG, Rwanda.

Elements (Requirements)	Met (Yes/No)	Evidence used/ Comments
1. <i>The existence of an appropriate and effective legal framework and of de facto application of provisions of this framework</i>	Yes	Article 165 of the Rwanda Constitution of 4 th June 2003 as revised in 2015 as well as Articles 6 and 14 of Law no 79/2013 of 11/09/2013 governing the Office of the Auditor General (OAG) are the main legal provisions for regulating the functions of OAG.
2. <i>The independence of SAI¹⁴ heads and members (of collegial institutions), including security of tenure and legal immunity in the normal discharge of their duties</i>	Yes	<ul style="list-style-type: none"> ▪ The AG is appointed for a five (5)-year term renewable only once by the President (Article 13 of law N° 79/2013 of 11/09/2013 of OAG) subject to the Senate approval under Article 88 of the 2003 Constitution – and takes the oath of office before the President of the Republic in the presence of a joint session of Parliament. ▪ The decision of the AG or the Deputy AG for reasons of integrity or incompetence is vested in a Senate resolution (article 16 of the OAG law) based on the resolution of the Chamber of Deputies or at the request of one-third of the members of the Senate. ▪ The AG has powers to appoint and remove any members of staff except the Secretary General (Chief Budget Manager) appointed by cabinet and the Deputy AG (parliament). ▪ Under article 20 of the OAG law, the statute (includes remuneration) governing the staff shall be laid down by a Presidential Order – while the organization and responsibilities are gazetted by the AG.

¹⁴ Supreme Audit Institution (National Audit Office)

3. <i>A sufficiently broad mandate and full discretion, in the discharge of SAI functions</i>	Yes	The OAG is an independent public institution under Article 165 of the Rwanda Constitution of 4 th June 2003 revised in 2015 responsible for the auditing of state finances and assets - with full discretion in the discharge of his/her functions. Law N° 79/2013 of 11/09/2013 of OAG determines the responsibilities, organisation and functioning of this Office.
4. <i>Unrestricted access to information</i>	Yes	The AG has unrestricted access to information, records and public officials under article 7 of the OAG law N° 79/2013 of 11/09/2013, for the performance of his/her duties
5. <i>The right and obligation to report its work</i>	Yes	Article 166 of the Constitution of 4th June 2003 revised in 2015 as well as articles 6 and 14 of the OAG Law no. 79/2013 of 11/09/2013 empowers the AG to work and report his/her findings without interference to the legislature that examines and takes appropriate actions within six (6) months of receipt. Under the same article, institutions and public officials are required to implement the recommendations on the OAG findings.
6. <i>The freedom to decide the content and timing of audit reports and to publish and disseminate them</i>	Yes	Article 4 of the OAG Law (Relationship with Parliament): submission of the audit plan and the requirement to report on any audit independently conducted as soon as completed. Article 10 of the OAG Law (power to disclose information).
7. <i>The existence of effective follow-up mechanisms on SAI recommendations</i>	Yes	Under sections 5, 6 and 7 of article 69 of the Organic Budget Law (OBL) No 12/2013/OL of 12 th September 2013 on State Finances and Property, Chief Budget Managers (CBMs) and public institutions are required (under pain of sanctions) to implement the OAG findings and recommendations. Also, this is reinforced under article 111 of the Ministerial Order relating to financial regulations N°001/16/10/TC of 26/01/2016 that requires 'progress and status on the implementation of the OAG recommendations' to be included in the monthly, quarterly and annual financial reports. Follow up of audit findings and recommendations is increasingly systemic.
8. <i>Financial and managerial/ administrative autonomy and availability of appropriate human, material and monetary resources</i>	No	OAG has autonomy to determine, recruit and manage own staff under an approved budget (Article 3 of law N° 79/2013 of 11/09/2013, OAG). However, the OAG financial independence is moderately undermined by the participation in the national budget preparation process in line with the BFPs (and its budget ceilings) issued by MINECOFIN before Parliament approval – although there were no reported delays in cash releases at the time of this assessment.

Dimension score = D

Performance change since the previous assessment, where applicable

No change in overall score in spite of improvement in dimension (iii).

Recent or ongoing reform activities

None.

PI-31 Legislative scrutiny of audit reports

This indicator focuses on legislative scrutiny of the audited financial reports of the central government, including institutional units, to the extent that either: (a) they are required by law to submit audit reports to the legislature; or (b) their parent or controlling unit must answer questions and take action on their behalf. The assessment of this indicator is based on the audit reports submitted to the legislature within the last three years. It covers central government.

Summary of scores and performance table

PI-31 M2	Dimension	Score 2016 (using 2016 PEFA)	Score 2022 (using 2016 PEFA)	Brief justification of 2022 score	Performance change and other factors
	Legislative scrutiny of audit reports	B+	B+		No change in overall score in spite of improvement in dimension (iii) as a result of a systematic follow-up of PAC recommendations.
	31.1 Timing of audit report scrutiny	C	C	As indicated in Table 31.1 below, this review has been completed within 7 months on average as follows: 5.2 months (FY2017/18), 6.4 months (FY2018/19) and 8.5 months during the start of the COVID 19 pandemic (FY2019/20).	No change in score and performance.
	31.2 Hearings on audit findings	A	A	For FY2017/2018 to FY2019/2020, PAC conducted in-depth hearings for all central government institutions with adverse or qualified audit opinion. Heads of these institutions together with officials of MINECOFIN were summoned to the hearing.	No change in score and performance.
	31.3 Audit recommendations by the legislature	B	A	For three years (2017/2018 to 2019/2020) under review, PAC made systematic follow ups on the execution of its recommendations during the semi-annual hearings on budget execution, conducted field visits and scheduled meetings as needed with auditees to track the level of implementation of PAC's recommendations.	Improvement in both score and performance. There is now a systematic approach to follow-up of PAC recommendations.
	31.4: Transparency of legislative scrutiny of audit reports	A	A	Within the last three completed fiscal years covered by this assessment, all hearings are conducted in public, except for matters related to national security. The hearings and proceedings were transmitted to the public through the media (radio – including the parliamentary radio, television, etc.). PAC reports made available to the public free-of-charge from the parliamentary library; the reports are however not published on the website.	No change in score and performance.

31.1. Timing of audit report scrutiny

Parliament is constitutionally mandated under Article 61 (updating Article 166 on the report of the Auditor General) to examine the Auditor-General's annual report on budget execution. As indicated in Table 31.1 below, this review has been completed within 7 months on average as follows: 5.2 months (FY2017/18), 6.4 months (FY2018/19) and 8.5 months during the start of the COVID 19 pandemic (FY2019/20).

Table 31.1 Timeliness of Legislative Scrutiny of OAG Audit Reports

Category	Parliament Receipt, Scrutiny and Reporting on the OAG Report					
	Speaker Receipt	MPs Receipt	Parliament Joint Session	PAC Scrutiny	PAC Report	Parliament Joint Session
FY2017/2018	5.2 months					
CFSs, Local Governments, MDAs and Projects, Hospitals, Performance Audit, Boards and GBEs	23 Apr 2019	23 Apr 2019	29 Apr 2019	9 Sept 2019 – 25 Sept 2019	18 Oct 2019	28 Oct 2019
FY2018/2019	6.4 months					
CFSs, Local Governments, MDAs and Projects, Hospitals, Performance Audit, Boards and GBEs	30 Apr 2020	30 Apr 2020	15 May 2020	14 Sept 2020 – 6 Oct 2020	26 Oct 2020	12 Nov 2020
FY2019/2020	8.5 Months					
CFSs, Local Governments, MDAs and Projects, Hospitals, Performance Audit, Boards and GBEs	27 Apr 2020	28 Apr 2020	11 May 2020	6 Sept 2020 – 27 Sept 2020	21 Oct 2020	9 Nov 2020

Source: Parliament Public Accounts Committee Official Records

Dimension score = C

31.2 Hearings on audit findings

The description below is applicable for FYs 2017/2018 to 2019/2020; scrutiny of 2020/2021 AG reports was still ongoing as at the time of drafting this report. Once the OAG report is submitted to the Speaker of Parliament, it is fully discussed in a Joint Session. The report is then referred to the Public Accounts Committee (PAC) for in-depth scrutiny by drawing up a hearing work plan, which is communicated to the Executive (Prime Minister) inviting **all** institutions with an “adverse” or a “disclaimer” or other select institutions with significant issues raised in their audit reports to appear before PAC at set times. The heads of all central government institutions with adverse or qualified audit opinion are summoned to PAC. Also, present are officials from MINECOFIN and the Office of the Prime Minister. Thereafter, the PAC report is also debated in a joint session of parliament and the final PAC recommendations sent to the Executive (Prime Minister) for action. The parliament’s scrutiny is satisfactory within the legal framework – and it is noteworthy that in the COVID-19 pandemic period, the practice was sustained as shown in Table 31.1 above, albeit with some delays.

Dimension score = A

31.3. Audit recommendations by the legislature

Parliamentary recommendations on the OAG audit report are implemented under the law (Article 184 of the 2003 Constitution as amended in 2015). Communication between the executive and Parliament is conducted between the Speaker and the Prime Minister - who receives, coordinates and reports on the agreed executive action. In the course of the year (and for three years 2017/2018 to 2019/2020 under review), PAC made systematic follow-ups on the execution of its recommendations during the semi-annual hearings on budget execution, conducts field visits and can schedule meetings as needed with auditees. The specific recommendations by parliament are also tracked by the GCIA as well as the OAG.

Dimension score = A

31.4. Transparency of legislative scrutiny of audit reports

Within the last three completed fiscal years covered by this assessment, all hearings are conducted in public, except for matters related to national security. The hearings and proceedings were transmitted to the public through the media (radio – including the parliamentary radio, television, etc.). The PAC hearings as well as Joint Sessions are also opened to the public with full media coverage. At the conclusion of the process, the recommendations are submitted to the Executive through the Prime Minister for

appropriate action. Public Accounts Committee (PAC) reports were submitted to the plenary for discussion, debate, and adoption by the whole chamber. The PAC reports are made available to the public free-of-charge from the parliamentary library – any citizen could walk into the parliamentary public library to pick copies of PAC reports without payment; the reports are however not published on the website.

Dimension score = A

Performance change since the previous assessment

No change in overall score (B+ in both assessments – 2016 and 2022) in spite of improvement in dimension (iii) as a result of a systematic follow-up of PAC recommendations.

Recent or ongoing reform activities

None

4 Conclusions of the analysis of PFM systems

4.1 Integrated assessment of PFM performance

The indicator scores in chapter 3 provide the base for the following explanation of their implications for the seven pillars of PFM performance.

Budget reliability

The assessment shows that Rwanda's budget is reliable at the aggregate level (PI-1 scored "B"). The aggregate expenditure outturn exceeded the budget in FY 2018/19 and FY 2019/20, but within the range of 10% above budget. This has however increased to above 10% in FY 2020/21. A reliable budget has positive implication on budget execution as it allows the predictability of resources needed for service delivery; a reliable budget also reduces the stock or accumulation of expenditure arrears, but this appears not be the case in this current assessment as stock of expenditures arrears increased to between and 7% and 11% over the assessment period compared to around 2% in the 2016 assessment.

A better indicator of reliability is the composition of expenditure by functional or program comparisons (PI-2), since it provides the most useful basis for assessment of policy intent. The performance of the composition outturn by functional/administrative classification was good (PI-2.1 scored "B"), demonstrating that resources are being allocated to originally approved priority areas, whereas average performance was observed with regard to the composition variance by economic classification (PI-2.2 scored "C"). Expenditure made from contingency vote was low, less than 3% on average in the last three completed fiscal years (PI-2.3 scored "A"). Budget reallocations are within acceptable limits, pointing to satisfactory budget formulation framework, thereby having positive impacts on the delivery of government policies and programmes as originally intended.

The reliability of the budget was also demonstrated at the aggregate revenue level, where PI-3.1 scored "B". This is due to the fact that aggregate revenue outturn was above the budget but within the range of 10% in FY 2018/19 and FY 2019/20. Though, this has deteriorated in FY 2020/21, where the variance was 20% above the original budget. Revenue composition outturn was also good (PI-3.2 scored "B"), but showed the same trend of deterioration as the aggregate revenue in FY 2020/21. Non-tax revenues proved to be unpredictable in all the three years, while tax revenues and grants were largely within target. In general, the budget is reliable, but the trend of deterioration in both revenue and expenditure reliability in FY 2020/21 calls for attention; this could be due to the effect of the COVID-19 pandemic. Reliability of the revenue budget also has a positive impact on resources available for service delivery – this appears to be the case in Rwanda based on the assessment findings.

Transparency of public finances

Budget classification continues to be robust, where budget formulation, execution and reporting are based on administrative, economic and functional/sub-functional classification based on the GFS 2014 standard. The Chart of accounts (CoA) in use by IFMIS also provides for programmatic classification and identifies sources of funding. The CoA is configured in a 36-digit system and made up of 5 segments. The economic classification has 6 digits in compliance with GFS. At the time of assessment, the last budget submitted to Parliament was the FY2021/22 budget and the following documents were submitted: the basic macroeconomic indicators; the fiscal projections for the relevant period; the mid-year budget execution report of the current year; the borrowing and loan servicing projections; the projections of grants by source; the guidelines on earmarked transfers to decentralised entities; projected internally generated revenues and related expenditures of Central Government entities; the consolidated summaries of revenues and expenditures of decentralized entities; the revenues and expenditure projections of public institutions; the dividends paid by companies in which the State holds shares and the part of the amount which will go to the budget; and the securities issued by the Government; the

gender budget statement. The budget documentation fulfils 9 elements, including all 4 basic elements (PI-5 scored “B”).

The FY2020/2021 national budget shows that all entities that are controlled and financed by GoR appear on the national budget. They are also included in the relevant financial reports as part of the standard reporting processes by the parent MDA. This is compliance with the OBL 2013 which stipulates “all revenues, including grants and loans and all expenditures shall be included in the budget of the concerned public entity”. However, the RSSB’s expenditure and revenue are outside central government financial reports, which account for 0.86% and 9.6% respectively for FY2020/2021. Apart from RSSB, all other extrabudgetary units’ financial reports are part of the consolidated annual financial statements of the GoR. That said, the RSSB submits annual financial statements to MINECOFIN and OAG within three months after the end of the financial year. Therefore, the assessment concludes that most central government revenues are known, having a positive impact on cash management and resource predictability for service delivery.

The horizontal allocation of all transfers for the devolved sectors to districts from central government is determined by a transparent, rule-based system, and was applicable to both conditional and unconditional grants (PI-7.1 scored “A”), though, districts are not allowed enough time to prepare their budget (only two weeks are given) (PI-7.2 scored “C”). It is crucial for subnational governments to receive information on annual allocations from central government well in advance of the of their own budget-preparation processes. Performance information for service delivery scored very low (PI-8 scored “D+”). Only 32% by value of key service delivery central government agencies have prepared annual performance plans and reports thereof for the FY 2021/22. Resources received by service delivery units are not properly tracked. Performance monitoring & evaluation is conducted on a quarterly and annual basis for a number of service delivery sectors including agriculture, education, health and infrastructure. Independent evaluation was also done, though the coverage was less than 50%. Public access to fiscal information is good, where the GoR makes available to the public 7 elements, including 4 basic elements plus 3 additional elements (PI-9 scored “B”). Timeliness of publication of most government fiscal data contributes to overall government accountability framework in terms of social/demand-side accountability.

Management of assets and liabilities

The monitoring of public corporations has improved from the previous assessment. At least 79.9% by value of public enterprises publish their audited annual financial statements on the website within six months after the end of the financial year and all districts submitted their annual financial statements to MINECOFIN within one month after the end of fiscal year for the FY 2020/2021. The district reports are consolidated by the Accountant General. Good control exists on contingent liabilities and other fiscal risks, where the consolidated annual financial statements (AFS) quantify all contingent liabilities and other fiscal risks. In addition to the AFS, the macro department also prepares an annual report of all government fiscal risks, including contingent liabilities arising out of public private partnerships (PPP). Public investment is also managed well (PI-11 scored “B+”), where all major investment projects went through economic analysis and prioritization of major investment project is performed by the NDPR based on published investment management guidelines. Project monitoring is performed, though implementation reports are not published. The strength observed in the public investment management framework has positive impact on fiscal space and budget reliability as it reduces the tendency of having multiplicity of uncompleted government projects which could negatively affect the effectiveness and efficiency of service delivery.

Average performance was demonstrated on public assets management (PI-12, scored “C”). MINECOFIN maintains a record of GoR’s investments in public and private enterprises, including cash/bank balances as well as the acquisition cost of GoR’s investment. Information on the performance of government investments is prepared by GPMU but not published. Each budgeted central government institution

maintains an asset register in addition to the data captured by IFMIS. Partial information on transfer and disposal is included in the financial reports. The assessment concludes that the management of central government assets and liabilities is relatively sound to the extent that it does not seriously affect the fiscal space and scarce resources badly needed for service delivery. Debt management performed well (PI-13 scored “A”). All public debt and guarantees are reconciled at least quarterly. The Minister of Finance is the sole authority to borrow and approve all guarantees on behalf of the Government of Rwanda (for both budgetary units and extra-budgetary units), including PPPs and a three-year medium-term debt strategy (MTDS) is produced and published. A good medium-term debt management strategy reduces government borrowing cost, which in turn frees resources for service delivery.

Policy-based fiscal strategy and budgeting

Robust and verifiable macroeconomic and fiscal projections are essential to support the development of a predictable and sustainable fiscal strategy. The Macroeconomic Policy Directorate (MPD) prepares forecasts of key macroeconomic indicators, which, together with the underlying assumptions, are included in budget documentation submitted to the legislature. These forecasts are updated at least once a year. The forecasts cover the budget year and the two following fiscal years. The projections have been reviewed by cabinet (PI-14 rated ‘A’) – a good macroeconomic forecast has a positive impact on revenue projections and budget reliability, which then has a positive impact on resource allocation and service delivery. The detailed budget estimates present projections of the main fiscal indicators, including revenue and expenditure by type, the budget balance and financing, for the ensuing fiscal year plus two outer years. The government prepares, for internal use, a range of fiscal forecasts scenarios based on alternative macroeconomic assumptions. The budget documents include a discussion of forecast sensitivities. The GoR has set three-year medium-term fiscal objectives with quantitative targets at the start of the budget preparation, submitted to the legislature and published with the annual budget a report that describes progress made against its fiscal strategy. It assesses the fiscal impact of new revenue and expenditure policy proposals for the coming year, but not for all changes.

The annual budget includes estimates of expenditure for the budget year and the two following fiscal years allocated by administrative, economic and program (or functional) classification, but the aggregate and ministry-level expenditure ceilings are not approved by Cabinet before the issuance of the budget circulars – unapproved budget ceiling distorts the budget formulation and preparation process. The budget documents provide an explanation of all changes to expenditure estimates between the last medium-term budget and the current medium-term budget at the ministry level. Medium-term strategic plans are prepared and costed for most ministries. Hence, the score for PI-16 is B+.

The annual budget calendar allows five months for MDAs to prepare and submit budget proposals. All budgetary units (100%) submitted their proposals on time (PI-17.1 scored “A”). The second BCC provides expenditure ceilings; however, these are not cabinet approved ceilings. The budget was submitted to parliament after the date stipulated in the OBL, for two of the last three completed fiscal years and less than a month before the end of the fiscal year for all the three years (PI-17.2 and PI-17.3 scored “C”). Legislative scrutiny of budgets performed very well, with all dimensions (PI-18) scoring “A”. Timely approval of the budget allows MDAs to commence budget execution on time, leading to completion of planned service delivery programs.

Predictability and control in budget execution

Revenue administration and accounting for revenue performed well (PI-19 and PI-20 scored “B+”). The rights and obligations of revenue measures are provided to the public in a variety of ways, including through the website (www.rra.gov.rw), electronic media (radio and TV), print media (newspapers, magazines, and client leaflets), Facebook, and a toll-free telephone system (3004). The RRA has developed a comprehensive risk management framework that assures smooth risk profiling of taxpayers. The system provides a comprehensive, structured and systematic approach for assessing and prioritizing compliance risk for all types of revenues. The RRA completed a little over 95% by number of planned

audits and fraud investigations for the last completed fiscal year - FY2020/2021. That said, the large amount of revenue arrears remains a concern (PI-19.4 rated 'C' indicating that revenue arrears exceed 25% of total collections). The RRA, collecting all (more than 90%) central government revenues, prepares a monthly revenue report with detailed information on all types of revenue collections. Transfers from the RRA transit account to the National Treasury account is done daily, automatically, leaving a zero-balance at close of business. Complete reconciliation between assessment, collections, transfers and arrears is undertaken monthly within two weeks. A sound revenue administration and accounting mechanism (as shown by this assessment findings) contributes to predictability of resource allocation to service delivery units.

Cash management is satisfactory, as per the assessment findings, contributing to strengthening resource allocation for service delivery. All budgeted central bank accounts are consolidated on a daily basis. A consolidated annual cashflow forecast is prepared by MINECOFIN, after receiving inputs from budgetary units. The consolidated cashflow is updated on a quarterly basis based on actual cash inflow and outflow. Clear guidelines are in place to regulate in-year budget adjustments. These guidelines limit the reallocations that can be made at the level of the chief budget managers (CBM) and the minister of finance (PI-21 scored "B+"). The checks and balances put in place for in-year budget adjustments leads to budget reliability; this also means that planned government programs are delivered according to original policy intent. Consolidated data including the age of expenditure arrears is generated quarterly within a month after the end of the quarter. That said, the amount of arrears has increased from the previous assessment (PI-22.1 rated 'C'). Accumulation of expenditure arrears affects budget reliability, likewise predictability of resource allocation for service delivery.

A strong control system on the payroll is in place (PI-23 scored "B+"). Central government's HR database is directly linked to IPPIS and IFMIS, allowing daily reconciliation and control of the approved personnel budget and the payroll. All required changes to personnel records and payroll are updated monthly, in time for processing and payment of the following month's salaries, covering all central government operations (budgetary and extra-budgetary units). There were no retroactive adjustments as at the assessment cut-off date of June 2021. Access to personnel and payroll records of central government institutions is limited to authorized staff only. During the fiscal year 2019/2020, OAG conducted a comprehensive payroll audit of all central government institutions. Strong payroll controls, which is the case in Rwanda, improve budget reliability.

The procurement function dropped marginally (PI-24 scored "B"), compared to the previous score of "B+" in 2016. As significant public spending takes place through the public procurement system, a well-functioning procurement system ensures that money is used effectively in acquiring inputs for, and achieving value for money in, the delivery of programs and services by a government. A complete and accurate data of procurement activities for FY2020/2021 has been published on the RPPA website, although delayed. Procurement complaints management framework works well except that IRP membership is not properly constituted – only 5 out of the legally required number of 11 are presently available and working. Public access to procurement information is good, where the government meets at least five out of the six PEFA criteria, and in a timely manner. On the other hand, internal controls on non-salary expenditure are adequate (PI-25 scored "B+"), to strengthen accountability and reporting of public finances. There is sufficient segregation of duties and expenditure commitments control is effective, but compliance with payment rules and regulations requires improvement as reported by the OAG.

Coverage of internal audit is good to assure accountability and transparency of the use of public funds. Internal audit functions largely focus on financial compliance. Risk-based audit is yet to take root. There is also no central government risk register to inform the development of risk-based audit plans. Contrary to the fact that there are inadequate internal auditors to cover all central government operations, data

provided by GCIA suggest more than 90% audit implementation compared to audit plans. Executive response to internal audits shows satisfactory performance.

Accounting and reporting

Available evidence indicates that GoR continues to be disciplined in ensuring that suspense accounts are abolished in the public financial management system (PI-27.2 rated 'NA'); also, all advances are reconciled in a timely manner - monthly within 15 days after the end of the previous month (PI-27.3 rated 'A'). Bank reconciliation is undertaken by budget agencies and the treasury for all BCG bank accounts on a monthly basis, at aggregate and detailed levels within 15 days from the end of the month (PI-27.1 rated 'A'). There is a strong financial data integrity process using the strengthened PFM ICT infrastructures (PI-27.4 rated 'A'). There is however a delay in publishing in-year budget reports, though the coverage and classification of data allows for a direct comparison of actual expenditure with the original budget for all items of expenditure. Timely issuance (and publishing) of in-year budget execution reports promotes transparency of public finances. As highlighted by OAG, data integrity concerns in financial reports remain.

GoR prepares consolidated annual financial statements each year. For FY2020/2021, the consolidated annual financial statements contain information on revenues, expenditure, financial assets, financial liabilities, guarantees, and long-term obligations. The statements also include a reconciled cash flow statement. The comprehensiveness of government financial data strengthens transparency of public finances. These were submitted to OAG within three months after the end of the fiscal year. The accounting standards were consistently applied in line with national PFM laws. These have been disclosed in the consolidated financial statements. Gaps between applied standards and IPSAS have also been explained.

External scrutiny and audit

External audit is performed in line with INTOSAI standards with an overall audit coverage of around 90% of government revenues and expenditures, which is satisfactory. OAG audit covers projects, central government agencies, GBEs, ministries, and central government hospitals. The Auditor General has submitted the consolidated audit reports to parliament within seven (7) months of the receipt of the consolidated annual financial statements. There is a strong follow-up on audit by the audited entities. The independence of the OAG is compromised by the fact that its budget is subject to MNINECOFIN approval and removal of AG is by Presidential Order. Legislative scrutiny of budgets is strong (PI-31 scored "B+"). The review has been completed within 7 months on average for the last three completed years. PAC conducted in-depth hearings for all central government institutions with adverse or qualified audit opinion and made systematic follow-ups on the execution of its recommendations. All hearings are conducted in public, except for matters related to national security. A strong oversight (as demonstrated by the assessment findings) engenders public accountability.

4.2 Effectiveness of the internal control framework

There is the need for an effective internal control system to be in existence across each of the seven pillars in addressing risks and providing reasonable assurance. The objectives of the internal control framework include the following: (i) operations are executed in an orderly, ethical, economical, efficient, and effective manner; (ii) accountability obligations are fulfilled; (iii) applicable laws and regulations are complied with; and (iv) resources are safeguarded against loss, misuse and damage.

Control environment: Rwanda's public financial management framework is anchored on the 2015 (amended) Constitution. Other subsidiary legislations such as the Audit Law, Standing Orders of Parliament, the Organic Budget Law 2013, the Financial Regulations 2016, the Public Procurement Law 2018, Procurement Regulations 2020, and the annual finance law (appropriations act) passed each year

by parliament for government budget management, all compliment the constitutional framework to strengthen PFM control environment. Specific chapters/articles/sections of the 2015 Constitution and the OBL that strengthen control environment include: (i) Chapter IX provides for how state finances and taxes are to be used and reported. Articles 162 and 163 of the Constitution specifically deal with the promulgation of the state finance law (annual appropriations act) and, the execution and reporting of the budget respectively; (ii) Article 11 of the OBL regulates the preparation and adoption of the national budget, with cabinet empowered by Article 12 of the OBL to review and approve the budget proposals before submission to parliament; (iii) Articles 13 and 14 of the OBL regulate the responsibilities and powers of the Minister for Finance; (iv) Article 18 provides for the duties and powers of the chief budget manager (CBM) who is the vote controller or accounting officer of each public institution, with specific responsibilities for controlling and safeguarding public assets. Segregation of duties strengthens control environment – the assessment concludes that segregation of duties meets good international standards (PI-25.1 rated ‘A’).

Each MDA has separate units for budget formulation and preparation, procurement management, human resource management, payroll management, internal audit, and accounting and reporting. The existence of functional internal audit units across MDAs further strengthens the control environment, but currently, the number of internal auditors is inadequate to effectively guarantee a strong control environment. External audit coverage is satisfactory to provide the necessary checks and balances on the executive. Parliamentary oversight is strong for holding the executive accountable; the systematic following mechanism of PAC reinforces the control environment.

Risk assessment: The assessment of risk forms a critical part for ascertaining the effectiveness of an internal control framework. At present, there is no central government-wide risk assessment matrix or register. Nevertheless, audit activities (both external and internal) are risk-based. Though risk-based audit plans are prepared, not much evidence exist to conclude on the level of actual risk-based internal audits carried out (PI-26.2 rated ‘C’). The external audit functions place more reliance on the effectiveness of the internal control framework, in addition to performance, financial and compliance audits. Management response to internal audits shows satisfactory performance (PI-26.4 rated ‘B’) – this strengthens internal controls as well as the risk assessment framework. External audit follow-ups have rather shown improvement with executive commitment to take remedial actions on recommendations in a timely manner (PI-30.3 rated ‘B’). As revenue is crucial to effective and efficient PFM, the Rwanda Revenue Authority has a compliance risk improvement plan 2021-2022 for assessing the level of revenue risk (PI-19.2 rated ‘A’).

Control activities: The OBL, financial regulations, procurement law, procurement regulations, financial manuals and guidelines prescribe procedures for key internal control activities such as segregation of duties, authorization and approval, reconciliation of accounts, and review and safeguarding of public assets; these are well established (PI-25.1 rated ‘A’). GoR’s agenda to fully digitise the PFM space adds another layer to strengthen control activities; the e-Procurement platform interfaces with IFMIS; there is also a direct interface between IFMIS and payroll software IPPIS. External audit (PIs-30.1, 30.2 and 30.3 rated ‘B’, ‘C’, and ‘B’ respectively) and parliamentary (PI-31 with an overall score of ‘B+’) oversights are part of the control activities that strengthen the PFM environment. The internal audit function, which is a control activity, is reasonably effective (PI-26 rated ‘C+’). Account reconciliations in a timely manner form part of control activities in the PFM cycle – the timeliness of reconciliation of central government bank accounts as well as advance accounts is considered satisfactory (PIs-27.1 and 27.3 rated ‘B’ and ‘A’ respectively). The management of government assets (financial and non-financial) shows average performance (PI-12 with overall score of ‘C’); this control activity is crucial for strengthening PFM.

Information and communication: There are strong ICT environment within the public sector, which strengthens PFM. All MDAs have functional websites where government fiscal and financial information are published; there is however some delay in publication of in-year budget execution reports (PI-28.2

rated 'C'). That said, annual financial statements are prepared and issued on time (PI-29.2 rated 'A'). The Accountant General's Department (AGD) prepares monthly, quarterly, and annual financial statements for management and public use (PI-28.1 rated 'A', PI-29.1 rated 'A'). Audit reports are published ten months after year end, meeting the national PFM legal requirements. The Public Accounts Committee also scrutinises OAG audit reports between six to nine months (PI-31.1 rated 'C'); PAC reports are made public through its public library. Information on public procurement especially on procurement plans, tenders and contract awards are published timely (PI-24.3 rated 'B') but there are delays in the publication of comprehensive procurement statistics. That said, the publication of government fiscal data is satisfactory (PI-9 rated 'B'); the same cannot be said for information on service delivery (PI-8 with overall score of 'D+').

Monitoring: Monitoring and evaluation completes the PFM cycle. Different monitoring mechanisms are in place to ensure the efficiency and effectiveness of government operation, fulfilment of accountability, compliance to rules and regulations and safeguarding of public assets. Fiscal and financial reports are some of the monitoring and evaluation tools used to ascertain government performance. Whereas annual financial statements are issued on time (PI-29.2 rated 'A'), the same cannot be said for in-year budget execution reports (PI-28.2 rated 'C') – these are some delays in terms of issuance and publication. Internal audit reports also serve as useful monitoring and evaluation tool for identifying PFM lapses that require remedial actions. Internal audit functions perform averagely (PI-26 rated C+), providing reasonable assurance in terms of monitoring the efficiency in the use of public funds. Legislative oversight is strengthened by timely OAG reports (at this stage showing average performance - PI-30.2 rated 'C'); available evidence suggests that PAC and parliament in general is performing its constitutional mandate of holding the executive accountable in a transparent manner (PI-31.4 rated 'A').

4.3 PFM Strengths and Weaknesses

Impact of PFM Systems on the three main budgetary outcomes

Fiscal discipline

The strength of Rwanda's fiscal discipline is evidenced by the reliability of aggregate revenue and expenditure out turn. This is further supported by the reasonable level of composition variances on both the revenue and expenditure side. In-year budget reallocations are kept to a minimum and made based on clear guidelines. Robust and verifiable macroeconomic and fiscal projection are in place, which is key to ensuring aggregate fiscal discipline. The general internal control framework shows reasonable performance, with the existence of strong PFM laws and regulations that provide clear guidance on the segregation of duties. Although expenditure commitment controls function effectively, the internal control system is undermined by the low level of compliance with payment rules and regulations, which is confirmed by the OAG. Fiscal discipline is strengthened further by the inclusion of all expenditure in financial reports and the timely submission of financial reports by extrabudgetary units to the government, though this is undermined by the high level of revenue outside of financial reports.

Fiscal risk reporting is good in terms of timely submission of annual audited financial statements by public corporations, though sub-national governments' audit reports are delayed. The government quantifies all contingent liabilities including PPPs; debt management framework is also sound, all contributing to strengthening fiscal discipline. The efficiency of the revenue administration system contributes positively in ensuring that all revenue is collected in accordance with the relevant laws to support the government's budget framework. However, fiscal discipline is weakened by the accumulation of both revenue and expenditure arrears. The well-functioning legislative scrutiny of budgets contributes positively to fiscal discipline.

Strategic allocation of resources

Rwanda's robust budget classification system coupled with the budget comprehensiveness and transparency is key in ensuring strategic allocation of resources. GoR's budget classification and documentation meet international standards. Resources can be tracked throughout the budget's formulation, execution, and reporting cycle. This is supported by reliable revenue forecasts and expenditure allocations, which are essential for the government to effectively and predictably allocate resources to strategic policy priorities. Resources are allocated to sub-national governments based on a transparent, rule-based system. Public investment management performs well, which confirms scarce resources are allocated objectively among projects. Stronger asset management framework to include subsoil assets, which is currently not the case in Rwanda, is a contributory factor to strengthening strategic allocation of resources.

Strong macroeconomic and fiscal forecasts, a fiscal strategy that sets clear fiscal policy objectives and a medium-term perspective in budgeting enable government to more effectively plan budget allocations in accordance with priorities, which is generally the case in Rwanda, except for the fact that the BCC does not provide cabinet approved ceilings and the budget is not submitted to the legislature early enough. This phenomenon has the potential of affecting draft budget proposals, with a consequential negative impact on resource allocation. Nevertheless, the timely approval of the annual budget allows budget units to commence their annual programmes and activities in time to ensure full utilisation of allocated resources for improved service delivery.

The performance of revenue administration and accounting framework is reasonable to sustain strategic resource allocation and ensure a timely flow of resources to priority areas. The minimal in-year budget adjustments help to ensure resources are allocated to originally planned government priorities. Internal audit performs well, as it provides assurance that systems are operating to achieve government objectives efficiently and effectively. The coverage and classification of data in the in-year reports allows for a direct comparison of actual expenditure to the original budget for all items of expenditure, key to ensuring that resources are allocated to originally intended government priority areas. Nevertheless, the issuance of in-year budget execution reports, which experiences some delays, limits the ability of citizens to effectively track public resources.

Efficient service delivery

The efficiency of service delivery is positively impacted by good budget classification system in place and by the transparency of budget documentation. The reliability of both the revenue and expenditure budgets at the aggregate and composition level, coupled with the minimal in-year budget adjustments, helps the achievement of efficient service delivery. Transparency of fiscal information is important to ensuring efficient service delivery. In this regard, public access to fiscal information is good, while performance information on service delivery is not sufficiently publicized. Instead, procurement information is made available to the public.

Rwanda's public investment management performs well in terms of conducting economic analysis and standardized project selection, which promotes efficient service delivery. The good system in place for medium term expenditure estimates provides greater predictability for budget allocations in the medium-term, though this is undermined by the fact that the ceilings are not approved by Cabinet before the issuance of the budget circulars.

A well-functioning procurement system improves the efficiency of service delivery by ensuring better value for money of government purchases. The GoR's procurement system performs well. Efficient service delivery is negatively affected by low levels of data on planned and achieved performance information for service delivery. The inability to track resources to frontline service delivery units could however lead to shortages in some areas and surpluses in other areas.

The reliability of the financial reports contributes positively to efficient service delivery by providing accurate data for managing service delivery. The internal audit function, which helps to identify inefficiencies in resource utilization, shows average performance. External audit coverage is satisfactory for identifying inefficiencies in the use of public resources. This is further strengthened by the strong legislative scrutiny of audit reports, though there is some delay in its timeliness.

4.4 Performance changes since a previous assessment

Fiscal discipline

Compared to the 2016 assessment, there is not much change to fiscal discipline in 2022, as it continues to be reasonably strong in relation to PFM rules and regulations. The OBL 2013 remains the main PFM legal framework and has been augmented by the financial regulations of 2016 and the procurement regulations of 2020. Both aggregate and composition out-turn of revenues and expenditures continue to be reliable, a positive impact on fiscal discipline. In both assessments, in-year budget reallocations are kept to a minimum and effected according to clearly spelt-out guidelines, which contribute to strengthening fiscal discipline. There is a reasonably strong macroeconomic and fiscal projection environment that supports revenue forecasts, a prerequisite to fiscal discipline. In the current assessment, fiscal discipline has been strengthened by the comprehensiveness of fiscal risk reporting which includes SoEs, SNGs, and PPPs – this was not the case in 2016. Debt management framework in 2016 and 2022 is strong, having a positive impact on fiscal discipline. In both assessments, there is reasonably strong external audit (except for financial independence of OAG) and legislative oversight functions, ensuring that the executive is held accountable for the use of public funds. Payroll controls have remained strong in both assessments, contributing to strengthening fiscal discipline.

