PEFA Assessment Report of Rwanda (2016)

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

PEFA Secretariat
May 9, 2017

Public Expenditure and Financial Accountability (PEFA) Assessment 2016

Project Number: 27/7.3.1.1/C/PFM-BF/MINECOFIN/2015

Government of Rwanda (Central Government)

Final Report (February 2016 Framework)

09 MAY 2017

This project is funded by the Government of Rwanda

A project implemented by AECOM International Development Europe

The contents of this publication are the sole responsibility of **AECOM International Development Europe** and can in no way be taken to reflect the views of the Government

Final Report

Project No. 27/7.3.1.1/C/PFM-BF/MINECOFIN/2015

By

Philip Sinnett
Charles Komla Hegbor
Francis Mugisha
Charles Gasana

Presented by

AECOM INTERNATIONAL DEVELOPMENT, EUROPE

Contents

Acronyms and Abbreviations

AAP	Assessment and Action Plan
ACCA	Association of Chartered Certified Accountants
ACHA	Aid Coordination and Harmonization Framework
AER	Annual Economic Report
AfDB	African Development Bank
AG	Accountant General
AGA	Autonomous Government Agency
BCC	Budget Call Circular
BCDI	Bank of Commerce Development and Industry
BCR	Banque Commerciale du Rwanda
BER	Budget Execution Report
BFP	Budget Framework Paper
BNR	Banque Nationale du Rwanda
BSHG	Budget Support Harmonization Group
CBTI	Capacity Building and Technical Input
CDF	Common Development Fund
CEPEX	Central Public Investments and External Finance Bureau
CFS	Consolidated Financial Statements
CG	Central Government
COFOG	Classification of the Functions of Government
CSR	Caisse Sociale du Rwanda
DAD	Development Assistance Database
DAF	Director of Administration and Finance
DBS	Direct Budget Support
DC	District Council
DFID	Department for International Development
DPCG	Development Partners Coordination Group
DRI	Debt Relief International
DSA	Debt Sustainability Analysis
EAC	East African Community
EU	European Union
EDPRS	Economic Development and Poverty Reduction Strategy
EFU	External Finance Unit
FARAP	Financial Accountability Review and Action Plan
FARG	Fund to Assist Refugees and Genocides
FY	Fiscal Year
GBE	Government Business Enterprise
GDP	Gross Domestic Product
GFSM	Government Financial Statistics Manual
GoR	Government of Rwanda
GPIAU	Government Principal Internal Audit Unit
IASB	International Accounting Standards Board
ICT	Information Communication Technology
IFMIS	Integrated Financial Management Information Systems
IMF	International Monetary Fund
IPPS	Integrated Personnel and Payroll Information System
IPSAS	International Public Sector Accounting Standards
IT	Information Technology
LABSF	Local Authorities Budget Support Fund
LGBSF	Local Government Budget Support Fund
LM	Line Ministry
MDAs	Ministries, Departments, Agencies
MDGs	Millennium Development Goals
MIFOTRA	Ministry of Public Service, Skills Development, Vocational Training & Labour
MINALOC	Ministry of Local Government, Community Development and Social Affairs

MINECOFIN	Ministry of Finance and Economic Planning
MINISANTE	Ministry of Health
MIPPS	Military Integrated Payroll and Personnel Information System
MTEF	Medium Term Expenditure Framework
N/A	Not applicable
NBU	National Budget Unit
NGO	Non-Government Organization
NPR	National Police of Rwanda
NTB	National Tender Board
OAG	Office of the Auditor General
OBL	Organic Budget Law (*i.e. as revised, No. 12/2013, unless otherwise stated*)
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OTR	Ordinnateur-Trésorier du Rwanda
PAYE	Pay As You Earn
PE	Public Enterprise
PEFA	Public Expenditure and Financial Accountability
PEMR	Public Expenditure Management Review
PFM	Public Financial Management
PFM-PR	Public Financial Management Performance Report
PFM SSP	Public Financial Management Sector Strategic Plan
PIC	Public Investment Committee
PIP	Public Investment Program
PPA	Public Procurement Authority
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
PS/ST	Permanent Secretary/ Secretary to the Treasury
PSCBP	Public Sector Capacity Building Project
PSI	Policy Support Instrument
RDF	Rwanda Defence Forces
ROSC	Report on the Observance of Standards and Codes
RPPA	Rwanda Public Procurement Regulatory Authority
RRA	Rwanda Revenue Authority
RSSB	Rwanda Social Security Board
RwF	Rwanda Franc
SAI	Supreme Audit Institution
SG	Secretary General
SIP	Strategic Issues Paper
SN	Sub-National
SPIU	Single Project Implementation Unit
STA	Single Treasury Account
TIN	Taxpayer Identity Number
TMU	Treasury Management Unit
USAID	United States Agency for International Development
USD	United States Dollars
VAT	Value Added Tax
WB	World Bank

Fiscal year: 1 July

Currency: RwF (USD 1 = 690 RwF)

Executive Summary

Purpose and management of the assessment

The overall objective of this PEFA assessment was to produce a comprehensive "PFM Performance Report" according to the upgraded PEFA Performance Measurement Framework Methodology of 2016 to provide an analysis of the overall performance of the PFM systems of the country and to provide a baseline against which future progress can be measured.

Assessment coverage and timing

This assessment covered the central government of Rwanda, and the fieldwork took place in June and July 2015: most of the indicators were assessed using data from 2013/2014 and the two previous completed FYs. This data was supplemented by further fieldwork in November 2016 to comply with the additional requirements of the upgraded Framework released on 1 February 2016.

Impact of PFM Systems on the three main budgetary outcomes

Aggregate fiscal discipline

Overall, fiscal discipline is reasonably good, and most elements in the overall PFM system that contribute to achieving this objective appear to be sound. On the revenue side, performance is good (PI-3, rated 'B+'), although while there are variances in expenditure against the original budget (PI-2.1), these are not distorted by payment arrears, the stock of which is declining (PI-22.1).

In addition, the risks to attaining fiscal discipline have been reduced, due to several factors: there are few unreported operations (PI-6); monitoring of fiscal risks from other Public Sector entities is reasonable (PI-10), although there are exceptions with contingent liabilities and 'Public Private Partnerships' (PI-10.3); the recording of government debt and the inclusion of donor funded project bank accounts into the consolidation of government cash/bank balances is comprehensive (PI-13); and the multi-year focus in fiscal planning is also good (PI-16.3 and 4). There are two new indicators that relate to this budgetary outcome, 'Macroeconomic and Fiscal Forecasting' (PI-14) and 'Fiscal Strategy' (PI-15) both of which score very well.

With the exception of the large volume of very old tax arrears (which the law ***does*** allow to be written-off: PI-19.4), the various elements of the system concerned with budget execution – including internal controls – are sound and contribute to the attainment of aggregate fiscal discipline.

Strategic allocation of resources

The five indicators concerned with 'policy-based fiscal strategy and budgeting', (PIs 14 to 18) all received good overall ratings, and demonstrate that the process to allocate budgetary resources in accordance with GoR's declared strategic objectives is sound and has in fact, strengthened. There are two exceptions to this: the first is the absence of medium-term expenditure ceilings in the budget preparation process (PI-16.2); and, secondly, PI-18.4 regarding Parliamentary oversight of in-year amendments to the approved budget, (but this is an improvement from the previous assessment). This conclusion is consistent with a reasonable rating for PI-2, which suggests that the budget formulation process (which benefits from considerable political engagement at an early stage) produces the desired results.

Most of the other indicators that contribute to the strategic allocation of resources have continued to function well, notably the comprehensiveness of the budget documentation, and its classification in accordance with international norms (PIs 5 ('B') and 4 ('A') respectively). The indicators related to revenue collection (PIs 19 and 20) have been reformulated, and with the exception of tax audits and the monitoring of arrears (PI-19-3 and 4) perform well, which is important as the RRA is expected to increase domestic revenues in the years to come.

There is another completely new indicator relevant to this budgetary outcome which is 'Public Investment Management' (PI-11), and this reflects "generally accepted good practice", with 'A' ratings for two of the four dimensions.

Efficient use of resources for service delivery

Financial management is not an end in itself, but rather a tool to assist a government to deliver services to its citizens, and of course, services cannot be delivered in the absence of funds. In this respect, GoR's PFM system works well, as can be seen in the good ratings for the processes that plan services (PIs 16 and 17 mentioned above); the revenue indicators (PIs 19 and 20 – with the exception of arrears, mentioned above); predictability in the availability of funds to support expenditure (PI-21, 'B+'); the fact that intergovernmental fiscal relations are transparent (PI-7, rated 'A') as many services are actually delivered to communities by the Districts.

While the indicators listed above reveal what may be regarded as a satisfactory level of performance, the rating for 'performance information' which can demonstrate the efficiency with which services are delivered (PI-8, 'D") is disappointing, as is that of the last of the completely new indicators introduced into the Framework: 'Public Asset Management' (PI-12), which reveals a weak performance – with potentially severe consequences, in that resources are unlikely to be utilized efficiently or effectively by a government that does not know what assets it owns.

Importantly, the mechanisms in place to reduce possible leakages in the system, such as internal controls, and controls over payroll (PIs 25 and 23 respectively) are good, while Internal Audit continues to improve (PI-26), as do the basic accounting controls (PI 27) and the procurement indicator (PI-24).

Lastly, while the oversight arrangements (addressed in PIs 30-31) are reasonably effective: they show a mixed picture. There are improvements, for example in the Parliamentary scrutiny of the Auditor-General's reports, while on the other hand, the lack of financial independence of the OAG – a new dimension introduced to the Framework – can be seen as a constraint on the scope and nature of the work performed.

In summary, most aspects of the PFM system are functioning at a satisfactory level – one that should allow GoR to attain its fiscal and budgetary objectives. This said, there remain areas for improvement (such as performance information on service delivery; capturing all assets bought with public funds in registers – and maintaining the registers; managing revenue arrears; issuing budget execution reports; and improving the (financial) independence of the OAG), some of which are already incorporated in the PFM SSP.

Performance changes since last assessment

This is the first assessment using the 'Upgraded' Framework, and the guidance issued by the PEFA Secretariat (October 2016) states that only 14 dimensions are directly comparable with the 2011 version: however, one of these is PI-2 (iii) which was part of one of the three indicators amended in 2011, i.e. ***after*** the previous assessment in Rwanda (PIs-3 and 19 were the others amended in 2011).

The table below shows changes in the ratings for directly comparable dimensions using the numbers in this report, against the previous PI and dimension reference. Section 4.4 below provides details of these as well as the 'non-comparable' ratings.

Table 0.1: Changes in the ratings for directly comparable dimensions since 2010

No.	Indicator	Score 2016	Score 2010	'Old' #	Performance change
PI-4	**Budget classification**				
4.1	Budget classification	A	A	PI-5 (i)	No change.
PI-13	**Debt management**				
13.1	Recording and reporting of debt and guarantees	B	B	PI-17(i)	No change.
PI-17	**Budget preparation process**				
17.1	Budget calendar	A	A	PI-11 (i)	No change.
17.2	Guidance on budget preparation	B	C	PI-11 (ii)	Improvement: BCC is comprehensive, clear, & issued early Feb, & even without cabinet approved ceilings, is firm basis for preparation of estimates.
PI-18	**Legislative scrutiny budgets**				
18.1	Scope of budget scrutiny	A	A	PI-27 (i)	No change.
18.4	Rules for budget adjustment by the executive	B	C	PI-27 (iv)	Improvement: reallocations take place, but limited impact on total.
PI-21	**Predictability of in-year resource allocation**				
21.1	Consolidation of cash balances	A	B	PI-17 (ii)	TSA fully functional: CG cash balances are consolidated daily, hence MINECOFIN knows cash position at end each day.
21.2	Cash forecasting and monitoring	B	B	PI-16 (i)	No change.
21.3	Information on commitment ceilings	B	B	PI-16 (ii)	No change.
21.4	Significance of in-year budget adjustments	A	A	PI-16 (iii)	No change.
PI-23	**Payroll controls**				
23.3	Internal control of payroll	A	A	PI-18 (iii)	No change.
23.4	Payroll audit	B	B	PI-18 (iv)	No change.
PI-25	**Internal controls on nonsalary expenditure**				
25.2	Effectiveness of expenditure commitment controls	A	A	PI-20 (i)	No change.

Overview of on-going and planned PFM reforms and main weaknesses identified

There are seven key programmes in the current PFM reform strategy, which are:

- Economic Planning and Budgeting
- Resource Mobilisation
- Budget Execution, Accounting and Reporting
- External Oversight and Accountability
- Electronic Service Delivery and IFMIS
- Fiscal Decentralisation
- PFM Sector Coordination and Management

In addition, four priorities have emerged for urgent consideration:

- ***Increased resource mobilisation***: domestic tax and non-tax revenue mobilisation to ensure Rwanda becomes self-reliant in the medium to long term
- ***Scaling up of the implementation of IFMIS:*** extend IFMIS to remaining government agencies both at central and local government levels as well as initiate the process for the use of a full-fledged IFMIS that has all the functionalities such as procurement, fixed asset management, and inventory modules
- ***Strengthen PFM systems at sub-national level:*** integrate sub-national service delivery units such as schools and primary healthcare institutions into IFMIS for effective PFM systems in order to improve decentralised service delivery; joint staff training for both district councils and local service delivery units will be delivered
- ***Enhance training, professionalization and capacity building across all PFM disciplines:*** provide professional training to augment staff to ensure sustainability.

The World Bank is also providing support to the tune of USD 100 million for the Public Sector Governance 'Programme-for-Results', which aims to improve Rwanda's PFM and statistics systems for the enhancement of transparency and accountability in the use of public funds, revenue mobilisation and the quality and accessibility of development data for decision-making.

Table 0.2: Overall summary of PFM Performance Scores – 2016 Assessment

PFM Performance Indicator (PI)		Scoring Method	Dimension Ratings .1	.2	.3	.4	Overall Rating
Pillar I: Budget reliability							
PI-1	Aggregate expenditure outturn	M1	C				**C**
PI-2	Expenditure composition outturn	M1	C	B	C		**C+**
PI-3	Revenue outturn	M2	B	A			**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	A	B		**A**
PI-7	Transfers to subnational governments	M2	A	A			**A**
PI-8	Performance information for service delivery	M2	D	C	D	D	**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	C		**C+**
PI-11	Public investment management	M2	B	A	A	C	**B+**
PI-12	Public asset management	M2	C	D	C		**D+**
PI-13	Debt management	M2	B	A	A		**A**
IV. Policy-based fiscal strategy and budgeting							
PI-14	Macroeconomic and fiscal forecasting	M2	B	A	B		**B+**
PI-15	Fiscal Strategy	M2	A	A	B		**A**
PI-16	Medium-term perspective in expenditure budgeting	M2	A	D	A	B	**B**
PI-17	Budget preparation process	M2	A	B	A		**A**
PI-18	Legislative scrutiny of budgets	M1	A	B	A	B	**B+**
Pillar V. Predictability and control in budget execution							
PI-19	Revenue administration	M2	A	A	D	D	**C+**
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	A	C			**C+**
PI-23	Payroll controls	M1	A	A	A	B	**B+**
PI-24	Procurement	M2	A	A	C	A	**B+**
PI-25	Internal controls on nonsalary expenditure	M2	A	A	B		**A**
PI-26	Internal audit	M1	A	B	C	C	**C+**
Pillar VI. Accounting and Reporting							
PI-27	Financial data integrity	M2	B	NA	A	B	**B+**
PI-28	In-year budget reports	M1	A	D	C		**D+**
PI-29	Annual financial reports	M1	C	A	C		**C+**
VII. External Scrutiny and Audit							
PI-30	External audit	M1	B	C	C	D	**D+**
PI-31	Legislative scrutiny of audit reports	M2	C	A	B	A	**B+**

1 Introduction

1.1 Rationale and purpose

The overall objective of this PEFA assessment was to produce a comprehensive "PFM Performance Report" (PFM-PR) prepared according to the 'Upgraded' PEFA Performance Measurement Framework Methodology of February 2016 so as to provide an analysis of the overall performance of the PFM systems of the country and to provide a baseline against which future progress can be measured.