Another strength to fiscal discipline is the low level of revenue and expenditure of extra-budgetary units outside central government operations – this appears to be deteriorating in the current assessment compared to 2016; this is a weakness to fiscal discipline. There is also a concern regarding the level of revenues and expenditures arrears in the current assessment. The previous assessment recorded around 2% of both revenue and expenditures as outstanding, compared to 29% for revenue arrears, and between 7% and 11% for expenditure arrears – this is a weakness to fiscal discipline. Although expenditure commitment controls function effectively in both assessments, the level of compliance to financial management rules and procedures in 2022 is also deteriorating based on evidence adduced by OAG, compared to 2016. The contribution of internal audit functions to fiscal discipline remains at average performance, at the same performance as was the case in 2016.

Strategic allocation of resources

The good budget classification system, as well as budget comprehensiveness and transparency, which has been the case since the previous assessment in 2016, strengthen strategic resource allocation. This means that resource allocation can easily be tracked, accounted and reported. In both assessments (2016 and 2022), the existence of strong macroeconomic and fiscal forecasts, a fiscal strategy that sets clear fiscal policy objectives and a medium-term perspective in budgeting enable government to more effectively plan resource allocations in accordance with priorities, thereby contributing to strengthening strategic allocation of resources. Additionally, the timely approval of the annual budget estimates by the legislature ensures that allocated resources are utilized for planned service delivery programs. A sound public investment management framework, which has been the case since 2016 and also in the current assessment, provide reasonable assurance that scarce public resources are put to good use, thereby strengthening resource allocation. In both 2016 and 2022 assessments, the performances of revenue administration and accounting framework are good to sustain strategic resource allocation and ensure a timely flow of resources to priority areas. Again, the minimal in-year budget adjustments ensure resources are allocated to originally planned government priorities.

Major weaknesses identified in 2016 that continue to exist in 2022 with negative impact on strategic allocation of resources include some delay in the issuance and publication of in-year budget execution reports (effectively limiting public accountability and the tracking of resource allocation on time), and the issuance of unapproved medium-term and annual budget ceilings prior to budget formulation and preparation (negatively impacting on the budgeting process). Further, GoR is unable to quantify the fiscal impact of all changes to policy proposals – this is a weakness to strategic resource allocation.

Efficient service delivery

The existence of a good budget classification, coupled with comprehensiveness and transparency of budget documentation system, in both 2016 and 2022 assessments, strengthens efficiency in service delivery. Similarly, the minimal levels of budget virements done within strict legal limits have contributed to strengthening efficiency in service delivery – this has been the case for both assessments. Both 2016 and 2022 assessments recorded satisfactory performances with regards to publication of most government fiscal data in a timely manner, allowing citizens to track the use of public funds strategically allocated for service delivery. In 2016 and 2022, efficient service delivery has been strengthened by the fact that public investment management systems perform well in terms of conducting economic analysis and standardised project selection framework. Again, as noted in 2016 and in the current assessment, the good system in place for medium-term expenditure estimates provides greater predictability for budget allocations in the medium-term; this is however affected by the fact that the ceilings are not approved by Cabinet before the issuance of the budget circulars. Reasonably strong external (except for the financial independence of OAG) and legislative oversight functions, both in 2016 and 2022, have had a positive impact on service delivery efficiency.

In spite of the above strengths, efficient service delivery is weakened by the fact that service delivery performance information is not publicly available during the current and the previous assessments. Furthermore, comprehensive data on resources in kind to primary service delivery units is not available, limiting the ability of government to effectively track all resources to these units, in order to ensure that there are no surpluses in certain service delivery units and shortages in others. A good public procurement system promotes service delivery efficiency – comparatively, the performance of public procurement in the current assessment has deteriorated marginally. Strong internal audits are a contributing factor to strengthening efficient service delivery; as was the case in 2016, internal audit functions perform averagely.

5 Government Reform Process

5.1 Approach to PFM Reforms

The Government of Rwanda continues to implement PFM reforms envisaged in successive medium-term PFM reform strategies. The current PFM strategy, called “Public Financial Management Sector Strategic Plan (PFM SSP) was approved in December 2018, and covers the medium-term period of 2018 – 2024. The overall goal of the current strategy is to support Rwanda’s socio-economic transformation through effective and accountable PFM. The current PFM strategy, which is anchored on pillar 3 of NST-1 (“Transformational Governance” under priority number 5 - Strengthen Capacity, Service delivery and Accountability of Public Institution), is expected to support the delivery of NST-1 objectives in three ways: (i) to increase compliance with PFM rules and procedures to enhance fiscal controls and improve accountability (ii) to strengthen the PFM capabilities of local governments to plan and execute local investments for improved infrastructure and enhanced delivery of essential services; and (iii) enhancing the Government’s ability to raise revenues and invest those resources in core NST-1 commitments, to foster growth without compromising fiscal discipline. The funding of the strategy was estimated at USD114 million over a 6-year period, raised mainly from development partners.

PFM reforms in Rwanda have been carefully selected, sequenced and well-coordinated. Government has taken the stewardship in steering the reform agenda. Bold and ambitious targets have been outlined in successive medium-term strategic frameworks, aimed at achieving the set targets within the stipulated timeframes. The ongoing and future PFM reforms are expected to provide traction towards the achievements of NST-1 objectives while providing broader direction to reforms envisaged in other government policies such as those outlined in the Fiscal and Financial Decentralization Policy and Strategy, National Investment Policy, Results-Based Management Policy, Public-Private Partnership Policy, the Institute of Chartered Public Accountants Rwanda (ICPAR) development programme, the PFM Staff Learning and Development Strategy and the Blueprint for implementation of Accrual-based International Public Sector Accounting Standards (IPSAS).

The PFM-SSP is subject to formal monitoring and evaluation to ensure all stakeholders in the sector are able to transparently track and review progress against SSP objectives. According to the PFM Annual Performance and Joint Sector Review Report (2019-2020), the overall achievement of the FY 2019/2020 targets was at 57% which was lower than the prior year (2018/2019) of 83%, a deterioration that was attributed to the emergence of the coronavirus pandemic that led to suspension of planned activities through the second half of 2020. Nevertheless, the 2020/2021 PFM Annual Performance and Joint Sector Review Report indicates progress after the initial stages of COVID-19 that slowed down implementation of planned activities. Major achievements include: (i) implementation of consolidated IFMIS module for annual financial reporting in a paperless environment; (ii) upgrade of back-end IFMIS 2014 technologies to 2020 technologies; (iii) digitisation of signatures into IFMIS; (iv) completion of IFMIS and e-Procurement quality assurance review; (v) development of PFM paperless workflow; among others.

A Medium-Term Review (MTR) was concluded in July 2021 to review progress, take stock of emerging challenges as well as draw lessons learnt in implementing the strategy, which can be incorporated in the remaining period of the PFM SSP to enhance achievement of the overall objectives. The report noted that the SSP faced a one-year implementation delay and was also fraught with both internal and external challenges including: human resource constraints, delays in funding approval, procurement bottlenecks and covid-19 pandemic containment measures such a restriction of physical interactions. Nonetheless all the seven objectives reported good progress and achievements with an overall budget execution rate of 50% across all the seven strategic objectives and a significant cumulative disbursement rate of 81.95% compared with the total annual work plan budgets for the three years.

5.2 Recent and Ongoing Reform Actions

The Medium-Term Review (MTR) in July 2021 noted that there some gaps in PFM sector that need to be addressed in the remaining duration of the SSP ahead of its lapse in the year 2024. Outstanding challenges identified in previous diagnostic assessments (PEFA 2007, 2010 & 2016) that still persist include:

- Compliance with PFM procedures;
- Declining rate of follow-ups on audit recommendations by public entities;
- Weaker PFM outcomes at subnational level;
- Shortfall of resources to make payments in a timely manner;
- MTEF is yet to serve as a reliable tool resource allocation and spending at budget agencies level;
- Weak governance of government business enterprises (GBEs);
- PFM systems moving from “compliance with PFM rules” towards “making best use” of PFM systems to support improved value for money from public spending.

The MTR process was cognizant of the challenges that faced the implementation of the planned activities mainly the severe disruptions caused by COVID-19 global pandemic and called for sequencing of the remaining PFM SSP and necessitated reallocation of resources towards activities geared at strengthening public health systems and investing in economic recovery programs.

The MTR has provided a forward-looking account of priority areas for each strategic objective of the PFM-SSP for the remaining period up to 2024. These priorities are part of ongoing activities that need further attention and enhancements by consolidating the gains made in the last three years, fast-tracking the strategic interventions that are lagging behind and implementing new and innovative interventions that are sustainable beyond the end of the PFM-SSP in 2024.

The priority areas that need attention are highlighted below:

- Enhance the versatility, functionality and security of ICT systems that support PFM processes, including the IFMIS and “Umucyo” (Procurement Management Information System);
- Continue to strengthen human resource capacity through the PFM staff Learning and Development Strategy complimented with a comprehensive assessment of the PFM competencies (skills audit). Particular attention should be given to developing a staff retention program focusing mainly on local government level where skills shortage is glaring;
- To increase TA support of the SPIU for the remaining years of the strategy in order to build the requisite technical expertise required to support the planning, monitoring and coordination of reform implementation across government agencies that are involved in implementing PFM reforms;
- Create innovative ways including IT-based to build automated regulatory compliance inventories in order to address the low PFM compliance levels as evidenced by successive OAG compliance reports;
- Accelerate the implementation of the Internal Audit Module of the IFMIS in order to enhance the robustness of the internal audit function. Automation of the internal audit work should catalyse on rapidly building information technology-driven skills in the department;
- Automation efforts of the OAG taking into account future possibility of integration capability with IFMIS and Umucyo systems to facilitate real-time data mining and auditing through the paperless workflows;
- Develop and implement tailored practical capacity building for basic PFM functions and compliance at the subnational government level;
- Strengthen sub-national government revenue management capacities by reviewing/updating relevant policy and legal frameworks;

- Increased transparency is needed in national investment programs by focusing on strengthening reforms governing the procurement practices and management under the ambit of RPPA;
- Enhance the governance of GBEs to foster more transparency including deliberate efforts to strengthen the Government Portfolio Unit in MINECOFIN;
- Increased focus in strengthening reforms in domestic revenue administration under the purview of RRA while supporting the growth of the Rwanda Finance Limited and the Financial Intelligence Centre.

Summary of achievements so far on the implementation of the 2018-2021 PFM reform strategy include the following:

Strategic objective	Key achievements
<p><i>1: Expand the coverage and functionality of the PFM-ICT systems</i></p>	<p>The roll-out of the IFMIS and <i>Umucyo</i> (public procurement systems to LG/Non-Budgetary Agencies (NBAs) level including all the 416 sectors (100%), 46 district hospitals (100%), 504 health facilities (100%) and 498 schools. This reform has led to improved planning by using realistic data, increasing accountability and increased service delivery at the district hospitals and health centres by reducing time spent handling patients, while the School Data Management System (SDMS) has improved the processing time for capitation grants for schools as well as monitoring of school dropouts.</p> <p>The enhanced functionality of the IFMIS system has also abled the implementation of reforms in Performance Based Budgeting (PBB) and Accrual Reporting. IFMIS interface with E-Banking Platform has helped to resolve reconciliation difference of mandatory government tax contribution and helped the GoR to remain resilient while providing services during COVID 19 lockdowns.</p>
<p><i>2: Develop and sustain critical skills and partnerships for effective PFM</i></p>	<p>A PFM Learning & Development (PFM L & D) Capacity Building Specialist was recruited in an effort to fast track the implementation of the PFM L&D Strategy. Successful training programmes were undertaken focusing on PFM, as well as professional courses including accounting, investment and financial analysis. In this regard, 1,275 public finance staff with a level of intermediate professional qualification as at 31 March 2021 plus 2,500 PFM officials undergoing specific trainings on International Public Sector Accounting Standards (IPSAS) and Performance Based Budgeting (PBB training).</p>
<p><i>3: Increase compliance with PFM systems and international standards</i></p>	<p>External audit coverage and issuance of unqualified audit opinions increased although the number of unqualified reports has not increased in line with the targets due to a number of reasons including slow implementation of OAG recommendations. The internal audit function has been significantly strengthened through the implementation of the Risk Based Approach. The Office of Government Chief Internal Audit conducted risk-based auditing for selected activities and processes at LG level, example school construction.</p> <p>There is a roadmap for the implementation of IPSAS accrual basis of accounting, aimed at providing the platform for full consolidation of central government financial reports.</p>
<p><i>4: Strengthen PFM systems supporting subnational investments and services</i></p>	<p>Notable achievements include: (i) Successful property registration conducted in all districts; (ii) PFM mentorship and coaching programmes conducted; (iii) Assessment of PFM regulations related to local government was done. An assessment report was produced and concept papers developed to guide dialogue and decision making; (iv) The Citizen's Guide was reviewed and improved.</p>
<p><i>5: Enhance VFM practices and support sound investment decisions</i></p>	<p>Improvements to gender policy-based budgeting done by reviewing and updating the existing modules to fit them with the current data, policies and strategic frameworks. Performance-Based Budgeting (PBB) introduced on a pilot basis in priority ministries geared at strengthening of the links between budgeting and sector strategic plans, in selected ministries</p>

6: Strengthen results and governance of GBEs	Corporate governance of GBEs improved through: (i) Preparation of a comprehensive Standard Operation Procedure Framework; (ii) Developing Monitoring and Evaluation guidelines as well as KPIs; (iii) Developing a policy and a legal framework for GBEs.
7. Enhance resource mobilization for NST-1 priorities	RRA’s strategic plan was developed. Revenue collection has steadily improved with the implementation of E-tax systems. Revenue collection as a % of GDP for the FY 2019/2020 was 15.9% surpassing the initial target of 15.6%. This achievement came after downward revision of the target to 14.8% taking into consideration of the effects of COVID-19 that were to negatively impact on the economic growth.

Donor coordination

There is strong coordination among development partners (DPs) in the PFM space in Rwanda. DPs meet at least quarterly to deliberate on PFM issues in order to present a common voice to GoR, in addition to bilateral meetings with GoR. These meetings also include DPs (FCDO, IMF, WB, GIZ, UNDP and EU) not part of the basket fund. It is worth noting that EU and FCDO (formerly DFID) were part of the basket fund until 2020. Donor coordination is further strengthened by the existence of a DP PFM support mapping tool that helps to reduce and/or eliminate duplication of efforts as well as tracking development partner support activities, associated costs or financial contribution, and duration/timelines of reform activities. Additionally, the quarterly and annual PFM progress reports provide a basis for monitoring all key DP interventions supporting PFM SSP including the basket fund, support from other DPs such as WB, IMF, FCDO, EU and GIZ for purposes of tracking each intervention in order to minimize possibilities of any duplication or double funding of PFM activities.

5.3 Institutional Considerations

Government Leadership and Ownership

Government leadership and ownership has contributed significantly to the success of PFM reforms in Rwanda. Awareness of the importance of PFM reforms and its linkage to national development policies and strategies has grown across government institutions ever since the first PFM strategy was elaborated in 2008. Commitment to the continuity and sustainability of reforms is demonstrated at the highest political level, example is the quest to fight corruption and enhance transparency across the public sector. To ensure continuity and build stronger systems, and to keep pace with good international practices, policies and laws are constantly being reviewed and updated to keep abreast with emerging challenges while taking on board lessons learnt from the implementation of previous PFM strategies.

Citizen participation in regular service delivery surveys carried out by Rwanda Governance Board (RGB) strengthens ownership and demand for a more transparent and accountable government. Technical personnel in budget agencies are also involved in the design, implementation and monitoring of PFM reform implementation. Government continues to disseminate its vision, policies and strategies (example national development programs, PFM strategies, mid-term reviews or action plans), in public domain. Government also allocates budgetary resources for PFM reforms in its annual budget laws. Development Partners have been consistent in supporting PFM reforms in Rwanda. Key government agencies are always consulted in developing PFM reform strategies. Active participation of civil society organizations such as Transparency International, Rwanda continues to play significant role in enhancing transparency and accountability.

Coordination across Government

The PFM-SSP (2018-2024) outlines various roles and responsibilities of key stakeholders for monitoring and directing reforms supported by a monitoring and evaluation framework. The MINECOFIN is responsible for the overall coordination of the PFM SSP implementation with the Minister of State in charge of National Treasury (MoS/NT) playing the lead role in the coordination of PFM reforms within the Government. The MoS/NT is supported by a Single Project Implementation Unit (SPIU) which is

responsible for the day-to-day operational support under the management of a dedicated SPIU Coordinator. A high-level Coordination Forum (PFM-CF) and Technical Working Group (TWG) are in place. Coordination between government, DPs and other stakeholders in the PFM Sector is managed through the PFM-CF and the TWG. The SPIU plays the anchor role in coordination and oversight for the effective implementation of the reform agenda. It is responsible for fiduciary arrangements including procurement, financial management, reporting and logistical support for the entire PFM SSP spectrum. It is also in charge of providing secretarial services for both the SWG and Technical Working Group (TWG), and reports to the MoS/NT. It is the responsibility of implementing agencies to develop and implement approved action plans and are responsible for submitting regular progress reports to programme managers.

A Sustainable Reform Process

The development and sustainability of critical PFM skills continue to play a significant role in the implementation of the SSP and thereby consolidating the gains made in implementing previous PFM strategies. Nonetheless, emerging priorities will need to be considered in the remaining three years of the SSP focusing on strengthening staff skills notably through the implementation of the PFM staff Learning and Development Strategy that needs to be complemented with a comprehensive assessment of the existing PFM competencies and skills. In addition, human resource capacity constraints within the SPIU have to be bolstered both in terms of expertise and staff numbers. Stakeholder interest and participation in implementing PFM reforms has gained traction during the implementation and monitoring of successive PFM strategies. A framework for coordination between the Government of Rwanda and its development partners for PFM reforms is in place through the revised Memorandum of Understanding dated 5th November 2021. Technical assistance is being provided in key areas such as budget reforms through the introduction of the Performance-Based Budgeting (PBB) and the Public Accounts Committee (PAC) of Parliament. Development Partners are committed to provide the required funding up to the end of the SSP to the tune of USD 31.2 million. The GoR has already disbursed the totality of counterpart funding of USD 2.5 million. The World Bank is also providing funding for the Public Sector Governance Programme-for-Results to the tune of USD100 million. Going forward, DPs have indicated their commitment to continue supporting GoR financially on future reform strategies; GoR has also indicated its commitment to mainstream PFM reforms into its annual budget cycle in order to allocate the needed funds to propel future PFM reforms.

Transparency of the PFM Programme

The success of implementing successive PFM reform programs has been supported by strong institutional arrangements, participation and engagement of key stakeholders including international development partners that have provided a big portion of the much-needed funding. Relevant documents pertaining to policies, strategies and laws have been shared and are accessible by the public (www.minecofin.gov.rw). Recommendations and lessons learnt from the implementation of previous strategies have been incorporated in the design of the current strategy that will end in two years' time. DPs that operate outside the basket funding mechanism are part of the dialogue in the PFM Sector and are regularly invited to participate in coordination meetings to enhance coordination and avoid duplication of interventions. Funding is channelled through the government's budget and accounting system in order to strengthen country systems. It is the belief of government that the level of transparency and credibility of the reform programme will translate into additional funding from donors for the full implementation of a successor PFM reform strategy.

Other institutional structures that encourage transparency of GoR's PFM reform strategies include the following:

PFM Sector Working Group (SWG)

Development Partners are fully involved and committed to supporting PFM reforms in the country. They participate in the formulation of the SSPs, implementation arrangements, monitoring and evaluation, and

above all provide the required financing for the different programs and activities of the PFM strategies to compliment government funding. The DPs involved in supporting and providing funding to the PFM SSP 2018-2024 include: FCDO (UK), ENABEL (Belgium), KfW (Germany), and World Bank. The key institutional arrangements operationalized are: (i) Public Financial Management Coordination Forum (PFM CF); (ii) Technical Working Group (TWG); and (iii) Single Project Implementation Unit (SPIU) in MINECOFIN.

The PFM Coordination Forum (PFM-CF) is the highest policy body for the PFM sector made up of key stakeholders from government, development partners, and civil society organizations. It is chaired by the Minister of State in charge of National Treasury in MINECOFIN and co-chaired by a representative of development partners (Belgium Embassy during the time of assessment). The PFM TWG meets once every quarter to review and approve annual work plans and assess progress thereon, seeking to better coordinate and improve stakeholder involvement and effectiveness. The PFM CF meets twice per year in accordance with national guidelines for all sectors. The agenda is set by the TWG in advance, but the PFM CF considers only substantive, strategic issues related to the PFM Sector such as revisions to the PFM SSP, findings from the Joint Sector Review, or other critical issues related to PFM performance in Rwanda. The PFM CF was not operationalized until August 2020. The operationalization for the PFM CF has strengthened executive ownership of the PFM reforms and enhanced stakeholder engagement.

PFM Sector Technical Working Group (TWG)

The Technical Working Group (TWG) is responsible for monitoring the implementation of the PFM SSP and coordinating activities through Annual Work Plans. It is chaired by the Accountant General and co-chaired by a representative of development partners (Enabel during the time of assessment). It comprises of the SPIU, component heads, representatives from development partners and other relevant participants requested by MINECOFIN. The TWG meets on a quarterly basis with the focus of meetings being monitoring progress against reform objectives and the Annual Work Plans, as approved at the start of each fiscal year. The core responsibilities of the TWG as defined in the PFM SSP are: (i) support MINECOFIN to monitor the overall progress against the strategic objectives of the PFM SSP; (ii) review the findings of the Joint Sector Review and review/approve the PFM SSP Annual Work Plans for each fiscal year; (iii) provide links between the PFM SSP and broader reform programmes in other sectors, and; (iv) deliver other responsibilities set in the MOU between the GoR and development partners supporting the PFM reforms dated November 2021 or agreed between the two co-chairs.

Additionally, a Joint Coordination Committee (JCC) chaired by the Auditor General and co-chaired by the DP PFM Sector Co-chair is in place to ensure proper planning, coordination, and implementation of activities in the OAG Strategic Plan. The JCC meets quarterly to monitor and evaluate progress towards achieving expected outputs and outcomes and, report progress to the PFM Coordination Forum.

JCC meetings do take place in advance of PFM Technical Working Group (TWG) meetings and have responsibilities to:

- Review OAG Sub Fund annual work plans and budgets as well as key performance indicators;
- Monitor progress against the strategic plan targeted outputs and outcomes;
- Review progress in implementing annual work plan activities;
- Review expenditure against approved budget;
- Review financial audit reports;
- Consider material changes to work plans and budget;
- Discuss implementation challenges and agree solutions.

ANNEXES

Annex 1: Performance Indicator summary

COUNTRY NAME: RWANDA		Current assessment		Previous assessment (applying PEFA 2016 framework)	
Pillar	Indicator/Dimension	Score 2022	Description of requirements met	Score 2016	Explanation of change (including comparability issues)
Budget Reliability	PI-1 Aggregate expenditure out-turn	B	Aggregate expenditure outturn was between 90% and 110% of the approved aggregate budgeted expenditure in at least two of the last three years. It was 108% in FY 2018/19, 102% in FY 2019/20 and 113% in FY 2020/21.	C	Improvement in both score and performance. The aggregate expenditure outturn was between 90% and 110% of the approved aggregate budgeted expenditure in at least two of the last three years in the current assessment, while it was between 85% and 115% in the previous assessment.
	PI-2 Expenditure composition outturn (i) Expenditure composition outturn by function	C+	The composition outturn by administrative classification was less than 10% in the last three completed fiscal years. It was 7.2%, 6.8% and 6.5% for the FYs 2018/19, 2019/20 and 2020/21 respectively.	C	No change in aggregate score but change in dimension score and performance. Improvement is score and performance. The composition outturn by administrative classification was above 10% but less than 15% in two of the three years in the previous assessment. In the current assessment, it is less than 10% in all the three years.
	(ii) Expenditure composition outturn by economic type	C	Variance in expenditure composition by economic classification was less than 15% in at least two of the last three years. It was in 7.9% in FY 2018/19, 10.4% in FY 2019/20 and 14% in FY 2020/21.	B	Deterioration in score and performance. The composition variance was less than 10% in two of the three years in the previous assessment but decreased to less than 15% in current assessment. The big variance was due to COVID-19 pandemic
	(iii) Expenditure from contingency reserves	A	Actual expenditure charged to the contingency vote was on average 2.1% of the original budget for FYs 2018/19 to 2020/21.	C	Actual expenditure charged to the contingency vote was on average 9.4% in the previous assessment. This has improved to 2.1% in the current assessment.
	PI-3 Revenue outturn	B	Actual revenue was between 94% and 112% of budgeted revenue in at least two of the last three years. It was 108.5% in FY 2018/19, 102.7% in FY 2019/20 and 122.4% in FY 2020/21.	B+	Deteriorated in both score and performance due to deterioration in dimension 2.
	(i) Aggregate revenue outturn	B	Actual revenue was between 94% and 112% of budgeted revenue in at least two of the last three years. It was 108.5% in FY 2018/19, 102.7% in FY 2019/20 and 122.4% in FY 2020/21.	B	No change in score and performance.

COUNTRY NAME: RWANDA		Current assessment		Previous assessment (applying PEFA 2016 framework)	
Pillar	Indicator/Dimension	Score 2022	Description of requirements met	Score 2016	Explanation of change (including comparability issues)
	(ii) Revenue composition outturn	B	Variance in revenue composition was less than 10% in two of the last three years. It was 9.4% in FY 2018/19, 6.3% in FY 2019/20 and 12.4% in FY 2020/21.	A	Deterioration in both score and performance. Variance in revenue composition outturn was less than 5% during the 2016 assessment but increased to above 5% in the current assessment.
Transparency of Public Finances	PI-4 Budget Classification	A	Budget formulation, execution and reporting are based on administrative, economic and functional/sub-functional classification based on the GFSM 2014 standards.	A	No change and no other factors.
	PI-5 Budget Documentation		Budget documentation fulfils 9 elements, including all 4 basic elements, plus 5 additional elements.	B	No change in score or performance.
	PI-6 Central government operations outside financial reports		All entities which are controlled and mainly financed by GoR are on budget and included in fiscal reports. Part of the RSSB expenditure is unreported; this accounts for 0.86% of CG budgeted expenditure for FY2020/2021 (refer to Table 6.2).	A	There is deterioration in overall score and performance, largely due to slippage in dimension (ii), even though there is improvement in dimension (iii). No change and no other factors.
	(i) Expenditure outside financial reports			A	No change and no other factors.
	(ii) Revenue outside financial reports		For FY2020/2021, revenue outside financial reports was 9.6% (please, refer to Table 6.3).	A	Deterioration in score and performance. Revenue outside government financial reports was higher in 2022 assessment, at 9.6% compared to less than 1% in 2016 assessment.
	(iii) Financial reports of extra-budgetary units		Detailed financial reports of <i>all</i> extrabudgetary units, including RSSB, are submitted to government annually within three months of the end of the FY.	B	Improvement in score and performance. In the previous assessment, public institutions submitted their accounts within six months. In the current assessment, they submit their accounts within three months.
	PI-7 Transfers to subnational governments	(i) System for allocating transfers		The horizontal allocation of all transfers for the devolved sectors to districts from central government is determined by a transparent, rule-based system, and was applicable to both conditional and unconditional grants.	A

COUNTRY NAME: RWANDA		Current assessment		Previous assessment (applying PEFA 2016 framework)	
Pillar	Indicator/Dimension	Score 2022	Description of requirements met	Score 2016	Explanation of change (including comparability issues)
	(ii) Timeliness of information on transfers		LGs received information from CG for the preparation of their budget estimates for FY2020/2021 before the start of their fiscal year. Deadline for submission of LGs budget proposals was only two weeks from date of issuance of BCC.	A	Deterioration in both performance and score. The negative impact of COVID-19 affected the budget preparation process.
PI-8	Performance information for service delivery			D	No change in overall score and performance.
	(i) Performance plans for service delivery		Available data indicated that only 32% by value of central government entities prepare and publish annual action plans with key performance indicators relating to outputs and outcomes	D	No change in performance and score.
	(ii) Performance achieved for service delivery		Quarterly and annual performance reports, with information on outputs and outcomes are prepared at sector level, by central government agencies listed in Table 8.1 above, and submitted to MINECOFIN for consolidation. The annual performance reports of these agencies (refer to Table 8.1 above, constituting 32% by value) and the joint sector reports are published on their respective websites.	C	No real change in score and performance. The previous assessment was over scored because the performance reports (year-end budget-execution reports) were not published.
	(iii) Resources received by service delivery units	D	A framework for tracking all resources received (both cash and kind) is yet to be fully operational for MoE. The resource tracking tool for MoH is not functional. There is also no consolidated report on all resources received by MoE and MoH	D	No change in performance and score
	(iv) Performance evaluation for service delivery	C	Independent evaluations of the efficiency and effectiveness of service delivery for sectors representing 47%, 32% and 40% by value for FYs 2018/2019, 2019/2020, and 2020/2021 respectively, have been carried out by Rwanda Governance Board (RGB) through the Rwanda Governance Score Card; the 8th edition was published by RGB in 2021 (for evaluation of the sectors listed in Table 8.2 below) and is available on RGB website	D	Improvement in both score and performance. In the previous assessment, performance evaluations (surveys) were conducted but did not cover 25% of expenditure. This has improved to more than 25% but below 50% of expenditure in the current assessment.
PI-9	Public access to information	B	GoR makes available to the public 7 elements, including 4 basic elements plus 3 additional elements.	B	No change in score but improvement in performance. One additional element (macroeconomic forecast) is also made available to the public, which was not the case in 2016
Management of assets and	PI-10	B	Fiscal risk reporting	C+	Improvement in both score and performance due to improvement in dimension (iii).
		B	(i) Monitoring of public corporations	B	No change in both performance and score

COUNTRY NAME: RWANDA		Current assessment		Previous assessment (applying PEFA 2016 framework)	
Pillar	Indicator/Dimension	Score 2022	Description of requirements met	Score 2016	Explanation of change (including comparability issues)
	(ii) Monitoring of sub-national government (SNG)	C	As shown in Table 10.2 below, all districts submitted their annual financial statements to MINECOFIN within one month after the end of the fiscal year 2020/2021. These statements were audited by the Auditor General and published within 10 months after the end of the fiscal year 2020/2021. The Accountant General also prepares a consolidated report of the financial position of all districts	C	No change in both performance and score
	(iii) Contingent liabilities and other fiscal risks	A	Government quantifies all contingent liabilities including PPPs. As at 30 th June 2021, total contingent liabilities (excluding PPPs) stood at RWF 76,093,226,214 ¹⁵ . Contingent liabilities arising out of PPPs stood at USD164.4 ¹⁶ million as at June 2021.	C	Improvement in both score and performance. GoR now quantifies all contingent liabilities including PPPs, which was not the case in 2016
PI-11	Public investment management	B+		B+	No change in score and performance.
	(i) Economic analysis of investment proposals	B	For FY2020/2021, all major investment projects (as shown in Table 11.1 above) went through economic analysis, with appraisal documents submitted to MINECOFIN, in accordance with the national investment policy guidelines to ascertain the socio-economic viability of these projects. The investment appraisal technical team, a unit under the NDPR, reviewed all appraisal documents submitted by the respective agencies. Some of the results of these feasibility studies were published on the website	B	No change in score and performance.
	(ii) Investment project selection	A	FY2020/2021, Cabinet reviewed the final results of the appraisal documents received from NDPR. Prior to inclusion in the public investment planning (PIP) budget, Cabinet issued a brief on the planning process, leading to the selection of investment projects based on published investment management guidelines.	A	No change in score and performance.
	(iii) Investment project costing	A	Investment projects show the total capital cost plus a three-year breakdown of total investment cost, in addition to the forward-linked recurrent cost of the investment project; these are included in the annual budget submitted to the legislature.	A	No change in score and performance.
	(iv) Investment project monitoring	C	The NDPR, in collaboration with M&E departments of each implementing agency, monitor and evaluate all investment projects in line with established guidelines. Both physical and financial progress of investment project is monitored. Quarterly and annual implementation reports are prepared, but not published.	C	No change in score and performance.

¹⁵ Source: 2020/2021 AFS, page 38

¹⁶ Source: Fiscal Risk Statement for FY2020/2021, page 14

COUNTRY NAME: RWANDA		Current assessment		Previous assessment (applying PEFA 2016 framework)	
Pillar	Indicator/Dimension	Score 2022	Description of requirements met	Score 2016	Explanation of change (including comparability issues)
Policy-based	PI-12 Public asset management (i) Financial asset monitoring (ii) Nonfinancial asset monitoring (iii) Transparency of asset disposal	C	MINECOFIN maintains and record of GoR's investments in public and private enterprises, including cash/bank balances as well as the acquisition cost of GoR's investment. Information on the performance of government investments is prepared by GPMU but not published.	D+	Improvement in overall score and performance due to improvement in dimensions (ii) and (iii). No change in performance and score
		C	Each budgeted central government institution maintains an asset register in addition to the data captured by IFMIS. The asset register (plus data in IFMIS) provides information on the date of acquisition of asset, location and status of assets.	C	Improvement in score and performance. IFMIS now captures fixed assets.
		C	The sales and disposal of government fixed assets are highlighted in the Law No. 50/2008 of 9th September 2008. Disposal of fixed asset is through public auction once the valuation committee approves the assets to be disposed. Partial information on transfer and disposal is included in the financial reports.	C	Improvement in score and performance. In 2016, evidence was lacking to determine the process of disposal/transfer of fixed assets.
		A	All public debt and guarantees are reconciled at least quarterly. MINECOFIN prepares and publishes complete and accurate semi-annual and annual debt reports comprising stock of domestic, external, debt service payments and disbursements, and selected public debt sustainability ratios and relevant statistics.	A	No change in score and performance.
		B	For FY2020/2021 and in accordance with Article 50 of the Organic Budget Law 2013, the Minister of Finance is the sole authority to borrow and approve all guarantees on behalf of the Government of Rwanda (for both budgetary units and extra-budgetary units), including PPPs.	B	No change in score and performance.
		A	MINECOFIN has produced a current three-year medium-term debt strategy (MTDS), published on MINECOFIN website. MINECOFIN prepares and submits annual reports on all central government debts and guarantees, detailing targets sets and actual debts and guarantees contracted for the period, to the legislature. All Government's annual borrowing plan is in accordance with its medium-term debt strategy.	A	No change in score and performance.
Fiscal strategy	PI-14 Macroeconomic and fiscal forecasting (i) Macroeconomic forecasts	A	The government prepares forecasts of key macroeconomic indicators, which, together with the underlying assumptions, are included in budget documentation submitted to the legislature. These forecasts are updated at	B+	Improvement in both score and performance due to improvement in dimension (i)
		A		B	Improvement in score and performance. Macroeconomic indicators/projections are now reviewed by cabinet, which was not the case in 2016

COUNTRY NAME: RWANDA		Current assessment		Previous assessment (applying PEFA 2016 framework)	
Pillar	Indicator/Dimension	Score 2022	Description of requirements met	Score 2016	Explanation of change (including comparability issues)
	(i) Fiscal forecasts	A	<p>least once a year. The forecasts cover the budget year and the two following fiscal years. The projections have been reviewed by cabinet.</p> <p>The detailed budget estimates present projections of the main fiscal indicators, including revenue by type, expenditure, the budget balance and financing, for the ensuing fiscal year plus two outer years. Underlying assumptions to the projections are included in the BFP. The BFP also explains the differences with the forecasts made in the previous year's budget. The budget and the BFP are submitted to Cabinet for review, then to Parliament for FYs 2018/2019, 2019/2020, and 2020/2021.</p>	A	No change in score and performance.
	(ii) Macro-fiscal sensitivity analysis	B	The government prepares, for internal use, a range of fiscal forecasts scenarios based on alternative macroeconomic assumptions. The budget documents include a discussion of forecast sensitivities.	B	No change in score and performance.
PI-15	Fiscal strategy	B		A	No real change. Dimension (i) in 2016 was overrated.
	(i) Fiscal impact of policy proposals	D	The government does assess the fiscal impact of new revenue and expenditure policy proposals for the coming year, but not for all changes (i.e., 90% in value).	A	The analysis is not done. There is no real change in performance compared to 2016. The dimension was overrated.
	(ii) Fiscal strategy adoption	A	The GoR has set three-year medium-term fiscal objectives with quantitative targets at the start of the budget preparation in each of the last 3 FYs.	A	No change and no other factors.
	(iii) Reporting on fiscal outcomes	A	The government has submitted to the legislature and published with the annual budget a report that describes progress made against its fiscal strategy and provides an explanation of the reasons for any deviation from the objectives and targets set. The report also sets out actions planned by the government to address any deviations, as prescribed in legislation.	B	No change and no other factors.
PI-16	Medium term perspective in expenditure budgeting	B+		B	Improvement in score and performance due to improvement in dimension 16.4.
	(i) Medium-term expenditure estimates	A	The annual budget includes estimates of expenditure for the budget year and the two following fiscal years allocated by administrative, economic and program (or functional) classification.	A	No change in score and performance.
	(ii) Medium-term expenditure ceilings	D	Aggregate and ministry-level expenditure ceilings for the budget year and the two following fiscal years are not approved by Cabinet before the issuance of the first budget circular.	D	No change in score and performance.
	(iii) Alignment of strategic plans and medium-term budgets	A	Medium-term strategic plans are prepared for 78% of MDAs and the expenditure policy proposals in the annual budget estimates align with the strategic plans.	A	No change in score and performance.

COUNTRY NAME: RWANDA		Current assessment		Previous assessment (applying PEFA 2016 framework)	
Pillar	Indicator/Dimension	Score 2022	Description of requirements met	Score 2016	Explanation of change (including comparability issues)
	(iv) Consistency of budgets with previous year estimates	A	The budget documents provide an explanation of all changes to expenditure estimates between the last medium-term budget and the current medium-term budget at the ministry level.	B	Improvement in score and performance. In the previous assessment, the links between the MTEF second year estimates and setting of the annual budget for the following FY are clear and differences were explained for MDAs representing 75%. In the current assessment this is undertaken for all MDAs.
PI-17	Budget preparation process	C+		A	Change in score and performance due to deterioration in dimension 17.3.
	(i) Budget calendar	A	MINECOFIN issues a clear and comprehensive fixed budget calendar to MDAs. The BCC allows at least three months for MDAs to prepare budget estimates. All MDAs submit their proposals on time.	A	No change in score and performance.
	(ii) Guidance on budget preparation	C	The BCCs issued are both comprehensive and clear and the second BCC includes ceilings by administrative and functional areas. Cabinet approves the ceilings after MDAs have completed their submissions.	B	No real change in score and performance. In the previous assessment, the BCC also did not include Cabinet approved ceilings and these were approved after MDAs had completed their submissions.
	(iii) Budget submission to the legislature	D	The executive submitted the annual budget proposal to the legislature less than one month before the start of the fiscal year.	A	Deterioration in score and performance. In the previous assessment, the executive submitted the budget to the legislature at least two months before the end of the FY for all three years assessed. In the current assessment, the budget was submitted to the legislature less than one month before the end of the FY for all three years assessed.
PI-18	Legislative scrutiny of budgets	A		B+	No real change in score and performance. The previous assessment underscored dimensions 18.2 and 18.4.
	(i) Scope of budget scrutiny	A	The legislature first reviews and approves the BFP before the budget is formally presented: the timeframe allows detailed debate and scrutiny. The budget scrutiny covers fiscal policies, medium-term fiscal forecast, detailed revenues and expenditures, as well as medium-term priorities.	A	No change in score and performance.
	(ii) Legislative procedures for budget scrutiny	A	The legislature's procedures to review budget are firmly established in law and are respected. Procedures include public consultation, technical support office, specialised committees and negotiations.	B	No real change in score and performance. The previous assessment underscored this dimension.
	(iii) Timing of budget approval	A	The legislature approved the annual budget before the start of the FY in the last three years.	A	No change in score and performance.
	(iv) Rules for budget adjustments by the executive	A	Clear rules exist for in-year budget adjustments by the executive. The rules set strict limits on the extent and the nature of the amendments and are adhered to in all instances.	B	No real change in score and performance. The previous assessment underscored this dimension.

COUNTRY NAME: RWANDA		Current assessment		Previous assessment (applying PEFA 2016 framework)	
Pillar	Indicator/Dimension	Score 2022	Description of requirements met	Score 2016	Explanation of change (including comparability issues)
Predictability and control in budget execution	PI-19 Revenue administration (i) Rights and obligations for revenue measures	B+		C+	Improvement in both performance and score due to improvement in dimensions (iii) and (iv).
		A	The rights and obligations of revenue measures are provided to the public in a variety of ways, including through the website (www.rra.gov.rw), electronic media (radio and TV), print media (newspapers, magazines, and client leaflets), Facebook, and a toll-free telephone system (3004). Taxpayer rights are clearly stipulated in the various revenue laws, which are published on RRA's website. These rights include rights of appeal internally within RRA structure (administrative redress mechanism) followed by the law courts for final redress; there is no independent tax appellate body before the law courts	A	No change in performance and score
		A	The Rwanda Revenue Authority has developed a comprehensive risk management framework that assures smooth risk profiling of taxpayers. The system provides a comprehensive, structured and systematic approach for assessing and prioritizing compliance risk for all types of revenues	A	No change in performance and score
		A	RRA completed a little over 95% by number of planned audits and fraud investigations for the last completed fiscal year 2020/2021. Audits and fraud investigations are carried out according to documented compliance improvement plan	D	Improvement in both score and performance. In fact, there was no data in 2016 to properly assess the audit completion rate, a vast difference in 2022.
	PI-20 Accounting for revenues (i) Information on revenue collections (ii) Transfer of revenue collections (iii) Revenue accounts reconciliation	C	The stock of revenue arrears for the last completed fiscal year 2020/2021 amounted to Rwf485.1 billion. This represents 29.3% of total central government revenues for the same period. Revenue arrears older than 12 months represent 58.8% of total revenue arrears for the period under review.	D	There is improvement in both score and performance. In 2016, even though revenue arrears were 13.3% of total collections, those older than 12 months represent 81.6% of total stock of arrears.
		B+		B+	No change in score and performance
		A	The RRA, collecting all central government revenues, prepares a monthly revenue report with detailed information on all types of revenue collections (income tax, customs revenue, VAT, excise duties, and non-tax revenue). The revenue report is submitted to the Minister of Finance through the Tax Policy Unit of MINECOFIN	A	No change in score and performance
		B	Transfers from the RRA transit account to the National Treasury account is done daily, automatically, leaving a zero-balance at close of business. Nevertheless, transfers from the 13 commercial bank accounts into the RRA transit account is done twice a week	B	No change in score and performance
		A	Complete reconciliation between assessment, collections, transfers and arrears is undertaken monthly within two weeks.	A	No change in score and performance

COUNTRY NAME: RWANDA		Current assessment		Previous assessment (applying PEFA 2016 framework)	
Pillar	Indicator/Dimension	Score 2022	Description of requirements met	Score 2016	Explanation of change (including comparability issues)
PI-21	Predictability of in-year resource allocation	B+		B+	No change in score and performance
		A	All budgeted central bank accounts are consolidated on a daily basis. The National Treasury operates a TSA, with zero-balance sub-accounts for budgetary units. The daily balances are automatically transferred to the TSA, each day.	A	No change in score and performance
	B	(i) Cash forecasting and monitoring	For FY2020/20201 and in line with the requirement of Article 42 of OBL No.12/2013/OL, a consolidated annual cashflow forecast is prepared by MINECOFIN, after receiving inputs from budgetary units. The consolidated cashflow is updated on a quarterly basis based on actual cash inflow and outflow	B	No change in score and performance
	B	(iii) Information on commitment ceilings	For FY2020/2021, MDAs were provided reliable information on commitment ceilings in advance at least quarterly.	B	No change in score and performance
PI-22	(iv) Significance of in-year budget adjustments	A	There are clear guidelines on in-year budget adjustments. These are stipulated in Article 46 of the OBL. These guidelines limit the reallocations that can be made at the level of the chief budget managers (CBM) and the minister of finance. For FY2020/2021, in-year budget reallocations took place only once, 6 months into the fiscal year, through the revised budget.	A	No change in score and performance
		C+	(i) Expenditure arrears	C+	No change in overall score, but improvement in dimension (ii) and a deterioration in dimension (i)
PI-23	(i) Stock of expenditure arrears	C	The analysis (please refer to Table 22.1) indicates that arrears represent 7.51% of total budgeted central government expenditure in 2018/2019, 9.77% in 2019/2020, and 10.73% in 2020/20201.	A	There is deterioration in both score and performance. In 2016, stock of arrears stood below 2% in all three years assessed, compared to between 7% and 11% in 2022.
		A	(ii) Expenditure arrears monitoring	C	Improvement in both score and performance. Data on expenditure arrears are now age-profiled.
PI-23	(i) Integration of payroll and personnel records	B+	A consolidated data and age of expenditure arrears is generated quarterly within a month after the end of the quarter.	B+	No change in score and performance.
		A	Central government's HR database is directly linked to IPPIS and IFMIS, allowing timely (daily) reconciliation and control of approved personnel and payroll budget.	A	No change in score and performance.
		A	(ii) Management of payroll changes	A	No change in score and performance.
PI-23	(iii) Internal control of payroll	A	There were no retroactive adjustments as at the cut-off date (June 2021).	A	No change in score and performance.
		A	Access to personnel and payroll records of central government institutions is limited to only authorised staff. Both the HR and payroll software are password	A	No change in score and performance.

COUNTRY NAME: RWANDA		Current assessment		Previous assessment (applying PEFA 2016 framework)	
Pillar	Indicator/Dimension	Score 2022	Description of requirements met	Score 2016	Explanation of change (including comparability issues)
	(iv) Payroll audit	B	protected. All changes are properly authorised with approved supporting documentation, resulting in an audit trail. The control process (within both HR and payroll databases) is clear and sufficient for ensuring full payroll integrity. During the fiscal year 2019/2020, OAG conducted a comprehensive payroll audit of all central government institutions.	B	No change in score and performance.
PI-24	Procurement	B		B+	Overall deterioration in both performance and score.
	(i) Procurement monitoring	A	RPPA maintains complete data on procurement contracts, including data on value of procurement contracts awarded for goods, services and works, and database of suppliers/contractors. The data is accurate as it has been audited by RPPA.	A	No change
	(ii) Procurement methods	C	As indicated in Table 24.2 below, competitive procurement method (national and international) by value accounted for 62.4% of total central government procurement for FY2020/2021	A	Deterioration in score and performance.
	(iii) Public access to procurement information	B	The government meets at least five out of the six PEFA criteria as shown in Table 24.3 below, with published procurement information meeting the timeframe that is useful for the public.	C	Improvement in score and performance. Five elements were met in 2022 assessment compared to 3 in 2016 assessment
	(iv) Procurement complaints management	B	Element one (1) and three others are met. The fact that the number of IRP members are, at the moment, only five (5) instead of eleven (11) as required the procurement law, the complaints process may be compromised.	A	Deterioration in both score and performance.
PI-25	Internal controls on non-salary expenditure	B+		A	Deterioration in score and performance due to slippage in dimension (iii)
	(i) Segregation of duties	A	The PFM laws and regulations also provide clear guidance on segregation of duties for expenditure initiation, authorisation and approval, disbursement, expenditure payment, acquisition, use and disposal of public assets, recording and reconciliation	A	No change in performance and score
	(ii) Effectiveness of expenditure commitment controls	A	All budget institutions use IFMIS for expenditure commitment, including extra-budgetary units, except for Rwanda Social Security Board that uses its own financial management software. Both systems limit expenditure commitments to approved budgets as well as projected cash availability within the financial management systems/software.	A	No change in score and performance.
	(iii) Compliance with payment rules and procedures	C	Expenditure payments are generally compliant with payment rules and procedures. According to OAG, non-compliance levels across central government stands at 29% by value.	B	Deterioration in score and performance.

COUNTRY NAME: RWANDA		Current assessment		Previous assessment (applying PEFA 2016 framework)		
Pillar	Indicator/Dimension	Score 2022	Description of requirements met	Score 2016	Explanation of change (including comparability issues)	
Accounting and Reporting	PI- 26	C+		C+	No change in overall score and performance. That said, dimensions (iii) and (iv) have improved but dimension (i) has dropped.	
		A	As shown in Table 26.1, internal audit coverage was 96.9% by value of total central government expenditures and 99.6% by value of central government revenues.	A	No change in score and performance.	
	PI- 27	(i) Coverage of internal audit	C	Internal audit functions largely focus on financial compliance. Risk-based audit is yet to take root. There is also no central government risk register to inform the development of risk-based audit plans.	B	Deterioration in score and performance.
		(ii) Nature of audits and standards applied	C			
		(iii) Implementation of internal audits and reporting	B	As shown in Table 26.2 below, between 83% and 89% of programmed audits have been completed within the last three completed fiscal years.	C	Improvement in score and performance.
		(iv) Response to internal audits	B	Table 26.3 summarises management responses to internal audits during the last three completed fiscal years. The data shows that between 82% and 86% of audit recommendations are responded to officially and implemented timely	C	Improvement in score and performance. Management responses have increased over the assessment period compared to 2016 assessment.
	PI- 28	Financial data integrity	A		B+	Improvement in overall score due to improvement in dimension (iv).
		(i) Bank account reconciliation	B	Bank reconciliation is undertaken by budget agencies and the treasury for all BCG bank accounts on a monthly basis, at aggregate and detailed levels within 15 days from the end of the month	B	No change in score and performance
		(ii) Suspense accounts	NA	This dimension is not applicable as there are no suspense accounts.	NA	No change in score and performance
		(iii) Advance accounts	A	All advances are reconciled in a timely manner, monthly within 15 days after the end of the previous month.	A	No change in score and performance
(iv) Financial data integrity processes		A	The financial management system is strong, passworded with restricted access to authorised staff only. The system results in audit trail. There is a unit responsible for ensuring data integrity.	B	There is improvement in both score and performance. An operational unit has been introduced to check data integrity.	
In-year budget reports		C+		D+	Improvement in score and performance due to improvement in dimension (ii)	
PI- 28	(i) Coverage and comparability of reports	A	For FY2020/20201, coverage and classification of data allows for a direct comparison of actual to the original budget for all items of expenditure. The report also includes information on transfers made to de-concentrated central units.	A	No change in score and performance.	
	(ii) Timing of in-year budget reports	C	For FY2020/21, MINECOFIN issued and published on its website the quarter 1 report on 15th November 2020 (46 days after the end of the quarter), quarter 2 was issued and published on 15th February 2021 (45 days after the end of the	D	Improvement in score and performance. Issuance of in-year budget is now faster than was the case in 2016	

COUNTRY NAME: RWANDA		Current assessment		Previous assessment (applying PEFA 2016 framework)	
Pillar	Indicator/Dimension	Score 2022	Description of requirements met	Score 2016	Explanation of change (including comparability issues)
	(iii) Accuracy of in-year budget reports	C	quarter), quarter 3 was issued and published on 15th May 2021 (46 days after the end of the quarter), and quarter 4 was published on 15th August 2021 (45 days after the end of the quarter). There are still data concerns as highlighted by OAG, but showing improvement over the years, with 35% non-compliance and financial data inaccuracies in 2019/2020 to 32% in 2020/2021. That said, the financial data is very useful for analysis of budget execution. Issued and published in-year reports capture expenditure at commitment stage only. The in-year budget execution reports are also analysed at least a half-yearly basis. The in-year budget execution reports do not highlight issues relating to data inaccuracies.	C	No change in score and performance.
PI- 29	Annual financial reports (i) Completeness of annual financial reports	B+	GoR prepares consolidated annual financial statements each year. For FY2020/2021, the consolidated annual financial statements contain information on revenues, expenditure, financial assets, financial liabilities, guarantees, and long-term obligations. The statements also include a reconciled cash flow statement.	C+	Improvement in both score and performance due to improvements in dimensions (i) and (iii). Improvement in both score and performance. The completeness of AFS has improved since 2016.
	(ii) Submission of reports for external audit	A	For FY2020/21, CFSs were submitted to OAG on the 29 th September 2021, within three months after the end of the fiscal year	A	No change in score and performance
	(iii) Accounting standards	B	For all three years under assessment, accounting standards were consistently applied in line with national PFM laws. These have been disclosed in the consolidated financial statements. Gaps between applied standards and IPSAS have been explained.	C	Improvement in both score and performance. Gaps between IPSAS and applied accounting standards have been explained.
PI- 30	External audit	D+		D+	No change in overall score in spite of improvement in dimension (iii).
	(i) Audit coverage and standards	B	As shown in Table 30.1, audit coverage stood at 85.9% and 87.1% of CG revenues and CG expenditures for FY2018/2019. Audit coverage increased to 88.9% of CG revenues and 87.8% of CG expenditures for FY2019/2020. In spite of the outbreak COVID-19, audit coverage improved further to 91% and 90.8% of CG revenues and expenditure for FY2020/2021. The audit highlights material issues, systemic and control risks.	B	No change in score and performance.
	(ii) Submission of audit reports to the legislature	C	As shown in Table 30.2 below, the AG has submitted the consolidated audit reports to parliament within seven (7) months of the receipt of the consolidated annual financial statements	C	No change in score and performance.

External scrutiny and audit

COUNTRY NAME: RWANDA		Current assessment		Previous assessment (applying PEFA 2016 framework)	
Pillar	Indicator/Dimension	Score 2022	Description of requirements met	Score 2016	Explanation of change (including comparability issues)
	(iii) External audit follow-up	B	The OAG management letters are formally responded to in timely and comprehensive manner with institutional commitments for resolution of identified issues.	C	Improvement in score and performance. Executive responses to audit findings are more comprehensive and timelier.
	(iv) Supreme Audit Institution (SAI) independence	D	The independence of the OAG is undermined by the fact that its budget is subject to MoF's approval. Also, removal of AG is by Presidential Order.	D	No change in score and performance.
PI-31	Legislative scrutiny of audit reports	B+		B+	No change in overall score in spite of improvement in dimension (iii) as a result of a systematic follow-up of PAC recommendations.
	(i) Timing of audit report scrutiny	C	As indicated in Table 31.1 below, this review has been completed within 7 months on average as follows: 5.2 months (FY2017/18), 6.4 months (FY2018/19) and 8.5 months during the start of the COVID 19 pandemic (FY2019/20).	C	No change in score and performance.
	(ii) Hearings on audit findings	A	For FY2017/2018 to FY2019/2020, PAC conducted in-depth hearings for all central government institutions with adverse or qualified audit opinion. Heads of these institutions together with officials of MINECOFIN were summoned to the hearing.	A	No change in score and performance.
	(iii) Recommendations on audit by the legislature	A	For three years (2017/2018 to 2019/2020) under review, PAC made systematic follow ups on the execution of its recommendations during the semi-annual hearings on budget execution, conducted field visits and scheduled meetings as needed with auditees to track the level of implementation of PAC's recommendations.	B	Improvement in both score and performance. There is now a systematic approach to follow-up of PAC recommendations.
	(iv) Transparency of legislative scrutiny of audit reports	A	Within the last three completed fiscal years covered by this assessment, all hearings are conducted in public except for matters related to national security. The hearings and proceedings were transmitted to the public through the media (radio – including the parliamentary radio, television, etc.). PAC reports made available to the public free-of-charge from the parliamentary library; the reports are however not published on the website.	A	No change in score and performance.

ANNEX 2: SUMMARY OF OBSERVATIONS ON THE INTERNAL CONTROL FRAMEWORK

Internal control components and elements	Summary of observations
1. Control environment	<p>The PFM control environment is supported by the Organic Budget Law 2013, the Financial Regulations (Ministerial Order) 2016, the Public Procurement Law 2018, and Procurement Regulations 2020. The responsibilities of finance and non-finance staff are well laid out and clearly defined in terms of reporting structures. The organisational and governance structure promotes compliance to rules and regulations. The OBL stipulates that the Minister of Finance shall be the sole government official for authorising all central government payments after the legislature has passed the financial bill into law. He is also the sole government official for contracting public loans and issuing public guarantees. Once the annual budget is approved by parliament, Minecofin issues quarterly expenditure commitment warrants to each budget institution. The chief budget manager (CBM) in each central government entity is responsible for ensuring that all payments comply with the OBL and any other supporting PFM legislation/regulations.</p> <p>The Office of the Government Chief Internal Auditor (OGCIA - under Minecofin) directs and controls all central government internal audit functions even though internal audit activities are decentralised. The overall internal audit framework performs averagely (PI-26 rated 'C+') Compliance to PFM rules and regulations is performs averagely, a drop from 2016 assessment.</p> <p>OAG's independence is compromised by the current arrangement which requires SAI's budget to be approved by Minecofin, even though actual cash releases are not affected. OAG is not under the rules of public service, and therefore can recruit staff in accordance with its internal HR policies without interference from the executive. It also has full mandate to audit any public institution, with full access to public documentation. It also has the right to publish its reports without interference.</p>
2. Risk assessment	<p>At present, there is no government-wide risk register or matrix. Nevertheless, each public institution prepares a risk-based audit plan on the basis of its own internal assessment of the level of risk, and reviewed by OG CIA each year. RRA on the other hand has a comprehensive compliance risk improvement plan for assessing and prioritising revenue risk; this forms the basis of RRA annual tax audit and fraud investigations.</p> <p>Below are some areas for identifying PFM risk:</p> <ul style="list-style-type: none"> • PI-10 (fiscal risk reporting) rated "B" signifying satisfactory performance – GoR monitors and reports on SoEs fiscal risk annually. There is also quantification of contingent liabilities arising out of PPP and other risks. These are reported in the consolidated annual financial statements. The annual reports are published each year. • PI-11 (public investment management) rated "B+" – indicating satisfactory performance. Economic analysis is conducted for all capital investment projects, properly costed, selected according to GoR's priority before inclusion into the PIP for annual budget funding. Implementation of investment projects is also monitored by Minecofin and M&E department of implementing agency. • PI-12 (public asset management) rated "C" – showing average performance. IFMIS asset module is functional and used for capturing fixed assets. Central government institutions also maintain asset registers. At this stage, records of subsoil assets are not maintained. • PI-14 (macroeconomic and fiscal forecasting) "A" - this shows good performance with sound macroeconomic and fiscal forecasting framework with positive impact on revenue administration measures, where revenue forecasting is also satisfactory in terms of performance (PI-3 rated 'B'). • PI-19.4 (revenue arrears monitoring) "C" – average performance with a little over 29% of tax in arrears. Compared to 2016, performance has deteriorated. • PI-22.1 (expenditure arrears) "C" - stock of expenditure arrears are around 10% of total government expenditure in 2020/2021; this shows deterioration compared to 2016 at where stock of expenditure arrears was at 2% of total government expenditure.

Internal control components and elements	Summary of observations
3. Control activities	<p>The duties and responsibilities of the Accountant General and all chief budget managers are prescribed in the OBL and Financial Regulations. The Accountant General is government's chief accountant and is responsible for providing leadership in financial accountability and reporting through the issuance of guidelines and manuals as well as training of all financial managers within the public sector. The regulations and the organisational and governance structure define responsibilities of staff with clear segregation of duties in the area of planning, budgeting, cash and expenditure management, revenue mobilisation/collection, and safeguarding of public assets.</p> <p>All central government budgeted agencies IFMIS for budgeting, financial management and reporting – this means that all budgeted agencies revenues and expenditure pass through one system, facilitating monitoring and control of their financial transactions. It provides sufficient security measures in terms of password access for authorised staff only, and data encryption (read-only) plus backup facility. The IFMIS back-office of Minecofin provides technical support to the IT infrastructure.</p> <p>IFMIS and RSSB financial management software generate audit trails. Both systems limit expenditures at commitment stage as well as at the level of cash availability. The director of administration and finance (DAF) assigned to each budget institution provide reasonable assurance on compliance; external audit activities and coverage are wide but weakened by some independence issues. Executive response to external audit findings and implementation of recommendations is considered satisfactory. PAC's review of external audit reports provides an added value to control activities.</p> <p>Areas that need attention include the following, whilst some areas are also working well:</p> <ul style="list-style-type: none"> • PI-24 (Procurement) rated "B" – Procurement management framework is satisfactory except for the fact that the independent review panel is not fully composed to effectively review all procurement complaints, thereby limiting public confidence in the adjudication of procurement related complaints. • PI-25 (Internal control on non-salary expenditure) rated "B+"- signifying relatively strong internal control practices. Compliance levels to PFM rules appears to have dropped compared to 2016 assessment. • PI-30.3 (External audit follow up) rated "B" – satisfactory performance due to high commitment from the executive to implement remedial actions.
4. Information and communication	<p>Minecofin's website (www.minecofin.gov.rw) is the main source of official GoR fiscal and financial data. Other sources of fiscal data include RRA website (www.rra.gov.rw), OAG website (www.oag.gov.rw) and RPPA website (www.rppa.gov.rw). These sites provide fiscal and financial information such as financial reports, fiscal strategy, country statistics on growth and unemployment rates, government debt portfolio, laws and regulations, information about taxation, procurement, audit reports, among others.</p> <p>In-year budget reports are published but late, around 45 days after the end of the quarter. Annual audited financial reports are also published for central government budgeted entities and statutory bodies. The budget preparation process is participatory and consultative with a top-down and bottom-up approach. Parliament scrutinises the annual budget proposal submitted by the executive as well as audit reports from OAG. All of these reports provide useful information to the public.</p> <p>The main area of concern:</p> <ul style="list-style-type: none"> • PI-8 (Performance information for service delivery) rated "D+" – complete information on resources received by frontline service delivery units is not available. Also, there is limited publication of performance information for both planned and achieved service delivery programs. <p>On the other hand, publication of fiscal data is working well, as below:</p> <ul style="list-style-type: none"> • PI-9 (Public access to fiscal information) rated "B"– indicating satisfactory performance, as most fiscal and financial information exist and are made available to the public in a timely manner.

Internal control components and elements	Summary of observations
<p>5. Monitoring</p>	<p>Transparency and accountability of public finances rely on the timeliness and accuracy of fiscal information issued to the public. This also helps in the monitoring and evaluation framework. Additionally, the timely and regular issuance of internal and external audit reports, which monitor and evaluate compliance to financial laws and regulations with regards to safeguarding public assets and the efficient use of government resources, also help in the monitoring framework.</p> <p>Internal audit functions have remained at average performance (PI-26 rated 'C+'), as was the case in 2016. Management response to internal audits has improved, thereby strengthening the general M&E framework. External audit reports are issued regularly with the required remedial action on audit findings; there is evidence to suggest an increase in the rate of executive action on implementation of audit recommendations. The Public Accounts Committee of Parliament systematically tracks and evaluates the implementation of its recommendations to the executive.</p> <p>Below are areas that are working well and those with concerns:</p> <ul style="list-style-type: none"> • PI-30.3 (External audit follow up) rated "B" – satisfactory performance due to high commitment from the executive to implement remedial actions. • PI-31 (legislative scrutiny of audit reports) rated "B+" – signifying satisfactory performance. PAC issues recommendations and monitors its implementation. There is also publication of PAC reports. •

Annex 3A: Sources of Information

Indicator	Dimension	Data used	
I. Budget Reliability			
1. Aggregate Expenditure Outturn	1.1 Aggregate Expenditure Outturn	Finance Law/Approved original expenditure budget and actual expenditure based on administrative and economic classifications for FY2018/19; FY2019/20; and FY2020/21	
	2.1 Expenditure Composition Outturn by Function	Finance Law/Approved original expenditure budget and actual expenditure based on administrative and economic classifications for FY2018/19; FY2019/20; and FY2020/21	
	2.2 Expenditure Composition Outturn by Economic Type	Finance Law/Approved original expenditure budget and actual expenditure based on administrative and economic classifications for FY2018/19; FY2019/20; and FY2020/21	
	2.3 Expenditure from Contingency Reserves	Contingency budget and actual expenditure from contingency vote for FY2018/19; FY2019/20; and FY2020/21	
3. Revenue Outturn	3.1 Aggregate Revenue Outturn	Finance Law/Approved original revenue budget and actual revenue outturns based on revenue types for FY2018/19; FY2019/20; and FY2020/21	
	3.2 Revenue Composition Outturn	Finance Law/Approved original revenue budget and actual revenue outturns based on revenue types for FY2018/19; FY2019/20; and FY2020/21	
II. Transparency of Public Finances			
4. Budget Classification	4.1 Budget Classification	Chart of Accounts; Budget books; interviews with officials	
	5. Budget Documentation	5.1 Budget Documentation	Budget books; 1 st and 2 nd Budget Call Circulares, Budget Speech; Interviews with officials; Budget Framework Paper for 2020/21 and 2021/22
		6.1 Expenditure Outside Financial Reports	Interviews with officials; data on revenue and expenditure of extra-budgetary units from Accountant General's Department.
6. Central Government Operations Outside Financial Reports	6.2 Revenue Outside Financial Reports	Interviews with officials; data on revenue and expenditure of extra-budgetary units from Accountant General's Department.	
	6.3 Financial Reports of Extra Budgetary Units	Interviews with officials; data on revenue and expenditure of extra-budgetary units from Accountant General's Department.	
	7.1 System for Allocating Transfers	Interviews with officials; Documentation from Fiscal Decentralisation Department; Budget book; Local Government Grants Distribution Formulae and Annual Allocations 2020/21	
7. Transfers To Sub-national Governments	7.2 Timeliness of Information on Transfers	Interviews with officials; Local Government budget circular for 2020/21	
	8. Performance Information For Service Delivery	8.1 Performance Plans for Service Delivery	The Budget Book; Strategic Plan from MDAs; Annual action plans from MDAs; Interviews with officials

Indicator	Dimension	Data used
	8.2 Performance Achieved for Service Delivery	The Budget Book; Strategic Plan from MDAs; Annual performance reports from MDAs; Interviews with officials
	8.3 Resources Received By Service Delivery Units	The Budget Book; Strategic Plan from MDAs; Annual performance reports from MDAs; Interviews with officials
	8.4 Performance Evaluation For Service Delivery	Interviews with officials; MDA evaluation reports
9. Public Access To Fiscal Information	9.1 Public Access To Fiscal Information	MINECOFIN website; citizens budget; annual budget speeches 2018/19 to 2020/21; budget books 2018/19 to 2020/21.
III. Management Of Assets And Liabilities		
10. Fiscal Risk Reporting	10.1 Monitoring of Public Corporations	Interviews with officials; Fiscal risk statement FY2020/21; data from Accountant General's Department
	10.2 Monitoring of Subnational Governments	Interviews with officials; data Accountant General's Department.
	10.3 Contingent Liabilities and Other Fiscal Risks	Consolidated annual financial statements FY2020/21; fiscal risk statement FY2020/21
11. Public Investment Management	11.1 Economic Analysis of Investment Proposals	Interviews with officials and data from MINECOFIN/NDPR; line ministries (education, health, and infrastructure)
	11.2 Investment Project Selection	Interviews with officials and data from MINECOFIN/NDPR; line ministries (education, health, and infrastructure)
	11.3 Investment Project Costing	Interviews with officials and data from MINECOFIN/NDPR; line ministries (education, health, and infrastructure)
	11.4 Investment Project Monitoring	Interviews with officials and data from MINECOFIN/NDPR; line ministries (education, health, and infrastructure)
12. Public Asset Management	12.1 Financial Asset Monitoring	Consolidated annual financial statements FY2020/21; triangulation with ministries of education, health and infrastructure
	12.2 Nonfinancial Asset Monitoring	Consolidated annual financial statements FY2020/21; triangulation with ministries of education, health and infrastructure
	12.3 Transparency of Asset Disposal	Rwanda Public Procurement Act and Procurement Regulations; Umucho e-Procurement platform.
13. Debt Management	13.1 Recording and Reporting of Debt and Guarantees	Debt report from MINECOFIN public debt management unit for FY2020/21; interview with officials; sample debt reconciliation report FY2020/21 and as June 2021.
	13.2 Approval of Debt and Guarantees	Organic Budget Law
	13.3 Debt Management Strategy	Medium-term debt management strategy 2019/2020 to 2021/2022; IMF country report on Rwanda dated December 2021
IV. Policy-Based Fiscal Strategy and Budgeting		
14. Macroeconomic and Fiscal Forecasting	14.1 Macroeconomic Forecasts	Interviews with officials in Minecofin Macro Unit; MTEF; Budget book Working documents; Budget Speech; Debt bulletin; Budget Framework Paper

Indicator	Dimension	Data used
	14.2 Fiscal Forecasts	Interviews with officials in Minecofin Macro Unit; MTEF; Budget book Working documents; Budget Speech; Debt bulletin; Budget Framework Paper
	14.3 Macro Fiscal Sensitivity Analysis	Interviews with officials in Minecofin Macro Unit; MTEF; Budget book Working documents; Budget Speech; Debt bulletin; Budget Framework Paper
15. Fiscal Strategy	15.1 Fiscal Impact of Policy Proposals	Budget Framework Paper 2020/21 and 2021/22
	15.2 Fiscal Strategy Adoption	Budget speech; BFP for 2021/22
	15.3 Reporting on Fiscal Outcomes	Budget speech; BFP for 2021/22
16. Medium Term Perspective In Expenditure Budgeting	16.1 Medium-Term Expenditure Estimates	Budget book; MTEF; Interviews with officials
	16.2 Medium-Term Expenditure Ceilings	1 st and 2 nd Budget Call Circulars; MTEF; Interviews with officials
	16.3 Alignment of Strategic Plans and Medium-Term Budgets	Medium-term development plan; sector strategy from MDAs
	16.4 Consistency of Budgets with Previous Year's Estimates	MTEF and budget books 2019/20, 2020/21
17. Budget Preparation Process	17.1 Budget Calendar	OBL; Budget Call circulars, Budget Calendar; Budget Speech; interviews with officials
	17.2 Guidance on Budget Preparation	PFM Act; Budget Call circulars, Budget Calendar; interviews with officials; BFP 2020/21 and 2021/22
18. Legislative Scrutiny of Budgets	17.3 Budget Submission to the Legislature	OBL; Budget Speech; Interviews with officials at Minecofin and Parliament; data from Minecofin budget submission dates and triangulation with parliament
	18.1 Scope of Budget Scrutiny	OBL; Standing orders of the Parliament; Budget documentation; interviews with officials
	18.2 Legislative Procedures for Budget Scrutiny	Standing orders of Parliament; Interviews with officials at Parliament
	18.3 Timing of Budget Approval	Interviews with officials at Parliament; documentation from Parliament; Finance Laws 2019/20 to 2021/22
18.4 Rules for Budget Adjustment by the Executive		Constitution; OBL; Financial Regulation; Interviews with officials; data on budget in-year reallocations.
V. Predictability And Control In Budget Execution		
19. Revenue Administration	19.1 Rights And Obligations For Revenue Measures	RRA Act; Customs & Excise Act; Income Tax Act; VAT Act; RRA website; interviews with officials.
	19.2 Revenue Risk Management	RRA risk management strategy; interview with officials
	19.3 Revenue Audit And Investigation	RRA tax audit and investigation plan for 2020/21; RRA annual activity progress reports for 2020/21
	19.4 Revenue Arrears Monitoring	Data on stock of revenue arrears for 2020/21; plus, actual tax outturns for the same period
20. Accounting For Revenue	20.1 Information On Revenue Collections	2020/21 RRA monthly and quarterly revenue reports submitted to Minecofin

Indicator	Dimension	Data used
	20.2 Transfer Of Revenue Collections	RRA bank statements; triangulation/confirmation from AGD;
	20.3 Revenue Accounts Reconciliation	RRA reconciliation statements with AGD + taxpayer reconciliations from ITAS
21. Predictability Of In-Year Resource Allocation	21.1 Consolidation Of Cash Balances	Interviews with officials from Accountant General's Department; report on consolidation of government (treasury) cash/bank balances
	21.2 Cash Forecasting And Monitoring	Copy of consolidated annual cash flow statement from Minecofin
	21.3 Information On Commitment Ceilings	Copy of expenditure commitment warrant from Minecofin; interview with MDA officials
	21.4 Significance Of In-Year Budget Adjustments	Copy of statement of budget reallocation from Minecofin; sample copies of BU budget virement requests
22. Expenditure Arrears	22.1 Stock Of Expenditure Arrears	Interviews with government officials; stock of expenditure arrears at June 2021.
	22.2 Expenditure Arrears Monitoring	MDA expenditure returns with arrears statements; IFMIS in-year budget execution reports FY2020/21.
23. Payroll Controls	23.1 Integration Of Payroll And Personnel Records	Establishment list; personnel records; data from Accountant General's Department
	23.2 Management Of Payroll Changes	Copies of payroll/personnel change requests
	23.3 Internal Control Of Payroll	Copies of payroll/personnel change requests; monthly payroll report FY2020/21
	23.4 Payroll Audit	Payroll audit report for 2020
24. Procurement Management	24.1 Procurement Monitoring	RPPA statistical data 2020/21; RPPA website; Umuccho website
	24.2 Procurement Methods	RPPA statistical data 2020/21; RPPA website; Umuccho website
	24.3 Public Access To Procurement Information	RPPA website; Umuccho website
25. Internal Controls on Non-salary Expenditure	24.4 Procurement Complaints Management	Rwanda Public Procurement Law and Procurement Regulations; OBL; RPPA website
	25.1 Segregation of Duties	Copies of payment vouchers; Financial regulations; OBL
	25.2 Effectiveness of Expenditure Commitment Controls	IFMIS functionality manual; IFMIS implementation strategy document; Walk-through test of IFMIS functions; interviews with stakeholders; sample copies of expenditure arrears from Ministry of Infrastructure and Ministry of Health
26. Internal Audit	25.3 Compliance with Payment Controls	Auditor-General's annual audit report FY2018/19 to FY2020/21
	26.1 Coverage of Internal Audit	OBL and financial regulations; interviews with Minecofin, Ministry of Infrastructure, Education, and Health; interview with GCIA; assessment team did not receive data on internal audit coverage from GCIA.