More specifically, the results of this assignment will provide the GoR and its Development Partners with:

a) An assessment of the quality of PFM in the country in 2011/2012, 2012/2013 and 2013/2014[1], based on the PEFA methodology, including an assessment of the relative strengths and weaknesses of the main budgetary outcomes: *Aggregate fiscal discipline, Strategic resource allocation and Efficient service delivery*;

b) A basis for further analysis and dialogue on PFM reforms so as to inform future updates to the PFM SSP and subsequent action plans, and also to inform the monitoring and evaluation work of GoR, Development Partners and other stakeholders.

1.2 Assessment management and quality assurance

The report was commissioned by GoR, and funded from a MDTF under the control of GoR.

Box 1-1 Assessment management and quality assurance arrangements

PEFA Assessment Management Organization

- Oversight Team – Chair & Members:
  - Patrick Shyaka: Chair, Accountant General - MINECOFIN
  - Leif Jensen: Co, chair, Senior Public Sector Specialist - World Bank
  - Daniela Beckmann: Country Director - KFW
  - Eva Paul: Project Manager - KFW
  - Scott Caldwell: Senior Governance Advisor - DFID
  - Sam Waldock: Governance Advisor - DFID
  - Sion Morton: Attaché for Economy and Governance - EU Delegation
  - Amin Miramago: PFM Reforms Manager - MINECOFIN
  - Caleb Rwamuganza: Director General, National Budget Unit - MINECOFIN
  - Godfrey Kabera: Director General, National Development Planning & Research Unit - MINECOFIN
  - Leonard Rugwabiza: Chief Economist - MINECOFIN
  - Amina Rwakunda: Senior Economist - MINECOFIN
  - Octave Semwaga: Acting Coordinator, PITT - MINECOFIN
  - Richard Tushabe: Commissioner General - RRA
  - Agnes Kanyangeyo: Deputy Commissioner, Planning - RRA
  - Alexis Kamuhire: Chief Internal Auditor - MINECOFIN

[1] The original ToR required coverage of the FYs 2011/11, 2011/2012 and 2012/13: however, it was proposed in the Inception Report and agreed by GoR that it would be more useful to cover more recent years.

- Marcel Mukeshimana: Deputy Accountant General - MINECOFIN
- Augustus Seminega: Director General - RPPA
- Patrick Habimana: Deputy Auditor General - OAG
- Jean de Dieu Rurangirwa: IFMIS Coordinator - MINECOFIN
- Jonathan Nzayikorera: Coordinator of Fiscal Decentralisation Unit – MINECOFIN
- John MUNGA: CEO of ICPAR

- Assessment Manager: Amin Miramago, PFM Reforms Manager MINECOFIN
- Assessment Team Leader: Philip Sinnett. Team Members: Charles Hegbor, Charles Gasana and Francis Mugisha, all contracted to AECOM International Consultants, Spain.
- PEFA Review team: Martin Bowen and Urska Zrinski.

Review of Concept Note and/or Terms of Reference

- Date of reviewed draft concept note and/or terms of reference: 4-11-2014
- Invited reviewers: Oversight Team
- Reviewers who provided comments: [name and organization for each one, in particular the PEFA Secretariat and date(s) of its review(s) or as group e.g. the Oversight Team:
    - Holy Tiana Rame: PEFA Secretariat (18-11-2014)
    - Michel Champomier: PEFA Secretariat (18-11-2014)
    - Lewis Hawke: Head, PEFA Secretariat (18-11-2014)
    - Oversight Team (20-11-2014)
- Date(s) of final concept note and/or terms of reference: 25-2-2015

Review of the Assessment Report

- Date(s) of reviewed draft report(s): 11-11-2016
- Invited reviewers:
    - Martin Bowen: PEFA Secretariat (12-2-2016) and (12-01-2017)
    - Oversight Team (9-3-2016)

1.3 Assessment Methodology

Coverage of the assessment

This assessment covered the central government of Rwanda, as per GFS 2014.

When performance is assessed

The fieldwork for the assessment took place in June and July 2015, and was updated in November 2016 to meet the requirement of the 'Upgraded' PEFA Framework of February 2016: however, because the GoR financial year begins on 1 July, most of the indicators were assessed using data from 2013/2014 and the two previous completed FYs.

Sources of information

The assessment is based on the review of various documents, listed in ***ANNEX 2***, and interviews with numerous government officials and other stakeholders, who are listed in ***ANNEX 3***.

Other methodological issues for the preparation of the report

The assessment process required the:

- review of legal and regulatory documentation, budget documentation and financial and audit reports (see ***ANNEX 2*** for documents consulted);

- assessment of PFM practice procedures and systems
- quantitative analysis of official financial and budgetary data; and,
- the application of professional judgment.

An important consideration in the assessment is an appreciation of the quality, comprehensiveness and accuracy of data that is used to determine the budget credibility indicators. The reliability of the PEFA indicators can only be as good as the accuracy of the financial data upon which they were assessed.

A one-day capacity building workshop was organised by the Assessment Team on 16 June for officials (also listed in ***ANNEX 3***) before the data collection phase. The main purpose of the workshop was to enable the officials to fully understand the methodology, indicators and requirements of the PEFA assessment, as well as the method of determining ratings and performance. It included exercises for participants to help them understand the application of the PEFA methodology (using training material provided by the PEFA Secretariat). The workshop also allowed the assessment team to obtain information and knowledge regarding the functioning of financial management arrangements, and to clarify the requirements in terms of stakeholders to be interviewed and information to be obtained.

2 Country background Information

2.1 Country economic situation

2.1.1 Country context

The Rwandan economy is based on agriculture, which accounted for over a third of GDP in 2014 and is the principal source of employment for nearly 80% of the labour force. The country is one of the most densely populated in Africa, at 434 people per square kilometre, with a total population exceeding 11 million. Virtually all the arable land is under cultivation, although agricultural productivity is low and the majority of the population are subsistence farmers. Hence the Government has recognized that the country must transform from a subsistence agricultural economy to a knowledge-based society, and its *'Vision 2020'* lays out an agenda to make this shift. The goals are to sustain 11.5% growth in GDP; reduce population growth from 2.6% to 2.2% per year in order to reach an average per capita income of $1240 by 2020; and, reduce the poverty rate below 30%. The current medium-term policy priorities and allocations are set out in the second ***Economic Development and Poverty Reduction Strategy*** (EDPRS 2), which covers the years 2013 to 2018.

The EDPRS 2 includes ambitious targets summarized in four thematic areas ranging from accelerated growth to become a middle-income county; reducing poverty to less than 30% by June 2018; and creating 200,000 non-farm jobs per year, all consistent with the long-term goals in *Vision 2020*. Despite the recent global economic downturn and the reduction of development assistance in 2012, real GDP growth averaged 7.9% from 2005 through to 2014, and the share of GDP derived from the services sector, the most important engine of Rwanda's economy in the medium to long term according to *Vision 2020*, has risen slowly but steadily to 50% in 2014.

Rwanda has also made impressive efforts to reach the Millennium Development Goals (MDGs): all but one (nutrition) have been achieved, a major accomplishment in the aftermath of the 1994 genocide. Primary school enrolment rates are now 99%, the gender equality target has already been met for both primary and secondary education, together with other milestones; women's participation in parliament is over 50% (64% in 2013), the highest in the world. High-level political leadership has led to a reduction in HIV prevalence rates from 13% in 2000 to 3% in 2010. Access to improved water sources is high and MDG 7 (82%) is attainable by end of 2015. Overall, high economic growth and progress on MDGs, have seen poverty rates reduce by 15.1%, from 60% in 2000 to 44.9 % in 2011.).

In recognition of GoR's track record of high growth and generally prudent macro-economic management, including the achievement of low fiscal and current account deficits and the maintenance of a comfortable level of international reserves, the IMF approved a Policy Support Instrument (PSI) in June 2010, followed by a second approval in 2013, designed to address key vulnerabilities, including weaknesses in monetary and exchange rate policies, which have at times led to high levels of inflation, low levels of fiscal revenues and exports, and continued high aid dependence (see Table 2.1 below).

The PSI allows for up to $500 million (6.3% of 2014 GDP) in non-concessional external borrowing for different complementary projects that comprise an investment strategy aimed at alleviating critical infrastructure constraints to increasing and diversifying exports of goods and services and developing the country into a knowledge-based service economy. The Debt Sustainability Analysis elaborated during the third review of PSI, suggests Rwanda's moderate level of debt distress would remain sustainable even if the non-concessional external borrowing were contracted, but its low export base means vulnerabilities could increase under adverse shocks.

2.1.2 Key aspects of the government's economic and fiscal reforms

In 2013, the Government implemented Rwanda's second and current Economic Development Poverty Reduction Strategy (EDPRS 2), which provides a medium-term framework for achieving the country's long-term development aspirations as embodied in *Vision 2020*, the seven year GoR program, and the MDGs. The strategy builds on strong achievements in human capital development and is set out in four thematic areas:

- **Economic Transformation** for accelerated economic growth striving for middle-income country status (with targets of achieving annual 28.0 per cent exports growth and 11.5 per cent GDP growth on average between 2013 and 2020).
- **Rural Development** to address the needs of the vast majority of the population and ensure sustainable poverty reduction (targeted to reduce poverty to less than 30.0 per cent by June 2018).
- **Productivity and Youth Employment** to ensure that growth and rural development are underpinned by appropriate skills and productive employment, especially the growing cohort of youth (to increase productivity per worker and targeting the creation of 200,000 non-farm jobs per year).
- **Accountable Governance** to underpin improved service delivery and citizen participation in the development process (to increase satisfactory service delivery and citizen participation).

EDPRS 2 provides a roadmap for government, development partners, the private sector and civil society, and indicates GoR's policy priorities, the measures it needs to implement them, their cost and source of financing. Unlike EDPRS 1, EDPRS 2 clearly specifies indicators that are well aligned with the Budget cycle and can be monitored. In addition, EDPRS 2 redefines the country's priorities guided by the revised targets of the *Vision 2020* adopted in May 2012, which outlines clearly the objectives to be achieved as a pre-requisite for rapid growth and poverty reduction.

The strategies in *Vision 2020* have been converted into actions by a series of medium-term strategic plans. GoR's first systematic assessment was the *Poverty Reduction Strategy* (PRSP) finalised in 2001, covered the period to 2006. This was followed by the Economic Development and Poverty Reduction Strategy (EDPRS) for 2008-12, now replaced by the current EDPRS 2.

The *Public Financial Management Reform Strategy* (2008-2012) elaborated the reforms GoR intended to implement in its public financial management systems. This was scheduled to end in December 2012 but was extended to June 2013 to coincide with the completion of EDPRS 1, and to allow for the development of a new strategy that would coincide with the EDPRS 2 timeframe (2013-2018).

The Reform Strategy takes a comprehensive approach, which deals with the key issues in a structured and sequenced manner, to achieve 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.

The Mid-Term Review and the End of Term Evaluation[2] of the first PFM Reform confirmed that there were significant achievements across various components. However, challenges remained, as well as some emerging issues, including: inadequate and erratic resources; effective implementation of IFMIS; weak PFM systems at the Sub-National level; inadequate human resource capacity across all PFM disciplines; weaknesses in economic planning and budgeting, in budget execution, accounting and reporting; inadequate audit and legislative oversight and finally, challenges in the coordination and management of PFM reforms. To overcome these challenges, a PFM sector strategic plan for the next five years was developed. In this plan, sector priorities have been organised into seven major Programmes, with a total of 23 Sub Programmes, representing the identified priority areas for PFM Reform (see Section 5 of this report). In summary, these areas are:

- Economic Planning and Budgeting;
- Resource Mobilisation
- Budget Execution, Accounting and Reporting
- External Oversight and Accountability
- Electronic Service Delivery and IFMIS
- Fiscal Decentralisation
- PFM Sector Coordination and Management

Besides the above seven key elements, four priorities have emerged for urgent consideration:

- ***Increased resource mobilisation***: domestic tax and non-tax revenue mobilisation to ensure Rwanda becomes self-reliant in the medium to long term;
- ***Scaling up of the implementation of IFMIS:*** extend to remaining government agencies both at central and local government levels as well as initiate the process for the use of a full-fledged IFMIS that has functionalities such as procurement, fixed asset management, and inventory modules;
- ***Strengthen PFM systems at sub-national level:*** integrate sub-national service delivery units such as schools and primary healthcare institutions into IFMIS for effective PFM systems in order to improve decentralised service delivery; joint staff training for both district councils and local service delivery units will be delivered;
- ***Enhance training, professionalization and capacity building across all PFM disciplines:*** provide professional training to augment staff to ensure sustainability.

The World Bank is also providing support to the tune of USD100million for the Public Sector Governance ‘Programme-for-Results’. The main objective of this programme is to improve Rwanda's PFM and statistics systems for the enhancement of transparency and accountability in the use of public funds, revenue mobilisation and the quality and accessibility of development data for decision-making.

[2] Independent Evaluation of the Implementation of the PFM Reform Strategy, 2008/12, ECORYS

2.1.3 Key economic indicators

Table 2.1: Selected economic indicators

	2012	2013	2014	2015	2016 (proj)
Population (millions)	10.50	10.70	11.00	11.30	11.6
Annual change in Population (%)	2.6%	2.4%	2.4%	2.7%	2.3%
Nominal GDP (RwF B) (FY)	4,128	4,681	5,137	5,580	6,148
Nominal GDP (RwF B)) (CY)	4,435	4,864	5,389	5,837	6,459
Nominal GDP ($m) (CY)	7,220	7,522	7,897	8,109	8,310
GDP per capita ($)	689	701	719	720	719
Real GDP growth (CY)	8.8%	4.7%	7.0%	6.9%	6.0%
Gross investment as a % of GDP	26.0%	27.0%	26.0%	27.4%	31.1%
National savings as a % of GDP	12.4%	15.6%	12.5%	12.2%	11.4%
FDI as % of GDP	3.5	3.4	4.0	3.9	3.9
Trade balance (% of GDP)	-17.6	-15.3	-16.0	-15.2	-19.0
Current account balance excl. official transfers (% of GDP)	-16.4	-14.9	-17.0	-18.1	-22.0
Current account deficit including official transfers (% of GDP)	-10.2	-7.4	-12.0	-13.5	-17.2
External debt (end period) % of GDP)	17.6	21.5	14.9	26.9	34.4
Consumer price inflation (annual ave rate %)	6.3	4.2	1.8	2.5	4.6
Consumer price inflation (end of period rate, %)	3.9	3.6	2.1	4.5	4.7
Exchange rate: annual average RwF = $1	614	647	683	720	777

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

2.2 Fiscal and budgetary trends

2.2.1 Fiscal performance

Total revenue (including grants) was more or less constant as a proportion of GDP over the period, although 'own revenue' is – as per agreed GoR policy – on an increasing trend. Total expenditure is also increasing, most notably on capital account, which shows a steady rise over the period.

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 13.5% of GDP in FY 2013/14, though continued donor support reduced the deficit to 4.3% of GDP: see table below:

Table 2.2: Aggregate Fiscal Data

Central government actuals (as a percent of GDP)			
	FY 2011/12	FY 2012/13	FY 2013/14
Total revenue	25.4	23.5	26.1
- Own revenue	*14.3*	*15.7*	*16.8*
- Grants	*11.1*	*7.8*	*9.2*
Total expenditure	26.6	28.5	30.0
- Non-interest expenditure	*26.2*	*27.9*	*29.2*
- Interest expenditure	*0.4*	*0.7*	*0.8*
- Capital expenditure	*11.7*	*12.1*	*13.9*
- Net lending	*0.0*	*2.9*	*1.0*
Aggregate deficit (incl. grants)	-1.5	-5.2	-4.3
Overall deficit	-1.2	-5.0	-4.0
Primary deficit	-5.7	-2.3	-3.7
Net financing	1.4	5.2	4.3
- external	*2.3*	*7.2*	*2.0*
- domestic	*-0.9*	*-2.0*	*2.2*

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

2.2.2 Allocation of resources

Tables 2.3 and 2.4 below indicate government resource allocation over the three-year period ending June 2014. General public service, economic affairs and education continue to receive the largest proportion of government resources, with an average of 28.4%, 24.3% and 17.4% respectively. Government resource allocation to current expenditure averages around 51.3%, whiles capital expenditure averaged around 44.2%. Transfers and subsidies receive an average allocation of 18.8%, followed by wages and salaries - 12.67% and then goods and services - 10.67%

Table 2.3: Budget Allocations by Functions (in RwF m)

Actual budgetary allocations by sector (as a percentage of total expenditure)			
	FY 2011/12	FY 2012/13	FY 2013/14
1. General public services	22.1%	28.6%	34.4%
2. Defence	10.0%	9.3%	4.6%
3. Public order and safety	6.3%	5.7%	5.4%
4. Economic affairs	25.8%	24.7%	22.5%
5. Environmental protection	1.1%	1.5%	0.9%
6. Housing and community amenities	4.4%	2.0%	2.9%
7. Health	6.9%	7.0%	6.6%
8. Recreation, culture, and religion	1.1%	0.9%	1.2%
9. Education	18.2%	16.7%	17.2%
10. Social protection	4.0%	3.5%	4.4%
11. Other			
Total	100.0	100.0	100.0

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

Note: total expenditure excludes items financed by capital grants and loans

Table 2.4: Budget allocations by economic classification

Actual budgetary allocations by economic classification (as a % of total exp)			
	FY 2011/12	FY 2012/13	FY 2013/14
Current expenditure	**55.9%**	**47.5%**	**50.6%**
- wages and salaries	13.2%	12.6%	12.2%
- goods and services	13.6%	9.2%	9.2%
- interest payments	1.7%	2.3%	2.8%
- transfers	20.5%	17.3%	18.6%
- others	6.9%	6.0%	7.7%
Capital expenditure	**44.0%**	**42.3%**	**46.2%**

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

2.3 Legal and regulatory arrangements for PFM

The Constitution (2003)

The Chamber of Deputies (the lower House of Parliament) is required to receive and debate the annual finance bill before it becomes law, with the concurrence of the Senate (the upper House). Parliament must also approve external borrowings (subject to the limit it sets) and grants. The Chamber of Deputies is entitled to receive, direct from the Office of the Auditor-General, audit reports, audited budget execution reports and financial statements, to provide oversight of the executive.

The Organic Law on State Finances and Property (OBL), 2013

The revised Organic Law on State Finances and Property (Organic Law No12/2013) regulates the implementation of budgets of central and local governments and other public entities that receive funding from the national budget. The law specifies the principal responsibilities of those involved in preparing and implementing central and local governments budget, and the management of State Finances.

In terms of the OBL, the Cabinet plays a role in the preparation of the national budget before it is formally tabled before the Chamber of Deputies. Cabinet must approve government's broad strategic objectives and priorities for budgetary policies for the next fiscal year and for the next two successive years; approve the Medium Term Expenditure Framework (MTEF), and annual budget estimates, especially targets for aggregate revenues, aggregate expenditures, fiscal balance and part of public debt the state is obliged to pay; approve the annual finance bill prepared by the Minister responsible for state finance; and determine the amount of money in the budget for SN governments. The Executive is also responsible for budget execution once the bills have become finance laws.

The OBL makes the Minister for state finances responsible for all aspects of budget planning and implementation, and is to keep Parliament informed of macroeconomic and budgetary developments. To fulfil this role, the Minister has wide ranging powers.

A Chief Budget Manager is the accounting officer of a budget agency, and is responsible for preparing the annual budget and the medium-term budget framework; to exercise control over the execution of the budget agency; and prepare for the Permanent Secretary of the ministry all budget execution reports and related statements.

The Consolidated Funds (one for Central Government and one for each sub-national government). All revenues and other public monies, earmarked revenues, external loans and grants received are to be paid into the CF, and withdrawals made on the written permission of the Minister responsible for state finances (or, in the case of a SNG, the written permission of the Chairperson of the Executive Committee).

Ministerial Order on the OBL (Financial Regulations). The Ministerial Order (financial regulations to the Organic Law) includes the accounting standards in the central Government, local administrative entities, other public enterprises and extra budgetary funds, and states that *"public entities shall follow the "Modified Cash Basis of Accounting"*, except those Public Enterprises which are required to adopt accrual basis of accounting. The financial statements are also to comply with the International Public Sector Standards to the extent possible.

The Office of the Auditor-General

OAG is the Supreme Audit Institution and was established in 1998 under Law 04/98. The Constitution requires the OAG to: a) report to the Chamber of Deputies on the implementation of the state budget of the previous year. This report must indicate the manner in which the budget was utilized, unnecessary expenses which were incurred or expenses which were incurred contrary to the law and whether there was misappropriation or general squandering of public funds – an audit of budget execution reports; b) submit a copy of the report to the President of the Republic, Cabinet, President of the Supreme Court and the Prosecutor General of the Republic; and c) carry out a financial audit of any institution of the State or with regard to the use of funds provided by the State as may be required by Chamber of Deputies from time to time.

Law on Public Procurement

The Rwanda Public Procurement Authority (RPPA) was established under law no. 63/2007 of 30/12/2007 and replaced the National Tender Board (NTB – previously set up under Ministerial Order no. 91/03 of 31/12/2002). The legal framework was amended under law no. 05/2013 of 13/02/2013 and a new Ministerial Order N° 001/14/10/TC of 19/02/2014. RPPA is responsible for establishing procurement standards, procedures, and guidelines to ensure transparent, effective and efficient public procurements, as the function has been decentralized to public entities. This regulatory and oversight mandate is exercised though an 'Independent Review Panel'. RPPA is expected to pilot initiatives such as an Electronic Procurement System in FY 2016/2017 as part of further reforms to deepen transparency; competition; economy; efficiency; fairness; and accountability in public procurement.

The internal control framework

Control environment

The PFM control environment assigns rights and responsibilities for actors in the PFM system. The ultimate responsibility lies with Chief Budget Managers (CBMs) who sign off the use of resources. The sign-off for any transaction is secured with an authorized signature. The roles and responsibilities are prescribed under the OBL, the Ministerial Instructions (MI) and Ministerial Orders (MO), as well as in PFM procedure manuals. MO no. 002/09/10/A of 12/02/2009 sets the regulations for internal control and internal audit for public entities. Under article 3, PEs are required to establish and implement a system of internal control to secure risks to the entity and to detect or prevent irregularities. This is to ensure that use of public resources meets the key principles of economy, efficiency and effectiveness – towards achieving the PE mission. The control environment has two components (article 4): *ex-ante* administrative and financial management control designed to prevent occurrence of inappropriate decisions; and the *ex-post* controls that confirm or detect the inappropriate decisions for corrective action. CBMs are responsible for ensuring that the control environment is 'fit-for-purpose' and effective. All CBMs and their staff have access to the PFM control tools, namely, the OBL, the MI, the MO, and the PFM procedure manuals. The accountability cycle is completed by the role played by the entity's Audit Committee: ensuring oversight and the timely implementation of corrective actions in response to audit findings that will strengthen the control environment.

Risk assessment

Risk assessment is a key aspect of the PFM system as it seeks to secure appropriate utilization of public resources. It is used to secure the control environment *ex-ante* when CBMs identify and mitigate future risks in the PFM environment; or *ex-post* to detect and correct inappropriate decisions through routine or risk-based audits. The Internal Audit Function in PEs is required to follow a 'risk-based' approach in line with *'International Professional Practices Framework – IPPF'*, standards issued by the Institute of Internal Auditors. This, at a minimum, requires multi-year audit plans and a risk-based approach. Risk-based annual audit plans are approved by the entity's Audit Committees (and copied to the CIA), and are designed to progressively secure key risks in the control environment in a timely manner.

Control activities

Control activities are prescribed in the roles and responsibilities of stakeholders involved in transacting with public resources in order to meet the objectives of the entity. They are outlined in the applicable procedure manuals that specify the recording, accounting and reporting of transactions, and lay down key rules, including the routine segregation of duties, a multi-layer authorizing environment and corrective measures when control activities fail.

Information and communication

Any control environment is weakened by a lack of timely information for decision-making. Control activities are useless if not understood; if key changes are not communicated in time; if stakeholders are not empowered with sufficient skills that are updated to respond to a changing control environment. The reporting system prescribed in various laws and regulations are designed to ensure sufficient knowledge and understanding of risks at each PFM System node point for timely actions. Public Entities are required to report monthly, quarterly and annually to their Audit Committees (copied to the CIA) on the effectiveness of the control environment. The CIA consolidates individual Internal Audit reports into a report to the Minister, which identifies key cross cutting issues and highlights areas requiring action.

Monitoring

CBMs are responsible for monitoring the control environment to ensure it remains effective against key risks. The Internal Auditor in a public entity is responsible to detect and recommend corrective actions through internal audit reports to the Audit Committee, copied to both the CBM and the GCIA. Audit recommendations (whether *ex-ante* or *ex-post*) are only effective if implemented. Both Internal Audit (through the GCIA) and the OAG routinely report on the degree to which audit recommendations are being implemented in an entity: if recommendations are not sufficiently implemented, the GCIA can act through the Minister on key cross cutting issues or through the entity's Internal Auditor. Also, the Parliamentary Public Accounts Committee holds public hearings to ensure that CBMs implement agreed recommendations.

2.4 Institutional arrangements for PFM

At the central government level, there are 24 Ministries, 19 Government Business Enterprises (of which 16 are wholly-owned) and more than 80 EBUs. The country is divided into four geographical Provinces and the City of Kigali, which are *deconcentrated* (administrative) arms of the Central Government, and 30 Districts with elected councils. Beneath the Districts there are 'sectors', which are linked to national departments on a functional basis, but staff are accountable to the District's Executive Secretary.

Table 2.5: Structure of the public sector: (number of entities & turnover, RwF m)

Year: 2015/16	Public Sector				
	Government Sub-Sector		Social Security Funds	Public Corporation Sub-Sector	
	Budgetary Unit	Extra budgetary Units		Non-Financial Public Corporations	Financial Public Corporations
Central	110	80	2	15	5
1st tier SNGs Districts	31				
Lower tier(s) of SNGs	4,475				

Source: MINECOFIN

Table 2.6: Financial structure of central government – budget estimates (RwF m)

Year: 2014/15	Budgetary and Extra Units	Social Security Fund	Total Aggregated 2/
Revenue	1,808,812,969,876	427,614,450,190	2,236,427,420,066
Expenditure	1,496,641,676,008	403,552,490,785	1,900,194,166,793
Transfers to (-) and from (+) other units of general gov't	-312,171,293,868		

Source: MINECOFIN

Table 2.7: Financial structure of central government – actual expenditure (RwF m)

Year: 2014/15	Budgetary and Extra Units	Social Security Fund	Total Aggregated [27]
Revenue	1,737,240,245,461	42,042,538,541	1,779,282,784,002
Expenditure	1,826,772,990,826	13,342,336,667	1,840,115,327,493
Transfers to (-) and from (+) other units of general gov't			
Liabilities	191,338,699,670	13,197,743,288	204,536,442,958
Financial Assets	191,396,315,247	249,766,686,783	441,163,002,030
Non-financial assets		467,754,050,065	467,754,050,065

Source: MINECOFIN

Parliament

The Constitution (2003) established a bi-cameral parliament to perform legislative, oversight, and representative functions. There are 53 elected members of the Chamber of Deputies (the Lower House), who serve for a five-year term (by proportional representation), 24 of who are female, elected by provincial councils; two representatives are elected by the National Youth Council; and one by the Federation of the Associations of the Disabled.

The Senate comprises 26 members who are elected or appointed for an eight-year term: 12 are elected by provincial and sectoral councils; eight are appointed by the President; four are appointed by the forum of political formations, and two are elected by the staff of the universities. Senate is vested with the authority to: elect the President, Vice-President and judges of the Supreme Court, the Prosecutor General and Deputy; approve appointments of Chairpersons, members of National Commissions, the Ombudsman, the Auditor General of State Finances, Ambassadors and representatives to international organizations etc.; and approve other public officers if so required by an Organic Law.

The Chamber of Deputies is responsible for receiving and debating annual finance bills before they become law, with the concurrence of the Senate, and also for approving external borrowings by the central government as well as setting limits or ceilings of such borrowings (which are contracted by the Minister on behalf of the government): this also applies to grants. To complete the accountability cycle, the Chamber of Deputies is entitled to receive, direct from the OAG, audit reports and audited budget execution reports and financial statements, to review and provide oversight of the executive.

The Judiciary

The Constitution establishes the Supreme Court (the highest court and the guarantor of judicial independence), the High Court, Provincial, District Municipality and Town courts, and also specialized *Gacaca* courts and Military courts). Additionally, the Supreme Court is responsible for ruling on the constitutionality of organic laws and laws establishing the internal regulations of each Chamber of Parliament before they are promulgated.

Executive

The President is head of state, and is elected for a seven-year term by universal suffrage. The President appoints the Prime Minister and the Cabinet (who are precluded from being members of Parliament), with the approval of the Senate. There is a multi-party system and the Prime Minister is the head of government.