Indicator	Dimension	Data used
	26.2 Nature of Audits and Standards Applied	Annual audit plans FY2020/21; internal audit manual
	26.3 Implementation of Internal Audits and Reporting	Data on planned audits vs audits completed.
	26.4 Response to Internal Audits	No data on management response to audit recommendations from GCIA
VI. Accounting and reporting		
	27.1 Bank Account Reconciliation	Bank statements and reconciliation statements FY2020/21 and as at June 2021; Auditor-General's audit reports 2018/19-2020/21.
27. Financial Data Integrity	27.2 Suspense Accounts	Consolidated annual financial statements 2018/19-2020/21; Auditor-General's reports 2018/19-2020/21
	27.3 Advance Accounts	Consolidated annual financial statements 2018/19-2020/21; Auditor-General's reports 2018/19-2020/21
	27.4 Financial Data Integrity Processes	IFMIS functionality manual; IFMIS implementation strategy document; walk-through test of IFMIS functions; interviews with stakeholders;
	28.1 Coverage and Comparability of Reports	Quarterly in-year budget execution reports FY2020/2021
28. In-Year Budget Reports	28.2 Timing of In-Year Budget Reports	Quarterly in-year budget execution reports FY2020/21; Minecofin website for publication
	28.3 Accuracy of In-Year Budget Reports	Quarterly in-year budget execution reports FY2020/21; Auditor-General's audit reports 2018/19-2020/21. Cross-cutting discussion with Internal Audit and External Audit on data accuracy
29. Annual Financial Reports	29.1 Completeness of Annual Financial Reports	Consolidated annual financial statements FY2018/2019 to FY2020/2021
	29.2 Submission of Reports for External Audit	Transmittal letter from Accountant General to OAG; confirmation from Auditor-General
	29.3 Accounting Standards	Consolidated annual financial statements FY2018/19 to FY2020/21
VII. External Scrutiny and Audit		
30. External Audit	30.1 Audit Coverage and Standards	Rwanda Audit Law; Audit manual; Auditor-General's audit reports; interviews with officials of OAG; data on audit coverage for 2018/19-2020/21
	30.2 Submission of Audit Reports to the Legislature	Transmittal letters of audited report of the consolidated fund (FYs2018/19-2020/21) from Auditor-General to Parliament; confirmation from parliament
	30.3 External Audit Follow-Up	Auditor-General audit reports 2018/19-2020/21
	30.4 Supreme Audit Institution Independence	2015 (amended) Constitution; Rwanda Audit Law; interview with Auditor-General
31. Legislative Scrutiny of Audit Reports	31.1 Timing of Audit Report Scrutiny	Hansard/minutes from parliament; minutes from PAC; interviews with Minecofin, Ministries of Infrastructure, Education, and Health.
	31.2 Hearings on Audit Findings	Interaction with members of PAC; interviews with government officials; parliament website

Indicator	Dimension	Data used
	31.3 Recommendations on Audit by the Legislature	PAC reports of PAC for FY2017/18 to FY2019/20; interviews with PAC members
	31.4 Transparency of Legislative Scrutiny of Audit Reports	Hansard/minutes from parliament; minutes from PAC; interviews with Minecofin, Ministries of Infrastructure, Education, and Health.

Other relevant materials used:

- Transparency International 2020 and 2021 reports
- IMF Article IV Staff Report on Rwanda – December 2021

Annex 3B: List of Stakeholders Interviewed

Name	Organisation	Position	Telephone	Email
Ministry of Finance & Economic Planning				
National Budget Directorate				
Rehema Namutebi	Minecofin	Director General	0788303582	rehema.namutebi@minecofin.gov.rw
Emmanuel Kubwimana	Minecofin	Manager, Fiscal Decentralization	0788756488	Emmanuel.kubwimana@minecofin.gov.rw
Christine Mukankundiye	Minecofin	Gender Responsive Budgeting Specialist	0788838284	christine.mukankundiye@minecofin.gov.rw
Emillienne Uwase	Minecofin	Budget formulation Officer	0788895412	emillienne.uwase@minecofin.gov.rw
Emmanuel Kubwimana	Minecofin	Manager, Fiscal Decentralization	0788796488	emmanuel.kubwimana@minecofin.gov.rw
Samuel Karamaga	Minecofin	Fiscal decentralization specialist	0788583457	samuel.karamaga@minecofin.gov.rw
Christine Mukandutiye	Minecofin	Gender Responsive Budgeting Specialist	0788838284	christine.mukandutiye@minecofin.gov.rw
Macroeconomic Policy Directorate				
Amina Rwakunda	Minecofin	Chief Economist		amina.rwakunda@minecofin.gov.rw
Stella Rusine Nteziryayo	Minecofin	Senior Economist	0785823321	stella.nteziyayo@minecofin.gov.rw
Abel Ntegano	Minecofin	Economist/macro	0788546531	abel.ntegano@minecofin.gov.rw
Nadege Isiboyabungeri	Minecofin	Economist/macro	0786140213	nadege.isibo@minecofin.gov.rw
Gerard Gakunzi	Minecofin	Debt Policy Analyst	0786485384	gerard.gakunzi@minecofin.gov.rw
Judith Nabaasa	Minecofin	Acting Director of Debt	0785648839	judith.nabaasa@minecofin.gov.rw
Elyse Nyuzwenimana	Minecofin	Tax Policy Economist	0784314321	elyse.nyuzwenimana@minecofin.gov.rw
Israel Bikorimana	Minecofin	Economist in charge of economic surveillance	0782073979	israel.bikorimana@minecofin.gov.rw
National Development Planning & Research				
Richard Mushabe	Minecofin	Acting head of national planning	0788708158	richard.mushabe@minecofin.gov.rw
Emmanuel Nyirimana	Minecofin	National Planning and Investment Specialist	0788466156	emmanuel.nyirimana@minecofin.gov.rw
Fred Sabiti	Minecofin	Technical Advisor	0788681314	fred.sabiti@minecof.gov.rw
Hosea Kalisa	Minecofin	Monitoring Specialist	0783687885	Hosea.kalisa@minecofin.gov.rw
Ariane Zingiro	Minecofin	Sector planning specialist	0788861397	ariane.zingiro@minecofin.gov.rw
Alain Ngendahimana	Minecofin	Finacial planning specialist	0788500303	alain.ngendahimana@minecofin.gov.rw
Thierry Watrin	Minecofin	Green economy and Climate Finance Advisor	0781392954	thierry.watrin@minecofin.gov.rw
Office of Government Chief Internal Auditor				
Faustin Tuyisenge	Minecofin	Acting Chief Internal Auditor	0788738749	ariane.zingiro@minecofin.gov.rw
Gratien Kubwimana	Minecofin	-idem-	0788738749	gratien.kubwimana@minecofin.gov.rw
Rwanda Revenue Authority (RRA)				
Jean Louis Kaliningondo	RRA	Deputy Commissioner General (DCG)	0788302925	dcg@rra.gov.rw
Jean Pierre Hitimana	RRA	Commissioner Finance	0788487900	jp.hitimana@rra.gov.rw
Hajara Batamuliza	RRA	Commissioner Direct Taxes Department (CDTD)	0788837478	hajara.batamuliza@rra.gov.gov.rw
Frank Gato	RRA	Deputy Commissioner Finance (DCF)	078324168	frank.gato@rra.gov.rw

Name	Organisation	Position	Telephone	Email
Jean Paulin Uwitonze	RRA	AC/TPSC	0783099299	jeanpaulin.uwitonze@rra.gov.rw
Ronald Niwenshuti	RRA	Deputy Commissioner Large Taxpayer Division (LTD)	0788306499	ronald.niwenshuti@rra.gov.rw
Dennis Mukama	RRA	AC/PER	0788439325	denis.mukama@rra.gov.rw
Ernest Karasira	RRA	AC/PLDRD		
Alfred Ndhokubwayo	RRA	Head of Investigation Division	0788594800	alfred.ndhokubwayo@rra.gov.rw
Adrien Kinyunguti	RRA	TAMDLTD	0788309950	adrien.kinyunguti@rra.gov.rw
Adrien Bizumugabe	RRA	Senior Risk Specialist	0788640336	adrien.bizumugabe@rra.gov.rw
Rosine Uwamariya	RRA	Commissioner Internal Audit & Integrity	0788318500	rosine.uwamariya@rra.gov.rw
Faustin Niyigaba	RRA	Head of taxpayer accounts management	0788218424	faustin.niyigaba@rra.gov.rw
Office of the Auditor General (OAG)				
Alexis Kamuhire	OAG	Auditor General	0788674737	alexis.kamuhire@oag.gov.rw
Olive Muligo	OAG	Secretary General	0788428572	olive.muligo@oag.gov.rw
Gentil Nkomezi	OAG	Strategic Advisor to AG	0788428572	gentil.nkomezi@oag.gov.rw
Fidele Kayiranga	OAG	Assistant general auditor	0788357557	fidele.kayiranga@oag.gov.rw
Grace Rwakarama	OAG	AAG	0788307059	grrw@oag.gov.rw
Rwanda Public Procurement Authority				
Pierre Celestin Sekamana	RPPA	Acting DM	0788618823	csibomana@rppa.gov.rw
Francine Gatarayiha	RPPA	Acting Project Manager: e-procurement	0788611826	fgatrayiha@rppa.gov.rw
Arsene Nsabe	RPPA	Acting Procurement Monitoring Specialist	0788502140	ansabe@rppa.gov.rw
Accountant General				
Marcel Mukeshimana	AGD	Accountant General	0788314034	marcel.mukeshimana@minecofin.gov.rw
Evode Munyaneza	AGD	Deputy AG	0788531770	evode.munyaneza@minecofin.gov.rw
Reuben Karemera	AGD	Director of Treasury	0788300683	reuben.karemera@minecofin.gov.rw
Susan Tuguta	AGD	Director Public Enterprises	0786384849	susan.tuguta@minecofin.gov.rw
Gender Monitoring Office				
Rose Rwabuhiri	MIGEPROFE	Chief Gender Monitor	0788308975	roserwabu@gmo.gov.rw
Molly B.Kyomugisha	MIGEPROFE	Gender Monitoring Analysis Officer	0785471494	kyomugisha.molly@gmo.gov.rw
Transparency International (NGO)				
Apollinaire Mupiganyi	TI-RW	Executive Director	0788609563	amupiganyi@tirwanda.org
Albert Rwego	TI-RW	Program Manager	0788539791	albert.rwego@gmail.com
MININFRA				
Emmanuel Dusabimana	MININFRA	Procurement officer	0788864295	emmanuel.dusabimana@mininfra.gov.rw
Celestin Safari	MININFRA	Planning officer	0788582198	celestin.safari@mininfra.gov.rw
Emmanuel Ntirenganya	MININFRA	Accountant	07883079531	emmanuel.ntirenganya@mininfra.gov.rw
Javan Gatoya	MININFRA	Finance officer	0788496975	javan.gatoya@mininfra.gov.rw
Chantal Zaninka	MININFRA	Acting CMB	0788648242	chantal.zaninka@mininfra.gov.rw
Valens Habiyaremye	MININFRA	PFM specialist	078878282137	valens.habiyaremye@mininfra.gov.rw
Emmanuel Nuwamanya	MININFRA	Planning Analyst	0788660227	emmanuel,nuwamanya@mininfra.gov.rw
Emmanuel Rudsingwa	MININFRA	Planning officer	0788802288	emmanuel.rutabingwa@mininfra.gov.rw

Name	Organisation	Position	Telephone	Email
REMA				
Herman Hakuzimana	REMA	Climate Change Program Manager	0788626677	hakuzimana@rema.gov.rw
Parliament				
Hon. Prof Omar Munyaneza	Parliament	Chairman of National Budget & Patrimony Committee	0788560783	omar.munyaneza@parliament.gov.rw
Hon.Valens Muhakwa	Parliament	Chairperson of the Committee on Public Accounts	0788562474	valens.muhakwa@parliament.gov.rw
Fred Mujuni	Parliament	Technical Advisor, PAC		Fred.mujuni@minecofin.gov.rw
MINISANTE				
Zachee Iyakaremye	Minesante	PS	0788684547	Zachee.iyakaremye@moh.gov.rw
Donatien Ntagara Ngabo	Minesante	Director M&E	0788525680	donatien.ngabo@moh.gov.rw
Vital Nsengimana	Minesante	Strategic Planning	0788305207	vital.nsengimana@moh.gov.rw
Richard Ruhumuliza	Minesante	Financial Management Specialist	0788218443	richard.ruhumuliza@moh.gov.rw
	Minesante			
MINEDUC				
Christophe Nsengiyaremye	Mineduc	DG Education Sector Planning	0788356057	cnsengiyaremye@mineduc.gov.rw
Rosine Mukamurangwa	Mineduc	Procurement Officer	0788524162	rosine.mukamurangwa@mineduc.gov.rw
Valens Ngaboyera	Mineduc	International Cooperation Specialist	0788535045	vngaboyera@mineduc.gov.rw
Japhet Uwayo	Mineduc	Legal Officer	0783052827	uwayo@mineduc.gov.rw
Jimmy Christian B	Mineduc	DG, CS	0788309972	jbyukusenge@mineduc.gov.rw
Jean Pierre	Mineduc	Accountant	0788480285	jpgapira@mineduc.gov.rw
Gaspard Bikorimana	Mineduc	FM Specialist	0789949549	gbikorimana@minecofin.gov.rw
Development partners				
Rolance Pryce	WB	Country Manager	0788304363	rpryce@worldbank.org
Dirk Deprez	ENABEL	Resident Representative	0788381835	Dirk.deprez@enabel.be
Wency Niyibizi	ENABEL	PFM Advisor	0788303574	Wency.niyibizi@enabel.be
Pascale Magin	KfW	Senior Portfolio Manager Governance, Social Protection, PFM	0788306584	Pascale.Magin@kfw.de
Gabor Pula	IMF	Resident Representative		GPula@imf.org
Charlotte Taylor	UNICEF	Chief of Social Policy	0788381606	chtaylor@unicef.org
NATHALIJA Waldhuber	European Union	Programme Officer/Economic Attaché	0788198153	natalija.waldhuber@eeas.europa.eu
Meissa NDIR	ENABEL	International finance expert	0782000369	
Noël Ntahobari	KfW	PFM Project Manger	0788305611	Noel.Ntahobari@kfw.de
Zephy Muhirwa	FCDO	Governance Advisor	0788660007	zephy.muhirwa@fcdo.gov.uk

Annex 4: Data used for scoring PI-1, 2& 3 (2016 methodology)

Table 1.1A - Analysis for PI-1 and PI-2.1: Fiscal Year 2018/2019

Table 1 - Fiscal years for assessment	2018/19
Year 1 =	2019/20
Year 2 =	2020/21
Year 3 =	

Table 2

Data for year =	2018/19		actual	adjusted budget	deviation	absolute deviation	percent
	administrative or functional head	budget					
701 General public services	700,179,590,409	797,181,648,261	750,479,462,438.8	46,702,185,822.2	46,702,185,822.2	6.2%	
702 Defense	105,051,570,422	105,245,760,244	112,598,320,743.1	-7,352,560,499.1	7,352,560,499.1	6.5%	
703 Public order and safety	128,894,238,470	123,987,692,082	138,153,810,998.5	-14,166,118,916.5	14,166,118,916.5	10.3%	
704 Economic affairs	397,532,410,863	415,478,551,070	426,090,554,613.6	-10,612,003,543.6	10,612,003,543.6	2.5%	
705 Environmental protection	14,133,794,797	13,001,817,430	15,149,145,828.8	-2,147,328,398.8	2,147,328,398.8	14.2%	
706 Housing and community amenities	85,100,167,866	120,345,158,216	91,213,638,769.2	29,131,519,446.8	29,131,519,446.8	31.9%	
707 Health	157,338,559,506	164,743,375,794	168,641,530,224.7	-3,898,154,430.7	3,898,154,430.7	2.3%	
708 Recreation, culture and religion	21,774,835,166	20,565,290,930	23,339,107,300.7	-2,773,816,370.7	2,773,816,370.7	11.9%	
709 Education	267,233,603,413	253,153,932,360	286,431,272,464.8	-33,277,340,104.8	33,277,340,104.8	11.6%	
710 Social protection	78,592,341,835	82,631,917,083	84,238,300,087.8	-1,606,383,004.8	1,606,383,004.8	1.9%	
allocated expenditure	1,955,831,112,746.53	2,096,335,143,470	2,096,335,143,470.0	0.0	151,667,410,538.1		
Interests	94,720,978,610	102,492,470,139					
Contingency	6,000,000,000	29,599,909,099					
total expenditure	2,056,552,091,357	2,228,427,522,708					
aggregate outturn (PI-1)						108.4%	
composition (PI-2) variance						7.2%	
contingency share of budget						1.4%	

Source: National Budget Department

Table 1.1B - Analysis for PI-1 and PI-2.1: Fiscal Year 2019/2020

Data for year =		2019/20		2019/20		2019/20		2019/20	
administrative or functional head		budget	actual	adjusted budget	deviation	absolute deviation	percent		
701 General public services		858,377,319,012	887,517,966,982	850,614,314,685.1	36,903,652,296.9	36,903,652,296.9	4.3%		
702 Defense		124,638,083,865	129,839,910,343	123,510,880,288.1	6,329,030,054.9	6,329,030,054.9	5.1%		
703 Public order and safety		136,970,171,731	142,599,195,762	135,731,439,052.1	6,867,756,709.9	6,867,756,709.9	5.1%		
704 Economic affairs		480,841,564,306	448,397,795,935	476,492,922,908.1	-28,095,126,973.1	28,095,126,973.1	5.9%		
705 Environmental protection		13,585,090,660	11,883,057,130	13,462,229,634.6	-1,579,172,504.6	1,579,172,504.6	11.7%		
706 Housing and community amenities		90,770,473,447	74,639,227,001	89,949,562,219.8	-15,310,335,218.8	15,310,335,218.8	17.0%		
707 Health		183,103,110,528	205,235,503,966	181,447,160,158.0	23,788,343,808.0	23,788,343,808.0	13.1%		
708 Recreation, culture and religion		23,707,464,544	21,545,232,108	23,493,058,657.5	-1,947,826,549.5	1,947,826,549.5	8.3%		
709 Education		291,450,940,666	258,586,295,285	288,815,112,734.5	-30,228,817,449.5	30,228,817,449.5	10.5%		
710 Social protection		80,606,902,315	83,150,404,355	79,877,908,529.1	3,272,495,825.9	3,272,495,825.9	4.1%		
allocated expenditure		2,284,051,121,073	2,263,394,588,867	2,263,394,588,867	0.0	154,322,557,391.1			
Interests									
contingency		128,500,000,000	139,118,804,326						101.9%
total expenditure		6,203,002,437	62,730,952,019						6.8%
aggregate outturn (PI-1)		2,418,754,123,510	2,465,244,345,212						2.6%
composition (PI-2) variance									
contingency share of budget									

Source: National Budget Department

Table 1.1C - Analysis for PI-1 and PI-2.1: Fiscal Year 2020/2021

Data for year =		2020/21		2020/21		2020/21		2020/21	
administrative or functional head		budget	actual	adjusted budget	deviation	absolute deviation	percent		
701 General public services		1,059,558,414,962	1,255,473,353,779	1,193,100,416,429.4	62,372,937,349.6	62,372,937,349.6	0.052278028		
702 Defense		158,089,777,104	162,280,175,569	178,014,705,213.5	-15,734,529,644.5	15,734,529,644.5	0.088388932		
703 Public order and safety		143,686,891,820	168,152,158,424	161,796,544,715.9	6,355,613,708.1	6,355,613,708.1	0.039281517		
704 Economic affairs		363,102,808,488	410,543,635,472	408,866,661,711.5	1,676,973,760.5	1,676,973,760.5	0.004101517		
705 Environmental protection		9,951,194,184	11,276,595,794	11,205,398,170.8	71,197,623.2	71,197,623.2	0.006353868		
706 Housing and community amenities		55,743,745,793	65,951,106,192	62,769,438,079.0	3,181,668,113.0	3,181,668,113.0	0.050688173		

Data for year =		2020/21		2020/21		2020/21	
administrative or functional head		budget		actual		percent	
707 Health		195,155,464,095	235,557,252,382	219,751,985,536.8	15,805,266,845.2	15,805,266,845.2	0.071923204
708 Recreation, culture and religion		13,412,137,143	13,300,247,810	15,102,542,894.2	-1,802,295,084.2	1,802,295,084.2	0.119337194
709 Education		362,951,164,366	346,941,237,065	408,695,905,042.1	-61,754,667,977.1	61,754,667,977.1	0.1511101754
710 Social protection		84,100,734,133	84,528,249,648	94,700,414,341.7	-10,172,164,693.7	10,172,164,693.7	0.107414152
allocated expenditure		2,445,752,332,088	2,754,004,012,135	2,754,004,012,135.0	0.0	178,927,314,799.2	
interests		199,858,718,773	180,685,875,902				
contingency		5,000,000,000	63,016,898,609				
total expenditure		2,650,611,050,861	2,997,706,786,646				
aggregate outturn (PI-1)		2,650,611,050,861	2,997,706,786,646				113.1%
composition (PI-2) variance							6.5%
contingency share of budget							2.4%

Source: National Budget Department

Table 5 - Results Matrix

year	for PI-1.1	for PI-2.1	for PI-2.3
2018/19	total exp. Outturn	composition variance	contingency share
2019/20	108.4%	7.2%	2.1%
2020/21	101.9%	6.8%	
	113.1%	6.5%	

Table 1.2A - Analysis for PI-2.2: Fiscal Year 2018/2019

Data for year =		2018/19		2018/19		2018/19	
Economic head		budget		actual		percent	
21 Compensation of employees		437,624,104,508.00	433,157,570,313.00	474,647,708,818.6	-41,490,138,505.6	41,490,138,505.6	8.7%
22 Use of goods and services		611,850,536,554.00	740,204,254,398.00	663,613,937,905.2	76,590,316,492.8	76,590,316,492.8	11.5%
23 Acquisition of fixed capital		536,523,532,561.00	547,460,871,319.00	581,914,165,225.6	-34,453,293,906.6	34,453,293,906.6	5.9%
24 Interest		94,720,978,610.00	101,973,786,003.00	102,734,504,363.8	-760,718,360.8	760,718,360.8	0.7%
25 Subsidies		12,385,366,485.00	10,999,377,246.00	13,433,185,613.9	-2,433,808,367.9	2,433,808,367.9	18.1%

Data for year =	2018/19		2019/20		composition variance
26 Grants	62,950,116,963.00	68,233,551,781.00	68,275,783,894.4	42,232,113.4	0.1%
27 Social benefits	88,740,472,748.00	90,900,505,788.00	96,248,039,437.1	5,347,533,649.1	5.6%
28 Other expenses	127,456,938,787.00	146,177,380,444.00	138,239,972,033.3	7,937,408,410.7	5.7%
Total expenditure	1,972,252,047,216.00	2,139,107,297,292.00	2,139,107,297,292.0	0.0	169,055,449,806.9
composition variance					7.9%

Source: National Budget Department

Table 1.2B: Analysis for PI-2.2 Fiscal Year 2019/2020

Data for year =	2019/20		2019/20		composition variance	
Economic head	budget	actual	adjusted budget	deviation	absolute deviation	percent
21 Compensation of employees	500,484,922,420.00	489,050,330,935.00	497,841,617,613.4	-8,791,286,678.4	8,791,286,678.4	1.8%
22 Use of goods and services	728,354,154,113.00	821,762,745,452.00	724,507,360,832.6	97,255,384,619.4	97,255,384,619.4	13.4%
23 Acquisition of fixed capital	597,728,646,024.00	526,116,257,149.00	594,571,749,717.4	-68,455,492,568.4	68,455,492,568.4	11.5%
24 Interest	128,500,000,000.00	142,373,203,011.00	127,821,328,870.4	14,551,874,140.6	14,551,874,140.6	11.4%
25 Subsidies	28,324,566,940.00	11,035,385,323.00	28,174,971,096.9	-17,139,585,773.9	17,139,585,773.9	60.8%
26 Grants	80,079,518,061.00	83,724,180,177.00	79,656,579,096.2	4,067,601,080.8	4,067,601,080.8	5.1%
27 Social benefits	82,149,323,578.00	85,916,971,776.00	81,715,452,961.4	4,201,518,814.6	4,201,518,814.6	5.1%
28 Other expenses	176,372,883,138.00	149,751,358,345.00	175,441,371,979.8	-25,690,013,634.8	25,690,013,634.8	14.6%
Total expenditure	2,321,994,014,274.00	2,309,730,432,168.00	2,309,730,432,168.0	0.0	240,152,757,310.8	10.4%
composition variance						

Source: National Budget Department

Table 1.2C: Analysis for PI-2.2 Fiscal Year 2020/2021

Data for year =		2020/21		2020/21		2020/21		2020/21		2020/21	
Economic head		budget	actual	adjusted budget	deviation	absolute deviation	percent				
21 Compensation of employees		558,709,872,245.00	552,338,270,685.00	627,731,220,971.3	-75,392,950,286.3	75,392,950,286.3	12.0%				
22 Use of goods and services		740,011,683,062.00	938,301,023,522.00	831,430,515,940.2	106,870,507,581.8	106,870,507,581.8	12.9%				
23 Acquisition of fixed capital		616,814,386,430.00	783,072,890,323.00	693,013,793,278.0	90,059,097,045.0	90,059,097,045.0	13.0%				
24 Interest		199,858,718,773.00	179,457,448,064.00	224,548,667,903.5	-45,091,219,839.5	45,091,219,839.5	20.1%				
25 Subsidies		17,993,797,435.00	10,906,206,539.00	20,216,697,421.9	-9,310,490,882.9	9,310,490,882.9	46.1%				
26 Grants		118,407,340,082.00	115,047,193,411.00	133,035,029,187.8	-17,987,835,776.8	17,987,835,776.8	13.5%				
27 Social benefits		96,686,190,135.00	96,395,092,521.00	108,630,513,258.4	-12,235,420,737.4	12,235,420,737.4	11.3%				
28 Other expenses		160,356,940,329.00	143,255,270,640.00	180,166,957,744.0	-36,911,687,104.0	36,911,687,104.0	20.5%				
Total expenditure		2,508,838,928,491.00	2,818,773,395,705.00	2,818,773,395,705.00	0.0	393,859,209,253.7					
composition variance											14.0%

Source: National Budget Department

Table 5 - Results Matrix

Year	composition variance
2018/19	7.9%
2019/20	10.4%
2020/21	14.0%

Table 1.3A: Analysis of revenue outturn - PI-3: FY 2018/19

Data for year =	Billion Rwf						
	2018/19	budget	actual	adjusted budget	deviation	absolute deviation	percent
Economic head							
Tax revenues							
Taxes On Income, Profits Or Capital Gains, Property	555.6	617.1	602.7	14.4	14.4	14.4	2.4%
Taxes On Goods And Services	679.4	690.0	737.0	-47.0	47.0	47.0	6.4%
Taxes On International Trade And Transactions	116.7	111.7	126.6	-14.9	14.9	14.9	11.8%
Grants							
External grants		396.3	429.8	-35.0	35.0	35.0	8.2%
Other revenue							
Non tax revenue	155.7	251.4	168.9	82.5	82.5	82.5	48.8%
Total revenue		1,903.7	2,065.0		193.9	193.9	108.5%
overall variance							9.4%
composition variance							

Table 1.3B: Analysis of revenue outturn - PI-3: FY 2019/20

Data for year =	Billion Rwf						
	2019/20	budget	actual	adjusted budget	deviation	absolute deviation	percent
Economic head							
Tax revenues							
Taxes On Income, Profits Or Capital Gains, Property	651.8	685.1	669.2	15.9	15.9	15.9	2.4%
Taxes On Goods And Services	761.4	720.1	781.7	-61.6	61.6	61.6	7.9%
Taxes On International Trade And Transactions	122.5	118.4	125.8	-7.4	7.4	7.4	5.9%
Grants							
External grants	409.8	437.6	420.7	16.9	16.9	16.9	4.0%
Other revenue							
Non tax revenue	190.4	231.8	195.5	36.3	36.3	36.3	18.6%

Total revenue	2,136.0	2,193.0	2,193.0	(0.0)	138.1
overall variance					102.7%
composition variance					6.3%

Source: National Budget Department, MINECOFIN.

Data for year =	Billion Rwf						
	2020/21	budget	actual	adjusted budget	deviation	absolute deviation	percent
Economic head							
Tax revenues							
Taxes On Income, Profits Or Capital Gains, Property	612.2	722.0	749.3	-27.3	27.3	3.6%	
Taxes On Goods And Services	700.8	776.0	857.8	-81.8	81.8	9.5%	
Taxes On International Trade And Transactions	108.4	123.7	132.6	-8.9	8.9	6.7%	
Grants							
External grants	492.5	561.1	602.8	-41.7	41.7	6.9%	
Other revenue							
Non tax revenue	184.3	385.4	225.6	159.8	159.8	70.8%	
Total revenue		2,098.2	2,568.2	(0.0)	319.6	122.4%	
overall variance						12.4%	
composition variance							

Table 5 - Results Matrix

Year	total revenue deviation	composition variance
2018/19	108.5%	9.4%
2019/20	102.7%	6.3%
2020/21	122.4%	12.4%

Source: National Budget Department, MINECOFIN.

Annex 5: Gender Responsive PFM Assessment



Government of Rwanda

Public Expenditure and Financial Accountability (PEFA)
Gender Responsive PFM Assessment of Rwanda

The quality assurance process followed in the production of the PEFA report satisfies all the requirements of the PEFA Secretariat and hence receives the '**PEFA CHECK**'.

PEFA Secretariat,
September 8, 2022

Annex 5.1 Introduction

Purpose

The main purpose of the gender responsive PFM assessment is to collect information on the Government of Rwanda's budgeting systems to ascertain the level at which PFM systems are gender responsive in addressing the needs of gender inequalities across government budgetary operation in ensuring the need of both men, women, girls and boys and other vulnerable populations (such as people with physical and/or mental disabilities) are taken into account. In this respect, gender responsive budgeting has been included in 2022 PEFA assessment for the first time, which creates a great opportunity for the GoR to consider strengths and weaknesses in order to inform the design of the new PFM reform strategy after 2024. Going forward, the findings of the GRPFM assessment will inform GoR's gender policy direction for purposes of refocusing, with the aim to further bridging the gender inequality gap.

The GRPFM assessment was carried out at the same time the main PEFA assessment was conducted, using the Supplementary Framework for Assessing Gender Responsive Public Financial Management published by the PEFA Secretariat in January 2020. The assessment team conducted field visit with interviews for the main PEFA but at the same time had the opportunity to collect information for GRPFM indicators described in the supplementary framework (GRPFM) in order to maximise the use of time and also reduce the level of interaction with government staff due to their busy schedule. The same assessment team that carried out the standard PEFA was used to conduct the GRPFM assessment. Relevant data collected for the standard PEFA was used for the GRPFM assessment; for example: 1st and 2nd planning and budget call circular, was used for both the standard PEFA and GRPFM assessments.

Mr. Vincent Nkuranga (Coordinator of Single Project Implementation Unit -SPIU, MINECOFIN) was the assessment manager and a member of the oversight team. Mr. Richard Tusabe (Minister of State in charge of National Treasury, MINECOFIN), was the chair of the oversight team. He provided general leadership and guidance. Mr. Vincent Nkuranga organised and secured all meetings as well as ensured the timely provision of all relevant documentation. He was responsible for the organisation of the PEFA Gender training workshop held in Kigali. Other members of the oversight team include the Accountant General, the Auditor General, and the Deputy Commissioner General of RRA, representatives of development partners from ENABEL/Belgium, Germany/KfW, and UK-FCDO.

MINECOFIN is the lead central government agency when it comes to gender responsive budgeting. It ably supported by the Ministry of Gender and Family Protection which is responsible for policy issues, and the Gender Monitoring Office (GMO) under the Office of the Prime Minister, responsible for monitoring and evaluating the implementation of national and international gender commitments, policies and programs. Development partners supporting gender issues include UNICEF and UNWomen.

As required by the PEFA Secretariat and the PEFA Check guidelines, the GRPFM report (annexed to the main PEFA report) was subjected to the same PEFA Check requirements applicable to the standard PEFA, in terms of oversight arrangements, peer review and quality assurance. The coverage of the gender assessment is the same as that of the main PEFA assessment, i.e., FYs 2018/2019, 2019/2020, 2020/2021, with a cut-off date of June 2021. The GRPFM assessment was funded by the Multi-Donor Basket Fund with contribution from ENABEL/Belgium and Germany.

Background

Rwanda has made remarkable progress in elaborating legal and policy frameworks that embedded the principle of gender equality. In this respect, several laws have been enacted or amended to address gender equality gaps and discrimination of all kinds. Rwanda is also recognized as the 7th globally in bridging gender gap¹⁷ as well as leader in the promotion of gender equality with the highest number of women parliamentarians in the world (61.3%)¹⁸.

International commitments

Rwanda has ratified a number of international human rights instruments and global treaties such as international Covenant on Civil and Political Rights, the International Covenant on Social, Economic and Cultural Rights, and the African Charter on Human and Peoples Rights. These treaties commit to protect the rights of all persons including men and women, adults and children with guaranteed protections. Rwanda is also signatory to International Conventions to Protect the Rights of Women on the Elimination of all forms of Discrimination Against Women (CEDAW), the Protocol to the African Charter on Human and Peoples Rights on the rights of Women in Africa (Maputo Protocol), the Convention on the Political Rights of Women, Convention on the Nationality of Married Women and Convention on Consent to Marriage, Minimum Age for Marriage and Registration of Marriages.

Legal and policy framework for gender equality

Rwanda's has made remarkable progress in translating the above international commitments on gender equality and empowerment of women into its national commitment, recognizing the centrality of gender equality across all sectors and continues to ensure that gender equality and empowerment of women and girls are anchored on strong policy and legal frameworks as outlined in the revised gender policy. Below are the key legal and policy frameworks that govern gender equality in Rwanda:

- **Rwanda constitution of 2003 amended in 2015** confers at least 30% of positions to women in all decision-making organs at all central, decentralized and private sector.
- **Gender equality principles** have also informed the formulation of the National Strategy for Transformation (NST, 2018-2024) and the Vision 2050.
- **The revised National Gender policy** (2021) commits in accelerating the Effectiveness of Gender Mainstreaming and Accountability for National Transformation.
- **Organic Budget Law No 12/2013**, instituting Gender Responsive Budgeting: This law enforces accountability measures for gender sensitive resource allocation across sectors, programmes and projects through Gender Budget Statements - a mandatory annex of the Budget Framework Paper submitted to both chambers of Parliament.
- **Law N° 27/2016 of 08/07/2016** governing matrimonial regimes, donations and successions: This law provides equal treatment of legitimate children in succession without any discrimination between male and female children and right of the surviving spouse to take part in succession.
- **Law N° 32/2016 of 28/08/2016** governing persons and family: The law governs persons and family as well as relations between persons. It contains different provisions relating to rights and obligations of both men and women.
- **Law N° 003/2016 of 30/03/2016** establishing and governing maternity leave benefits scheme: The Law establishes and governs maternity leave benefits scheme. It guarantees security for women employment and the protection of the child.

¹⁷ Global Gender Gap Index 2021, World Economic Forum

¹⁸ Ministry of gender and family promotion website: mijesprof.gov.rw

- **Law N° 43/2013 of 16/06/2013** governing land in Rwanda: This law guarantees equal rights for men and women on land access, ownership and utilization.
- **Law N° 66/2018 of 30/08/2018** regulating labour in Rwanda. This provides for protection of workers against gender-based violence and any kind of harassment at the work place.
- **Law N° 68/2018 of 30/08/2018** determining offences and penalties in general provide punishment of Gender-Based Violence (GBV) that was before considered as family matter. This was further reinforced by the **Organic Law No 01/2012/OL of 02/05/2012** instituting the Penal Code especially on issues of criminalizing child defilement, human trafficking, marital rape, and forced marriage.
- **Law No 71/2018 of 31/08/2018** relating to the protection of the child rights: This guarantees the protection of all children against abuse.
- **Prime Minister's Order N°001/03 of 11/01/2012** determining modalities in which government institutions prevent and respond to Gender Based Violence: The order gives responsibility to all government institutions for GBV prevention, response and reporting.

The overarching goal of GoR's gender policy include the following:

- Strengthen the gender mainstreaming and accountability across national sector policies, planning frameworks and strategies in public and private sector;
- Ensure equal access and control of productive resources and economic opportunities for women and men, boys and girls;
- Improve gender equality in education, health and social protection programs;
- Identify gaps and address persistent cultural norms, gender stereotypes, and imbalances affecting the principles of gender equality and equity between women and men and girls and boys;
- Ensure effective boys and men's engagement programs and strategies in gender promotion;
- Strengthen the mechanisms for promoting women's participation in leadership and decision-making positions;
- Increase knowledge on gender equality and equity in public and private sectors as well as among citizens in general;
- Guarantee a conducive legal, policy, and institutional arrangement for the promotion of gender equality and equity.

The above policy objectives were formulated in alignment with the Government of Rwanda's endorsed agendas both at regional and international levels, including, the Agenda 2030 for Sustainable Development Goals (SDGs); African Union Gender Policy (2009); East Africa gender policy, the African Union Agenda 2063; COMESA gender policy; HeForShe commitment of 2015.

A number of activities have been outlined in the revised gender policy (dated February 2021) under each of the overarching policies enumerated above. Some activities outlined to ensure gender equality in education include the following:

- Bridge the gender divide gap in ICT, STEM, and TVET education programs at all levels of education.
- Continue to promote the engendering of teaching curriculums starting from primary, secondary, and tertiary education.
- Strengthen the capacity of teachers on gender responsive pedagogy.
- Engage families in promoting gender responsive education focusing on ICT, STEM, and TVET education programs.