The Cabinet is constitutionally accountable to both the President and Parliament, and is required by Article 12 of the Constitution to approve the Budget Framework Paper before it is tabled in the Chamber of Deputies. Cabinet must also approve:

- the Medium Term Expenditure Framework, fiscal balance and that part of public debt the state is obliged to pay;
- the annual finance bill;
- the formula for allocating grants to the sub-national units;
- consolidated quarterly budget execution report prepared by the Minister;
- the report of the State Finances of the year preceding the consolidated budget;
- the budget execution report prepared by the Minister.

2.5 Other important features of PFM and its operating environment

The Rwanda PFM System has a clear legal framework which is implemented across PFM institutions, led by MINECOFIN. It is fully aligned with the development agenda as a 'foundational and cross cutting' issue under the EDPRS 2 four thematic areas. It is implemented through Chief Budget Managers across public entities. A key difference between the two PFM Reform Strategies (outlined in 2.1. above) is that, while PFMRS covered the entire PFM cycle (planning and budgeting, budget execution, accounting and reporting, audit, and parliamentary oversight); the PFM SSP includes cross cutting issues such as electronic service delivery and IFMS, fiscal decentralization and PFM sector coordination. It also highlights new areas of emphasis for the next wave of reform such as resource mobilization, a responsive IFMIS, linkages between planning and reports, a strengthened Internal Audit function; fiscal risk management in Public Enterprises as well as legislative oversight. The degree of reliance on the IFMIS is currently very high and is expected to increase as well as the sophistication of reporting needs. A successful implementation of the Subsidiary Entities Accounting and Reporting System to the sub-entities below the Districts as well as further strengthening of the IPPS will complete a key architecture for the Rwanda PFM System.

Under EDPRS 2, the PFM SSP is coordinated under the 'Sector Working Group (SWG)' co-chaired by the PS/ST and a representative of the Development Partners – clearly a key function, given the country's heavy reliance on external support. Details of these arrangements are set out in Chapter 5. The 'PFM SSP Action Plan' is regularly monitored, as can be seen in the table below:

Table 2.8: Schedule for Monitoring the PFM SSP

Monitoring Report	2014	2015	2016	2017	2018
PEFA Review	✓				✓
Mid Term Review			✓		
End Term Assessment					✓
Annual Joint Sector Reviews	✓	✓	✓	✓	✓

Source: *PFM SSP (2013 – 2018)*

3 Assessment of PFM Performance

Pillar I. Budget reliability

PI-1 Aggregate expenditure outturn

The total expenditure variation over the period examined was less than 10% in one year (9.8% in 2011/2012; 12.1% in 2012/2013; and 10.9% in 2013/2014), as reported in Table 3.1 below (the calculations upon which the Table is based are reported in ***ANNEX 4***).

Table 3.1: Comparison of Budget estimates to Actuals (primary expenditure, RwF)

	2011/12	2012/13	2013/14
Primary original expenditure	681.6	788.5	1037.2
Primary outturn	748.7	884.2	1149.8
Aggregate expenditure deviation	67.1	95.7	112.6
Aggregate expenditure deviation (%)	9.8%	12.1%	10.9%

Source: MINECOFIN

PI-1	Dimension	Score	Justification
Aggregate expenditure out-turn		**C**	**Scoring Method M1**
1.1 Aggregate expenditure out-turn		**C**	Aggregate expenditure outturn was between 85% and 115% of the approved aggregate expenditure in two of the last three years: (109.8% in 2011/2012; 112.1% in 2012/2013; and 110.9% in 2013/2014)

Ongoing reforms

Improving the planning processes through coordination and intersectoral consultations: The disconnection between budget agencies' action plans and budgets has been a key factor behind the deviations between expenditure outturns and budgets. This is manifested in the inadequate project consultations; weak feasibility planning and inadequate follow up mechanisms that weaken the multi-year MTEF process. Key reforms include:

- *Improved planning consultations:* The process to determine bankable projects that merit funding has been enhanced with strong multi-sectoral consultations on plans, priorities and key linkages. The key outcome is that only agreed priorities inform the resource allocations during the budgeting process – ensuring that resources are allocated to activities and projects that are ready for implementation. They also help to have a clear linkage between agencies 'plans and budgets.
- *The role of the Public Investment Committee (PIC) in scrutinizing the public projects:* The PIC ensures that investment decisions are underpinned by appropriate feasibility studies. This strengthens cost estimation and execution – improving the linkages between action plans, funding decisions and budget execution. This will also contribute towards lesser deviation between expenditures outturns and the budgets in the medium term.

PI-2 Expenditure composition outturn

Where the composition of actual expenditure varies considerably from the original budget, the budget is unlikely to be a useful statement of policy intent. PI-2 is a tighter measure of budget discipline, as it measures how well a government can forecast expenditure at the MDA (vote) level. The indicator considers the variation between the budgeted and actual distribution of expenditure, and measures whether the budget is a credible statement of policy intent.

2.1 Expenditure composition outturn by function

This dimension measures whether policy priorities are implemented as approved, capturing the extent to which budget reallocations between budget heads contribute to variance in expenditure composition (excluding contingency and interest expenditure). Variance in expenditure composition by program, administrative or functional classification was less than 15% in two of the last 3 Years (Yr1 11.5%; Yr2 26.1%; and Yr3 10.1%)

Dimension rating = C

2.2 Expenditure composition outturn by economic type

The dimension measures the extent to which reallocations between budget items by economic classification, contributes to the variance in expenditure composition (including interest expenditure). Variance in expenditure composition by economic classification was less than 10% in at least two of the last three Years (4.6% in 2011/12; 10.6% in 2012/13; and 6% in 2013/14).

Dimension rating = B

2.3 Expenditure from contingency reserves

The dimension recognizes the need for a contingency toward unforeseen events but it should not be so large to undermine the credibility of the budget. Actual expenditure charged to the contingency vote was on average more than 6% but less than 10% of the original budget (FY2011/12; 9.3%; FY2012/13; 8.5%; FY2013/14; 10.4% or an average of 9.3%).

Dimension rating = C

Table 3.2: Consolidated Fund expenditure composition variance of (%)

	2011/12	2012/13	2013/14
Total expenditure variation i.e. PI-1	9.8%	12.1%	10.9%
Composition variance by function i.e. PI-2(i)	11.5%	26.1%	10.1%
Composition variance by economic type i.e. PI-2(ii)	4.6%	10.6%	6.0%
Contingency share of budget i.e. PI-2(iii)	9.3%	8.5%	10.4%
Average contingency share		9.4%	

Source: *MINECOFIN*

PI-2	Dimension	Score	Justification
Expenditure composition outturn		**C+**	**Scoring Method M1**
2.1	Expenditure composition outturn by function	C	Variance in expenditure composition by program, administrative or functional classification was less than 15% in two of last 3 Years (Yr1 11.5%; Yr2 26.1%; and Yr3 10.1%)
2.2	Expenditure composition outturn by economic type	B	Variance in expenditure composition by economic classification was less than 10% in two of the last three years (4.6% in 2011/12; 10.6% in 2012/13; and 6% in 2013/14)

PI-2	Dimension	Score	Justification
2.3	Expenditure from contingency reserves	C	Actual expenditure charged to the contingency vote was on average 9.4% over the 3 FYs.

Ongoing reforms: are highlighted above under PI-1.

PI-3 Revenue outturn

3.1 Aggregate revenue outturn

Revenue is recognized at the point of collection. The main sources of domestic revenue collected include income tax, value added tax, excise duty, and import duty. A comparison of actual receipts against the original budgeted figures indicates that, in aggregate, revenue collection has exceeded budgeted figures in two of the last three years (107.7% in 2011/2012; and 101.7% in 2013/2014). The variance remained within the threshold range of 94% and 112% in these two years but dipped to 90.2% in 2012/2013 as a result of a sharp reduction in grants. The calculations come from the figures in Table 3.3, which are detailed in ***Annex 4***.

Table 3.3: Comparison of Budgeted & Actual Revenue (domestic revenue, RwF B)

	2011/12			2012/13			2013/14		
Revenue Type	Bud	Outt'n	%	Bud	Outt'n	%	Bud	Outt'n	%
Total Domestic Revenue	**529.3**	**591.7**	**111.1**	**724.4**	**736.4**	**101.7**	**843.4**	**862.0**	**102.2**
Tax Revenue	501.4	557.0	111.1	641.2	651.9	101.7	775.4	761.0	98.1
Non-Tax Revenue	27.9	34.7	124.4	83.2	84.5	101.6	68.0	101.0	148.5
Total Grants	**444.6**	**457.3**	**102.9**	**496.0**	**364.9**	**73.6**	**470.7**	**474.3**	**100.8**
Capital Grants	184.3	191.6	104.0	243.9	174.9	71.7	300.0	303.3	101.1
Budg'ary Grants	250.3	265.7	102.1	252.1	190.0	75.4	170.7	171.0	100.2
Total Revenue & Grants	**973.9**	**1,049.0**	**107.4**	**1,220.4**	**1,101.3**	**90.2**	**1,314.1**	**1,336.3**	**101.7**

Source: MINECOFIN

Dimension rating = B

3.2 Revenue composition outturn

Revenue composition was significantly affected in FY 2012/2013 as a result of reductions and delays in development partners' disbursements, despite a modest increase in domestic revenues. There was a decline in tax revenue of 1.9% during FY 2013/2014, due to the lagged tax reform impact on a host of revenue administration measures that included introducing electronic billing machines (EBM). The variance in revenue composition was 4.0% in 2011/12; 15.0% in 2012/13; and 4.8% in 2013/14 (cf: ***Annex 4***)

Dimension rating = A

PI-3	Dimension	Score	Justification
Revenue outturn		**B+**	**Scoring Method M2**
3.1	Aggregate revenue outturn	B	Actual Revenue was between 94% and 112% in two of the last three years (107.4% in 2011/2012; 90.2% in 2012/2013; and 101.7% in 2013/2014)
3.2	Revenue composition outturn	A	Variance in revenue composition was less than 5% in two of the last three years (4.0% in 2011/12; 15.0% in 2012/13; and 4.8% in 2013/14)

Ongoing reforms: None.

Pillar II. Transparency of public finances

PI-4 Budget classification

4.1 Budget and accounts classification is consistent with international standards

An updated Chart of Accounts was brought into operation in May 2011, which provides for programmatic, economic and functional classifications for the budget, and also identifies sources of funding. This satisfies the requirements of the Organic Budget Law 12/2103, and is in line with the IMF GFSM 1986. The annual Budget Law used these classifications from FY 2013/2014, and the final budget execution report for FY 2013/2014 presented the information on actual expenditures in this format.

PI-4	Dimension	Score	Justification
Budget classification		**A**	**Scoring Method M1**
4.1	Budget classification	A	The classification system is consistent with GFS/COFOG standards.

Ongoing reforms

Budget documentation for 2015/2016 has been produced using GFS 2014.

PI-5 Budget documentation

5.1 The comprehensiveness of the information provided in the annual budget documentation is measured against a list of 'basic' and 'additional items

The table below summarises the main elements of the budget and their availability in the budget documentation as quoted in the documents reviewed in ***Annex 3C***.

Table 3.4: Budget documentation benchmarks

No.	Budget documentation benchmarks	Availability
Basic elements		
1.	Forecast of the fiscal deficit or surplus or accrual operating result.	**Yes**
2.	Previous year's budget outturn, presented in same format as budget proposal.	**Yes**
3.	Current fiscal year's budget presented in the same format as the budget proposal. This can be either the revised budget or the estimated outturn.	**Yes**
4.	Aggregated budget data for both revenue and expenditure according to the main heads of the classifications used, including data for the current and previous year with a detailed breakdown of revenue and expenditure estimates (Budget classification is covered in PI-4.)	**Yes**
Additional elements		
5.	Deficit financing, describing its anticipated composition.	**Yes**
6.	Macro-economic assumptions, including at least estimates of GDP growth, inflation, interest rates, and the exchange rate.	**Yes**
7.	Debt stock, including details at least for the beginning of the current year presented in accordance with GFS or other comparable standard.	**No**
8.	Financial assets, including details at least for the beginning of the current fiscal year presented in accordance with GFS or other comparable standard.	**Yes**
9.	Summary information of fiscal risks, including contingent liabilities such as guarantees, and contingent obligations embedded in structure financing instruments such as public-private partnership (PPP) contracts, and so on.	**No**
10.	Explanation of budget implications of new policy initiatives and major new public investments, with estimates of the budgetary impact of ***all*** major revenue policy changes and/or major changes to expenditure programs.	**Yes**
11.	Documentation on the medium-term fiscal forecasts.	**Yes**
12.	Quantification of tax expenditures.	**No**

PI-5	Dimension	Score	Justification (M2)
Budget documentation		**B**	**Scoring Method M1**
5.1	Budget documentation	**B**	Budget documentation fulfils nine elements, including all four basic elements.

Ongoing reforms: None.

PI-6 Central government operations outside financial reports

Article 7 of Act 12 of 2103 requires that *"all revenues, including grants and loans and all expenditures shall be included in the budget of the concerned public entity",* and 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".*

Table 3.5: Breakdown of Identified EBOs

Nature of EBO	Estimated amount/range of EBO (as share of BCG total spending)	How covered in fiscal reports
EBOs: The 80 EBOs are included in the Consolidated Annual Financial Statement.		All included in the Consolidated Annual Financial Statements
Autonomous special funds: The Rwanda Social Security Board (RSSB) is a financial institution, supervised by the National Bank of Rwanda.	Bulk of income is from GoR in respect of its employees: deducting this amount leaves equivalent of less than 1% of GoR budget as 'off budget'.	Not covered in fiscal reports.
Externally Financed Projects: The Development Assistance Database lists 936 such projects.	Total value is RwF 9,057m, of which RwF 8,449 has been disbursed.	Some projects are direct to Districts, and hence are not in CG fiscal reports.

6.1 Expenditure outside financial reports

All entities which are controlled and mainly financed by GoR appear on the national budget and are included in the relevant fiscal reports as part of the standard reporting processes by the MDA concerned. (The former Rwanda Social Security Fund was merged with the Rwanda Health Insurance Fund (RAMA) by law 45/2010 to form the Rwanda Social Security Board (RSSB) which, as a financial institution is supervised by the National Bank of Rwanda. GoR contributions to the fund – set at 5% of salaries – appear as expenditure in MDA budgets: subtracting this amount from the Fund's income would leave less than 1% of budgeted government expenditure that is unreported.)

Dimension rating = A

6.2 *Revenue outside financial reports*

As noted in the table above, the Development Assistance Database lists 936 Externally Financed Projects, many of which are direct to Districts: however, the Annual Financial Report produced by MINECOFIN lists amounts received for current projects.

Fees and charges paid by citizens when receiving GoR services are reported by line ministries. Also, as noted above (in 6.1), income to the Rwanda Social Security Board from GoR contributions is reported.

Dimension rating = A

6.3 *Financial reports of extrabudgetary units*

The Consolidated Annual Financial Statement for FY 2013/2014 produced by MINECOFIN within six months of the end of the year includes the finances of all MDAs and more than 80 extrabudgetary units (although not all EBOs have the same year-end as GoR). Thus the requirement of Article 67 of the Organic Law No12/2013 on State Finances and Property that extrabudgetary units submit annual accounts to the line ministry with which they are associated is satisfied – thus allowing detailed information to be reported.

Dimension rating = B

PI-6	Dimension	Score	Justification
Central government operations outside financial reports		**A**	**Scoring Method M2**
6.1	Expenditure outside financial reports	A	All entities which are controlled and mainly financed by GoR are on budget and included in fiscal reports, and the RSSB accounts for less than 1% of GoR budgeted exp.
6.2	Revenue outside financial reports	A	The Annual Financial Report produced by MINECOFIN is comprehensive and includes amounts received from donors for current projects.
6.3	Financial reports of extra-budgetary units	B	The Consolidated Annual Financial Statement for FY 2013/2014 produced by MINECOFIN in September includes the finances of ***most*** extrabudgetary units.

Ongoing reforms: None.

PI-7 Transfers to subnational governments

7.1 *System for allocating transfers*

Beneath the central government in Rwanda there are 30 District Councils, plus the City of Kigali. Each Council has an elected mayor, and is responsible for delivering services (such as Family Promotion and Child Protection; Infrastructure, Land, Housing and Town Planning; Economic Development and Employment Promotion) to its citizens. The total resources available to Districts over the MTEF is shown in the table below:

Table 3.6: Resources available to District Councils

	2015/16	2016/17	2017/18
Block Grant	47,423	43,801	46,460
Earmarked grants	259,402	262,793	272,269
Own revenues	38,103	63,185	68,686
Transfers from other GoR agencies	18,856	18,264	17,173
Donor Funds	13,783	43,710	43,704
Total	**377,569**	**431,753**	**448,292**

Source: MINECOFIN

As can be seen, the majority of resources come from the Central Government, which uses three mechanisms to shared resources with and between the Districts:

- a block grant, designed to meet wage and some operational costs;
- earmarked grants to support the delivery of specific public services; and
- development funds from the Local Administrative Entities Development Authority (LODA).

Each is considered in turn in the sections below.

Block grant

The quantum of the Block Grant is fixed by law as a minimum of 5% of the previous year's (central Government) domestic revenue, and this is respected. A simple formula is used to distribute this amount to the 27 Districts (the City of Kigali does not receive a share) which is: 50% based on the number of 'Sectors' (as a proxy for the wage bill, area population and service delivery costs); 30% based on poverty (using data from National Institute of Statistics); and, 20% on population.

Earmarked grants

These are determined by and operate through the budget process of the line ministry responsible for the function. The *Fiscal and Financial Decentralization Policy* and the *Fiscal Decentralization Strategy* state that earmarked funds are to be distributed among Districts using objective formulae approved by ministerial decree. In the last completed FY 2014/2015, all allocations were all made in accordance with published formulae.

Local investment projects financing

The Local Administrative Entities Development Agency (LODA) was established by Law 62/2013 and is supervised by the Ministry of Local Government (MINALOC). LODA assumed all the responsibilities formerly assigned to the Rwanda Local Development Support Fund, as well as those of the Common Development Fund (established in 2002 under Law 20/2002, to support development in Districts), and is funded primarily from the Government budget via an amount equivalent to 10% of the previous year's domestic revenue collection: this is supplemented by funds provided by the donor community.

LODA focuses on Local Economic & Community Development, Social Protection, and capacity building of local administrative entities, and monitors and evaluate the implementation of development programs in Districts.

Funds are allocated to Districts via transparent formulae. For example, for funds for decentralized development projects use:- Population size, 40% (based on National Census and Habitat data 2012); Area: 20%; and, Poverty level: 40% (based on EICV2010/2011 data).

In summary, the horizontal allocation of ***all*** transfers from central government to Districts (over 90% by value) is determined by transparent and rules based systems.

Dimension rating = A

7.2 *Timeliness of information on transfers*

Following the first Budget Call Circular, consultative meetings between central and local government take place during October, coordinated by MINALOC/LODA in three clusters (Economic, Social and Governance), and Districts are continuously updating their Development Plans.

By November, first draft District plans (PPDs and PIP forms) are submitted to the joint planning team of MINALOC and MINECOFIN for quality assurance through LODA, which then provides feedback.

The second annual Budget Call Circular issued in January (as noted in ***Annex 5***) provides Districts with their allocations for the following FY, allowing adequate time to develop well-considered budgets. Although changes will occur as the available resource envelope is refined (for example in February following budget consultation recommendations, then in March when the final draft of *Imihigo* is produced), they are not major and will only require slight adjustments to District budgets.
Dimension rating = A

PI-7	Dimension	Score	Justification
Transfers to subnational governments		**A**	**Scoring Method M2**
7.1	System for allocating transfers	A	Over 90% transfers from central government to Districts are determined by transparent and rules based systems.
7.2	Timeliness of information on transfers	A	Districts receive their allocations in the second BCC, and while these may be amended, firm figures are available by the end of March, thus allowing adequate time for well-considered budgets to be developed.

Ongoing reforms: None.

PI-8 Performance information for service delivery

This indicator assesses the quality of the annual performance information at different stages of the budget cycle (especially in the executive's budget proposal or its supporting documentation, in the year-end report, and in audit reports or performance evaluation reports). It also looks at annual information on public service delivery, and the extent to which the nature and coverage of such information is likely to promote greater operational efficiency in service delivery. It also helps to know whether resources reach service delivery units as planned to enable the achievement of annual and medium-term performance targets as well as strategic sector objectives.

8.1 Performance plans for service delivery

The assessment team considered the 2013/14 annual budget in scoring this dimension, and noted that budget outputs to be achieved by ministries are specified: for example, i) pre-primary schools, primary or 9-year basic education (9YBE), ii) primary health services and iii) social protection, among others. In addition, it is reported that the total primary expenditures by functional classification in the education sector amounted to RWF 212.2 billion against a budget of RWF 219.5 billion and registered an overall sector execution rate of 96.6%. This included pre-primary education with a target for 2013/14 to increase the number of classrooms from 1,870 in FY 2012/13 to 2,148 classrooms in the FY 201/14 and actually reached 97% of this target. For primary and secondary education, targets were to reduce the textbook to pupil ratio from 1:2 to 1:1 in primary schools, 1:3 to 1:2 in lower secondary and 1:10 to 1:5 in upper secondary schools.
Dimension rating = D

8.2 Performance achieved for service delivery

Rwanda is substantially focused on the issue of service delivery to the extent that in its EDPRS 2 medium-term plan and the budget framework paper, there are several costed activities to be accomplished or reached in improving service delivery by FY 2017/18. Also, service delivery is top of the list of issues included in the performance contracts (*Imihigo)* signed between the top leadership and district Mayors (who are responsible for implementation of the planned activities).

In addition, the year-end annual budget execution report captures information on performance results achieved by all ministries, and this has been the case for some years. While the information provides a basis to understand what has been delivered, the current reporting format is not clear enough in terms of the methods of calculation and data sources for all ministries. That said, the coverage of ministries is clear, although an additional focus may be required to define ***explicit*** targets to be reached each financial year.

Dimension rating = C

8.3 Resources received by service delivery units

This dimension measures the extent to which a system is in place to monitor if the service delivery units received the funds allocated to the sector/services as planned. However, such a system does not currently exist in Rwanda, although the subsidiary entities accounting system (SEAS) being developed by MINECOFIN is aimed at reaching this objective. The IFMIS has not been able to track revenue and expenditure up to the level of end users (i.e., individual schools and health facilities across the country). Expenditure reports by districts do not capture resources received in kind by non-budget agencies (NBA). Also, the data is not used to prepare aggregated expenditure reports by type of service unit and geographical distribution for tracking analysis (as repeatedly reported by the OAG).

Dimension rating = D

8.4 Performance evaluation for service delivery

This dimension assesses the extent to which the design of service delivery programs and the efficiency and effectiveness of those programs is assessed in a systematic manner through independent performance evaluations. The OAG does include some performance audits in the report on the annual financial audit of government. The extent to which the OAG report meets the specifics of a design program of service delivery is one thing, but the report does touch some aspects of the efficiency and effectiveness of service delivery without necessarily being specifically targeted in the true sense of program definition. What this means is that, the performance audit must evaluate the extent of service delivery in order to make specific observations and recommendations to enhance service delivery, and define mechanisms to follow up on these recommendations.

However, in 2012 and 2014, the World Bank sponsored PETS survey on primary education and social protection sectors respectively. These surveys were conducted by civil society (Transparency International-Rwanda TI-R), and the results were beneficial for policy feedback and improvement.

Dimension rating = D

PI-8	Dimension	Score	Justification
Performance information for service delivery		**D+**	**Scoring Method M2**
8.1	Performance plans for service delivery	D	A framework of performance indicators is not in place for the ***majority*** of MDAs.
8.2	Performance achieved for service delivery	C	The Annual Budget Execution report captures performance results for the ***majority*** of service delivery functions.
8.3	Resources received by service delivery units	D	No system currently exists to monitor resources received by service delivery units as planned.
8.4	Performance evaluation for service delivery	D	Surveys by TI-Rwanda are independent performance evaluations of service delivery, but while recommendations for enhancing delivery are included, they do not cover 25% of expenditure.

Ongoing reforms: None.

PI-9 Public access to fiscal information

9.1 The comprehensiveness of fiscal information available to the public

As shown in Table 3.7 below, GoR meets four of the five 'basic' information benchmarks and two of the additional benchmarks.

Table 3.7: 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**	Government website.
2.	***Enacted Budget.*** The annual budget law approved by the legislature is publicized within two weeks of passage of the law.	**Yes**	Government website.
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-27.	**No**	Neither monthly nor quarterly reports are produced for the public. A mid-year report is produced and included in the BFP, which eventually will be a public document.
4.	***Annual budget execution report.*** The report is made available to the public within six months of the fiscal year's end.	**Yes**	Produced within 3 months of year-end.
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**	Government website.
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**	Although the Executive's proposals are submitted to Parliament more than 2 months before the start of the year, the budget timetable (***Annex 5***)

No.	Fiscal information benchmarks	Availability (Yes/No)	Notes (Means of Availability)
	months before the start of the fiscal year.		suggests that the public do not have access to a 'Pre-budget statement' four months before the FY commences.
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**	
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**	
9.	***Macroeconomic forecasts***. *The forecasts,* as assessed in PI-14.1, are available within one week of their endorsement.	**No**	These forecasts are not made public.

PI-9	Dimension	Score	Justification
Public access to fiscal information		**B**	**Scoring Method M1**
9.1	Public access to fiscal information	B	Four 'basic' elements and two additional elements are made available to the public within the specified timescales.

Ongoing reforms: None.

Pillar III. Management of assets and liabilities

PI-10 Fiscal risk reporting

10.1 Monitoring of public corporations

The definitions in the OBL specify that a Public Entity is: *"a public entity with legal personality managed in accordance with laws governing public entities and which is entitled to a budget for fulfilling its mission"* and that an extra budgetary entity is: *"a public entity whose budget is partially financed through the annual State Finance Law"*, while Article 7 ('Incurring extra budgetary expenditures') prescribes that *"All revenues, including grants and loans and all expenditures shall be included in the budget of the concerned public entity. It is prohibited to incur extrabudgetary expenditures whatever their source"*.

The Annual Financial Statement for FY 2013/2014 produced by MINECOFIN includes the finances of more than 80 Autonomous Government Agencies that have been consolidated before submission to the Auditor-General for audit. Cross-checking this list of AGAs against the almost 100 abbreviations for entities that have been included in the OAG's report for the same year demonstrates that the major AGAs do submit annual accounts to the line ministry with which they are associated, as required by Article 67 of the OBL. All Public Corporations produce audited AFS within six months of their year-end, and the data is published in a consolidated report.

Since the GPMU was created in 2009, information on the 20 Public Entities where GoR owns the majority of shares[3] has been consolidated into a '*Fiscal Risk of Government Investment Portfolio'.* The latest version of this (internal and unpublished) document is dated June 2014, and specifies for each Public Entity:

- the income statement
- the external audit opinion;
- corporate governance issues,
- financial management and reporting structures,
- internal control weaknesses that could negatively impact profitability and long-term financial sustainability,
- priority action areas, actual or potential financial losses,
- debt accumulation, and the risk of declining profitability or default; and
- the strength of the legal, regulatory and oversight framework for the whole sector.

Table 3.8: Public Enterprises (RwF)

Public Enterprises	Total	Net Book Value	Latest AFS
Rwanda Civil Aviation Authority (RCAA)	100%	19,198,880,200	30-Jun-13
EWSA	100%	52,329,856,620	30-Jun-13
National Bank of Rwanda (BNR)	100%	68,840,141,000	30-Jun-13
National Post Office	100%	2,582,578,373	31-Dec-13
Rwanda Social Security Boards(RSSB)	100%	496,238,035,954	30-Jun-13
Rwanda Utilities Regulatory Agency (RURA)	100%	5,981,766,742	30-Jun-13
Special Guarantee Fund	100%	512,857,666	30-Jun-13
Office National des Transports en Commune	100%	5,050,723,420	30-Jun-13
Military Medical Insurance Scheme (MMI)	100%	6,376,286,000	31-Dec-13
RwandAir Ltd.	100%	3,415,234,271	30-Jun-13
King Faisal Hospital Rwanda	100%	6,997,875,702	30-Jun-13
Prime Holdings Sarl	100%	62,450,551,358	31-Dec-13

[3] In fact, GoR owns 100% of the shares of 16 of the 19 listed PEs; and 99%, 90% and 57.3% of the other three. The Government investment portfolio lists (minority) shareholdings in a further 27 entities, ranging from 42% to less than 1%.

Rutongo Mines	90%	(5,550,743,717)	31-Jun-13
Rwanda Grains and cereal Corporation Ltd	57.3%	1,240,096,914	31-Dec-13
Ngali Holdings,	100%	(176,621,031)	30-Dec-13
Horizon Group Ltd	100%	21,351,943,000	31-Dec-13
Agaciro Development Fund Ltd	100%	18,588,325,625	30-Jun-13
Rwanda National Investment Trust Ltd	100%	10,000,000	30-Jun-13
Rwanda Printer Company	100%	650,000,000	30-Jun-13

Source: *Government Portfolio Unit – MINECOFIN*

Thus a consolidated risk report on Public Entities is produced. However, this information is effectively a year out of date as much of it is drawn from the Annual Report and Accounts of each entity (not all of which have the same FY as government). In addition, although the OAG is only responsible for auditing some of these entities – many of the audits are outsourced to commercial firms – although OAG does receive the audit reports, as does MINECOFIN.

Dimension rating = B

10.2 Monitoring of subnational governments

Article 36 of the OBL requires Districts to produce expenditure estimates based on existing and proposed expenditure policies of decentralized entities and in conformity with medium term strategies established by the Central government. Article 23 requires the Executive Committee of sub-national governments to submit quarterly budget execution reports to MINALOC within one month of the end of the quarter. These are also copied to MINECOFIN, so that a consolidated budget execution report can be submitted to Cabinet (quarterly) and a mid-year consolidated budget execution report to the Chamber of Deputies.