- Accelerate the scaling-up of community based Early Childhood Development (ECDs) centres to ensure a holistic child development process, including child nutrition security and positive parenting.
- To link ECD with the E-PW scheme to allow women to take part in productive activities (considering women child caring in ECDs at the site as part of E-PW).
- Strengthen access and use of modern contraceptive methods of family planning for rural women and men.
- Increase awareness of both women and men as well as girls and boys on the benefits of using modern contraceptive methods as far as family planning and reproductive health are concerned.
- Reinforce community education by Community Health Workers to promote the continuous use of long lasting and permanent methods of family planning (FP) services.
- Strengthen integration of family planning in post-natal care services.

Institutional arrangement for gender responsive public financial management

The main driving force for this remarkable progress is that Rwanda established a strong institutional arrangement that has implemented gender policy and strategic actions. These institutions include;

- All ministries, departments and districts (MDAs) implement policy actions regarding engendering of their plans and budgets as legally obligated by OBL in its Articles 32 requiring MDAs to prepare and submit GBS plans while Article 68 also mandating MDAs to prepare and submit GBS implementation reports as well as consolidated GBS annex to the Budget Framework Paper approved by the Cabinet and presented to parliament.
- Ministry of gender and family promotion (MIGEPROF) is responsible for ensuring all MDAs mainstream gender into their plans in an effort to implement gender responsive budgeting
- Ministry of finance and economic planning (MINECOFIN) ensures that proper guidelines on gender sensitive and responsive programmes across sectors are included into their planning process. For instance, MINECOFIN issues guidelines for MDA to mainstream gender in the national budgets as evidenced in the annual second planning and budgeting call circular (PBCC)
- Gender monitoring office (GMO) is mandated with monitoring GBS implementation in MDAs is carried out annually in close collaboration with MINECOFIN as well as other gender machinery institutions.
- National Institute of statistics (NISR) support in generation of gender related data and statistics to inform the planning and implementation of gender responsive programs, the gender profiling across sectors and regular and mandatory gender status related reports;
- The National gender Machinery composed of MIGEPROF, GMO, FFRP enhance capacities and technical support needed by sectors in gender mainstreaming and gender accountability
- The parliament through national budget committee holds MDAs accountable for their GBS and related gender reports annually.

Annex 5.2 Overview of assessment findings

A graphical representation of the gender responsive PFM performance is shown in chart 1 below. Annex 5.3 summarises performance narrative.

Rwanda is known globally to be gender responsive in its PFM framework. It is therefore not surprising to see a number of satisfactory performances in the GRPFM assessment.

In terms of strengths, gender responsive PFM is supported by good legal and legislative framework in addition to political and administrative structures to ensure compliance across key government sectors. The budget circular, which forms the basis for budget formulation and preparation, provides clear guidance for the preparation of gender budget statements, thereby facilitating the allocation of government resources aimed at improving gender equality across all key sectors of the economy. The allocation of resources in the budget proposals also provides a basis for tracking the use of such resources. The establishment of the Gender Monitoring Office under the Office of the Prime Minister signals strong political leadership and ownership; this ensures a top-down administrative structure for monitoring and evaluating the performance of services that have an impact on gender.

Areas that show weaknesses include but not limited to the analysis of budget policy proposals with gender impact – this aspect is directly related to PI-15.1 under the main PEFA which also shows some weaknesses. There is also no gender responsive public investment management which will ensure that the allocation of resources for purposes of bridging the gender inequality gap is done in a more targeted manner.

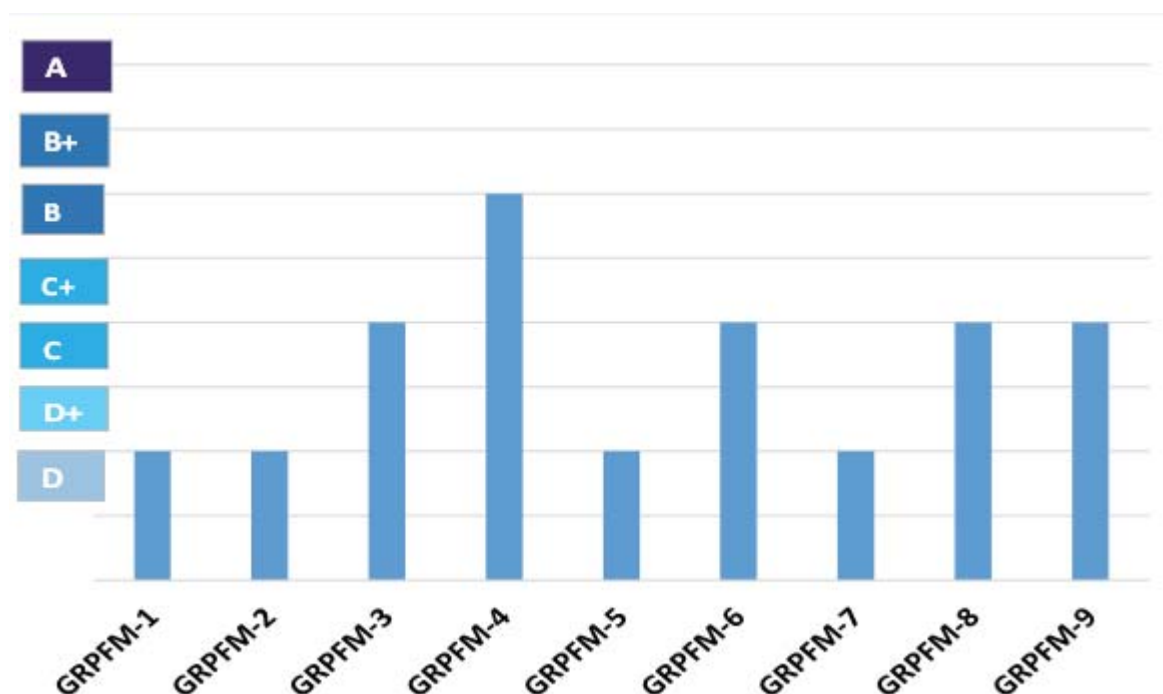
The assessment concludes that GRPFM-1, which assesses the extent to which government analyses proposed changes in expenditure and revenue policies with gender impact, scored ‘D’, indicating poor performance, which is in line with PI-15.1 in the main PEFA report which assesses the fiscal impact of policy proposals, also rated ‘D’. Whilst public investment management (PI-11) in the main PEFA scores well, with an overall score of ‘B+’, the same cannot be said of GRPFM-2 which assesses the extent to which government analyses the gender responsiveness of public investment proposals a gender impact; therefore, GRPFM-2 is rated ‘D’.

The budget call circular issued by MINECOFIN to all budget institutions provide specific information on gender related issues, thereby allowing expenditure proposals to be formulated and prepared based on gender; therefore, GRPFM-3 scored ‘C’. One area that performed well is GRPFM-4 which assesses budget proposal documentation submitted to parliament. This indicator scored ‘B’, as each budget institution is mandated by the OBL to prepare Gender Budget Statement as an annex to the main budget. This has been the practice during the assessment period. Compared with the main PEFA report, both GRPFM-4 and PI-9 scored ‘B’. This performance does not correspond with PI-17 which is rated ‘C’ in the main PEFA report, but is in line with PI-9 in the main report with scores ‘B’.

The government’s performance information for service delivery is sex- disaggregated but not published (GRPFM-5 rated ‘D’); this compares with PI-8.1 and PI-8.2 in the main report where less than 25% by value of service delivery information (both planned and achieved) is made public. Central government ministries such as education, agriculture, health, infrastructure, and trade and industry, among others report on gender related expenditure ex post according to sub-program in the annual gender budget statement (GBS) reports submitted to MINECOFIN (GRPFM-6 rated ‘C’). That said, the chart of account does not capture nor track gender related expenditure. The detailed GBS reports are however not published ((GRPFM-7 rated ‘D’). Compared to the main PEFA report, PI-4 scored well with a rating of ‘A’, with PI-28 rated ‘C+’ and PI-29 at ‘B+’.

The Gender Monitoring Office (GMO) evaluates the efficiency and effectiveness of gender impact of service delivery across some sectors (GRPFM-8 rated 'C'). This is in line with PI-8.4 which assesses performance evaluation of service delivery, scoring 'C' in the main PEFA report. The legislative scrutiny of the annual budget proposal includes the review of GBSs from all budget institutions, therefore GRPFM-9.1 scored 'B', compared favourably with PI-18 (rated 'A') in the main PEFA report. The OAG does not conduct systematic gender performance audits, thereby limiting the ability of parliament to scrutinise gender performance audit reports (GRPFM-9.2 rated 'D').

Chart 1: Summary of GRPFM Performance Scores



Annex 5.3 Detailed assessment of gender responsive budgeting

The supplementary framework for assessing gender responsive public financial management (GRPFM) has nine (9) indicators. These nine (9) indicators were designed to assess the processes and systems across government's budget cycle for the promotion and empowerment of women's rights. The summary performance of GRPFM assessment is outlined in Table A-5.1 below; detailed analysis and explanations of scores are contained in the following sections.

Table A-5.1: GRPFM Scores 2022

Gender Responsive Public Financial Management (GRPFM) Indicators		Scoring Method	Dimension Score		Overall Score
			i	ii	
GRPFM-1	Gender Impact Analysis of Budget Policy Proposals	M1	D	D	D
GRPFM-2	Gender Responsive Public Investment Management		D		D
GRPFM-3	Gender Responsive Budget Circular		C		C
GRPFM-4	Gender Responsive Budget Proposal Documentation		B		B
GRPFM-5	Sex-Disaggregated Performance Information for Service Delivery	M2	D	D	D

Gender Responsive Public Financial Management (GRPFM) Indicators		Scoring Method	Dimension Score		Overall Score
			i	ii	
GRPFM-6	Tracking Budget Expenditure for Gender Equality		C		C
GRPFM-7	Gender Responsive Reporting		D		D
GRPFM-8	Evaluation of Gender Impacts of Service Delivery		C		C
GRPFM-9	Legislative Scrutiny of Gender Impacts of the Budget	M2	B	D	C

GRPFM-1: Gender Impact Analysis of Budget Policy Proposals

Summary of scores

GRPFM-1 (M1)	Indicator/Dimension	Score 2022	Justification for 2022 score
Gender Impact Analysis of Budget Policy Proposals		D	
1.1	Gender impact analysis of expenditure policy proposals	D	The Government of Rwanda does not analyse proposed changes of expenditure policies with gender impact.
1.2	Gender impact analysis of revenue policy proposals	D	The Government of Rwanda does not analyse proposed changes of revenue policies with gender impact.

Guiding question

Does the government's analysis of proposed changes in expenditure and revenue policies include information on gender impacts?

Description

This indicator assesses the extent to which the government prepares an assessment of the gender impacts of proposed changes in government expenditure and revenue policy. It contains two dimensions (sub-indicators) and uses the M1 (weakest link) method for aggregating dimension scores

Related PEFA indicator or dimension

PI-15 Fiscal strategy

PI-15.1 Fiscal impact of policy proposals

Coverage

Central government

Time period

Last completed fiscal year

GRPFM-1.1 Gender impact analysis of expenditure policy proposals

The Government of Rwanda does not analyse proposed changes of expenditure policies with gender impact. Changes in policies can have a different impact on the delivery of services to men and women and to subgroups of those categories. For example, an expenditure proposal to expand child care will likely have a greater impact on women than men because, globally, women are more likely to assume primary parenting responsibilities. Similarly, an expenditure proposal to improve benefits and support for military veterans will likely have more impact on men than women because, globally, men are more likely to be serving in the armed forces.

Dimension Score: D

GRPFM-1.2 Gender impact analysis of revenue policy proposals

The Government of Rwanda does not analyse proposed changes of revenue policies with gender impact, i.e., how changes to revenue policy proposals affect budget implementation, with consequences on

gender (male and female) and the vulnerable in society. For instance, increasing tax allowances for non-working spouses can create disincentives to work, particularly for women, as the global data demonstrate. Similarly, changes in the personal income tax can affect different groups of women and men differently. Thus, the government ought to critically analyse the effect of these changes and how they would impact budget implementation.

Dimension Score: D

GRPFM-2 Gender Responsive Public Investment Management

Summary of scores

GRPFM-2	Indicator/Dimension	Score 2022	Justification for 2022 score
Gender Responsive Public Investment Management		D	
2.1 Gender responsive public investment management		D	The Government of Rwanda does not analyse the impact of major public investment projects on gender as part of the economic analyses of investment proposals; i.e., feasibility studies of major investment projects do not analyse how these projects will affect both men and women.

Guiding question

Does the government analyse the impacts of major public investment projects on gender as part of the economic analysis of investment proposals?

Description

This indicator assesses the extent to which robust appraisal methods, based on economic analysis, of feasibility or prefeasibility studies for major investment projects include an analysis of the impacts on gender. There is one dimension for this indicator.

Related PEFA indicator or dimension

PI-11 Public investment management
 PI-11.1 Economic analysis of investment proposals

Coverage

Central government

Time period

Last completed fiscal year

GRPFM-2.1 Gender responsive public investment management

The list of public investment projects used to assess this dimension is the same as that used for PI-11 above in the standard PEFA. Good practice suggests that economic analysis of public investments ought to consider project impact on gender (men and women). Such an analysis will highlight the need to make provision for a certain number of projects to favour either men or women. A typical example is the construction of places of convenience with more in favour of women than men, on the basis females naturally spend more time in places of convenience than their male counterparts.

The Government of Rwanda does not analyse the impact of major public investment projects on gender as part of the economic analyses of investment proposals; i.e., feasibility studies of major investment projects do not analyse how these projects will affect both men and women. That said, each implementing agency evaluates the end result of major investment projects to ascertain the number of men and women who benefited in terms of jobs as a result of the implementation of major investment projects. For instance, in FY2020, the Rwanda Transport Development Agency indicated that a road construction (Upgrading of Base-Gicumbi Rukomo-Nyagatare Road, Phase I) resulted in the creation of 35,726 jobs out of which 7,415 women (20.76%) and 28,311 men (79.24%) benefited.

Dimension score: D

GRPFM-3 Gender Responsive Budget Circular

Summary of scores

GRPFM-3	Indicator/Dimension	Score 2022	Justification for 2022 score
	Gender Responsive Budget Circular	C	
	3.1 Gender Responsive Budget Circular	C	The budget circular requires budgetary units to provide information on the gender impacts of budget policies.

Guiding question

Does the budget circular(s) require budgetary units to include information on the gender-related impacts of their spending proposals?

Description

This indicator measures the extent to which the government's budget circular(s) is gender responsive. There is one dimension for this indicator.

Related PEFA indicator or dimension

PI-17 Budget preparation process

PI-17.2 Guidance on budget preparation

Coverage

Budgetary central government

Time period

Last budget submitted to the legislature

GRFM-3.1 Gender responsive budget circular

Annex 15 to the BCC that gives detailed guidelines for mainstreaming gender into plans and budgets is annually disseminated by Ministry of Finance and Economic Planning in the 2nd planning and budget call circular (PBCC) requesting MDAs to prepare Gender Budget Statement as per Article 32 of OBL of 2013, to provide information on gender impacts of budget policies. The condition of preparing GBS is that MDAs should not take into account GBS as a standalone plan but instead should be derived from their action plans and performance contracts (*Imihigo*) which forms the basis for GBS analysis. The call further provides on how MDAs mainstream gender into the budget. The condition is that while preparing GBS

statements, ministries and districts are required to put the word (GBS) in brackets at the beginning of each output that is anticipated to form part of the GBS to facilitate the tracking of gender related interventions and corresponding budget into IFMIS. This was done tentatively as we plan to automate the GBS in IFMIS.

The first planning and budgeting call circular for the FY 2021/2022 issued on 23 Oct 2020 takes into account gender and family promotion as one of the seven cross cutting issues to be mainstreamed in MDA's institutional plans. The second and final budget call circular for FY 2021/2022 on page 12 states that all MDAs and decentralized entities (districts) are requested to submit Gender Distribution of Employment (GDE) for the FY 2021/2022.

The Ministry of Finance and Economic planning has a gender specialist stationed in the national budget directorate to provide technical support on gender mainstreaming but most importantly ensuring that GBSs are of good quality and relevant.

The assessment team's discussions with Gender Monitoring Office (GMO) officials revealed that under GMO, with the specific objective of enhancing GBS as gender responsiveness accountability tool, performance audit for MDAs for previous FYs was carried out. These performance audit implementation reports are expected to enhance institutional accountability to gender equality and assess the transformational impact of GBS plans. The findings of the report are planned to be presented to parliamentary budget hearing sessions scheduled for May 2022.

Despite efforts made by MDAs to provide sex disaggregated data for actual or expected results, more improvement is needed to determine actual performance/benefit of expenditure spending on both men and women.

Dimension score: C

GRPFM–4 Gender Responsive Budget Proposal Documentation

Summary of scores

GRPFM-4	Indicator/Dimension	Score 2022	Justification for 2022 score
	Gender responsive budget proposal documentation	B	
4.1	Gender responsive budget proposal documentation	B	For 2021/2022 budget, budgeted agencies submitted to MINECOFIN, their gender budget statements with information on overview of government policy for improving gender equality, and also detailed measures aimed at strengthening gender equality; this is submitted to the legislature for scrutiny.

Guiding question

Does the government's budget proposal documentation include information on gender priorities and budget measures aimed at strengthening gender equality?

Description

This indicator assesses the extent to which the government’s budget proposal documentation includes additional information on gender priorities and budget measures aimed at strengthening gender equality. There is one dimension for this indicator.

Related PEFA indicator or dimension

PI-5 Budget documentation

PI-9 Public access to fiscal information (basic element 1)

Coverage

Budgetary central government

Time period

Last budget submitted to the legislature

GRPFM-4.1 Gender responsive budget proposal documentation

Gender equality and women promotion is enshrined in the government’s PFM legislation. Article 32 of the OBL on the preparation and presentation of the BFP mandates the Minister of Finance and Economic Planning to submit to both Chambers of Parliament, by not later than 30th April of each year, the BFP and the Gender Budget Statement as one of its annexes. The FY 2021/22 BFP submitted for legislative scrutiny and approval, included Annex VII (Consolidated Gender Budget Statements). The BFP can be found on MINECOFIN website (www.minecofin.gov.rw).

Article 68 of the OBL on the preparation and submission of annual activity reports stipulates that “activity report submitted by the public entity shall specify how plans for gender balance have been implemented”. This requirement is further reinforced by article 108 of the Financial Regulations (2016) that requires budget agencies to prepare and submit annual activity implementation reports, highlighting progress on the implementation of gender equality related activities.

For 2021/2022 budget, budgeted agencies submitted to MINECOFIN, their gender budget statements with information on overview of government policy for improving gender equality, and also detailed measures aimed at strengthening gender equality; this is submitted to the legislature for scrutiny and approval and the Gender Monitoring Office for assessment. Additionally, progress achieved against service delivery objectives for the previous year is also submitted to parliament. However, impact assessment of budget policies on gender equality is not done (please, refer to Table A-5.2 below).

Table A-5.2: Description of requirements met

Requirement	Met (Yes/No)
1.An overview of government’s policy priorities for improving gender equality	Yes
2.Details of budget measures aimed at strengthening gender equality	Yes
3.Assessment of the impact of budget policies on gender	No

Dimension score: B

GRPFM-5 Sex-Disaggregated Performance Information for Service Delivery

Summary of scores

GRPFM-5	Indicator/Dimension	Score 2022	Justification for 2022 score
	Sex-Disaggregated Performance Information for Service Delivery	D	
	5.1 Sex disaggregated performance plans for service delivery	D	Key service delivery sector ministries prepared sex-disaggregated performance plans for service delivery, but this is not published.
	5.2 Sex-disaggregated performance achieved for service delivery	D	Key service delivery sector ministries prepared sex-disaggregated performance achieved for service delivery, but this is not published.

Guiding question

Do the executive's budget proposal or supporting documentation and in-year or end-year reports include sex-disaggregated information on performance for service delivery programs?

Description

This indicator measures the extent to which the executive's budget proposal or supporting documentation and in-year or end-year reports include sex-disaggregated information on performance for service delivery programs. It contains two dimensions (sub-indicators) and uses the M2 (averaging) method for aggregating dimension scores

Related PEFA indicator or dimension

PI-8 Performance information for service delivery

PI-8.1 Performance plans for service delivery (for GRPFM-5.1)

PI-8.2 Performance achieved for service delivery (for GRPFM-5.2)

Coverage

Central government. Services managed and financed by other tiers of the government should be included if the central government significantly finances such services through reimbursements or earmarked grants or uses other tiers of government as implementing agents.

Time period

For GRPFM-5.1, next fiscal year

For GRPFM-5.2, last completed fiscal year

GRPFM-5.1 Sex disaggregated performance plans for service delivery

Guidelines for the Preparation of the Gender Budget Statement for FY 2022/2023 require budget agencies to undertake a "gender situational analysis" as part of preparing sector gender statements. The gender situational analysis should describe what gender problems are in the community/population that require the budget agency to undertake the interventions in a selected sub-program. The description should highlight three key elements including sex-disaggregated data to clearly show the extent of the problem, and how the intervention will address the identified gender inequality gap. Evidence submitted to the PEFA assessment team shows that key service delivery ministries (agriculture, education, health, infrastructure, trade and industry) prepare their submissions with sex-disaggregated performance information. However, the information is not published.

Dimension score: D

GRPFM–5.2 Sex-disaggregated performance achieved for service delivery

Guidelines for the Preparation of the Gender Budget Statement for FY 2020/2021 required service delivery sectors to indicate at least one gender specific indicator which could be used to measure the achievement of each output with gender-disaggregated data. Gender-related service delivery performance reports are prepared and submitted annually to MINECOFIN for consolidation. A review of performance reports for five key service delivery sectors (agriculture, education, health, infrastructure, trade and industry) shows that sex-disaggregated information on the planned targets, activities and outputs is prepared and submitted to MINECOFIN for consolidation, but is not published.

Dimension score: D

GRPFM–6 Tracking Budget Expenditure for Gender Equality

Summary of scores

GRPFM-6	Indicator/Dimension	Score 2022	Justification for 2022 score
	Tracking Budget Expenditure for Gender Equality	C	
	6.1 Tracking Budget Expenditure for Gender Equality	C	Central government ministries such as education, agriculture, health, infrastructure, and communication, among others report on gender related expenditure ex post according to sub-program. Gender related expenditure is systematically mapped ex post to specific gender outcomes.

Guiding question

Does the government have the capacity to track gender equality–related expenditures?

Description

This indicator measures the government’s capacity to track expenditures for gender equality throughout the budget formulation, execution, and reporting processes. There is one dimension for this indicator

Related PEFA indicators or dimensions

PI–4 Budget classification

Coverage

Budgetary central government

Time period

Last completed fiscal year

GRPFM–6.1 Tracking budget expenditure for gender equality

Gender responsive public financial management for tracking budget expenditure for gender equality is key to tracing spending on budget lines that will lead to achieving gender equality. The distinct budget lines are meant to have significant impacts on men and boys, women and girls, and different subgroups of these categories and these need to be clear. The public spending must be budgeted and disbursed for activities that help to achieve these desired impacts. Thus, there should be a breakdown of specific budget

lines that show resources planned to promote gender equality and are actually disbursed, including a way to track those resources and ensure that no major adjustments are made to allocations that are not authorized by the legislature.

To this effect, the assessment team found that there are indications in the 2020/21 (and FY2021/2022) budget guidelines/BCC: Annex 15 calling for MDAs to carry out the Gender Responsive Budgeting Analysis with detailed check list of activities to be included in the MDAs budget classifications with budget lines that respond to gender equality of women & men, girls and boys in MDAs.

In broad lines, budget expenditure targeting gender equality is taking place through designated programs such as prevention or responding to gender-based violence, for example. This can be traced in the budget classifications in the Ministry responsible for Gender and Family Promotion and also at Gender Monitoring Office (GMO). At this stage, the Chart of Account (CoA) does not track gender related expenditure, nor does any analysis in relation to gender expenditure, consistent with budget formulation, execution, and reporting. That said, central government ministries such as education, agriculture, health, infrastructure, and communication, among others report on gender related expenditure ex post according to sub-program. Gender related expenditure is systematically mapped ex post to specific gender outcomes. For instance, MINEDUC reports that its spent Rwf1.89 billion as against a budget of Rwf1.74 billion for FY2020/2021 on TVET training curricula, development, assessment and certification that benefited 2,339 civil/public servants out of which 716 women (31%) and 1,623 men (69%) were trained and certified. Therefore, relevant budget line program is mapped ex post to specific gender outcomes.

Dimension score: C

GRPFM–7 Gender Responsive Reporting

Summary of scores

GRPFM-7	Indicator/Dimension	Score 2022	Justification for 2022 score
Gender responsive government annual reports		D	
7.1	Gender responsive government annual reports	D	Although the FY2020/21 GBS execution reports for the service sectors (education, health, infrastructure, trade and industry, and agriculture) provided a gender situational analysis, gender disaggregated data, gender expenditure, and immediate impacts (outcomes) – there was no evidence that they were published. The latest GMO (an independent agency) annual report that addresses these elements was for the FY2020/2021.

Guiding question

Do the government’s published annual reports include information on gender-related expenditures and the impact of budget policies on gender equality?

Description

This indicator measures the extent to which the government prepares and publishes annual reports that include information on gender-related expenditures and the impact of budget policies on gender equality. There is one dimension for this indicator.

Related PEFA indicator or dimension

PI-9 Public access to fiscal information
 PI-28 In-year budget reports
 PI-29 Annual financial reports.

Coverage

Budgetary central government

Time period

Last completed fiscal year

GRPFM-7.1 Gender responsive government annual reports

Gender responsiveness in Rwanda is legally mandated (Articles 32 and 68 of the OBL and Article 108 of the Financial Regulations 2016). The service delivery ministries – Agriculture (MINAGRI), Education (MINEDUC), Health (MINISANTE), Trade and Industry (MINICOM) and Infrastructure (MININFRA) submit an annual “Gender Budget Statement (GBS) execution report to MINECOFIN. Nevertheless, these reports are not published. For instance, the agriculture sector GBS for the FY2020/2021 reported the following elements for its program (sustainable crops and animal resource production and productivity: a gender situational analysis; output; planned activities; achievements; immediate impact; budget execution rates – and this was gender disaggregated). The GBS on the agriculture reported a 40.3% budget execution rate (Budget: Rwf 72.14 billion; executed/actual: Rwf 46.93 billion). Finally, the Backward-Looking Joint Sector Reviews (BLJSRs) specifically reports on gender employment and impact.

Under sections 2.2.1 and 2.2.2 of the FY2019/2020 GMO annual report (www.gmo.gov.rw/library), GMO reported on its monitoring of the implementation of GBS reports and plans as well as its assessment for quality and relevance in the FY2020/2021 GBS for gender responsiveness – identifying gaps that needed to be addressed. The gaps identified were discussed with the Parliamentary Budget Commission and a high-level dialogue initiated with all agencies led by the Prime Minister – with specific recommendations agreed to be implemented by the Office of the Prime Minister, MINECOFIN and MIGEPROF (Ministry of Gender), MINEDUC and MIGEPROF; MIGEPROF and GMO. In the same report, GMO reported on its progress in promoting gender accountability in the private sector through its collaboration with the Rwanda Private Sector Federation (PSF).

However, although service delivery ministries (agriculture, health, education, infrastructure, trade and industry, etc...) submit their annual GBS reports - with analysis of gender outcomes, some assessment of the implementation of budget policies and impacts on gender equality, and sex-disaggregated data on budgetary central government employment (MINICOM and MIFOTRA), there is no evidence that they are published.

Table A-5.3: Description of requirement met

Requirement	Met (Yes/No)
1. Analysis of gender equality outcomes	Yes
2. Data on gender-related expenditure	No
3. Assessment of the implementation of budget policies and their impact on gender equality	Yes
4. Sex-disaggregated data on budgetary central government employment	Yes

Dimension score: D

GRPFM–8 Evaluation of Gender Impacts of Service Delivery

Summary of scores

GRPFM-8	Indicator/Dimension	Score 2022	Justification for 2022 score
Evaluation of gender impacts of service delivery		C	
8.1	Evaluation of gender impacts of service delivery	C	Available data (please, refer to Table 8.1 below) indicates that GMO evaluated 41%, 34.8%, and 34.1% by value of central government institutions for FYs 2018/2019, 2019/2020, and 2020/2021 respectively. The evaluations included the efficiency and effectiveness of service delivery impact on gender.

Guiding question

Does the government include an assessment of gender impacts as part of evaluations of efficiency and effectiveness of service delivery?

Description

This indicator measures the extent to which independent evaluations of the efficiency and effectiveness of public services include an assessment of gender impacts. There is one dimension for this indicator.

Related PEFA indicator or dimension

PI-8.4 Performance evaluation of service delivery

Coverage

Central government

Time period

Last three completed fiscal years

GRPFM–8.1 Evaluation of gender impacts of service delivery

The Gender Monitoring Office (GMO) is an independent agency responsible for the monitoring of service delivery impacts in terms of gender, promoting gender accountability and effective gender-based violence (GBV) service delivery across sectors. In its annual reports published (www.gmo.gov.rw/library) for the fiscal years (2017/2018, 2018/2019 and 2019/2020), GMO reports against the three NST-1 pillars (economic, social and governance) – including highlights for the Gender Accountability Days (GADs) held and gender registered impacts. The annual GMO report comprehensively reports against the Gender Budget Statements (GBS) across government (FY2019/20: pages 35-44; FY2018/2019: pages 34-38; and FY2017/2018: pages 32-47) – including budget execution (86.6%) that received a ‘clean audit opinion’ from the OAG.

The GMO Annual Report (FY2019/2020) published in December 2020 indicated that GMO had conducted assessments on nine (9) Isange One Stop Centres and made recommendations to address its findings around: facilitating access to education for men and women, boys and girls; improving health care; improved access to clean water; enabling land protection, access to agriculture inputs and increased agricultural productivity; and job creation through road construction infrastructures as well as improved gender reporting in the subnational GBSs. The 2020/2021 GMO report is published.

Key issues identified in health centres as a result of the evaluation include:

- Limited staff: Limited staff to support services to gender-based violence (GBV) victims compared to required time needed. It was indicated that health centres have limited staffing and this makes it difficult to effectively attend to issues of gender-based violence and child abuse.
- Lack of guidelines or any other support document: There are no guidelines governing GBV service delivery in health centres and this affects how victims are supported. For example, due to this, it was noted that Isange One Stop Centres (IOSC) services at health centre level are not free and victims have to pay the bill of all services given.
- Limited skills in GBV case management for health centre staff: This affects the quality of service delivery due to the fact that staff are not trained to identify and handle victims.
- Inadequate coordination: There is no clear collaboration framework between IOSC and health centres in terms of supervision, referral, and information sharing and covering medical bills of health centres.
- Limited awareness of IOSC services in both hospitals and health centres: GBV service at health centre is still not known by many people. Extended information to local communities is paramount to ensure victims know that IOSC services have been brought closer to them.

Available data (please, refer to Table 8.1 below) indicates that GMO evaluated 41%, 34.8%, and 34.1% by value of central government institutions for FYs 2018/2019, 2019/2020, and 2020/2021 respectively. The evaluations included the efficiency and effectiveness of service delivery impact on gender.

Table 8.1: GMO coverage – evaluation of gender impact on service delivery FY2020/2021

No.	Central Government Agency	2018/2019 Actual Expenditure	2019/2020	2020/2021
1	Ministry of Agriculture (MINAGRI)	5,854,510,666.00	8,889,580,911.00	5,337,555,533.00
2	Ministry of Trade and Industry (MINICOM)	25,764,107,972.00	48,793,542,508.00	4,762,751,450.00
3	Ministry of Education (MINEDUC)	16,148,400,636.00	26,830,537,972.00	79,918,650,690.00
4	Ministry of Health (MINISANTE)	56,374,690,557.00	52,215,797,983.00	60,070,366,416.00
5	Ministry for Infrastructure (MININFRA)	15,258,925,436.00	12,644,909,592.00	8,819,109,332.00
6	Other Central Government Agencies (OCGAs)	463,178,867,741.00	372,060,614,937.00	466,436,167,870.00
7	Government Boards	332,129,123,879.00	336,181,483,587.00	397,891,192,210.00
	Total	914,708,626,887.00	857,616,467,490.00	1,023,235,793,501.00
	BCG actual expenditure	2,228,400,000,000.00	2,465,200,000,000.00	2,997,700,000,000.00
	% of GMO evaluations	41.0%	34.8%	34.1%

Source: OAG audit reports

Dimension score: C

GRPFM–9 Legislative Scrutiny of Gender Impacts of the Budget

Summary of scores

GRP FM-9	Indicator/Dimension	Score 2022	Justification for 2022 score
	Legislative Scrutiny of Gender Impacts of the Budget	C	
	9.1 Gender responsive legislative scrutiny of budgets	B	The parliamentary budget scrutiny process includes an overview of the impact of service delivery programs on gender (men and women). The scrutiny process includes the receipt of memoranda from CSOs on gender, as well as technical input from the Gender Monitoring Office (GMO).
	9.2 Gender responsive legislative scrutiny of audit reports	D	According to the Office of the Auditor General, there is no formalized framework for gender audits. Therefore, no such reports were made available to the legislature for scrutiny.

Guiding question

Does the legislature's budget and audit scrutiny include the examination of the gender impacts of the budget?

Description

This indicator measures the extent to which the legislature's budget and audit scrutiny include a review of the government's policies to understand whether policies equally benefit men and women by ensuring the allocation of sufficient funds. It contains two dimensions (sub-indicators) and uses the M2 (averaging) method for aggregating dimension scores.

Related PEFA indicator or dimension

PI-18 Legislative scrutiny of budgets (for GRPFM-9.1)

PI-31 Legislative scrutiny of audit reports (for GRPFM-9.2)

Coverage

Budgetary central government

Time period

For GRPFM-9.1, last completed fiscal year

For GRPFM-9.2, last three completed fiscal years

GRP FM-9.1 Gender responsive legislative scrutiny of budgets

Rwanda's gender equality and women promotion has been institutionalized in the legal framework. Article 32 of the Organic Budget Law obliges the executive to submit to both chambers of the parliament by not later than 30th April of each year the Budget Framework Paper (BFP). The 2020/2021 BFP submitted to parliament included Annex VII: Consolidated Gender Budget Statements that passed into the legislative scrutiny by budget parliament committee with an oversight function holding MDA accountable on the extent to which ministries and districts implemented their GBSs. The parliamentary budget scrutiny process includes an overview of the impact of service delivery programs on gender (men and women). The scrutiny process includes the receipt of memoranda from CSOs on gender, as well as technical input from the Gender Monitoring Office (GMO). The parliamentary scrutiny process includes a review of the gender impacts of service delivery programs. There is internal arrangement in parliament

such as legislature committees, technical support and expert advice of gender advocacy groups, and negotiation procedures used for the scrutiny process.

PEFA assessment team discussions revealed that MDAs present GBS statement plan and the extent of performance achieved in line with service delivery that addresses gender gaps in social economic opportunities. Gender Monitoring Office staff are present in budget hearing sessions to provide technical support based on GBS performance audits carried out.

Dimension score: B

GRPFM–9.2 Gender responsive legislative scrutiny of audit reports

The legislature’s review of audit report in last three completed fiscal years did not assess compliance with quality requirements regarding the equality indications in the areas of impacts on service delivery programmes and efficiency of gender equality outcomes. According to the Office of the Auditor General, there is no formalized framework for gender audits. Therefore, no such reports were made available to the legislature for scrutiny.

Dimension score: D

Annex 5.3 Summary of performance indicators for the GRPFM assessment

No.	Indicator/Dimension	Score 2022	Justification/Description of requirement met
GRPFM-1	Gender impact analysis of budget policy proposals	D	
1.1	Gender impact analysis of expenditure policy proposals	D	The Government of Rwanda does not analyse proposed changes of expenditure policies with gender impact.
1.2	Gender impact analysis of revenue policy proposals	D	The Government of Rwanda does not analyse proposed changes of revenue policies with gender impact.
GRPFM-2	Gender responsive public investment management	D	
2.1	Gender responsive public investment management	D	The Government of Rwanda does not analyse the impact of major public investment projects on gender as part of the economic analyses of investment proposals; i.e., feasibility studies of major investment projects do not analyse how these projects will affect both men and women.
GRPFM-3	Gender responsive budget circular	C	
3.1	Gender responsive budget circular	C	The budget circular requires budgetary units to provide information on the gender impacts of budget policies.
GRPFM-4	Gender responsive budget proposal documentation	B	
4.1	Gender responsive budget proposal documentation	B	For 2021/2022 budget, budgeted agencies submitted to MINECOFIN, their gender budget statements with information on overview of government policy for improving gender equality, and also detailed measures aimed at strengthening gender equality; this is submitted to the legislature for scrutiny.
GRPFM-5	Sex-disaggregated performance information for service delivery	D	
5.1	Sex-disaggregated performance plans for service delivery	D	Key service delivery sector ministries prepared sex-disaggregated performance plans for service delivery, but this is not published.