The District reports cover all expenditure and revenue (central transfers, donors and own revenue) and use a format consistent with central government reporting: this incorporates sectoral categories. An annual financial statement is submitted to the Accountant General, where the information is captured in the consolidated financial statements within one month of the end of the FY. All District accounts are audited by the OAG annually, and the results presented to Parliament.

Dimension rating = C

10.3 Contingent liabilities and other fiscal risks

In addition to the monitoring of Public Corporations and the work of the GPMU described in 10.1 above, Table 7.3.3 of the *GoR Consolidated Financial Statement for the FY ended 30 June 2014* lists contingent liabilities totalling almost RwF 58 Billion, the majority of which are in respect of the government-owned airline, *RwandAir Express*. However, in the last few years, GoR has entered into a number of ‘Public Private Partnership’ arrangements in, for example, the Telecommunication, Energy and Water sectors, and these are ***not*** recognised as contingent liabilities.

Dimension rating = C

PI-10	Dimension	Score	Justification
Fiscal risk reporting		**C+**	**Scoring Method M2**
10.1	Monitoring of public corporations	B	***Most*** Public Corporations produce audited AFS within six months of their year-end
10.2	Monitoring of subnational governments	C	All SNGs submit annual financial statements to the Accountant General: these are consolidated within one month of end of FY, sent for audit then published.
10.3	Contingent liabilities and other fiscal risks	C	With the exception of GoR’s PPP arrangements, contingent liabilities are recognised in financial reports.

Ongoing reforms

In April this year, the Rwanda Development Board tabled a bill on PPPs in Parliament.

PI-11 Public investment management

This indicator assesses the institutional framework governing critical decision-making referencing public investments and the management of these investments, taking into consideration the national policy and strategic objective for achieving and sustaining economic growth, as well as the fiscal space (both capital investment and recurrent costs) for financing these investments.

11.1 Economic analysis of investment proposals

Since 2013, GoR has centralised public investment management aimed at ensuring the attainment of value-for-money in all public sector investment initiated by Ministries, Departments and Agencies (MDAs). This responsibility has been added to the functions of the National Development Planning and Research (NDPR) department under MINECOFIN. The public investment technical team, a unit under the NDPR, has developed a guideline for the management of public investments. The guideline provides institutional content among others, including project approval process, the use of the Public Investment Programme (PIP – this is the master document for approved public projects), private sector involvement and project impact evaluation.

The public investment committee undertakes critical project appraisal of all capital investment projects in accordance with NDPR economic analysis guidelines to ascertain the financial viability and the overall economic benefit to both the public and private sectors. However, while not all appraisals results are published (as required for an 'A' rating), NDPR reports show that the majority are.

Dimension rating = B

11.2 Investment project selection

The institutional framework supporting investment project selection begins with the submission of proposed projects appraisal documents from MDAs and Local Government Authorities to MINECOFIN for initial clearance. There are two separate public investment committees – one for central government chaired by the Permanent Secretary of MINECOFIN with membership of Permanent Secretaries from other stakeholder ministries; the second committee (local government project advisory committee) is for local government authorities chaired by the Permanent Secretary of MINECOFIN, the membership of which includes provincial Executive Secretaries and district council permanent secretaries. MDAs and Districts formulate the projects after receiving initial clearance from MINECOFIN; the formulated projects are resubmitted to MINECOFIN for appraisal, forwarded to the public investment committee (PIC) for approval before the necessary budgetary provisions are made. It is important to state that approved projects do not necessarily translate to automatic budgetary allocation or funding. The following criteria are used in project prioritisation and selection:

- Desirability – this means project(s) must be in line with the Economic Development and Poverty Reduction Strategy (EDPRS), Sector Strategic Plans (SSPs) as well as District Development Plans (DDPs); must be of institutional relevance as well as provide support to both public and private sectors
- Achievability – this looks at the project deliverability, funding mechanisms and other environmental constraints and challenges

- Viability – cost implications and mainstream revenue-generating potentials, management implications, financial sustainability and project economic impact.
- **Dimension rating = A**

11.3 Investment project costing

The Public Investment Programme (PIP) annual timetable synchronises perfectly with the annual budget preparation calendar. PIP consultations begin in mid-January with MDAs. By February a draft PIP is prepared for circulation to the External Finance Unit, Macro-economic Department and the Budget Department for review, input and approval by the Public Investment Committee (PIC). Between March and May, the PIP is further discussed during budget consultations for inclusion into the Budget Framework Paper (BFP) for Cabinet approval.

Comprehensive project costings should consider both investment cost and forward linked recurrent expenditure, the cost-benefit with critical sensitivity and scenario analysis, taking into account the public and private interest. It should also ascertain the affordability and cash flow implications with regards to the available fiscal space and the current and ongoing projects funded by the national budget. Interactions with officials of MDAs and the National Development Planning and Research (NDPR) confirm that complete costing (both investment cost and forward linked recurrent expenditure) over the project life cycle is undertaken to ensure sustainability and evidence to demonstrate this was provided to the Assessment Team. The Public Investment Guidelines outline the project costing framework for both development (capital) cost and operation (recurrent) cost portfolios; MDAs and DCs adhere to the costing framework. A review of at least five (5) major government (MDA and DC) projects with cost broken down into development cost and recurrent cost, is summarised in the table below: this information is included in the budget documentation.

Table 3.9: Summary of Five Largest Approved Government Projects (RwF B)

Name of Project	Supervising MDA	Dev't Cost	Forward Linked Recurrent Cost				Total
		Jun-14	Jun-15	Jun-16	Jun-17	Jun-18	
Crop Intensification Project	Agriculture	32.810	11.364	11.364	11.364	11.364	78.267
Base Butaro Kidaho Road	Infrastructure	51.120	-	-	-	1.043	52.164
Rural Sector Support Project	Agriculture	54.394	-	7.922	-	6,932	69.248
Rwanda Integrated Trade Logistics Facilities Project	Trade & Industry	50.475	-	-	-	16.825	67.300
Rukomo Base Road	Infrastructure	50.114	-	-	-	1.022	51.137
Grand Total							**318.117**

Source: NDPR

Dimension rating = A

11.4 Investment project monitoring

The Project Management and Monitoring Unit (PMMU) within MINECOFIN is responsible for managing and reporting on government projects. The PMMU was created in 2013, principally to assist MDAs and District Councils (DCs) in project budget preparations and management through in-house technical assistance. The unit develops and disseminates reporting templates to MDAs and DCs. It is also the main collaborator during Country Performance Assessment Reviews conducted by the World Bank. In addition to field visits to project sites to ascertain the level of implementation, quarterly and annual project progress reports are prepared and submitted to Cabinet for review. At present, the IFMIS platform produces reports on government own resource projects; it is however intended to include donor projects in the monitoring mechanism through IFMIS during the FY2015/2016. Evidence from the 3rd quarter FY2014/2015 report indicates that RwF 383.7billion out of a total project budget of RwF 787billion representing 49% was executed. In addition to the quarterly project progress report, the PMMU also prepares an annual report for Cabinet review. The 2013/2014 annual project progress and financial report (dated September 2014) indicates an 88% development budget execution rate; government own resource execution was 90% whiles donor funded execution rate was 84%. Total actual development budget execution amounted to RwF 666billion for FY2013/2014.

Dimension rating = C

PI-11	Dimension	Score	Justification
Public investment management		**B+**	**Scoring Method M2**
11.1	Economic analysis of investment proposals	B	MDAs and District Councils submit all proposed capital investment projects to the Public Investment Committee for economic appraisal before approval in accordance with the public investment guidelines issued by the National Development Planning & Research: some results are published
11.2	Investment project selection	A	All major investment projects are prioritized on the basis of the Public Investment Guidelines before they are included in the budget
11.3	Investment project costing	A	Public Investment Guidelines outline a comprehensive costing framework for both investment cost and forward linked recurrent costs: the information is included in the budget documentation
11.4	Investment project monitoring	C	The Project Management and Monitoring Unit (PMMU) of MINECOFIN undertakes at least quarterly physical inspection of all approved government projects. It also prepares quarterly and annual project progress and financial reports, but these are not published

Ongoing reforms

The PFM SSP recognises the need to build capacity in this area and has therefore made provision in that respect. The National Development Planning and Research Department under MINECOFIN is the lead agency. During FY2015/2016, the PMMU as part of the reforms proposes to undertake a needs-assessment of all Single Projects Implementation Units (SPIUs) across all MDAs to ascertain the level of efficacy and capacity constraints.

PI-12 Public asset management

The assessment of this indicator focuses of the quality and comprehensiveness of a register covering central government financial and non-financial assets, and the legal and administrative framework governing the disposal of these assets

12.1 Financial asset monitoring

The Government Portfolio Unit under MINECOFIN is responsible for maintaining records of all government domestic and foreign investments. At the end of each financial year, a statement is prepared and annexed to the annual consolidated financial statements. However, only a summary of the annual CFS is published, and this does ***not*** include the statement of government's investment portfolio.

The statement of government investment portfolio is nonetheless complete and comprehensive, detailing name of the entity in which government has invested (both domestic and international investments), the shareholding structure, the number of shares, the net book value at year-end, the opening net book value, and the latest available financial statement of the entity in question. Further, the statement also details proceeds from any privatisation or divestiture in government interest in each company, the name of the current investor, value of shares divested, amount received by government, and outstanding receivables thereon. In addition, the statement outlines the dividends received by government from entities that have declared dividends. For instance, in FY2013/2014, GoR earned a total of RwF 3.024billion dividends from its investments as compared to RwF 2.3billion in FY2012/2013. The statement further discloses any government on-lending portfolio. In June 2013, GoR lent USD 78.89m to *Rwandair,* out of which a repayment of USD 49.68m was received by June 30th, 2013.

The Government Portfolio Unit maintains a separate folder containing the share certificates of all companies (both domestic and foreign) in which Government has financial interest. The following table provides a sample list of some entities with GoR financial interest:

Table 3.9: Sample List of Entities with GoR Financial Interest

Name of Company	GoR Number of Shares	Share Value (RwF m)	Share Value (USD)
Rwandair	2,662,655	13,313	-
Horizon Group	7,384,019	7,384	-
King Faisal Hospital	6,932,328	6,932	-
Ngali Holdings Ltd	2,000	10	-
Rwanda Grains & Cereals Corporation	28,500	2,850	-
Golden Lion Hotels (Rwanda) SARL	35,190	-	3,519,000
Rutongo Mines Ltd	9,000	-	450,000
Rwanda National Investment Trust Ltd	1,000	10	-

Source: *Government Portfolio Unit – MINECOFIN*

Dimension rating = C

12.2 Nonfinancial asset monitoring

GoR has an asset management policy and framework that provides comprehensive guidelines on acquisition, registration (fixed assets register), safeguarding, recording and accounting, valuation, loss of asset, transfer and disposal, insurance, among others. The Rwanda Housing Authority, a semi-autonomous agency under the Ministry of Infrastructure is responsible for compiling and maintaining a consolidated central government register for all central government's movable and immovable fixed assets. The Ministry of Infrastructure is responsible for developing policies for four sectors, namely electricity, water, transport and housing. Besides these sectors, the Ministries of Health and Education are responsible for constructing hospitals and schools.

Each MDA keeps a fixed asset register. A review of the National Institute of Statistics of Rwanda (NISR) fixed assets register as at June 2015 showed that the register is comprehensive and complete. It provided details such as supplier, description of asset, asset code, date of acquisition, current condition (good or bad), serial number, expected life span, historical cost, current year depreciation, accumulated depreciation, and the net book value. The total historical cost of fixed assets for NISR as at 30th June 2015 was RwF 1,947,528,702 with a net book value of RwF 320,127,554.

Interactions with officials from the Rwanda Housing Authority suggest that the consolidated fixed asset register is a work-in-progress. The Authority has received information of fixed assets from all central government MDAs for compilation into a consolidated fixed asset register. It is also in the process of valuing all these assets, while MINECOFIN is putting together a comprehensive framework aimed at accounting for these assets.

Dimension rating = D

12.3 Transparency of asset disposal

Law No. 50/2008 of 9th September 2008 provides the legal framework for government assets disposal, and is operationalised by MO No. 007/2009 dated 1st December 2009 (official gazette no. 23 of 7th June 2010), regulating the disposal of government assets. Articles 2, 3 and 4 of this MO regulate the preparation of the list of assets to be disposed, establishment of assets disposal and valuation committee, and the composition of the disposal team respectively. The valuation committee, according to Article 4 of the MO is composed of five (5) members, namely the head of finance department of the entity in question, the logistics officer, and three other members nominated by the chief budget office of the entity. Article 5 prohibits the head of the public institution, the Executive Secretaries of District Councils, the CBM, the Internal Auditor and the legal advisor to be members of the asset valuation committee.

Available evidence suggests that an established procedure exists for the transparent disposal of assets: it is however insufficient to conclude on just one evidence of a public auction advertisement placed in the national television network that the majority of central government assets follow the same procedure.

Dimension rating = D

PI-12	Dimension	Score	Justification
Public asset management		**D+**	**Scoring Method M2**
12.1	Financial asset monitoring	C	The Government Portfolio Unit maintains a record of an up-to-date and to a large extent complete register of government financial assets, indicating shareholding structure, net book value and dividend declared, paid and payable to government. The report is annexed to the GoR Consolidated Financial Statement: however, it is not published.
12.2	Nonfinancial asset monitoring	D	Even though MDAs compile fixed asset registers, these have not yet been consolidated for GoR: however, the Rwanda Housing Authority is in the process of doing this.
12.3	Transparency of asset disposal	D	Although there is legislation and an MO on the sale and disposal of central government assets; there is insufficient evidence to comment on the implementation and transparency of the procedures.

Ongoing reforms

The Rwanda Housing Authority and MINECOFIN are working together to compile a comprehensive central government fixed assets register. A framework on valuation and accounting is also being developed.

PI-13 Debt management

This indicator assesses the overall management of both domestic and foreign public debt. It also examines the reporting framework for debt stock as well as system for monitoring and reporting of stock of expenditure arrears.

13.1 Recording and reporting of debt and guarantees

The Debt Management Unit in MINECOFIN was established in September 2014 to perform the front, middle and back office functions, which had previously been undertaken by the External Resource Unit (external resource mobilisation, bilateral and multilateral), the Macroeconomic Unit (analyses of public borrowing) and the Treasury (recording and reporting) respectively. The Debt Management and Financial Analysis System (DMFAS) is used to record the movement of public debt; the information provided by DMFAS is comprehensive, complete – except for not recording PPPs – updated and reconciled quarterly. An excel spreadsheet is used to record PPPs and explicit government guarantees; the explicit guarantees currently amount to USD 75million, representing less than 1% of GDP. Officials of the Debt Management Unit did indicate that there is currently no clear policy on implicit or contingent liabilities; however, the National Bank of Rwanda maintains some records of implicit liabilities. The DMFAS software provides information on debt contracted (categorised into bilateral or multilateral) i.e. principal loan, rate of interest, interest amount, due date, amount paid (principal and interest) and amount outstanding including any accrued interest. Total public debt as at June 2014 stands at USD 2,295million[4], translating to RwF 1,452.2billion[5], representing 30.5% of GDP. It is projected to hit USD 2,719million[6] representing 33% of GDP by June 2015.

Dimension rating = B

13.2 Approval of debt and guarantees

The Minister of Finance and Economic Planning is sole authorised officer specified in Chapter V Article 50 of the OBL to borrow or issue guarantees on behalf of central government, including public entities. District Councils have power to borrow to finance development projects, but these can only be exercised with the approval of the Minister, who is also authorised to set borrowing limits. Just as is the case for normal government borrowing which requires a critical statistical review to determine the borrowing and/or fiscal space, all government guarantees are subjected to the same thorough framework to ensure there is sufficient economic space to issue guarantees. Public borrowing is made against targets set and approved by Parliament in the three-year Medium Term Debt Strategy.

Dimension rating = A

13.3 Debt management strategy

As part of the annual budget submissions to Parliament for approval, MINECOFIN prepares a three-year Medium Term Debt Strategy (MTDS), guided by GoR's Public Debt Policy. This is updated annually on a rolling basis, and provides the overall borrowing framework for government. It outlines comprehensive roadmap on modalities for achieving a desirable mix of financial instruments, at the lowest risk and cost, aimed at mobilising domestic and foreign funding for the implementation of public investment programmes, including exchange rate and financing cost implications. A number of government policies are taken into consideration during the preparation of the MTDS:

[4] Source: Medium Term Debt Strategy June 2015
[5] Source: Government of Rwanda Consolidated Financial Statement FY2013/2014
[6] Source: Medium Term Debt Strategy June 2015

these include the Government Program (Public Investment Programme, Public Private Partnerships, and National Export Promotion Strategy) and other economic development programmes such as the EDPRS 2 and *Vision 2020*).

The June 2015 MTDS sustainability analysis revealed that Rwanda's public debt portfolio is sustainable at WB and IMF debt sustainability thresholds, with a present value (PV) of debt to GDP ratio of 26.7% as at March 2015. Officials from MINECOFIN and the National Bank of Rwanda undertake a joint Debt Sustainability Analysis (DSA) every year, and the latest review (March 2015) raised concerns with a PV of debt to export at 134.1% by December 2014 as against 101.7% in 2013; this was attributed to an increase in the non-concessionary loan by GoR on behalf of *Rwandair* for fleet expansion, and also dwindling export revenues.

The Public Debt Committee (made up of officials from MINECOFIN and National Bank of Rwanda) meets quarterly to review the debt strategy, its management, and also to reconcile GoR's debt portfolio.

Dimension rating = A

PI-13	Dimension	Score	Justification
Debt management		**A**	**Scoring Method M2**
13.1	Recording and reporting of debt and guarantees	B	DMFAS is used to record public debt. The debt record is comprehensive, complete and reconciled quarterly.
13.2	Approval of debt and guarantees	A	Chapter V Article 50 of the OBL provides the framework for public borrowing: the Minister of Finance is the sole authority, and also approves borrowing limits for District. Loans are made against targets set in MTDS.
13.3	Debt management strategy	A	MINECOFIN prepares a three-year medium term debt strategy, updated annually on a rolling basis: this provides clear targets with associated risk, exchange rate and interest rate factors. A DSA is prepared annually.

Ongoing reforms: None.

Pillar IV. Policy-based fiscal strategy and budgeting

PI-14 Macroeconomic and fiscal forecasting

14.1 Macroeconomic forecasts

The Macroeconomic Policy Unit (MU) uses projections incorporating government policies set out in the EDPRS 2 as well as *ad hoc* inputs from line Ministries, the National Bank of Rwanda (the Central Bank) – which produces inflation estimates, and forecasts of loan disbursements, repayments and other financing items – and the National Institute of Statistics of Rwanda. The Framework uses the latest information available and developments in Government policies that may have significant impact on revenues and expenditures, as well as macroeconomic data such as GDP, inflation and exchange rates. Previous trends are observed and forecasting techniques are used to derive projections of different scenarios, although these are ***not*** shared with Parliament or published, nor are they reviewed by another (independent) entity): however, the 'chosen' scenario is included in the BFP, which is made public (cf. PI-5, element 6).

Dimension rating = B

14.2 Fiscal forecasts

Revenue forecasting is formalized, integrated in the budget process, and sufficiently top down to influence the allocation of expenditure across GoR priorities. The MU in MINECOFIN is responsible for revenue forecasting, with input from RRA (which actually collects revenue). The MU formulates and monitors Rwanda's economic policies and programs that impact key aspects of economic management, and produces macroeconomic forecasts on growth that inform economic policy, the fiscal framework, tax forecasts and debt management strategy (and also facilitates IMF economic surveillance). The Unit makes projections to support a macroeconomic framework consistent with the EDPRS2 and *Vision 2020*. Revenue forecasts are comprehensive to include all revenue sources including domestic revenue (tax and non-tax revenue) and grants (capital and budget support), and form part of the budget documentation sent to Parliament.

The MU also analyses the implications of public expenditure as they affect both aggregate supply and demand and provides GoR with a 'Government Operations Table', describing the fiscal program and policy over the short-run, with annual fiscal revisions during the budget process. The Medium Term Expenditure Framework (MTEF) submitted to Parliament includes the forecast fiscal years and the next two years on both revenue and expenditure with explanatory notes with notes explaining variances form the previous year's forecasts. The Minister of Finance's budget speech[7] to Parliament follows the BFP (as prescribed under article 79 of the Constitution and Articles 36 and 42 of the OBL) and highlights key assumptions, including the impact of the global economic conditions; donor aid flows; migrant remittances; and foreign direct investment (FDI).

Dimension rating = A

14.3 Macrofiscal sensitivity analysis

The work of the MU described in 14.1 above includes modelling various scenarios, such as the impact of changes in commodity prices, which caused a severe shock in FY 2014/15. These reports, reviewed by the Assessment Team include sensitivity analyses, and are presented to the Cabinet, but not to Parliament.

Dimension rating = B

[7] Minister of Finance Budget Speech (Fiscal Year 2013/2014).

PI-14	Dimension	Score	Justification
Macroeconomic and Fiscal Forecasting		**B+**	**Scoring Method M2**
14.1	Macroeconomic forecasts	B	Projections incorporating government policies (ex EDPRS 2); GDP; inflation; exchange rates; and *ad hoc* inputs from MDAs and Central Bank are incorporated in a framework produced by the Macroeconomic Policy Unit and included in the BFP, but are not independently reviewed.
14.2	Fiscal forecasts	A	Macroeconomic forecasts consistent with the EDPRS and *Vision 2020* inform economic policy, the fiscal framework, tax forecasts and debt management strategy. The MTEF submitted to Parliament includes the forecast FY and the next two years on both revenue and expenditure, with notes explaining variances form the previous year's forecasts.
14.3	Macrofiscal sensitivity analysis	B	The work of the MU includes modelling various scenarios, and these are presented to the Cabinet, but not to Parliament.

Ongoing reforms:

Recent tax reforms have focused on reducing the cost of administration and fostering compliance. Under these reforms, the following were introduced: electronic filing payment; the electronic single window (bonded warehouses and agencies in import and export); electronic cargo tracking to protect cargo from source to destination; mobile filing and payment; the gold scheme to facilitate compliant taxpayers; a revision in the investment code; a royalty tax on minerals; a revision of double taxation agreement with Mauritius; and the electronic billing machines (EBM). Other reforms included changes in the common external tariffs (CET) within the East African Community (EAC) framework.

PI-15 Fiscal Strategy

A clearly articulated fiscal strategy will include well documented qualitative and quantitative targets, identify the constraints to be overcome and report on the extent to which pervious targets have been achieved.

15.1 Fiscal impact of policy proposals

Any failure to anticipate the impact of policy changes can lead to unanticipated deficits and can undermine service delivery, hence the need for these to be understood and documented. The dimension focuses on both revenue and expenditure proposals.

On the revenue side, the MU within MINECOFIN advises the Minister through the TPC on possible tax changes that will meet economic policy objectives, and highlights the impact on both taxpayers and the economy. The MU 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 revenue collection.

The MU also analyses the implications of all expenditure proposals as they affect both aggregate supply (production) and aggregate demand (spending) in order to provide GoR with an appropriate public spending orientation or effective budget allocation to spending as compiled in the consolidated tables (Government Operations Table, using the standard GFS format). In addition, the public investment technical team in the NDPR (see also PI-11) provides important inputs to this process in relation to the planning and management of public investments.

As noted in PI-5, the budget documentation presented to Parliament includes the impact of proposed policy changes.
Dimension rating = A

15.2 Fiscal strategy adoption

For several years, the various Annexes to the BFP set out the fiscal framework within which the budget of GoR is formulated. As well as defining and preparing a series of standard assumptions to ensure that the basis upon which fiscal forecasts are produced is both robust and transparent, the framework includes forecasts of debt issuance and repayments, together with the stock of debt, and has contributed to the development of a debt management strategy (see also PI-13.3).

Fiscal data is collected by the MU in MINECOFIN and formulated into a MTFF Framework to project aggregate ceilings for the budget as well as forecasts of the fiscal balance. Different scenarios are modelled for internal use, although the final documentation presented to Parliament includes the 'preferred' or most likely forecast.

The IMF has agreed a 'Policy Support Instrument' with GoR, and the latest report records that the framework for the FY2015/16 budget is in line with PSI objectives, and includes quantified targets for fiscal consolidation through domestic resource mobilization (increases in tax revenue in the medium-term) as well as expenditure prioritization to reduce the fiscal gap, which will in turn reduce reliance on external donor support.
Dimension rating = A

15.3 Reporting on fiscal outcomes

This dimension assesses the extent to which the government makes available – as part of the annual budget documentation submitted to the legislature – an assessment of its achievements against the stated fiscal objectives and targets.

The BFP and the *Annual Economic Reports* (both of which are presented to Parliament) contain data on the actual and planned fiscal balance, together with explanations of the reasons for variances: the relevant extract is shown in the table below:

Table 3.10: Difference between actual and originally forecasted CG fiscal balance

	2011/2012		2012/2013		2013/2014	
	RwF 'B	**%**	**RwF 'B**	**%**	**RwF 'B**	**%**
Planned	97	2.4	137	3.0	271	5.3
Actual	62	1.5	243	5.3	222	4.3
Difference		**0.9**		**2.3**		**1.0**

***Source:** Annual Economic Report*

The difference was 0.9% in 2011/12, 2.3% in 2012/13, and 1.0% in 2013/14.
Dimension rating = B

PI-15	Dimension	Score	Justification
Fiscal Strategy		**A**	**Scoring Method M2**
15.1	Fiscal impact of policy proposals	A	Estimates of the fiscal impact of proposed policy changes – both revenue and expenditure – are included in the budget documentation submitted to Parliament.
15.2	Fiscal strategy adoption	A	GoR has set three-year medium-term fiscal objectives with quantitative targets at the start of budget preparation in each of the last 3 FYs.
15.3	Reporting on fiscal outcomes	B	The BFP and the *Annual Economic Reports* (both of which are presented to Parliament) contain data on the actual and planned fiscal

PI-15	Dimension	Score	Justification
			balance, together with explanations of the reasons for variances.

Ongoing reforms: None.

PI-16 Medium-term perspective in expenditure budgeting

16.1 Medium-term expenditure estimates

Considerable efforts have gone in linking the budget with sector priorities, institutional plans and national priorities reflected in EDPRS 2. In line with this, Ministerial budget consultations for FY2015/16 were held during March 2015 and were fully informed by preceding planning consultations where broad priorities were agreed. The exercise was led and coordinated by MINECOFIN supported by MINALOC, MINICAAF and MIFOTRA. The result is the production of estimates covering three financial years using administrative, economic and functional classifications.

Dimension rating = A

16.2 Medium-term expenditure ceilings

The Budget calendar (included as ***Annex 5***) sets out the various steps in the process, and as can be seen, two Budget Call Circulars (BCCs) are issued, in October and January. However, neither of the BCCs contain ceilings: these are only developed for inclusion in the BFP which goes to Cabinet in March.

Dimension rating = D

16.3 Alignment of strategic plans and budgets

The country's national investment program is set out in the EDPRS 2, which covers the period 2013/2018. There are 14 individual strategy documents combined into EDPRS 2, prepared by sector (or sub-sector), and these cover more than 80% of government expenditure. The forward estimates included in the budget documents are mostly consistent with the individual strategies, which identify financial requirements against potential budget allocations – and hence the funding gaps – although not all distinguish capital (investment) from recurrent expenditures.

Dimension rating = A

16.4 Consistency of budgets with previous year estimates

The Budget Framework Paper sets a medium-term resource envelope and clarifies the costs of strategic policy options. The BFP states that *"the budget for fiscal year 2015/16 is consistent with the medium-term fiscal framework, which broadly continues the policy started in 2014/15".* As can be seen in the table below, total planned expenditure for FY 2015/2016 has changed, in the light of the fall in commodity prices, and there is a shift away from capital to recurrent expenditure, as a result of the expenditure prioritization policy: these differences are fully explained in BFP Annexes.

Table 3.11: MTEF/BFP Outer Year Links *in (Billion RwF)*

	BFP April 2014	BFP April 2015
2014/15	1,753	-
2015/16	1,955	1,768
2016/17	2,095	1,882
2017/18	-	2,037

Source: *MINECOFIN, Budget Framework Papers 2014/2015 and 2015/2016* (April 2015)

Dimension rating = B

PI-16	Dimension	Score	Justification
Medium-term perspective in expenditure budgeting		**B**	**Scoring Method M2**
16.1	Medium-term expenditure estimates	A	Budget requests by MDAs are scrutinized for compliance with agreed priorities as reflected in EDPRS 2, and are produced using administrative, economic and functional classifications.
16.2	Medium-term expenditure ceilings	D	Medium-term expenditure ceilings are only included in the BFP, which is issued ***after*** the two BCCs: hence MDAs and Districts commence budget preparation without these parameters.
16.3	Alignment of strategic plans and medium-term budgets	A	The forward estimates included in the budget documents are mostly consistent with the individual strategies.
16.4	Consistency of budgets with previous year estimates	B	Links between the MTEF second year estimates and setting of the annual budget for the following FY are clear, for MDAs representing 75% and differences are explained in Annexes to the BFP.

Ongoing reforms: 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 FY2015/2016. Dimension (iii) is assessed on the basis of the last three approved budgets: i.e. the FY 2013/2014, 2014/2015, 2015/2016.

17.1 Budget calendar

Article 26 (1-6) of the OBL outlines the legal and regulatory framework for annual national budget preparation and approval, with particular reference to the issuance of budget call circulars, which should be in accordance with the budget calendar accompanying the budget instructions. As shown in ***Annex 5*** a clear and fixed budget calendar exist that allows MDAs and District Councils at least three months from the date of receipt of the second and final budget call circular, issued on 6th February 2015 for 2015/2016 budget preparations. Timelines indicated in the budget calendar are always respected. As part of measures to improve budget preparation and submissions, a first budget call circular is issued around September of the previous year to serve as a guide to budget preparations, the second and final BCC issued in February provides the final estimates of fiscal envelop to all budget entities. The 2015-2016 planning and budgeting guideline is a simplified 4-page document that provides clear guidelines and timing of each activity to budget preparations. A strategic issues paper (SIP) is also annexed to the BCC; this requires each MDA to outline their strategic objectives for the fiscal year in no more than five pages.