No.	Indicator/Dimension	Score 2022	Justification/Description of requirement met
5.2	Sex-disaggregated performance achieved for service delivery	D	Key service delivery sector ministries prepared sex-disaggregated performance achieved for service delivery, but this is not published.
GRPFM-6	Tracking budget expenditure for gender equality	C	
6.1	Tracking budget expenditure for gender equality	C	Central government ministries such as education, agriculture, health, infrastructure, and trade and industry, among others report on gender related expenditure ex post according to sub-program.
GRPFM-7	Gender informative annual financial reports	D	
7.1	Gender informative annual financial reports	D	The GoR prepares GBS execution reports that includes data on gender-related expenditure. Nevertheless, these reports are not published.
GRPFM-8	Evaluation of impacts of service delivery on gender equality	C	
8.1	Evaluation of impacts of service delivery on gender equality	C	Available data (please, refer to Table 8.1 above) indicates that GMO evaluated 41%, 34.8%, and 34.1% by value of central government institutions for FYs 2018/2019, 2019/2020, and 2020/2021 respectively. The evaluations included the efficiency and effectiveness of service delivery impact on gender.
GRPFM-9	Gender responsive legislative scrutiny	C	
9.1	Gender responsive legislative scrutiny of budgets	B	The parliamentary budget scrutiny process includes an overview of the impact of service delivery programs on gender (men and women). The scrutiny process includes the receipt of memoranda from CSOs on gender, as well as technical input from the Gender Monitoring Office (GMO).
9.2	Gender responsive legislative scrutiny of audit reports	D	According to the Office of the Auditor General, there is no formalized framework for gender audits. Therefore, no such reports were made available to the legislature for scrutiny.

Annex 5.4 Data source

No.	Indicator/Dimension	Data source
GRPFM-1	Gender impact analysis of budget policy proposals	Interview with government officials; budget documentation for FY2020/2021; BFP for FY2020/2021.
GRPFM-2	Gender responsive public investment management	Interview with government officials; budget documentation for FY2020; sampled project appraisal documents on selected public investment projects.
GRPFM-3	Gender responsive budget circular	1 st and 2 nd planning and budget call circulars for FY2020/2021 and FY2021/2021; interview with government officials
GRPFM-4	Gender responsive budget proposal documentation	Interview with government officials; budget documentation for FY2020/2021; BFP for FY2020/2021.
GRPFM-5	Sex-disaggregated performance information for service delivery	MDAs performance reports plus gender budget performance reports for FY2020/2021; interview with government officials
GRPFM-6	Tracking budget expenditure for gender equality	Chart of Accounts; AGD budget execution reports FY2020/2021; Annual report from GMO FY2020/2021; MDAs gender budget reports FY2020/2021; interview with government officials.
GRPFM-7	Gender informative annual financial reports	Chart of Accounts; AGD budget execution reports FY2020/2021; Annual report from GMO FY2020/2021; MDAs

No.	Indicator/Dimension	Data source
		gender budget reports FY2020/2021; interview with government officials.
GRPFM-8	Evaluation of impacts of service delivery on gender equality	GMO gender evaluation reports FY2018/2019 to 2020/2021; interview with government officials
GRPFM-9	Gender responsive legislative scrutiny	Interview with parliamentary clerks; budget documentation FY2020/2021

Annex 5.5 Comparison of PEFA Scores with GRPFM Scores

No.	PEFA Indicator/Dimension	Score 2022	No.	GRPFM Indicator/Dimension	Score 2022
Pillar I: Budget reliability					
PI-1	Aggregate expenditure outturn	B			
PI-2	Expenditure composition outturn	C+			
2.1	Expenditure composition by function	B			
2.2	Expenditure composition by economic type	C			
2.3	Expenditure from contingency	A			
PI-3	Revenue outturn	B			
3.1	Aggregate revenue outturn	B			
3.2	Revenue composition variance	B			
Pillar II: Transparency of public finances					
PI-4	Budget classification	A	GRPFM-6	Tracking Budget Expenditure for Gender Equality	C
PI-5	Budget documentation	B	GRPFM-4	Gender Responsive Budget Documentation (and PI-9 below)	
PI-6	Central government operations outside the budget	B+			
6.1	Expenditure outside financial reports	A			
6.2	Revenue outside financial reports	C			
6.3	Financial reports of extra-budgetary units	A			
PI-7	Transfers to sub-national government	B			
7.1	System for allocating transfers	A			
7.2	Timeliness of information on transfers	C			
PI-8	Performance information for service delivery	D	GRPFM-5	Sex-disaggregated Data	D
8.1	Performance plans for service delivery	D	5.1	Sex disaggregated performance plans for service delivery	D
8.2	Performance achieved for service delivery	D	5.2	Sex-disaggregated performance achieved for service delivery	D
8.3	Resources received by service delivery units	D			
8.4	Performance evaluation of service delivery	C	GRPFM-8	Evaluation of impacts of service delivery on gender equality	C
PI-9	Public access to fiscal information	B	GRPFM-4	Gender Responsive Budget Documentation (and PI-5 above)	B

No.	PEFA Indicator/Dimension	Score 2022	No.	GRPFM Indicator/Dimension	Score 2022
				GRPFM-7. Gender Informative Annual Financial Reports (and PI-29 below)	
Pillar III: Management of assets and liabilities					
PI-10	Fiscal risk reporting	B			
10.1	Monitoring of public corporations	B			
10.2	Monitoring of sub-national governments	C			
10.3	Contingent liabilities and other fiscal risks	A			
PI-11	Public investment management	B+	GRPFM-2	Gender Impact Analysis of Investment Projects	D
11.1	Economic analysis of investment proposals	B	GRPFM-2	Gender Impact Analysis of Investment Projects	D
11.2	Investment project selection	A			
11.3	Investment project costing	A			
11.4	Investment project monitoring	C			
PI-12	Public asset management	C			
12.1	Financial asset monitoring	C			
12.2	Non-financial asset monitoring	C			
12.3	Transparency of asset disposal	C			
PI-13	Debt management	A			
13.1	Recording and reporting of debts and guarantees	B			
13.2	Approval of debts and guarantees	A			
13.3	Debt management strategy	A			
Pillar IV: Policy based fiscal strategy and budgeting					
PI-14	Macroeconomic and fiscal forecasting	A			
14.1	Macroeconomic forecasting	A			
14.2	Fiscal forecasts	A	GRPFM-1	Gender Impact Analysis of Budget Policy Proposals	D
14.3	Macro-fiscal sensitivity analysis	B			
PI-15	Fiscal Strategy	B			
15.1	Fiscal impact of policy proposals	D			
15.2	Fiscal strategy adoption	A			
15.3	Reporting on fiscal outcomes	A			
PI-16	Medium-term perspective in expenditure budgeting	B+			
16.1	Medium-term expenditure estimates	A			
16.2	Medium-term expenditure ceilings	D			
16.3	Alignment of strategic plans and medium-term budgets	A			
16.4	Consistency of budgets with previous year's estimates	A			
PI-17	Budget preparation process	C+	GRPFM-3	Gender Responsive Budget Circular	C
17.1	Budget calendar	A			
17.2	Guidance on budget preparation	C			
17.3	Budget submission to the legislature	C			
PI-18	Legislative scrutiny of budgets	A	GRPFM-9	Gender Responsive Legislative Scrutiny (and PI-31 below)	C
18.1	Scope of budget scrutiny	A			
18.2	Legislature procedures budget scrutiny	A			
18.3	Timing of budget approval	A			

No.	PEFA Indicator/Dimension	Score 2022	No.	GRPFM Indicator/Dimension	Score 2022
18.4	Rules for budget adjustment by the executive	A			
Pillar V: Predictability and control in budget execution					
PI-19	Revenue administration	B+			
19.1	Rights and obligation for revenue measures	A			
19.2	Revenue risk management	A			
19.3	Revenue audit and investigation	A			
19.4	Revenue arrears monitoring	C			
PI-20	Accounting for revenues	B+			
20.1	Information on revenue collections	A			
20.2	Transfer of revenue collections	B			
20.3	Revenue account reconciliation	A			
PI-21	Predictability of in-year resource allocation	B+			
21.1	Consolidation of cash balances	A			
21.2	Cash forecasting and monitoring	B			
21.3	Information on commitment ceilings	B			
21.4	Significance of in-year budget adjustments	A			
PI-22	Expenditure arrears	C+			
22.1	Stock of expenditure arrears	C			
22.2	Expenditure arrears monitoring	A			
PI-23	Payroll controls	B+			
23.1	Integration of payroll and personnel records	A			
23.2	Management of payroll changes	A			
23.3	Internal controls of payroll	A			
23.4	Payroll audits	B			
PI-24	Procurement	B			
24.1	Procurement monitoring	A			
24.2	Procurement methods	C			
24.3	Public access to procurement information	B			
24.4	Procurement complaints management	B			
PI-25	Internal controls on non-salary expenditure	B+			
25.1	Segregation of duties	A			
25.2	Effectiveness of expenditure commitment controls	A			
25.3	Compliance with payment controls	C			
PI-26	Internal audit	C+			
26.1	Coverage of the internal audit	A			
26.2	Nature of audits and standards applied	C			
26.3	Implementation of internal audits and reporting	B			
26.4	Response to internal audits	B			
Pillar VI: Accounting and reporting					
PI-27	Financial data integrity	A			

No.	PEFA Indicator/Dimension	Score 2022	No.	GRPFM Indicator/Dimension	Score 2022
27.1	Bank account reconciliation	B			
27.2	Suspense accounts	NA			
27.3	Advance accounts	A			
27.4	Financial data integrity process	A			
PI-28	In-year budget reports	C+			
28.1	Coverage and comparability of reports	A			
28.2	Timing of in-year reports	C			
28.3	Accuracy of in-year budget reports	C			
PI-29	Annual financial reports	B+	GRPFM-7	Gender Informative Annual Financial Reports (and PI-9 above)	D
29.1	Completeness of annual financial reports	A			
29.2	Submission of reports for external audit	A			
29.3	Accounting standards	B			
Pillar VII: External scrutiny and audit					
PI-30	External audit	D+			
30.1	Audit coverage and standards	B			
30.2	Submission of audit reports to the legislature	C			
30.3	Extent of follow up	B			
30.4	Supreme Audit Institution independence	D			
PI-31	Legislative scrutiny of audit reports	B+	GRPFM-9	Gender Responsive Legislative Scrutiny (and PI-18 above)	
31.1	Timing of audit scrutiny	C			
31.2	Hearing on audit findings	A			
31.3	Recommendations on audit by the legislature	A			
31.4	Transparency of the legislative scrutiny of audit reports	A			

Annex 6: Climate Responsive PFM Assessment



Government of Rwanda

Public Expenditure and Financial Accountability (PEFA) Climate Responsive PFM Assessment of Rwanda

The quality assurance process followed in the production of the PEFA report satisfies all the requirements of the PEFA Secretariat and hence receives the '**PEFA CHECK**'.

PEFA Secretariat,
September 8, 2022

6.1 INTRODUCTION

Objective and Purpose

The Rwanda 2022 PEFA includes, for the first time, a PEFA Climate Assessment. Rwanda has used the PEFA process over the years to enact successful PFM reforms. This PEFA climate assessment will help Rwanda establish a baseline on the existing legal framework, institutions, systems, procedures and processes that support climate change activities throughout the budget planning and execution cycle. The Climate PEFA aims to help Rwanda enact reforms to improve and track results in the efficiency and effectiveness of climate-related policies and investments.

The fiscal years for this assessment are FYs 2018/2019, 2019/2020, and 2020/2021. The last budget submitted to Parliament for purposes of this assessment was FY2021/2022 budget submitted in FY2020/2021. The cut-off date was June 2021, as per the ToR. The field mission began on Monday 11th April 2022 with a kick-off meeting with MINECOFIN and ended on 4th May 2022 with a debriefing meeting also with MINECOFIN. A day's standard PEFA, PEFA Climate and GRPFM training workshop was organised on 25th April 2022 with participants from key GoR officials and development partners. The assessment was jointly conducted by international and local PEFA experts. There are 14 PEFA climate indicators; all but one (CRPFM-9) were assessed and applicable. CRPFM-9 was not applicable because there were no climate-change related taxes.

Background and International Commitments

Through the National Determined Contribution (NDC) for inclusive and sustainable development, Rwanda is fully committed to the international agenda for climate change.¹⁹ The NDC balances environmental, social and economic variables. When, in 2011, Rwanda developed its Green Growth and Climate Resilience Strategy, as the country's response to climate change, it positioned itself well to host the 28th Meeting of the Parties to the Montreal Protocol at which the Kigali Amendment was agreed. The latter represents a significant step to limit the growth of greenhouse gases.

Rwanda seeks to mitigate climate-related risks and mobilize resources for sustainable development. It has mainstreamed and domesticated its international commitments into its national development plans (NST-1 and Vision 2050). Climate finance is increasingly a critical non-traditional kind of development finance, especially under the Paris Agreement, which "presents a unique opportunity to create and implement strategies that use new approaches and technologies to realize the dream of an environmentally sustainable and economically flourishing continent."²⁰ The country is susceptible to climate change impacts through the degradation of the environment, deforestation, poor sanitation, and inadequate water supply.²¹ Rwanda ratified the United Nations Framework Convention on Climate Change (UNFCCC) in 2016 as well as the Paris Agreement on 6th Oct 2016 (signed on 22 Apr 2016).

The country submitted the first NDCs in 2015 (revised in 2020) to address both climate mitigation and adaptation for greenhouse gases (GHG) emission reduction with a target to:

- mobilize USD 6.5 billion for climate change;
- revise the legal frameworks (policies, laws and strategies) to match the NDC implementation requirements;

¹⁹National Determined Contribution (NDC), 2020.

²⁰Net Zero by 2050 – A Roadmap for the Global Energy Sector, Flagship Report, May 2020 – 2021.

²¹Rwanda - Financing for Transformation: An INFF Assessment and Diagnostic Report ,23rd Sept 2021.

- initiate environmental and climate change fiscal reforms (polluter pays principle);
- provide subsidies for green projects (electric vehicles subsidized);
- build capacity to integrate NDC priorities at the central and subnational;
- pursue knowledge (innovation and technology) transfer under transport, energy and financial development sectors.

The Rwanda's mid-century, long-term and low greenhouse gas emission development strategy is outlined in its *Green Growth and Climate Resilience Strategy*, formulated in 2011 and revised in 2021. This addresses both climate mitigation and adaptation, and plans to reduce GHG emissions by 38% by 2030. The country has also committed to meet both 'conditional and unconditional contributions at 16% and 22% respectively and its adaptation objectives under the NDCs are outlined in Annex 2.

Climate change clearly very important for Rwanda – and it has been mainstreamed as a cross cutting area under Rwanda's development blueprints (NST-1 and vision 2050), through the NST-1's 16 Sector Strategic Plan (SSPs) and 28 District Development Strategies (DDS). Additionally, in line with articles 4 and 6 of the Paris Agreement, Rwanda has put in place a 'National Adaptation Programs of Action (NAPA); a low carbon strategy (CGCRS); and enacted a law on the environment in 2005 (revised in 2017). However, although BFPs (Budget Framework Papers) contain climate finance elements, budget execution reports are yet to systematically report on climate-related expenditure – that could for instance be tracked through Public Expenditure Reviews (PERs).

The legal framework for climate change is under the 'Law on Environmental Protection (08/2005 of 08/04/2005)', the 'Ministerial Order on Environmental Impact Assessments (EIA) (003/2008, 004/2008)' and the 'General Guidelines and Procedure for EIA establish the legal framework for environmental and social impact assessment' – and clearly seeks to integrate environment and climate change into plans and budget allocations.

Rwanda has overarching planning framework which reflects the Green Growth and Climate Change Resilience Strategy (GGCCRS), NST-1 targets and Vision 2050 goals. Based on these, the GoR has developed indicators to mainstream environment and climate change into sectors and districts. In addition, there is a law on environment, an environment and climate change policy as well as approved NDC with a target to reduce 38% of carbon dioxide equivalent by 2030 compared to business as usual. These documents form the basis for elaborating sector medium-term strategic plans. The government's budget framework paper also considers budget priorities on environment and climate change (ECC). The environmental policy framework covers sub national governments, in which climate change policies and strategies are translated into district development strategies. Public corporations are also included as evidenced in environmental sector working group frameworks.

The Ministry of Environment and Natural Resources (MINERENA) is responsible for policy oversight; REMA is both a regulatory and implementing agency – alongside FONERWA, RLMUA, the Water Resources Board (WRB) and the Rwanda Forestry Authority (RFA), while MINECOFIN oversees planning and budgeting. The institutional governance mechanisms are depicted under Annex 3.

National GHG inventory for the latest year available

The Second National Communication (SNC) in Rwanda put the total (agriculture, energy, industrial processes, wastes, land use, land use change and forestry) HG emissions at 5,010.4Gg for 2005, considered a baseline year. Also, there was a negative national balance (2005) of 3,534.6Gg CO₂eq between emissions and absorption (total emission: 5,010.4Gg CO₂eq and total absorption: (8,545Gg CO₂eq). Finally, the Rwanda Intended Nationally Determined Contributions (INDC) refers to GHG emissions

estimates for 2012 as a base year and projections for 2030 established in recent Rwanda's sectoral analysis for NAMA opportunities.

Implementation of climate change policies by the government

The top five most important measures undertaken by GoR for GHG emissions reduction include: electric vehicles; soil testing to improve fertilizer application; soil and water conservation (landscape management); wastewater treatment plans; and energy generation.

For adaptation to climate changes, the top measures include: catchment management plans; climate resilient post-harvest; sustainable land management; crop and livestock insurance; improve forest management / agro-forest; etc.

A Monitoring, Reporting and Verification (MRV) is in place. An independent assessment (PERECC 2013) was conducted and annual assessments are conducted since then. The macroeconomic impacts of climate change assessments include: agriculture, infrastructure and settlement through a literature review on climate projections, primary and secondary information. However, no macro-fiscal implications for NDCs have been undertaken. Rwanda has begun to mainstream NDCs into its PFM systems. Key implementation entities include sectors, affiliated agencies and districts.

6.2 ASSESSMENT FINDINGS AND WAY FORWARD

This section provides an overview of findings of the assessment of existing practices compared with the PEFA Climate framework. It focuses on the key PFM tools and processes in place to support the implementation of climate change policies, and how they contribute to the achievement of the three budgetary outcomes while implementing these policies. It also highlights possible areas of improvement on the basis of the inputs from the inception questionnaire. The detailed analysis of findings and evidence to score the indicators is presented in sections below.

Main findings

The GoR has developed a framework for mainstreaming environment and climate change into sector strategic plans and district development plans. They inform the preparation of sector medium-term strategic plans aligned to NDC-3 targets. Annual budget preparation documents provide guidelines on how to mainstream environment and climate change. Performance-Based Budgeting (PBB) reforms are expected to provide the desired linkage between resource allocation and the expected results in climate-related programmes and activities. Budget execution reports provide a narrative on the achievements in implementing environmental protection and climate change-related programs. In addition, REMA monitors progress in implementation of environmental and climate change policies and annually produces and publishes progress reports on state of environment in the country. Nevertheless, there is no tracking of climate-related expenditures, in addition to medium-term climate change targets in the medium-term fiscal strategy. Although the medium-term budget strategy (BFP) submitted to Parliament for scrutiny contains environment and climate change priority areas, there is no dedicated technical support on environment and climate change issues in parliament to undertake adequate technical analysis.

As shown in figure 1 below, out of the 14 CRPFM indicators, none scored an 'A' or 'B+'. That said, two indicators (CRPFM-1 Budget alignment with climate change strategies and CRPFM-11 Climate responsive fiscal decentralization framework) scored a 'B' which shows satisfactory performance. None scored a 'C+' and three (CRPFM-2 Tracking climate related expenditure; CRPFM-3 Climate responsive budget circular; and CRPFM-6 Climate responsive asset management) scored 'Cs', indicating average performances. Three indicators (CRPFM-5 Climate responsive public investment management; CRPFM-12 Climate related performance information; and CRPFM-13 Climate related performance evaluation) scored 'D+', and four

indicators (CRPFM-4 Legislative scrutiny; CRPFM-7 Climate related liabilities; CRPFM-8 Climate responsive procurement; CRPFM-10 Compliance of climate related expenditure scored 'Ds', indicating poor performances. CRPFM-9 and CRPFM-14 were not applicable, as there are no climate-related taxes and the CoA does not track climate-related expenditure.

Figure 1: PEFA Climate scores by indicators

ID-Ind	2022
A	0
B+	0
B	2
C+	0
C	3
D+	3
D	5
NU	0
NA	2
Total	14

Figure 2: PEFA Climate scores by dimension

ID-Dim	2022
A	0
B	1
C	10
D	13
NU	0
NA	4
Total	29

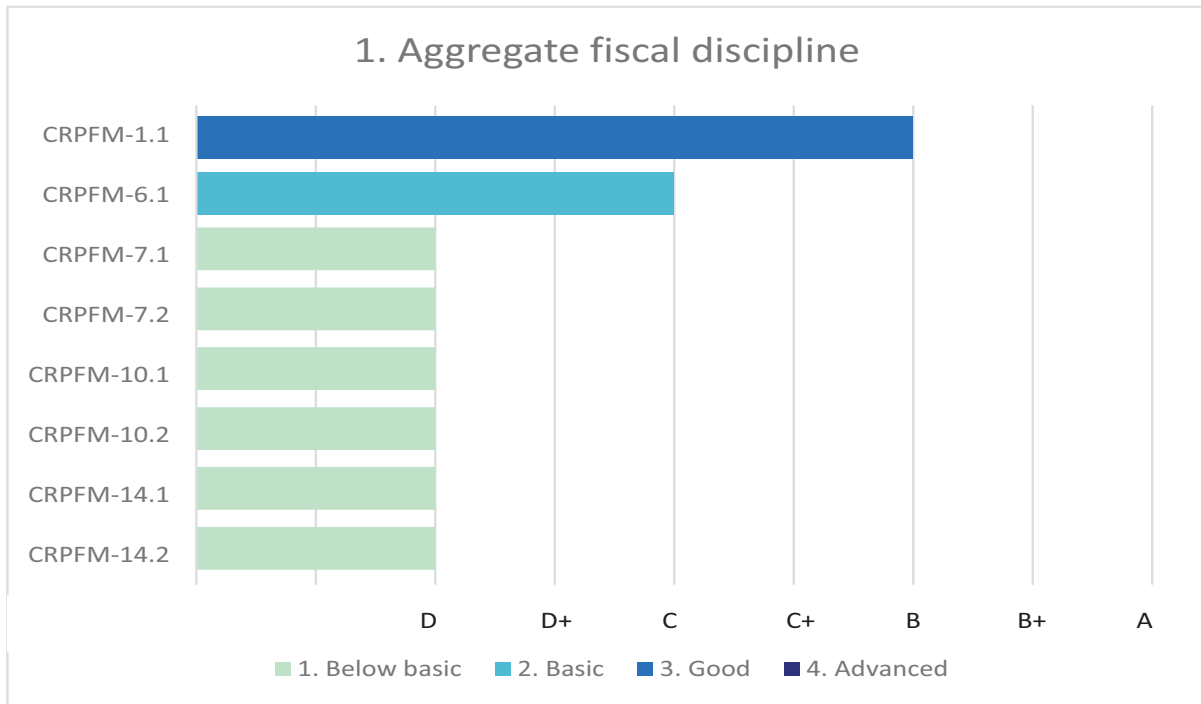
Figure 3: Overview of assessment findings – graphical representation



Analysis by budgetary outcomes

Aggregate Fiscal Discipline

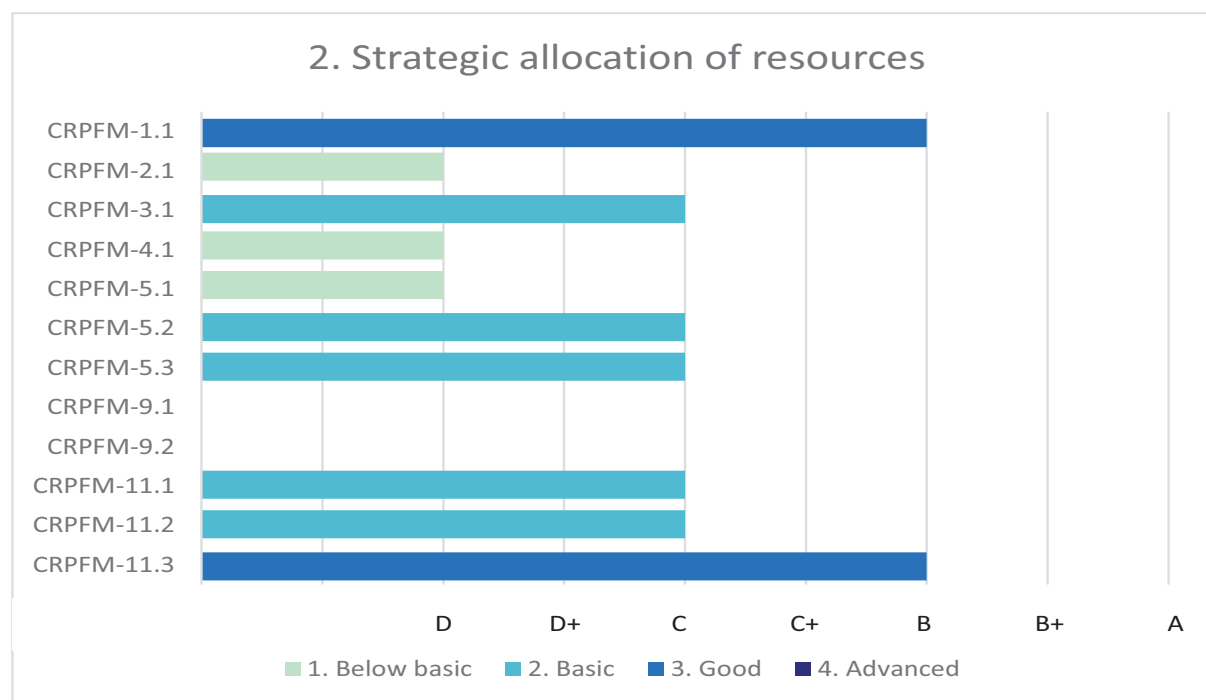
Figure 4: Overview of indicators affecting aggregate fiscal discipline



Strengths	Weaknesses
<ul style="list-style-type: none"> Generally, the climate related sector medium-term strategic plans, medium-term budgets and annual budget aligned with climate change strategies. The system in place fulfils eight elements, including at least four basic elements (1-6) – these include sector strategies that reflect CC policies, costed CC projects, accountability of CC projects in public investments, and alignment of CC related budget proposals to costed sector medium strategies (CRPFM-1 rated 'B'). Exposure and sensitivity of relevant fixed assets to climate variability, extreme weather events and transition risks are identified for the relevant assets (CRPFM-6 rated 'C'). 	<ul style="list-style-type: none"> Public investment management is not climate-responsive. No specific minimum design standards for public investment projects even though NDC outlines objectives and requirement in public investment management; also, no requirement for extra-budgetary units to incorporate specific climate objectives, targets and indicators in their performance contracts (CRPFM-5 rated 'D+'). The control systems in place to do not guarantee compliance of payments with climate change criteria. Controls in place do not follow climate-related expenditure conditionalities; also, existing audit and fraud investigations conducted are not specifically designed for climate-related transactions meant for providing assurance that the climate-related expenditure has been used for the proper climate objectives (CRPFM-10 rated 'D'). No publication of specific fiscal risk report on climate change nor debt and guarantees related to CC (CRPFM-7 rated 'D'). Chart of Account (CoA) does not track CC budget and expenditure according to budget classification to allow for computation for CC expenditure outturns (CRPFM-14 rated 'NA').

Strategic Allocation of Resources

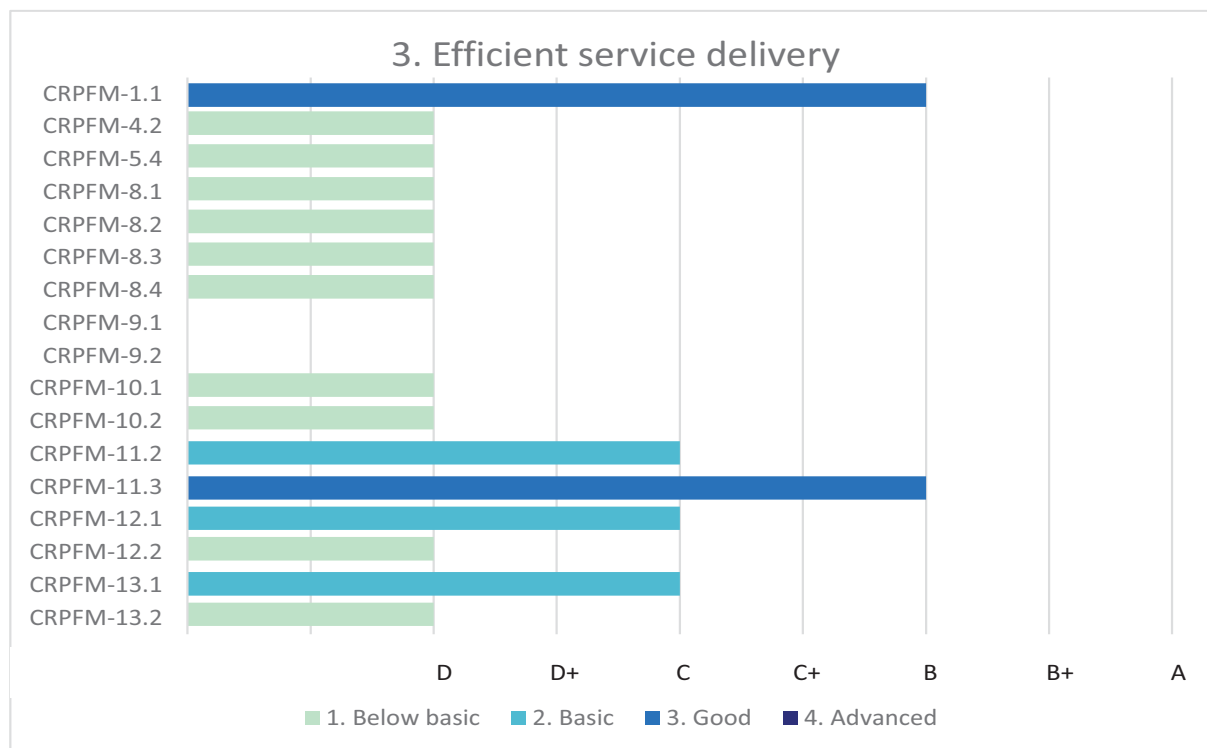
Figure 5: Overview of indicators affecting strategic resource allocation



Strengths	Weaknesses
<ul style="list-style-type: none"> • Budgets are aligned with climate change strategies, which support strategic allocation of resources. The system in place fulfils eight elements, including at least four basic elements (1-6) – these include sector strategies that reflect CC policies, costed CC projects, accountability of CC projects in public investments, and alignment of CC related budget proposals to costed sector medium strategies (CRPFM-1 rated 'B'). • The budget circular provides guidance to MDAs to factor in climate change mitigation measures, but does not provide a methodology for tracking climate change related expenditure (CRPFM-3 rated 'C'). • The legal and regulatory framework clearly states the competencies and mandates of SNGs related to climate change mitigation and adaptation; Climate change related conditional transfers are associated with objectives aligned with the national climate change strategy; and fiscal decentralization arrangements satisfy one of the criteria from the two applicable criteria, i.e., national arrangements for tracking climate-related expenditure are applied to SNGs (CRPFM-11 rated 'C+'). • There is a rule-based allocation of resources among projects. NDPR prioritizes climate related project selection on the basis of Climate-responsiveness, with criteria detailed in Annex 9 of the sector budget proposals (CRPFM-5.2 rated 'C'). 	<ul style="list-style-type: none"> • The CoA does not track climate-related expenditure. As a result, there is no climate-related expenditure classification (CRPFM-2 rated 'D'). • No specific minimum design standards for public investment projects even though NDC outlines objectives and requirement in public investment management; also, no requirement for extra-budgetary units to incorporate specific climate objectives, targets and indicators in their performance contracts (CRPFM-5 rated 'D+'). • Legislative oversight of the allocation of resources is negatively affected because. The legislature does not scrutinise CC related budget and audit reports (CRPFM-4 rated 'D'). • Controls in place do not follow climate-related expenditure conditionalities; also, existing audit and fraud investigations conducted are not specifically designed for climate-related transactions meant for providing assurance that the climate-related expenditure has been used for the proper climate objectives (CRPFM-10 rated 'D').

Efficient service delivery

Figure 6: Overview of indicators affecting efficient service delivery



Strengths	Weaknesses
<ul style="list-style-type: none"> The alignment of budgets with climate change strategies ensures that resources used for the intended long-term priorities. In this respect, the system in place fulfils eight elements, including at least four basic elements (1-6) – these include sector strategies that reflect CC policies, costed CC projects, accountability of CC projects in public investments, and alignment of CC related budget proposals to costed sector medium strategies (CRPFM-1 rated 'B'). The legal and regulatory framework clearly states the competencies and mandates of SNGs related to climate change mitigation and adaptation; Climate change related conditional transfers are associated with objectives aligned with the national climate change strategy; and fiscal decentralization arrangements satisfy two of the criteria from the two applicable criteria, i.e., national arrangements for tracking climate-related expenditure are applied to SNGs and climate change related investment framework for SNGs (CRPFM-11 rated 'B'). 	<ul style="list-style-type: none"> The legislature does not scrutinise CC related budget and audit reports (CRPFM-4 rated 'D'). There is no CC related public procurement management system, including specifications of CC related activities in the standard bidding documents. No CC related statistics on public procurement (CRPFM-8 rated 'D') There is no evidence that climate change related performance report for FY 2020-2021 has been prepared, and submitted to Parliament (CRPFM-12 rated 'D+'). There is no evidence that tax policies as contained in the fiscal strategy are geared towards addressing adverse impact of climate change (CRPFM-13 rated 'D+').

Table 1 – Overview of assessment scores

Indicator	Dimension				Overall
	1	2	3	4	
1 Budget alignment with climate change strategies	B				B
2 Tracking climate related expenditure	C				C
3 Climate responsive budget circular	C				C
4 Legislative scrutiny	D	D			D
5 Climate responsive public investment management	D	C	C	D	D+
6 Climate responsive asset management	C				C
7 Climate related liabilities	D	D			D
8 Climate responsive procurement	D	D	D	D	D
9 Climate responsive revenue administration	NA	NA			NA
10 Compliance of climate related expenditure	D	D			D
11 Climate responsive fiscal decentralization framework	C	C	A		B
12 Climate related performance information	C	D			D+
13 Climate related performance evaluation	C	D			D+
14 Expenditure outturn for climate activities	NA	NA			NA

6.3 DETAILED ASSESSMENT OF CLIMATE-RESPONSIVE PFM

CRPFM-1 Budget alignment with climate change strategies

Description: This indicator measures the extent to which long and medium-term climate change strategies are reflected in costed sector medium-term strategic plans and midterm and annual budgets.

Summary table

Dimension	score	Description
CRPFM-1 Budget alignment with climate change strategies	B	
1.1 Budget alignment with climate change strategies	B	The system in place fulfils eight elements, including at least four basic elements (1-6).

Guiding question: Are climate-related sector medium-term strategic plans, medium-term budgets and annual budget aligned with climate change strategies?

- Coverage: Budgetary Central Government.
- Time period: Last budget and budget documentation submitted to the legislature (FY 2021-22).

CRPFM-1.1 Budget alignment with climate change strategies

The GoR has developed indicators to mainstream environment and climate change into sectors and districts. They are based on the Green Growth and Climate Change Resilience Strategy (GGCCRS), NST1 targets and Vision 2050 objectives. They informed the preparation of sector medium term strategic plans aligned to National Determined Contributions (NDC) targets²². The Environment and Natural Resources (ENR) sector strategic plan has a costed medium-term financing framework that takes into account public investment plans and projects. The ENR sector working coordination group is in place. It is led by the Ministry of Environment.

The government budget framework paper for FY 2021/22 considered budget priorities on ECC. The fiscal annual budget for FY 2021/22 also piloted ECC in the sectors of agriculture, health, social, economic, governance and infrastructure. It also included performance-based budgeting for environment and the details of performance indicators and allocations were approved by the legislature.

Table CC-1: Description of scoring requirements met for alignment of CC strategies and budget

Scoring requirements to be met	Met (Y/N)	Description
Basic elements		
1. Sectoral medium-term strategic plans are prepared. They reflect priorities from national climate change policy and strategy - and in their absence, NDC targets.	Yes	Rwanda has overarching planning framework which reflects the Green Growth and Climate Change Resilience Strategy (GGCCRS), NST1 targets and Vision 2050 goals. In addition, there is a law on environment, an environment and climate change policy as well as approved NDC with a target to reduce 38% of carbon dioxide equivalent by 2030 compared to business as usual. These documents form the basis for elaborating sector medium-term strategic plans. Furthermore, via Annex 9 ("Checklist for Environment and Climate Change Mainstreaming in their planning submissions"), the BCC for the FY 2021/22 budget asked all budget agencies to submit an annex reflecting environment and climate change priorities in their budget.
2. Climate-related projects and initiatives are costed in sector medium-term strategic plans.	Yes	NST-1 (2018-2024) treats environment as a cross-cutting issue. Subsequently, the costed sector strategic plans include a section on environment and climate change.

²²Environmental and Climate Change Assessment, 2020/21.

Scoring requirements to be met	Met (Y/N)	Description
3. Climate-related projects are accounted for in public investment plans.	Yes	The Guidelines for the preparation and assessment of Feasibility Study Reports of projects at CG level in Rwanda take into account environmental considerations including EIA and climate change. (Ref. Volume 1 Methodology for Project Appraisal pages 28, 38).
4. Climate-related expenditure policy proposals in the approved medium-term budget estimates align with sector costed medium-term strategic plans.	Yes	The government budget framework paper 2021/22 considered budget priorities on ECC.
5. Climate-related tax policy proposals in the approved medium-term budget estimates align with the national climate change strategy.	No	
6. Climate-related annual expenditure and tax estimates align with the approved medium-term budget estimates for the first year.	No	
Additional elements		
7. Climate change policy and strategies cover subnational governments, public corporations and other operators in charge of implementation.	Yes	The environmental policy framework covers sub national governments, in which CC policies and strategies are translated into district development strategies. Public corporations are also included as evidenced in Environmental sector working group framework.
8. Climate change strategies or climate-related medium-term budget estimates identify funding gaps and funding sources.	Yes	The Medium-term expenditure frameworks (MTEF 2021/22) identified funding gaps and sources.
9. Medium-term fiscal strategy refers to climate targets.	No	
10. Medium-term fiscal strategy refers to climate-related fiscal risks.	Yes	Rwanda's Fiscal Risk Statement for 2021-2022 takes into account climate change risks such as natural disasters. It states the country is prone to storms, landslides, and floods and 55% of total land area is at risk of soil erosion.
11. If there is a gap between climates related annual expenditure and tax estimates and the approved medium-term budget estimates for the first year, the annual budget document provides the underlying explanation.	No	
12. There is an operational body, unit or team in charge of fostering coordination on climate change activities in line with climate change policies.	Yes	The National Environment and Climate Change Fund 'FONERWA' established to support environmental sustainability, resilience to climate change and green growth as well as resource mobilization.

The system in place fulfils eight elements, including four basic elements (1-6). Please, refer to Table CC-1 above.

Dimension score: B

CRPFM-2 Tracking climate-related expenditure

Description: This indicator measures the extent to which the government is able to track climate-related expenditure.

Summary table

Dimension	score	Description
CRPFM-2 Tracking climate-related expenditure	C	
2.1 Tracking climate-related expenditure	C	There is no climate-related expenditure classification. As a result, the CoA does not track climate-related expenditure. That said, REMA tracks climate-related expenditure using its checklist/template. As shown in table CC-2 below, at least three basic elements are met.

Guiding question: *Does the government have the capacity to track climate-related expenditure?*

- Coverage: Budgetary Central Government.
- Time period: Last completed fiscal year (FY 2020-21).

CRPFM-2.1 Tracking climate-related expenditure

There is no climate-related expenditure classification. As a result, the CoA does not track climate-related expenditure. That said, REMA tracks climate-related expenditure using its checklist/template. As shown in table CC-2 below, at least three basic elements are met. According to REMA's annual report for FY2020/2021, Government of Rwanda budgeted an amount of Rwf 118.96 billion for climate-related activities out of which 119.2 billion was spent within the same period. The report provides climate-related expenditure by ministry, department and agency.

Table CC-2: Description of requirements met for tracking of climate related expenditure

Basic elements	Met (Y/N)	Description
Basics elements		
1.The government uses a methodology that defines what constitutes “climate change expenditure”.	Y	The government defines what constitutes “climate change expenditure”.
2.The government applies the same methodology across all ministries, departments, and agencies to identify climate related expenditure.	Y	The methodology has been developed by REMA, named, “checklist and template for ECC mainstreaming into sectors and national/district strategies”. This is used to track climate related expenditures.
3.Expenditure related to activities that are counter to climate policy is disclosed in budget documents and in end-of-year budget execution reports (as in Element 4 below). This covers spending explicitly or implicitly linked to CC.	N	
4.Climate related expenditure is disclosed by the Ministry of Finance or the budgetary units in budget documents and in end-of-year budget execution reports (as in Element 3 above).	N	
5.The methodology applied by the government to identify climate related	Y	REMA tracks and reviews ECC expenditures in line with its checklist/template.

Basic elements	Met (Y/N)	Description
expenditure is reviewed by an entity other than the preparing entity.		
Additional elements		
6.Climate related expenditure is identified using specific budget expenditure line items, program codes, elements in the government's chart of accounts or markers such as Rio markers.	N	
7.Climate related expenditure is disclosed in in-year budget reports, including in-year budget adjustments.	N	
8.Budgeted climate related transfers to subnational governments (SNG) and outturn are identified.	N	
9.Budgeted climate related transfers to extrabudgetary units and public corporations in charge of implementing climate change actions, and outturn, are identified.	N	

Dimension score: C

CRPFM-3 Climate-responsive budget circular

Description: This indicator measures the extent to which budget circular takes climate change into consideration by referring to national climate change strategy, providing clear guidance on how budgetary units should propose climate change mitigation and adaptation measures, defining a methodology for tracking climate change related expenditure, and setting expenditure target.

Summary table

Dimension	score	Description
CRPFM-3 Climate-responsive budget circular	C	
3.1 Climate-responsive budget circular	C	The budget circular provides guidance to MDAs to factor in climate change mitigation measures, but does not provide a methodology for tracking climate change related expenditure.

Guiding question: Does the budget circular take the climate change policies into consideration?

- Coverage: Budgetary Central Government.
- Time period: Last completed fiscal year.

CRPFM-3.1 Climate-responsive budget circular

The first BCC for FY 2021/2022, issued on 30/10/2020, requested MDAs to provide information on how they intend to mainstream overarching priorities of sustainable management of environment and natural resources. It also asks MDAs to provide information on how they plan to implement of National Determined Contributions (NDC) to achieve environment and climate change SDG targets in 2030. The

same circular provides a list of selected indicators in Annex 9: Environment and climate change checklist, for sectors and districts to mainstream environment and climate change priorities into their action plans. In summary the BCC provides guidance to MDAs to factor in climate change mitigation measures, but does not provide a methodology for tracking climate change related expenditure.

Dimension score: C

CRPFM-4 Legislative scrutiny

Description: This indicator measures how climate change aspects are included in legislature’s scrutiny of budgets and audit reports.

Summary table

Dimension	score	Description
CRPFM-4 Legislative scrutiny	D	
4.1 Legislative scrutiny of budgets	D	The legislature’s scrutiny of the proposed budget meets none of the four criteria.
4.2 Legislative scrutiny of audit and evaluation reports	D	The legislature’s scrutiny of audit and evaluation reports meets none of the four criteria.

Guiding question: How are climate change aspects included in the legislature’s scrutiny of budget and audit reports?

- Coverage: Budgetary Central Government, for dimension 4.1, Central Government, for dimension 4.2.
- Time period: Last budget and budget documentation submitted to the legislature (FY 2021-22), for dimension 4.1. Last audit reports or evaluation reports submitted to the legislature (FY 2020-21). For Element 2, dimension 4.2: audit report on end-of-year financial report (FY 2020-21).

CRPFM-4.1 Legislative scrutiny of budget

The BFP for FY 2021/22 submitted to budget parliamentary and patrimony committee for scrutiny contains environment and climate change priority areas but there is no formalized specialized technical support on ECC in parliament to undertake adequate scrutiny.

Table CC-2: Overview of legislative scrutiny of the budget

Requirement	Met (Y/N)	Description
1. Involvement of support mechanisms such as specialized legislature committees, technical and scientific support, expert advice from climate advocacy groups, independent climate councils, or others. A report on the work and conclusions of the committees or groups is published.	No	There is no involvement of any formalized mechanism to support the legislature committees or any expert to advise the house on CC adaptation and mitigation measures.
2. A performance or impact assessment review of (i) climate change revenue and (ii) climate change programs, including expected results in the future, either through specific impact assessment or information on planned performance.	No	There is no specific climate change performance or impact assessment review process that was conducted by the legislature during the period of assessment.
3. A review of the positive, neutral or negative contribution to climate change of (i) revenue and (ii) programs or actions that are not directly related to climate change.	No	There is no specific review of the positive, neutral or negative contribution to change by the legislature.

Requirement	Met (Y/N)	Description
4. A review of climate-related fiscal risks	No	There is no specific review of climate-related fiscal risks by the legislature.
5. A public consultation that includes a specific focus on climate. A report on the feedback received during public consultation is published.	No	The legislative did not conduct a public consultation focusing specifically on climate and also there is no published report on public consultation.

In summary, none of the elements for inclusion of climate change aspects in the legislative scrutiny of the budget by the legislature are met. Please, refer to Table CC-2 above.

Dimension score: D

CRPFM-4.2 Legislative scrutiny of audit and evaluation reports

The PAC scrutinizes the national budget based on the OAG's audit report submitted to the PAC committee that includes financial and performance audits in the context of ECC executed by MDAs. Team discussions with members of both committees revealed that there is insufficient documentation provided on ECC.

Table CC-3: Overview of legislative scrutiny of audit and evaluation reports

Requirement	Met (Y/N)	Description
1. Involvement of support mechanisms such as specialized legislature committees, technical and scientific support, expert advice from climate advocacy groups, independent climate councils, or others.	No	The PAC committee has a specialised technical support to advice on general audit issues but there is no specific TA for climate change to support the audit scrutiny in the legislature.
2. A review of climate-related executed expenditure and revenue at a level comparable with the approved budget.	No	There was no specific review of related executed expenditure and revenue at a level comparable with the approved budget.
3. A review of audit reports or/and evaluation reports on the performance of climate change programs or activities in line with planned outputs and outcomes.	No	There was no specific review of audit reports or evaluation reports on the performance of climate change programs or activities in line with planned outputs and outcomes.
4. A review of audit reports or/and evaluation reports of climate change impacts of the executed budget.	No	There was no specific review of audit reports on climate change impacts of the executed budget.
5. Recommendations for actions issued by the legislature to be implemented by the executive.	No	There were no specific recommendations issued by the legislature on CC action to be implemented by executive.
(6) Follow up on their implementation.	No	Since there were no specific recommendations by the legislature, there is no follow-up.

In summary, none of the elements on inclusion of climate change aspects in the legislative scrutiny of audit and evaluation reports by the legislature are met. Please, refer to Table CC-3 above.

Dimension score: D

CRPFM-5 Climate-responsive public investment management

Description: This indicator measures the extent to which public investment management is Climate-responsive.

Summary table

Dimension	score	Description
CRPFM-5 Climate-responsive public investment management	D+	
5.1 Climate related provisions in regulatory framework for public investment management	C	The NDC outlines the objectives and requirements for public investment projects in relation to climate change mitigation and adaption. There are specific minimum design standards for public investment projects as outlined in the national guidelines for preparation and assessment of feasibility studies.
5.2 Climate related project selection	C	NDPR prioritizes project selection on the basis of climate-responsiveness, with criteria detailed in Annex 9 of the sector budget proposals. NDPR has also developed climate assessment and prioritization criteria that facilitates the prioritisation and selection of new investment projects; these are used effectively.
5.3 Climate related provision for project appraisal	C	Section 4.2.2 of the PIM manual (National Investment Policy) mandates that feasibility studies shall include the implication of public investment projects on the environment and climate change. Additionally, project appraisal requirements recommend that feasibility studies assess the impact of climate change of new investment projects and adaptation measures in the project design to address climate risks.
5.4 Reporting from entities in charge of implementation	D	There is currently no requirement for extra-budgetary units and public corporations responsible for the implementation of public investment projects to incorporate specific climate objectives, targets and indicators in their performance contracts.

Guiding question: Has the government put in place climate-responsive public investment management arrangements covering laws and regulations; project selection and prioritization criteria; project appraisal; and reporting from entities in charge of implementing public investment projects?

- Coverage: Central Government, for dimensions 5.1-5.3, EBU and controlled PCs, for dimension 5.4.
- Time Period: Last completed fiscal year (2020-21).

CRPFM 5.1. Climate-related provisions in regulatory framework for public investment management

The National Determined Contribution (NDC), which is the main regulatory framework that governs climate-related activities in Rwanda, outlines the objectives and requirements for public investment projects in relation to climate change mitigation and adaption. Within the life cycle of building materials, establishment of GHG emissions, energy efficiency, recycling and reuse standards for equipment and appliances, there are minimum design standards for public investment projects in terms of resilience to future extreme weather conditions, energy and GHG emission. The National Guidelines for Preparation and Assessment of Feasibility Studies – Volume 1 published in November 2018 mandates all central government institutions to, as part of their project feasibility studies (under section 4.3 – environmental considerations, including EIA and climate change), include description of how the new project meets GHG emission standards as well as mitigation against extreme weather conditions. Section 5.3 of NDC summarizes mitigation actions, namely to: (i) develop business-as-usual (BAU) emissions forecasts, (ii) assess and prioritize mitigation actions, and (iii) develop alternative GHG pathways for NDC.

Dimension score: C**CRPFM 5.2 Climate-related project selection**

The National Development Planning and Research (NDPR) department of MINECOFIN is responsible for evaluating all new public investment projects to ensure that planned projects meet the national investment standards, and also in accordance with the National Determined Contribution (NDC). It does this in conjunction with the Rwanda Environment Management Authority (REMA). To facilitate this process, REMA has developed a checklist for environmental and climate change mainstreaming of sector budgets, then consolidated into the national budget system. NDPR has also developed climate assessment and prioritization criteria that facilitates the prioritisation and selection of new investment projects; these are used effectively. The annual planning and budget circular provides clear guidance on how to avail data for monitoring environmental and climate change initiatives, specifically annex 9 of sector budget proposals, detailing information by program, sub-program, activity, output, indicator and estimated budget. Thus, project selection is prioritised on the basis of climate-responsiveness.

Dimension score: C**CRPFM-5.3. Climate related provisions for project appraisal**

The National Investment Policy manual, issued in April 2017, makes provision for all public investment projects to undergo appraisal and feasibility studies to determine the project viability prior to execution. Section 4.2.2 of the PIM manual recommends that feasibility studies include the implication of public investment projects on the environment and climate change, with a quote as follows:

*“Feasibility studies will be used to assess proposed projects in detail on a quantitative basis requiring comprehensive analysis of market conditions, technical, social, **environmental**, financial and economic issues depending on the nature of the project in order to determine the optimal project design and form of implementation. Requests for feasibility studies have to be submitted according the standard planning and budgeting guidelines issued by MINECOFIN to be screened by the respective Investment Committee”.*

Additionally, project appraisal requirements recommend that feasibility studies assess the impact of climate change of new investment projects and adaptation measures in the project design to address climate risks. Furthermore, The National Guidelines for Preparation and Assessment of Feasibility Studies, dated November 2018 specifically states (under section 4.3) that the evaluation of climate change impacts of new investment projects and adaptation measures in the project design should address climate risks. The guideline is on MINECOFIN’s website (www.minecofin.gov.rw).

Dimension score: C**CRPFM-5.4 Reporting from entities in charge of implementation**

There is currently no requirement for extra-budgetary units and public corporations responsible for the implementation of public investment projects to incorporate specific climate objectives, targets and indicators in their performance contracts. Nevertheless, the Rwanda Environment Management Authority prepares a comprehensive annual report on the implementation of variety of climate change initiatives across all public sectors. For FY2020/2021, the report provides a breakdown of activities with key performance indicators targets against actual implementation. Table CC-4 below provides an example of how REMA tracks and reports on environmental and climate change issues in the agricultural sector.

Table CC-4: Implementation of ECC activities in Agriculture Sector

No.	Outputs	Key performance indicators	Achievements			
1	Increased productivity, diversity, sustainability and resilience of agricultural production (PSTA-4, Priority area 2)	Area (Ha) under radical terracing and progressive terracing	100%			
2	Effective and efficient irrigation developed under an Integrated Water Resources Management	Number of agriculture irrigation project with water use permits	100%			
3	% of development projects requiring EIA have done it and EMP implemented and monitored	Number of EIA study conducted and implemented for agricultural projects in marshlands	100%			
4	Promoted use of fertilizer based on area specific nutrient recommendations	Quantity (tones) of organic fertilizer produced				
5	Mainstreamed Integrated Pest Management technique ("Push Pull" Strategies):	% Farmers who practice integrated pest management (IPM)	100%			
6	Increased resilience of agriculture to climate change	Percentage of farmers receiving weather and climate information products/services				
7	Expanded Crop Varieties:	Hectares (ha) of farms adopting crops varieties which are high-yielding, low-external-inputs, pest-resistant and climate-adapted	100%			
	Average		71.4	0.0	0.0	28.6

Source: 2020/2021 REMA Report – Assessment of the Implementation of ECC Activities by Sector MDAs.

Legend

70-100%	50-69.9%	0-49.9%	
Output on track	Output on watch	Output off track	Output not tracked

Dimension score: D

Recent or ongoing reform activities

Mainstreaming climate change into the entire government PFM framework is still ongoing.

CRPFM-6 Climate-responsive non-financial asset management

Description: This indicator measures the extent to which non-financial assets, in particular lands and buildings are covered by CC adaptation and mitigation approaches regarding the identification of the risks and potential contribution, their inclusion in the government's strategies, and the regulation of their use, disposal and transfer.

Summary table

Dimension	score	Description
CRPFM-6 Climate-responsive non-financial asset management	C	
6.1Climate-responsive non-financial asset management	C	Exposure and sensitivity of relevant fixed assets to climate variability, extreme weather events and transition risks are identified for the relevant assets.

Guiding question: Does the management of assets ensure that public assets contribute to mitigation and that their sensitivity to climate change is addressed?

- Coverage: Budgetary Central Government.
- Time period: Last completed fiscal year (FY 2020-21).

CRPFM-6.1 Climate-responsive non-financial asset management

Assets are managed by the Rwanda Housing Agency (RHA), established by Law No. 40/2010 to manage all government assets. The RHA is charged with organizing the existing records of government assets into a national consolidated database, and with supervising the disposal of state assets by MDAs. It is also required to enforce compliance with the law on environmental protection. With respect to urban housing and construction, it is required to obtain, maintain, operate, update and disseminate scientific, socio-economic, and environmental data pertaining to urban construction.

Article 12 of the law regarding public auction of state private assets to be sold stipulates that the quality of items to be auctioned needs to take environmental aspects into account. Furthermore, Article 15 states that direct negotiations should take effect during public auction in case the asset is harmful to the environment. Article 22 states that a complete destruction of state private asset needs authorization by the minister in charge of infrastructure in conjunction with an organ in charge of environment conservation. To this effect, the government issues different ministerial orders such as No. 003/2008 relating to the requirement and procedure for environment impact assessment and No. 004/2008 establishing the list of works, activities and projects that have to undertake an environment impact assessment. The sensitivity and exposure of the different assets are identified based on this and environmental impact assessment conducted in accordance with the procedures. The environmental impact assessment takes into account climate variability, extreme weather events and transition risks for all relevant assets.

Dimension score: C

CRPFM-7 Climate-related liabilities

Description: This indicator measures the extent to which the government is able to manage climate-related liabilities.

Summary table

Dimension	score	Description
CRPFM-7 Climate-related liabilities	D	
7.1 Climate-related fiscal risks	D	The GoR publishes a quarterly, semester and annual consolidated fiscal risks report – but does not cover Climate-Related fiscal risks.
7.2 Climate-related debt and guarantees	D	The GoR publishes a quarterly, semester and an annual consolidated fiscal risks report – but does not specifically focus on climate-related debt and guarantees.

Guiding question: Has the government put in place arrangements to handle climate-related liabilities, and comply with the specific monitoring and reporting requirements?

- Coverage: Central Government, for all dimensions.
- Time Period: Last completed fiscal year (FY 2020-21), for all dimensions.

CRPFM-7.1 Climate-related fiscal risks

Although for FY 2020/2021 (and for the Q1 of FY2021/2022), MINECOFIN published a consolidated report on fiscal risks, the report does not cover climate-related risks. Furthermore, although the GoR Consolidated Financial Statements (CFSs) for the FY2020/2021 (published on www.minecofin.gov.rw on

27th Sept 2021) include a ‘statement of public debt’ that covers domestic and external debt (a summary movement of contracted loans and disbursements; on lending debt and government guarantees), climate-related risks are not take into account there either.

Dimension score: D

CRPFM-7.2 Climate-related debt and guarantees

As for ‘climate-related fiscal risks’ above, the ‘fiscal report’ and the ‘CFS’ for the fiscal year 2020/21 does not specifically focus on climate debt and guarantees. GoR debt and guarantees are however reported on a quarterly, semi-annual and annual basis as per the requirements of the current legal framework.

Dimension score: D

CRPFM-8 Climate-responsive procurement

Description: *This indicator measures the extent to which CC mitigation and resiliency measures are embedded into key aspects of procurement management, measuring the extent to which government purchases goods, services and works that cause minimal adverse impacts on climate change. It also evaluates resilience and responsiveness of the procurement system to climate induced risks, and responsiveness of the system to climate induced disasters.*

Summary table

Dimension	score	Description
CRPFM-8 Climate-responsive procurement	D	
8.1Climate-responsive procurement framework	D	Climate-responsive public procurement framework is still work in progress.
8.2 Climate-responsive public procurement operations	D	Climate-responsive public procurement operations are not yet reflected in the standard bidding documents.
8.3Climate-responsive procurement monitoring	D	There are no records or statistical data or annual activity reports at RPPA to demonstrate climate-responsiveness in public procurement.
8.4Climate-responsive procurement reporting	D	There is no statistical report to show climatic responsiveness in public procurement.

Guiding question: *Does the government take climate change impacts into account when planning and executing procurement decisions?*

- Coverage: Central Government.
- Time Period: Last completed fiscal year (2020-2021), for dimensions 8.1-8.3, Last three completed fiscal years (2018-2019, 2019-20, 2020-21), for dimension 8.4.

CRPFM-8.1Climate-responsive procurement framework

Rwanda has Green Public Procurement (GPP) guidelines established in January2020. These guidelines are designed to provide procuring entities with minimum green procurement criteria for selected sectors as per their share in the public procurement. Those sectors consist of Information and Communication Technology (ICT) Equipment, Beverages and Refreshments, Printing Services and Building and Construction (including Air Conditioning (AC) and Refrigeration, and Lighting). The current procurement law N°62/2018 of 25/08/2018 needs to be updated to reflect some of the salient elements in the guidelines. Also, looking at the current guidelines, there would be a need to have them developed into a full-fledged Climate-responsive procurement policy framework. Having such a policy would be helpful in giving direction for acquiring goods and works that meet green and adaptive targets across the board.

The procurement guidelines, as directed by Rwanda Environmental Management Authority (REMA) and implemented by RPPA, do give some indicative benefits, goals and priority products to be followed by the MDAs in their procurement process. However, the guidelines remain a stand-alone document and are not yet integrated in the Standard Bid Document (SBD) used by MDAs. Also, the assessment team could neither establish whether there was training and capacity building of the procurement units within MDAs in the application of the guidelines, nor could find procurement statistics at RPPA showing records of Climate-responsive procurement, including emergency procurement. The RPPA agrees that the Climate-responsive public procurement framework is still work in progress.

Dimension score: D

CRPFM-8.2 Climate-responsive public procurement operations

In addition to the governing law on procurement, the RPPA has issued other guidelines including the value for money guidelines.²³ However; the current documents make no mention of the environmental impact of goods, works or services. The use of minimizing environmental impact and value for money as a guiding principle within the law governing procurement process requires the revision of standard bid documents, as mentioned earlier, to include environmental considerations within the technical specifications and evaluation criteria of the bids. That said, the current Green Public Procurement (GPP) guidelines remain a stand-alone document but do have the specifications and award criteria to help define tender requirements. These are in the form of templates to facilitate procurement, and may include response to climate induced disaster. However, the assessment team could not find statistical data to determine the extent of usage of Climate-responsive standards in bid processes as well as in the contract awarding, in the form of databases or records as a proof of practice of procedures. Moreover, the GPP guidelines are not publicly available as they are not disclosed on RPPA website.

Dimension score: D

CRPFM-8.3 Climate-responsive public procurement monitoring

As indicated on CRPFM-8.3, there are no records and no recent annual activities reports on procurement of goods and services mentioning the procurement means used in the last financial year. The current GPP guidelines contain no monitoring framework to be used in the Climate-responsiveness. Therefore, the assessment team could not ascertain whether suppliers fulfil climate-sensitive requirements or whether delivered goods and services meet the standards or the level of expected compliance. Even when Article 24 of procurement law N°62/2018 of 25/08/2018 is specific on how to deal with emergency procedures and what to do in case of climate-induced disaster, there are no records or database and information on Climate-responsive procurement.

Dimension score: D

CRPFM-8.4 Climate-responsive public procurement reporting

As indicated on CRPFM-8.1, the Climate-responsive public procurement framework is still work in progress. Hence, there are no reports or databases that compare the actual results of procurement to the targets and priorities set in the framework. Moreover, statistics about emergency procurement operations have not been reported and analysis of the implementation of the emergency procedure is not available. The RPPA has also not published procurement statistics in the recent past.

²³RPPA website: www.rppa.gov.rw.

Dimension score: D
CRPFM-9 Climate-responsive revenue administration

Description: This indicator measures the government's capacity to implement tax policies aimed at reducing GHG emissions and increase resiliency. It also evaluates the extent to which revenue collection generates arrears.

Summary table

Dimension	score	Description
CRPFM-9 Climate-responsive revenue administration	NA	There are no climate-related taxes and consequently, no climate-related tax arrears.
9.1 Climate related tax management, audit and investigation	NA	There are no climate-related taxes
9.2 Climate related tax arrears	NA	There are no tax related tax arrears.

Guiding question: Are climate change mitigation and adaptation objectives supported by revenue administration systems?

- Coverage: Central Government, for all dimensions.
- Time Period: Last completed fiscal year (2020-2021), for all dimensions.

CRPFM-9.1 Climate-related tax management, audit and investigation

The RRA is charged with tax collection in Rwanda – and the agency confirmed they are not mandated to collect climate-related taxes in the fiscal year 2020/2021. Also, our review of the OAG report for the FY2020/21 did not have reference to 'climate-related tax management, audit and investigation score'.

Dimension score: NA
CRPFM-9.2 Climate-related tax arrears

As in CRPFM-9.2, because RRA is yet to be mandated to collect climate-related taxes, there were no 'climate-related tax arrears' in the fiscal year 2020/2021.

Dimension score: NA
CRPFM-10 Compliance of climate-related expenditure

Description: This indicator measures the extent to which efficient control systems are in place to guarantee the compliance of payments with climate change criteria.

Summary table

Dimension	score	Description
CRPFM-10 Compliance of climate-related expenditure	D	
10.1 Effectiveness of the system of controls	D	The controls in place do not follow climate-related expenditure conditionalities as there is no legal or regulatory framework in place.
10.2 Audit of the compliance of transactions	D	The existing audit and fraud investigations conducted are not specifically designed for climate-related transactions meant for providing assurance that the climate-related expenditure has been used for the proper climate objectives.

Guiding question: *Has the government put in place a system to assess the compliance of expenditure with climate-related criteria?*

- Coverage: Budgetary Central Government, for both dimensions.
- Time Period: Last completed fiscal year (2020-2021), for both dimensions.

The Office of Government Chief Internal Auditor (GCIA) is established at the Ministry of Finance and Economic Planning (MINECOFIN) and is in charge of all internal audit function within the MDAs. The audit is largely financial compliance on transactional level, but progressively graduating into risk management and control. Also, the Office of the Auditor General (OAG) audit coverage is between 85% and 91% of total expenditure and the nature of audit includes performance audit and IT audit. There is a legal framework governing the audit functions.

The climatic specific programs/projects constitute some of the audits performed by the OAG in 2020/21: *effective waste system for management for Secondary City Development Project*. Internal Audit responsibilities are largely constrained by capacity issues and tend to limit activities to ex-post financial compliance, although risk management is performed.

CRPFM-10.1 Effectiveness of the system of controls

Climate-related budget and expenditure classification is present in the budget classifications of the national budget of the relevant budget entities, namely Ministry of Environment and Rwanda Environmental Management Authority (REMA). There is an internal audit unit at REMA and this shows that the internal controls are checked where need be. Besides, Rwanda's accounting system is run on a state-of-art in-built system (IFMIS), which guarantees that the control system is effective, when it comes to expenditure controls. Also, the donor projects are included in the IFMIS and therefore there are safeguards in the expenditure and this gives nearly accurate budget reports.

However, there is no official policy on audit or on annual audit plans requiring the internal or external audit to perform the audit of climate-related transactions. This means that the transactions involving climate-related expenditure are subject to available commitment and payment controls. Therefore, no specific internal control activities are in place to ensure the compliance with climate-related expenditure. Yes, the climate-related budget lines with code are present in the annual budgeting but these are not deliberately checked to ascertain their compliance with the climate conditionality, as defined by PEFA requirement. This is confirmed with a review of the internal and external audit reports.

Dimension score: D

CRPFM-10.2 Audit of the compliance of transactions

The OAG is mainly concerned with financial compliance auditing but do carry out performance and IT audit, though the latter are lagging due to capacity issues. The OAG produces annual audit reports in a timely manner as stipulated in the Article 69 of OBLN° 12/2013/OL of 12/09/2013 and the report is made public on OAG website. Climate-related transactions are included in the audit but this is not in line with proper climate-related objectives. The full list of climate change related transactions could not be established. Nevertheless, the audits conducted on the climate-related transactions are not performed with the objective of ascertaining their compliance with the climate conditionality. It all depends on the level of risk assessment of the project/funds in question. This applies to the internal audit function as well. Therefore, there is no audit and fraud investigation conducted specifically for climate-related transactions to ensure that public monies are being used for climate objectives.

Dimension score: D
CRPFM-11 Climate-responsive fiscal decentralization framework

Description: This indicator measures the extent to which fiscal decentralization arrangements factor climate change in order to facilitate and encourage local climate policies conducted by subnational governments (SNGs), ensuring the translation of a vertical integration of climate change objectives.

Summary table

Dimension	score	Description
CRPFM-11 Climate-responsive fiscal decentralization framework	B	
11.1 Climate-responsive fiscal decentralization arrangements	C	The legal and regulatory framework clearly states the competencies and mandates of SNGs related to climate change mitigation and adaptation.
11.2 Climate-responsive fiscal transfers	C	Climate change related conditional transfers are associated with objectives aligned with the national climate change strategy.
11.3 Climate-responsive PFM arrangements applied by subnational governments	A	The fiscal decentralization arrangements satisfy two of the criteria from the two applicable criteria.

Guiding question: How does the PFM system enable the subnational governments to contribute to the climate change mitigation and adaptation strategy?

- Coverage: Central government and the subnational governments which have direct financial relationships with CG.
- Time Period: At time of assessment covering the last three completed fiscal years (2018-2019, 2019-20, 2020-2021), for CRPFM-11.1, Last completed fiscal year (2020-2021), for CRPFM-11.2, At time of assessment, for CRPFM-11.3.

CRPFM-11.1 Climate-responsive fiscal decentralization arrangements

Law N°87/2013 of 11/09/2013 “Determining the Organization and Functioning of Decentralized Administrative Entities” has provisions relating to environment protection. Examples: (i) Article 132 on the responsibilities of the Chairperson of the Executive Committee (ii) Article 133 on responsibilities of the Vice Mayor in charge of Economic Development and (iii) Article 151 on Responsibilities of the Vice Mayor of the City of Kigali in charge of Economic Development. The law mandates those office-bearers to set up strategies meant for preserving infrastructure and environment and to monitor those activities.

The “National Decentralization Policy (October 2021)” highlights the importance of mainstreaming environment and climate change in sector planning. The policy has six pillars namely: (i) Sectoral Decentralization and Service Delivery (ii) Fiscal and Financial decentralization (iii) Capacity Development for decentralized entities (iv) Local Economic Development (v) Governance imperatives for national transformation. Priority areas outlined under Pillar four (Local Economic Development) is to mainstream climate change and green growth schemes in decentralized agencies.

The “Social Protection Policy (2020)” also underscores the cross-cutting sources of vulnerability including vulnerability to climate and weather-related risks. All these aspirations are aligned with the commitments reflected in the Rwanda Green Growth Strategy (RGGs) as well as the National Determined Contribution (NDC3). The Ministry in charge of Local Government is the lead institution for overseeing and coordinating the implementation of this policy and it develops the medium-term plan for its implementation through the Decentralization Implementation Plan.

The “Law No. 48/2018 on Environment”, Chapter V also sets out the obligations of the state and decentralized entities with regards to the protection, conservation and promotion of environment. The general obligations of the state are stipulated as: “to design a general and integrated policy on the environment and ensure its implementation; to conclude agreements with other organs for the enforcement and implementation of this Law; to take necessary measures to protect and respect the obligations stipulated in international agreements which it signed; to prohibit any activity carried out on its behalf or in its capacity that may degrade the environment in another country or in regions beyond its national jurisdiction; to co-operate with other states in taking decisions to fight trans-boundary pollution; to protect, conserve and manage properly the environment using appropriate measures; and to establish a national policy on climate change and develop strategies, plan and programs aiming at slowing down the increase of greenhouse gas emissions and enhancing adaptive capacity to the impacts of climate change including research and impact assessment studies.”

Decentralised entities are primarily required to ensure the implementation of laws, policies, strategies, objectives and programmes relating to the protection, conservation and promotion of the environment in Rwanda. In particular, decentralised entities are responsible for: ensuring activities related to better management of land, especially fighting soil erosion and tap rain water; afforestation, protection and proper management of forests; protection of rivers, lakes, sources of water and underground water; efficient management and effective use of swamps; protection and proper management of reserved areas, historical sites, protected animal and plant species; designing plans of removal, collecting, piling and treatment of domestic waste; and determining a hygiene and sanitation service fee.

Dimension score: C

CRPFM-11.2 Climate-responsive fiscal transfers

The 2nd BCC (2020-2021) for local government sets out priority areas for resource allocation including sustainable management of natural resources, example: privatization of forest management, tree plantation, eco-tourism parks, installation of automated weather stations, implementation of flood control measures, construction of dykes and water storage systems. This is in line with NST-1 objectives (especially Chapter V. on cross-cutting issues that include environment and climate change) and Rwanda Green Growth Strategy (RGGGS). The RGGGS strategic objectives include achieving sustainable land use and water resource management that results in food security, appropriate urban development and preservation of biodiversity and ecosystem services. The Earmarked Transfer Guidelines (2020-21) also provided guidelines to MDAs on how to mainstream environment and climate change aligned to their programs and sub-programs to be implemented at local government level, example climate smart crop production and productivity in the agriculture sector. Decentralized outputs are determined at program and sub-program level.

Dimension score: C

CRPFM-11.3 Climate-responsive PFM arrangements applied by subnational governments

One of the guiding principles of the National Investment Policy (2017) is sustainability where investment design and selection should be driven by considerations of long term ***environmental and social impacts***. One of the prerequisites for efficient implementation of appropriate investments is to conduct

comprehensive feasibility studies. Rwanda Environment Management Authority (REMA) monitors the implementation of environment and climate-related activities and targets at both CG and LG levels. REMA produces annual reports called ““Environment and Climate Change Implementation Assessment Report”. These reports have been done for the years 2015/2016, 2017/2018 and 2019/2020.

Earmarked Transfer Guidelines provide templates on methods of budget allocation for programs and sub-programs related to environment and climate change for each devolved function for both specific earmarked funds and resources for investment purposes. Decentralized outputs related to different activities are also provided. Annex 3 to the BCC (program and sub-program structure at LG level) has environment and climate-related programs example: Transport, Water and sanitation; Agriculture; Environment and natural resources. Reporting, monitoring, evaluation and audit requirements are prescribed for both budget execution and earmarked transfer budget execution report. A checklist for environment and climate change mainstreaming into Sector and District Development Strategies is part of the LG annual budget preparation exercise. Table CC-5 provides an overview of CRPFM requirements met in the context of Rwanda.

Table 8: Climate-responsive PFM arrangements for SNGs

Requirement	Met (Y/N)	Description
1. National arrangements for tracking climate-related expenditure are applied to SNGs	Yes	REMA’s annual “Environment and Climate Change Implementation Assessment Report” contains an analysis of budget expenditures on environment and climate change versus the national budget expenditure at LG level.
2. The climate change related investment framework covers SNGs.	Yes	The National Determined Contribution (NDC), which is the main regulatory framework that governs climate-related activities in Rwanda, outlines the objectives and requirements for public investment projects in relation to climate change mitigation and adaptation. The framework covers SNGs through the Ministry of Local Government
3. Procedures and rules for the transfer and disposal of CC sensitive non-financial assets apply to SNGs.	NA	There are no procedures for disposal of climate change sensitive non-financial assets.
4. The legal or regulatory framework for climate-related debt and guarantees specifies arrangements for SNGs.	NA	There is no legal or regulatory framework for climate-related debt and guarantees that specifies arrangements for SNGs.
5. The climate-related procurement framework covers SNGs.	NA	Public procurement in Rwanda is governed by Law N°62/2018 Of 25/08/2018 governing public procurement. There is no “stand-alone” climate change related procurement legislation.

To conclude, two elements are applicable to Rwanda as to climate-responsive PFM arrangements for SNGs and both are met.

Dimension score: B

CRPFM-12 Climate-related performance information

Description: This indicator measures the extent to which information on planned and achieved performance covers the climate change adaptation and mitigation policies and is included in budget documentation.

Summary table

Dimension	score	Description
CRPFM-12 Climate-related performance information	D+	
12.1 Climate-related information in performance plans	C	Performance targets are assigned to climate-related programs and activities. Performance information is available in the budget.
12.2 Climate-related information in performance reports	D	REMA undertakes environment and climate change performance assessments. These assessments were up to FY 2019/2020. There is no evidence these reports were submitted to Parliament. There is no evidence that climate change related performance report for FY 2020-2021 has been prepared, and submitted to Parliament.

Guiding question: Do the executive's budget proposal or supporting documentation include climate change related information on planned and actual performance of climate-related programs and services?

- Coverage: Budgetary Central Government.
- Time Period: Last budget proposal submitted to the Parliament (2021-22), for dimension 12.1. Last completed fiscal year (2020-2021), for dimension 12.2.

CRPFM-12.1 Climate-related information in performance plans

Mainstreaming Environment and Climate Change is an integral part of the annual planning and budgeting processes in Rwanda. The First Planning and Budgeting Call Circular (PBCC), guidelines are provided on how to mainstream environment and climate change. A list of selected indicators (Checklist for Environment and Climate Change Mainstreaming) is shared for sectors and districts to mainstream environment and climate change priorities into their Single Action Plans. The BCC indicates that mainstreaming environment and climate change is expected to achieve sustainable management of environment and natural resources and increasing the resilience against effects of climate change, including the implementation of the National Determined Contributions (NDCs). Adverse impact of climate change is also highlighted in the BFP 2020-22.

In line with the efforts to improve both planning and budgeting systems, a Performance-Based Budgeting (PBB) system was introduced in FY 2019/2020 at pilot stage starting with four ministries namely: MININFRA, MINEDUC, MINAGRI and MINISANTE. The City of Kigali and four districts were added in FY 20/21 to the pilot phase. The districts are: Nyagatare, Muhanga, Rubavu and Musanze. Climate change performance information is included in the programs and sub-programs of the ministries under the pilot phase. Climate-related objectives, KPIs and expected outcomes are included in the annual action plans of the PBB pilot ministries.

This reform aims to provide proper linkage between resource allocation and the expected results to be delivered as well as promoting efficiency in the allocation of resources, accountability in the use of public resources and transparency. A Standardized PBB template is one of the annexes to the BFP and the Annual Finance Law submitted to Parliament. The template is designed to show program objective; selected performance indicator; annual target, and; allocated budget for the budget year and two outer years.

Dimension score: C

CRPFM-12.2 Climate-related information in performance reports

The Budget Execution Report for FY 2020-21 provides a narrative on the achievements in implementing environmental protection and climate change-related programs (section 5.2). However, the reporting format doesn't allow a comparison of the planned KPIs in the sector annual plans and achievements.

REMA undertakes environment and climate change performance assessments. These assessments were up to FY 2019/2020. There is no evidence these reports were submitted to Parliament. There is no evidence that climate change related performance report for FY 2020-2021 has been prepared, and submitted to Parliament.

Dimension score: D

CRPFM-13 Climate-related evaluation of expenditure

Description: This indicator measures the existence of an evaluation of the climate change related programs as well as the inclusion of climate change in the evaluation of other programs. It covers both expenditure and revenues.

Summary table

Dimension	score	Description
CRPFM-13 Climate-related evaluation of expenditure	D+	
13.1 Climate-related evaluation of expenditure	C	Evaluation of climate-related programs and activities has been carried out at least once in the last three years.
13.2 Climate-related evaluation of taxes	D	There is no evidence that tax policies as contained in the fiscal strategy are geared towards addressing adverse impact of climate change.

Guiding question: Does the government carry out evaluations of its expenditure and revenue climate-related measures?

- Coverage: Budgetary Central Government.
- Time Period: Last three completed fiscal years (2018-2019, 2019-20, 2020-2021).

CRPFM-13.1 Climate-related evaluation of expenditure

The environment is protected by relevant environmental laws and regulations that are captured under the Environmental Organic Law of 2005, as revised to date, and Climate Change has been addressed and informed by cross sectoral strategies, including the Green Growth and Climate Resilient Strategy (GGCRS) and the Nationally Determined Contributions (NDC-3) for climate change mitigation and adaptation. Chapter 5 of the “National Strategy for Transformation (NST1) 2017–2024” elaborates on seven cross-cutting issues that include environment and climate change. REMA regularly produces, and publishes “State of Environment Report. The latest report was produced and published in 2021. This is a detailed report that includes a chapter on the drivers of environmental change that include climate change as one of the triggers. Other reports published by REMA include “Rwanda Environment and Climate Change Analysis (2019). Key recommendations from this report include: (i) Support assessment of costs of environmental degradation; (ii) Support to capacity building related to Strategic Environmental Assessments (SEA) of policies, plans and programs (iii) Support to carry out Environmental Performance Reviews (EPR), Public Environment Expenditure Reviews (PEER), or Public Environment Revenue Reviews (iv) Support to development of Environmental Fiscal reform, and enhanced use of environmental economic policy instruments, and (v) Support research initiatives, education and trainings on green economy.

Discussions with authorities indicate that a medium-term review of the NSTI has been initiated and will be concluded soon. Joint sector reviews have been done and reports published for FY 2018/2019 for a

number of sectors example: water, transport, urbanization, environment and health. Programs and activities of these sectors contribute indirectly to climate change objectives.

The government has put in place a system to monitor the implementation of investment projects. Ministerial instruction No. 10557/10/18/NDPR of 4 September 2018, spells out the requirements governing submission of progress reports on implementation of investment projects. All public institutions are required to submit progress reports on projects being implemented every 15th day following each quarter. These reports have to be submitted through IFMIS project Management module for assessment purposes. Where challenges and risks are identified, timely advisory service and interventions are carried out. The quarterly projects progress report intends to provide details on implementation status of different projects under Central and Local government entities, challenges faced proposed solutions and recommendations.

Dimension score: C

CRPFM–13.2 Climate-related evaluation of taxes

The BFP is the main document that sets out government’s fiscal policy objectives for the budget year and the medium-term. The content of the BFPs for FY 2021-2022 and FY 2020-2021 provide details of the fiscal policies to be pursued over the medium-term and also sets out priorities for resource allocation. One of the key priorities to guide budgetary allocation and alignment to priorities of NST-1 is climate change-related effects. However, there is no evidence that tax policies as contained in the fiscal strategy are geared towards addressing adverse impact of climate change.

Dimension score: D

CRPFM-14 Expenditure outturn for climate activities

Description: This indicator assesses the extent to which climate-related expenditures reflect amounts originally approved, as defined in government budget documentation and end-of-year reports, both at aggregate and detailed level.

Summary table

Dimension	score	Description
CRPFM– 14 Expenditure outturn for climate activities	NA	
14.1 Aggregate climate-related expenditure outturn	NA	As the CoA does not track climate-related expenditure, the aggregate climate-related budget and outturn cannot be calculated. Therefore, this dimension is not applicable.
14.2 Climate-related expenditure composition outturn	NA	As the CoA does not track climate-related expenditure, the difference between the original, approved budget and end-of year outturn in expenditure detailed by program, administrative or functional classification cannot be calculated. Therefore, this dimension is not applicable.

Guiding question: To what extent do the actual aggregate and detailed climate-related expenditures deviate from the originally approved budget?

- Coverage: Budgetary Central Government.
- Time Period: Last three completed fiscal years (2018-2019, 2019-2020, 2020-2021: outturn figure not available (available in two years’ time)).

CRPFM–14.1 Aggregate climate-related expenditure outturn

As the CoA does not track climate-related expenditure, the aggregate climate-related budget and outturn cannot be calculated. Therefore, this dimension is not applicable.

Dimension score: NA

CRPFM–14.2 Climate-related expenditure composition outturn

As the CoA does not track climate-related expenditure, the difference between the original, approved budget and end-of year outturn in expenditure detailed by program, administrative or functional classification cannot be calculated. Therefore, this dimension is not applicable.

Dimension score: NA

6.4 SUMMARY SCORING TABLE

Indicator/Dimension	score	Brief justification of the score
1 Budget alignment with climate change strategies	B	
1.1 Budget alignment with climate change strategies	B	The system in place fulfils eight elements, including at least four basic elements (1-6).
2 Tracking climate-related expenditure	D	
2.1 Tracking climate-related expenditure	D	The CoA does not track climate-related expenditure. As a result, there is no climate-related expenditure classification.
3 Climate-responsive budget circular	C	
3.1 Budget circular	C	The budget circular provides guidance to MDAs to factor in climate change mitigation measures, but does not provide a methodology for tracking climate change related expenditure.
4 Legislative scrutiny	D	
4.1 Legislative scrutiny of budget	D	The legislature's scrutiny of the proposed budget meets none of the four criteria.
4.2 Legislative scrutiny of audit and evaluation reports	D	The legislature's scrutiny of audit and evaluation reports meets none of the four criteria.
5 Climate-responsive public investment management	D+	
5.1 Climate-related provisions in regulatory framework for public investment management	C	The NDC outlines the objectives and requirements for public investment projects in relation to climate change mitigation and adaption. There are specific minimum design standards for public investment projects as outlined in the national guidelines for preparation and assessment of feasibility studies.
5.2 Climate-related project selection	C	NDPR prioritizes project selection on the basis of climate-responsiveness, with criteria detailed in Annex 9 of the sector budget proposals. NDPR has also developed climate assessment and prioritization criteria that facilitates the prioritisation and selection of new investment projects; these are used effectively.
5.3 Climate-related provisions for project appraisal	C	Section 4.2.2 of the PIM manual (National Investment Policy) mandates that feasibility studies shall include the implication of public investment projects on the environment and climate change. Additionally, project appraisal requirements recommend that feasibilities studies assess the impact of climate change of new investment projects and adaptation measures in the project design to address climate risks.

Indicator/Dimension	score	Brief justification of the score
5.4 Reporting from entities in charge of implementation	D	There is currently no requirement for extra-budgetary units and public corporations responsible for the implementation of public investment projects to incorporate specific climate objectives, targets and indicators in their performance contracts.
6 Climate-responsive asset management	C	
6.1 Climate-responsive non-financial assets management	C	Exposure and sensitivity of relevant fixed assets to climate variability, extreme weather events and transition risks are identified for the relevant assets.
7 Climate-related liabilities	D	
7.1 Climate-related fiscal risks	D	The GoR publishes a quarterly, semester and annual consolidated fiscal risks report – but does not cover Climate-Related fiscal risks.
7.2 Climate-related debt and guarantees	D	The GoR publishes a quarterly, semester and an annual consolidated fiscal risks report – but does not specifically focus on climate-related debt and guarantees.
8 Climate-responsive procurement	D	
8.1 Climate-responsive procurement framework	D	Climate-responsive public procurement framework is still work in progress.
8.2 Climate-responsive public procurement operations	D	Climate-responsive public procurement operations are not yet reflected in the standard bidding documents.
8.3 Climate-responsive public procurement monitoring	D	There are no records or statistical data or annual activity reports at RPPA to demonstrate Climate-responsiveness in public procurement.
8.4 Climate-responsive public procurement reporting	D	There is no statistical report to show climatic responsiveness in public procurement.
9 Climate-responsive revenue administration	NA	There are no climate-related taxes and consequently, no tax related tax arrears.
9.1 Climate-related tax management, audit and investigation	NA	There are no climate-related taxes
9.2 Climate-related tax arrears	NA	There are no tax related tax arrears.
10 Compliance of climate-related expenditure	D	
10.1 Effectiveness of the systems of controls	D	The controls in place do not follow climate-related expenditure conditionalities as there is no legal or regulatory framework in place.
10.2 Compliance of transactions	D	The existing audit and fraud investigations conducted are not specifically designed for climate-related transactions meant for providing assurance that the climate-related expenditure has been used for the proper climate objectives.
11 Climate-responsive fiscal decentralization framework	B	

Indicator/Dimension	score	Brief justification of the score
11.1 Climate-responsive fiscal decentralization arrangements	C	The legal and regulatory framework clearly states the competencies and mandates of SNGs related to climate change mitigation and adaptation.
11.2 Climate-responsive fiscal transfers	C	Climate change related conditional transfers are associated with objectives aligned with the national climate change strategy.
11.3 Climate-responsive PFM arrangements applied by subnational governments	A	The fiscal decentralization arrangements satisfy two of the criteria from the two applicable criteria.
12 Climate-related performance information	D+	
12.1 Climate-related information in performance plans	C	Performance targets are assigned to climate-related programs and activities. Performance information is available in the budget.
12.2 Climate-related information in performance reports	D	REMA undertakes environment and climate change performance assessments. These assessments were up to FY 2019/2020. There is no evidence these reports were submitted to Parliament. There is no evidence that climate change related performance report for FY 2020-2021 has been prepared, and submitted to Parliament.
13 Climate-related performance evaluation	D+	
13.1 Climate-related evaluation of expenditure	C	Evaluation of climate-related programs and activities has been carried out at least once in the last three years.
13.2 Climate-related evaluation of taxes	D	There is no evidence that tax policies as contained in the fiscal strategy are geared towards addressing adverse impact of climate change.
14 Expenditure outturn for climate activities	NA	
14.1 Aggregate climate-related expenditure outturn	NA	As the CoA does not track climate-related expenditure, the aggregate climate-related budget and outturn cannot be calculated. Therefore, this dimension is not applicable.
14.2 Climate-related expenditure composition outturn	NA	As the CoA does not track climate-related expenditure, the difference between the original, approved budget and end-of year outturn in expenditure detailed by program, administrative or functional classification cannot be calculated. Therefore, this dimension is not applicable.

6.4 COUNTRY QUESTIONNAIRE

This questionnaire is part of the data collection exercise related with the PEFA Climate Assessment for Rwanda in 2022. It aims at providing the policy context for the PEFA Climate assessment for Rwanda.

Section 1: International Commitments for Climate Change Mitigation and Adaptation

1. **Has the country ratified the United Nations Framework Convention on Climate Change?** Yes, when: 2016
2. **Has the country ratified the Paris Agreement?** Yes, when: signature. 22 Apr 2016. Date of ratification. 6th Oct 2016
3. **Has the country submitted Nationally Determined Contributions (NDCs)?**
 - a. First NDCs Yes, when: 2015 No
 - b. Revised NDCs²⁴ yes, when: 2020 No
4. **If “Yes” to Question 3:**
 - a. **What aspects of climate change do the submitted NDCs address?**
 - Climate change mitigation Climate change adaptation Both
 - b. How does the country plan to meet its greenhouse gas (GHG) emission reduction targets as described in the NDCs?
 - Financial support (Specify). Rwanda is targeting to mobilize \$6.5b
 - Regulation (Specify). Revision of the Policies, laws and strategies will be revised to match with the NDC implementation requirements
 - Taxation (Specify). Environmental/climate change fiscal reform (Polluter pays principle)
 - Subsidies (Specify). Subsidies are part of the specific implementation of green projects i.e., electric vehicles etc
 - Transfers (Specify)
 - Capacity building (Specify). The NDC revised report indicates the need for capacity building to integrate NDC priorities at both central and district levels of administration
 - Technology transfers (Specify) Innovation and technology transfer under Transport, energy (cooking stoves) sectors and financial sector development etc
 - Others (Specify)
 - c. Specify the proportion in % of total of: conditional contributions 16% | unconditional contributions 22%
 - d. How does the country plan to meet its adaptation objectives as described in the NDCs? (Specify). Please refer to table below:

#	Adaptation Intervention	Sector
1	High density buildings and informal settlements upgrading Under the National Land use and Development master plan that responds well to the adaptation interventions under NDC, the plan is to shift people in high-risk zones and informal settlement to the IDP model villages with access to good housing, access to water, electricity etc.	Human Settlement

²⁴ If revised NDCs have not been submitted yet, first NDCs will be used for the PEFA Climate assessment

#	Adaptation Intervention	Sector
	Under the high-density buildings, the Government through NDC and other national policies has already started the process of upgrading high density places to match them with necessary infrastructural requirements.	
2	Storm water management All the master plans-beginning with City of Kigali, satellite cities and secondary cities have considered elements of storm water management. Through these master plans, necessary investments in drainage systems etc will be considered	
3	Strengthen water management to adapt to disease outbreaks Upstream management of catchment areas is a priority under the environment and climate change policy. The policy responds well to the NDC. This will also go hand in hand with the proposed intervention under NDC including “Develop a National Water Security through water conservation practices, wetlands restoration, water storage and efficient water use”	Health
4	Improved transport infrastructure and services This will require developing roads that are climate resilience-including the drainage systems that are strong enough to deal this storm water from upstream. Other interventions will include to have bus rapid transfers (with specific bus lanes), reserves for pedestrians etc	Transport
5	Climate compatible mining Mining sector has developed Strategic Environmental Assessment (SEA) that includes all key elements on climate compatible mining. SEA report has been trained on across different mining companies on what needs to be done including resource use efficiency (water retention), safety and security etc	Mining
6	Disaster risk monitoring Every District has developed District Disaster management Plans that will facilitate the implementation and monitoring of disaster management plans.	Cross Sectoral
7	Establish an integrated early warning system and disaster response plans Disaster management is a cross cutting area into national planning processes. This means that every sector will have to take into consideration disaster management plans into their policies and strategies	
8	Capacity building and development or cross-sector NDC implementation A checklist with key performance indicators on NDC has been developed and trained on by people (planners) from central and local levels of administration	
9	Access to finance NDC implementation Framework was developed indicating finance gaps and key areas of interventions that can be developed into project proposals for resource mobilization	
10	A national water security through water conservation practices, wetlands restoration, water storage and efficient water use Through Rwanda Water Resource Board, there are good plans on wetland and catchment restoration and water storage systems. Muvumbi dam is one of the examples on water storage	Water
11	Water sources models, water quality testing and hydro-related information Water Resource Board, has of recent developed water source models that will support to track water quality	
12	Develop and implement a management plan for all level 1 catchments The implementation plan was already developed through water resource board	
13	Develop climate resilient crops and promote climate resilient livestock Ministry of Agriculture has already started an exercise on soil testing to know the type of crop fit for	Agriculture

#	Adaptation Intervention	Sector
	which agro-ecological zone, type of fertilizer required etc and also type of seeds to be grown. For the case of livestock, specific fodders have been introduced by RAB to feed cows during dry season, construction of dams to access water easily etc. Insurance schemes have also been introduced	
14	Develop climate resilient postharvest and value addition facilities and technologies This has already started to be developed in form of post-harvest facilities	
15	Strengthen crop management practices An approach on Integrated Pest management practice is most preferred	
16	Develop sustainable land management practices This is under national land use and development master plan	
17	Expand irrigation and improve water management This is the plan for MINAGRI under PSTA 4 and NST1	
18	Expand crop and livestock insurance This has already started with insurance companies and the process will continue	
19	Development of agroforestry and sustainable agriculture Ministry of Agriculture and Ministry of Environment will jointly implement this area through PSTA 4 and environment and climate change policy respectively	Land and Forestry
20	Promote afforestation / reforestation of designated areas This is also handled by the Ministry of Agriculture and Ministry of Environment	
21	Improve forest management for degraded forest resources Afforestation as a requirement under the National Land use and development master plan and environment and climate change policy through the Ministry of environment will implement forest management for degraded forest resources	
22	Integrated approach to planning and monitoring for sustainable land use Management This is done through the Ministry of Finance and Ministry of Environment.	
23	Harmonized and integrated special data management system for sustainable land use LAIS is already in place to track spatial data on land use	
24	Inclusive land administration that regulates and provide guidance for land tenure security This is also handled under LAIS	

5. Has the country formulated and communicated a mid-century, long-term, low greenhouse gas emission development strategy? Yes, when:2011 and revised in 2021 (Green growth and climate resilience strategy)

6. If “Yes” to Question 5:

- a. What aspects of climate change do mid-century strategies address?
 - Climate change mitigation Climate change adaptation Both
- b. How does the country plan to meet its GHG emission reduction targets as described in the mid-century strategies? (Specify)_NDC plans to reduce GHG emissions by 38% until 2030. A number of interventions were proposed (refer to the revised NDC)
- c. How does the country plan to meet its adaptation objectives as described in the mid-century strategy? (Specify) refer to the table above (section 1)

Section 2: National Level Strategies

1. **Is climate change identified as a key issue in the national development plan or strategy for economic growth (or equivalent)? Climate change is a cross cutting area under NST1 and the country's vision 2050. It is cross cutting under the Sector Strategic Plan (SSPs) and District Development Strategies (DDS)**
2. What is the climate change national framework?
 - a. **What laws and regulations exist to support implementation of climate change related mitigation and adaptation actions? There is a law on environment (2005, revised in 2017)**
 - b. Has the government developed a detailed action/implementation plan for achieving the country's climate change goals (e.g. National Action Plan)? Yes
 - c. Is there a national climate change strategic plan or a low carbon strategy? Yes, specify - GGCRS
 - d. Is there a strategic document that establishes the country's adaptation objectives (e.g. National Adaptation Plan in developing countries)? Yes, specify NAP _____
 - e. How does regulation define what constitutes "climate change expenditure"? Does it provide further refinement of the definition²⁵? (Specify)

In Public Expenditure Reviews (PERs), the allocation and management of public spending is analysed. The objective of a PER is to analyse the extent to which policy priorities are effectively implemented in practice through budget allocation in order to increase the effectiveness and efficiency of public spending. PERs look at both recurrent and development expenditures and attempt to review the joint impact of both types of spending on budgetary outcomes including economic growth, poverty reduction, and asset maintenance. A PER may also contain an institutional assessment and analyse the whole public expenditure management system. Lessons learned from the PER can inform strategic planning and budget preparation by identifying ways to improve budget allocation to achieve faster progress towards a sector's policy objectives. Government of Rwanda has decided to make more use of Public Expenditure Reviews, and will attempt to build capacity so that they can be conducted within ministries. In this context, it may be noted that many elements of a PER have been integrated into the Sector Performance Report, that each ministry is required to produce every year. However, in addition to the Sector Performance Report, additional work may be commissioned to analyse some aspects in more depth, such as, for example, benefit incidence analysis, a general institutional evaluation to reassess public versus private roles, and the various options (e.g., performance contracting) of getting services to the people, etc (Manual of Public Financial Management (PFM) Policies and Procedure, 2019).

- f. Does regulation instruct how the budget should integrate climate change considerations? (Specify). We have other tools that we use (environment & climate change monitoring, checklist etc).

The Law on environment is also clear on the need to integrate environment and climate change into plans. Yet commands for a budget allocation

3. What are the institutional arrangements for executing climate change related policies and

²⁵Climate change mitigation expenditure, climate change adaptation expenditure, climate change cross cutting expenditure

actions? (Specify). Ministry of environment (MoE) is the lead institution + Affiliated agencies and Ministry of Finance and economic planning comes in during planning and budgeting

- a. Which sectors and institutions are involved in the implementation of the national climate change strategies and policies?

Sector	Institutions (line ministries and agencies)	Sectoral strategic plan covering climate change		Climate-related Budget for the last FY	
		<input type="checkbox"/> Yes	<input type="checkbox"/> No	Submitted to MoF	Adopted by the legislature
ENR	MoE	<input type="checkbox"/> Yes	<input type="checkbox"/> No		
	REMA	<input type="checkbox"/> Yes	<input type="checkbox"/> No		
	FONERWA	<input type="checkbox"/> Yes	<input type="checkbox"/> No		
	RLMUA	<input type="checkbox"/> Yes			
	Water Resource Board	<input type="checkbox"/> Yes			
	Forestry Authority	<input type="checkbox"/> Yes			

- b. Is there a designated agency overseeing and coordinating the implementation of the climate change activities? Yes, specify. MoE No
- c. Does the ministry of Finance have a specific mandate in the implementation of climate change activities? Yes, specify. Through National Planning & Budget No

Section 3: Implementation of climate change policies by the government

- What are the top five most important measures currently being implemented by the government to reduce the country's generation of GHG emissions? (Specify): Electric vehicles; soil testing to improve fertilizer application; soil and water conservation (land scape management); wastewater treatment plans; and energy generation.
- What are the top five most important measures currently being implemented by the government to adapt to climate change impacts? (Specify) Catchment management plans; climate resilient post-harvest; sustainable land management; crop and livestock insurance; improve forest management / agro-forest; etc...
- Does the country have an operational monitoring and evaluation framework to track the implementation of its NDCs and climate actions? Yes (MRV-Monitoring reporting and verification)
- In the last five years, were there any independent assessments²⁶ of the country's achievements in terms of climate change objectives and targets? Yes, specify _PERECC (2013). We currently annual assessments
- Has the country conducted an assessment of the macroeconomic impacts of climate change? Yes
- If "Yes" to Question 14
 - Which sectors were considered? (Specify). (Agriculture, infrastructure, settlement etc)
 - What methodology was used? (Specify). (Primary & secondary information) and literature review on climate projections
- Has the country assessed the macro-fiscal implications of implementing its climate change plans or NDCs? No
- Has the country conducted activities to mainstream its climate change plans or NDCs into its PFM

²⁶Independent would refer to an assessment undertaken by a body that is separate from and not subordinate to the government. This could involve an NGO.

systems? Yes

9. Which public entities (operators) are involved in the implementation of the country's climate change strategies and policies?

Type of operator	Number of entities	Type of funding		Total Climate-related Budget for the last FY
		From BCG ²⁷	Other sources	
Extrabudgetary units				
Public corporations	Sectors and affiliated agencies			
Subnational governments	Districts			

Refer to the previous responses.

6.5 CRPFM-14 CALCULATIONS

N/A

6.6 Estimated mitigation and adaptation funding needs

USD million	Unconditional	Conditional	Grand Total
Mitigation measures			
2020-2025	1,057	1,754	2,811
2025-2030	953	1,912	2,866
Mitigation Total	2,010	3,667	5,677
Adaptation measures			
2020-2025	916	1,374	2,290
2025-2030	1,229	1,844	3,073
Adaptation Total	2,145	3,218	5,364
Combined Total	4,155	6,885	11,041

Source: NCD (2020)

²⁷Budgetary Central Government

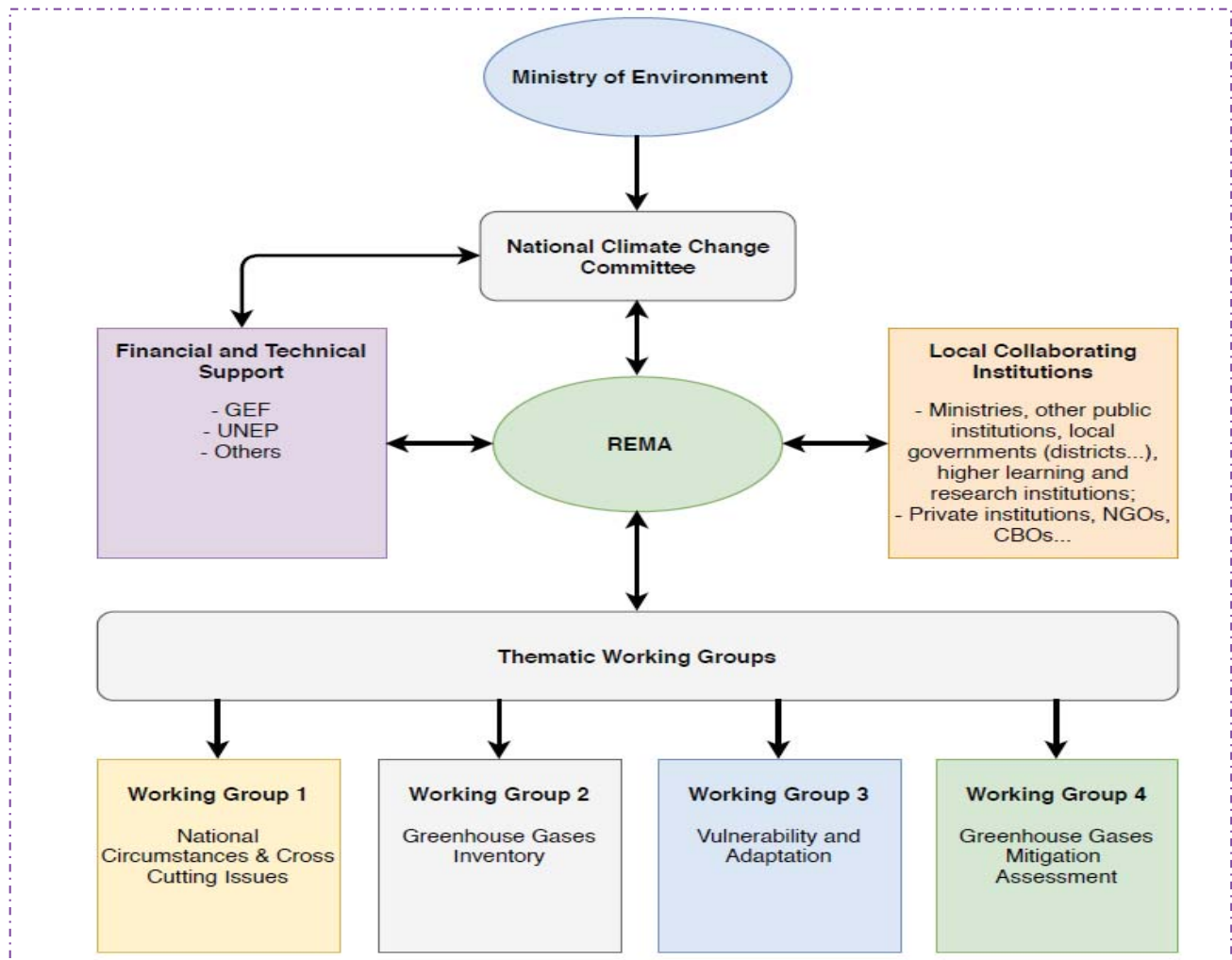
6.7 Rwanda's Adaptation Objectives (NDCs)

#	Adaptation Intervention	Sector
1	<i>High density buildings and informal settlements upgrading.</i> The National Land use and Development Master plan (NLUDM) responds to the NDC adaptation interventions to shift people in high-risk zones and informal settlement to the IDP model villages with basis amenities (good housing, water, electricity, etc) –matching population density with appropriate infrastructure over time.	Human Settlement
2	<i>Storm water management.</i> The necessary investments are being made into drainage systems to appropriately direct storm water – starting with the City of Kigali and the secondary cities.	
3	<i>Strengthen water management to adapt to disease outbreaks.</i> The environment and climate change policy prioritizes upstream management of catchment areas – aligned with the NDC intervention Develop a National Water Security through water conservation practices, wetlands restoration, water storage and efficient water use.”	Health
4	<i>Improved transport infrastructure and services.</i> A climate resistant road infrastructure is being intentionally developed within national means with appropriate drainage systems to deal with upstream storm water, rapid bus transfers (bus lanes) and pedestrian walkways.	Transport
5	<i>Climate compatible mining.</i> A Strategic Environmental Assessment (SEA) that includes all key elements on climate compatible mining is in place – with the ‘SEA Report’ addressing key elements of efficiency in resource use, safety and security.	Mining
6	<i>Disaster risk monitoring.</i> At the subnational, District Disaster Management Plans (DDMPs) are in place and monitored.	Cross Sectoral
7	<i>Establish an integrated early warning system and disaster response plans.</i> Disaster management is a cross cutting area and integrated into national planning processes.	
8	<i>Capacity building and development or cross-sector NDC implementation.</i> There is a checklist with NDC KPIs – and training was undertaken by planners at the central and subnational.	
9	<i>Access to finance.</i> An NDC Implementation Framework is in place highlighting financing gaps and key resource mobilization areas.	
10	A national water security through water conservation practices, wetlands restoration, water storage and efficient water use. The Rwanda Water Resource Board (WRB) has developed plans for wetland and catchment restoration and water storage systems such as the ‘Muvumbi water storage dam’.	Water
11	<i>Water sources models, water quality testing and hydro-related information.</i> The WRB has developed water source models support to track water quality.	
12	<i>Develop and implement a management plan for all level 1 catchments.</i> The implementation plan in place by the WRB.	
13	<i>Develop climate resilient crops and promote climate resilient livestock.</i> The Ministry of Agriculture (MINAGRI) has started to conduct soil tests for agro-ecological zoning; localize fertilizer application and seeds planted. The Rwanda Agriculture Board (RAB) is introducing specific fodders to feed livestock in the dry season and constructing dams for water access.	Agriculture
14	<i>Develop climate resilient postharvest and value addition facilities and technologies.</i> Effort is being made to improve the post-harvest infrastructure.	
15	<i>Strengthen crop management practices.</i> An approach on Integrated Pest management practice is most preferred.	
16	<i>Develop sustainable land management practices.</i> This is addressed under the national land use and development master plan.	
17	<i>Expand irrigation and improve water management.</i> MINAGRI addresses this under PSTA 4 and NST-1	
18	<i>Expand crop and livestock insurance.</i> Crop and livestock insurance has been introduced.	
19	<i>Development of agroforestry and sustainable agriculture.</i> This is jointly implemented by MINAGRI and MINERENA through the PSTA 4 and environment and climate change policy respectively.	Land and Forestry
20	<i>Promote afforestation / reforestation of designated areas.</i> Jointly implemented by MINAGRI and MINERENA.	
21	<i>Improve forest management for degraded forest resources.</i> Afforestation is a requirement under the National Land use and development master plan, the environment and climate change policy through the Ministry of environment (MINERENA) through the forest management for degraded forest resources.	
22	<i>Integrated approach to planning and monitoring for sustainable land use management.</i> Executed under MINECOFIN and MINERENA.	

#	Adaptation Intervention	Sector
23	<i>Harmonized and integrated special data management system for sustainable land use. LAIS is already in place to track spatial data on land use.</i>	
24	<i>Inclusive land administration that regulates and provide guidance for land tenure security. This is also handled under LAIS.</i>	

Source: Questionnaire - Preparing the PEFA Climate Assessment Climate Change Policy Context (Rwanda PEFA 2022).

6.8 Institutional Arrangement for preparation of Third National Communication



Source: NCD (2015).

6.9 SOURCES OF INFORMATION

Related surveys and analytical work

No	Institution	Document title	Date	Link
1	REMA	Assessment of the Implementation of environment and climate change (ECC) Activities by Sector MDAs – FY2019/2020 report produced in FY2020/2021	January 2021	https://www.rema.gov.rw/resources
2	Rwanda Environmental Management Authority (REMA)	Rwanda Green Public Procurement Guidelines	January 2020	Rwanda Environmental Management Authority (REMA)

Sources of information used to extract evidence for scoring each indicator

CRPFM indicator/dimension	Data sources	
1	1.1	Ministry of Environment (2011), Green Growth and Climate Resilience, National Strategy for Climate Change and Low Carbon Development Ministry of Environment (2020), Rwanda Nationally Determined Contributions Ministry of Environment (2019), National Environment and Climate Change Policy Ministry of Finance and Economic Planning (2021/22), First planning and Budgeting Call Circular (Annex 9 “Checklist for Environment and Climate Change Mainstreaming in their planning submissions”), MINECOFIN (2017), National Strategy for Transformation (NST-1) 2018-2024 MINECOFIN (2021), Government of Rwanda, Budget Framework Paper, 2021/22 MINECOFIN (2018), Planning Guidelines for Preparation and Assessment of Feasibility Study Reports of Projects at Central Government level in Rwanda Volume 1 Methodology for Project Appraisal MINECOFIN (2021), Rwanda Fiscal Risk Statement for 2021-2022
2		
3	3.1	Ministry of Finance and Economic Planning (2021/22), First planning and Budgeting Call Circular (Annex 9 “Checklist for Environment and Climate Change Mainstreaming in their planning submissions”)
4	4.1	MINECOFIN, The Budget Framework Paper (2020/21)
5	5.1	National Determined Contribution (NDC) May 2020
	5.2	MINECOFIN - National Development Planning and Research (NDPR) PIM guidelines (national investment policy April 2017)
	5.3	MINECOFIN - National Development Planning and Research (NDPR) PIM guidelines (national investment policy April 2017)
	5.4	2020/2021 REMA Report – Assessment of the Implementation of environment and climate change (ECC) Activities by Sector MDAs MINECOFIN - National Development Planning and Research (NDPR) PIM guidelines (national investment policy April 2017)
6	6.1	LAW N°40/2010 OF 25/11/2010 ESTABLISHING THE RWANDA HOUSING AUTHORITY (RHA) AND DETERMINING ITS RESPONSIBILITIES, ORGANISATION AND FUNCTIONING.
7		
8	8.1 – 8.4	Rwanda Green Public Procurement Guidelines, January 2020.
9		
10	10.1– 10.2	OAG annual report, 2020/21: <i>Effective waste system for management for Secondary City Development Project.</i>

CRPFM indicator/dimension	Data sources	
11	11.1	Law N°87/2013 of 11/09/2013 Determining the Organization and Functioning of Decentralized Administrative Entities National Decentralization Policy (October 2021) Social Protection Policy (2020) Rwanda Green Growth Strategy (RGGS) of 2011 National Determined Contribution (NDC3) of 2020.
	11.2	The 2nd BCC (2020-2021) for local governments; (ii) National Strategy for Transformation (NSTI); (ii) Rwanda Green Growth Strategy (RGGS) of 2011; (iii) Earmarked Transfer Guidelines (2020-21).
	11.3	National Investment Policy (2017) Environment and Climate Change Implementation Assessment Report (REMA) Earmarked Transfer Guidelines (2020-21) Law N°62/2018 Of 25/08/2018 governing public procurement in Rwanda.
12	12.1	Planning and Budgeting Call Circular (PBCC)2020-2021 Annual Finance Law (2020-2021) (BFP 2020-2023)
	12.2	Budget Execution Report (2020-21) Environment and Climate Change Implementation Assessment Report (REMA) 2019-2020.
13	13.1	National Environment and Climate Change Policy (2019) Environmental Law (2018) Green Growth and Climate Resilient Strategy (GGCRS) Nationally Determined Contributions (NDC-3) National Strategy for Transformation (NST1) 2017–2024 REMA'S State of Environment Report Ministerial instruction No. 10557/10/18/NDPR of 4 September 2018 to monitor the implementation of investment projects Rwanda Environment and Climate Change Analysis (2019).
	13.2	BFPs 2020-23 & 2021-24
14	14.1	Chart of accounts