Dimension rating = A

17.2 Guidance on budget preparation

The budget formulation and preparation process has evolved over the years, witnessing significant improvement since the last assessment. High-level political involvement begins in September, with a ministerial and governors meeting including district council mayors and executive secretaries. At this stage, the first budget call circular (BCC) is issued to all budget entities – central government and sub-nationals. Officials from MINECOFIN provide technical support to budget entities in the preparation of draft annual action plans and budgets, together with annual procurement plans. The budget guidelines are clear, comprehensive and simplified. The second BCC, issued on 6 February, assisted MDAs and District Councils (DCs) in the preparation of the budget estimates, but does not include cabinet-approved ceilings. The bottom-up approach to budgeting has been institutionalised in the fixed budget calendar and is actually followed through; this takes place in October for the first consultations with the private sector and community members. The Guide to Citizen's Budget provides considerable guidance for ordinary citizens to make meaningful input into the budget. A national dialogue is organised in December and the feedback is used to revise the draft budget. While MDAs participate in the legislative review of the BFP submitted to parliament in April, MINECOFIN organises a development partner consultative group meeting in order to firm-up donor commitments to be mainstreamed into the final budget estimates. As part of measures to ensure improved service delivery and accountable governance, the government organises another consultative forum between April and May involving government officials and community members in order to draft and finalise a performance contract known as "*IMIHIGO".*

Dimension rating = B

17.3 Budget submission to the legislature

The Constitution 2003 (Article 79) as amended accordingly mandates Cabinet to submit to Parliament a national budget (state finance bill) before the beginning of the new financial year. The OBL further stipulates that the Minister of Finance, after Cabinet's approval shall submit the annual state budget to Parliament not later than 15th June, to allow the lower house of parliament (Chamber of Deputies) to approve the bill before 30th June. Over the last three completed fiscal years 2012/2013, 2013/2014, 2014/2015 as well as the current fiscal year 2015/2016, MoF confirm that the final budget estimates were submitted to the Prime Minister by the end of April, then immediately presented to the legislature. Budget submissions to parliament begin in April each year with the presentation of the Budget Framework Paper (BFP), which contains annexes of all MDAs estimates. Parliament begins the reviews when the BFP is referred to the budget committee and the various sector sub-committees. Recommendations are forwarded to the executive for the necessary revisions, which do not significantly affect the original estimates annexed to the BFP.

Dimension rating = A

PI-17	Dimension	Score	Justification
Budget preparation process		**A**	**Scoring Method M2**
17.1	Budget calendar	A	MINECOFIN issues a clear and comprehensive fixed budget calendar to MDAs and district councils. MDAs and sub-national governments respect the timeframe contained in the budget calendar. The BCC allows at least three months for MDAs and DCs to prepare budget estimates
17.2	Guidance on budget preparation	B	The final BCC is comprehensive and clear; it was issued early February but without cabinet approved ceilings.
17.3	Budget submission to the legislature	A	The OBL requires the Minister of Finance to submit budget proposals to the legislature on or before 15th June each year. For all the three years under consideration as well as the current fiscal year 2015/2016, national budget submissions have been presented to the legislature before the end of April.

Ongoing reforms: 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 FY.

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, in each financial year, to adopt the Finance Bill before the commencement of the session devoted to the examination of the budget and the Cabinet is required to submit to both Chambers the Finance Bill for the next financial year. Accordingly, the Parliament expects to receive the Budget implementation report for the first semester of the current financial year from Cabinet before examining the budget of the next financial year.

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 before submission to both Chambers of the Parliament. The Budget Framework Paper 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 decentralised entities;
- the 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 amount of 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.

By article 32 of the OBL, for FY 2013/14 and previous FYs the Parliament received the Budget Framework Paper on time and consistently submitted comments to the Cabinet on or before the 30th May of the current fiscal year.
Dimension rating = A

18.2 Legislative procedures for budget scrutiny

The Legislature’s procedures for budget review are firmly established and respected as prescribed in article 11 of OBL: the Chamber of Deputies and the Councils of the decentralized entities, in their respective capacity are the only organs with powers to adopt the annual budget and its revision. Prior to the adoption of the annual budget, members of the Chamber of Deputies and members of the Decentralized Entities Council consider and provide comments on the Budget Framework Paper (as stated earlier).

Although Parliament is not allowed to increase the final budget estimates presented by the Minister of Finance, the Special Budget Committee can recommend or negotiate an upward adjustment of the budget estimates of Constitutional bodies where necessary. The Budget Committee has 9 members and is backed by a technical office which supports MPs in their review of the budget estimates. The presence of such an office is good practice to impart enough time for actual discussions, a meaningful debate on the budget proposal, and for negotiations with the entities.

Dimension rating = B

18.3 Timing of budget approval

Article 32 of the OBL ensures that the Parliament has sufficient time to consider the draft budget, the Budget Framework Paper (BFP). The legislation has a provision for over 30 days to review the budget proposal: on April 5, the Cabinet receives the BFP and the draft budget. During April and May, Parliament calls the ministers to discuss and review the BFP and draft budget. By the end of May, Parliament finishes the consultations and submits recommendations on the budget to the Executive. Those recommendations are important to finalize the Finance Law. By the 5th of June, Parliament receives the draft Finance Law for review and approval. This has been well documented; thus the process has been followed. The law requires that the budget should be approved before the 15th June and the years under review have adhered to this deadline. For FY 2011/2012, the budget was approved on the 8th June 2011 while FY 2012/2013 the budget was approved on 14th June 2012 and for the FY 2013/2014, the budget was approved on 13th June 2013.

Dimension rating = A

18.4 Rules for budget adjustments by the executive

Any significant adjustment to expenditure is requested through a 'Supplementary Budget,' which follows the same process as the Finance Law, and this is subject to clear Parliamentary rules. The law does not set a limit for any supplementary budget, however, there was no significant expansion of total expenditure in the last financial year.

Dimension rating = B

PI-18	Dimension	Score	Justification
Legislative scrutiny budgets		**B+**	**Scoring Method M1**
18.1	Scope of budget scrutiny	A	The legislature first reviews and approves the BFP before the budget is formally presented: the timeframe allows detailed debate & scrutiny.
18.2	Legislative procedures for budget scrutiny	B	The legislature's procedures to review budget are firmly established in law and are respected.
18.3	Timeliness of budget proposal approval	A	The legislature approved the annual budget before the start of the FY in the last three years.
18.4	Rules for budget adjustment by the executive	B	Parliamentary rules govern supplementary estimates, and there was no significant expansion of the total budget in the last FY.

Ongoing reforms

The Minister of Finance is expected to issue guidelines on modalities of budget reallocation to give effect to conditions and limits with which the budget is managed at the entity level.

Pillar V. Predictability and control in budget execution

PI-19 Revenue administration

This indicator assesses the compliance of revenue agencies to prescribed rules and regulations.

The Rwanda Revenue Authority (RRA) is an autonomous agency under MINECOFIN, established by an Act of Parliament (Law No 15/97 of November 1997). Law No. 08/2009 dated 27th April 2009 as amended accordingly regulates the organisation, functions and responsibilities of RRA. In addition, managing risks to revenue, conducting audit and fraud investigations, and arrangements for dealing with revenue arrears are considered. The RRA is also responsible for collecting social security contributions on behalf of the Rwanda Social Security Board, as well as the District Councils.

19.1 Rights and obligations for revenue measures

As part of its drive to ensure that there is timely, easy access and accurate information on tax obligations and payments, RRA has compiled a book of all 23 tax laws, ministerial orders and commissioner general rules. The laws, regulations, ministerial orders and commissioner general rules are clear and comprehensive; of importance to note is the fact that these laws, regulations and orders are in three languages, i.e. Kinyarwanda, English and French. The granting of tax exemption is strictly regulated by law, as enacted by Parliament, thereby limiting the discretionary powers of officials. RRA continues to roll out reforms which since 2010, include the following:

Tax policy reforms

- Replacement of *ad valorem* excise duty on petroleum products to specific tax in line with East African Community (EAC) standards; the removal of VAT on petroleum products was also effected;
- Introduction of gaming tax, including 13% special tax on gaming activities and a 15% withholding tax on game winnings;
- Increase of excise duty on all mobile phone airtime from 5% to 8%;
- Implementation of SME tax regime, which categorises SMEs into Micro Taxpayers and Small Taxpayers for tax efficiency and increase tax compliance with the sole aim of reducing cost of compliance;
- Revision of VAT law to include all public tenders, making it mandatory for all public entities to report VAT on public tenders;
- Revision of the VAT law for mandatory use of the Electronic Billing Machine (EBM) by all registered VAT tax collectors;
- Introduction of mineral royalty tax;
- Revision of existing rules on Double Taxation Avoidance Agreement (DTAA) between Rwanda and Mauritius, to be more favourable to Rwandan business enterprises.

Tax administration reforms

- Collection of social security contributions on behalf of the Rwanda Social Security Board (RSSB), for the purposes of reducing cost of compliance to taxpayers and social security contributors, by way of becoming a "one-stop shop" for tax and social security contribution. This arrangement is under an MoU between RRA and RSSB;
- Introduction and deployment of mobile cargo scanners at all entry ports for efficient and faster taxpayer service;
- The deployment of SIGTAS (tax software) at all taxpayer offices for ease of declaration of all domestic taxes;

- Introduction of e-tax filing and payment system for efficiency; this includes an M-declaration and payment system that allows tax declaration and payment via the mobile phone;
- The establishment of the Rwanda Electronic Single Window (RESW) at Customs for ease of payment of import duties;
- The creation of a 24-hour toll-free call centre for efficient taxpayer service delivery;
- The establishment of a Data Warehouse, Risk Management and Business Intelligence System; this is meant to ensure optimum tax compliance by adopting a risk-based audit platform for taxpayer audit;
- An MoU between RRA and the District Councils to decentralized taxes (fixed asset tax, rental income tax and trading license tax) as well as local fees on behalf of the Districts in order to maximise local government's own revenue;
- Amendment to VAT code allowing small and medium enterprises with annual turnover up to RwF 200million to file VAT returns quarterly;
- Deployment of mobile cargo scanners at Gatuna and Rusumo border posts, in addition to existing mobile scanner at Gikondo border post in order to expedite customs inspection and clearing procedures, thereby accelerating business transactions;
- Streamlining of taxpayer registration documentation requirements from six to three aimed at easing the act of doing business in Rwanda; mandatory importer documentation currently include commercial invoice, bill of lading and packing list;
- RRA launched the Rwanda Electronic Single Window (RESW) system at Customs; this provides a single interface for businesses to lodge standardised information for use by all relevant governmental agencies at the same time to facilitate the issuance of business and clearing permits and reduce time and cost of doing business;
- Payment of PAYE on quarterly basis instead of monthly basis for SMEs whose annual turnover is less or equal to RwF 200million; this was in line with the amendment of the VAT code to allow for quarterly filing of VAT returns for the same category of SMEs.

The Taxpayer Service Department provides client service to the taxpayer. It is dedicated to the provision of both basic and sophisticated taxpayer service for existing and potential taxpayers to know their tax obligations. This is fundamental to ensuring that a simplified framework that facilitates taxpayer access to critical information on tax laws, regulations, tax incidence and most importantly, administrative procedures are in place for achieving optimum and efficient tax collection and compliance. Once enacted by Parliament, all tax laws, ministerial orders and commissioner general rules are gazetted and made available, at very affordable price nationwide, in bookshops. In addition, various government websites including RRA, MINECOFIN, Office of the Prime Minister, have electronic copies of all the gazetted laws and regulations for ease of access. Tax leaflets are conspicuously displayed at the main reception of RRA head office and other regional and district offices nationwide for public use, free of charge. Tax education is carried out on print and electronic media in English and Kinyarwanda, in addition to town hall meetings. There are regular and vibrant taxpayer education campaigns carried out throughout the fiscal year in accordance with annual tax education work-plans. Innovatively since 2012, the establishment of a 24-hour client service call centre where existing and potential taxpayers can call toll-free with the short code "3004" for tax enquiries has significantly improved taxpayer education and client service in general. A number of taxpayer education campaigns were undertaken in FY2013/2014, a summary of which include, but is not limited to the following table:

Table 3.12: Taxpayer education campaigns

Activity type and place	Tax topic/subject	Participants
Launching of Taxpayer's day 2013 at Nyagatare District	Promoting tax compliance: a Collective Responsibility	Official Guests from Eastern Province & Kigali City
Consultative meeting of Mining Sector on New law concern mining Sector at RRA HQ	New Law of Mining Sector	Representatives of Mining Associations
Tax Education with Small Taxpayers from ENABLIS Association at ENABIS Office	Profit tax, VAT &PAYE	Entrepreneurs supported by ENABLIS
Ikiganiro kuri ba Rwiyemezamirimo bakorera Huye, Inama yateguwe na RPPA	Imisoro yishyrwa na ba Rwiyemezamirimo bakora amasoko ya Leta	Rwiyemezamirimo bo mu Ntara y'amajyepfo
Consultative meeting of Taxpayers who have no EBM with CDTD at HQ	Gukangurira abacuruzi gukoresha EBM ku bacuruzi banditse muri TVA	Ku bacuruzi bose bo mu mujyi wa Kigali banditse muri TVA badafite EBM
Launching of Rwanda Authorized Economic Operation (AEO) at SERENA Hotel		Abacuruzi batumiza ibintu mu mahanga
Recruitment of new taxpayers operating in Nyarugenge District	Registration on VAT & Income Tax	Small and medium Taxpayers of Nyarugenge District
Tax education with Small Taxpayers from Bugarama Trading center in Rusizi District	M-Declaration, EBM & Flat Tax	Small Taxpayers from Bugarama Trading Center
Tax education with taxpayers from Kabeza, Giporoso, Kimironko & Kicukiro at Hill Top Hotel	Registration, M-Declaration, EBM & Flat Tax	Small Taxpayers from Kabeza, Giporoso, Kimironko Trading Centre.
Sensitization of EBM on Taxpayers registered in VAT operating in Rubavu District at La Corniche Motel.	Implementation and the requirement by the VAT law no 37/2012 of 09/11/2012 in article 24 of law and article 9 of ministerial order No 02/13/10/TC of 31/07/2013.	Taxpayers registered in VAT operating in Western Province
EBM Campaign (visit door to door)	Implementation of the use of EBM	Traders in Kigali
Kwigira Programme in Huye District	The role of taxes in the development of our country	Local leaders and opinion leaders from Southern Province

Source: *RRA*

The legal framework governing tax procedures is contained in Law No. 25/2005 dated 4th December 2005. The law prescribes procedures for addressing tax issues relating to appeals, fines and interest, modes of communication to/from taxpayer, forms of appeal, taxpayer registration requirements among others, for the various categories of tax applicable to personal income tax, corporate tax, withholding tax, value added tax (VAT), property tax on vehicles and boats, and gaming tax. Chapter VII of Law No.25/2005 regulates the tax appeals mechanisms with amendments of selected Articles or Provisions of the law. The following Articles under Chapter VII have been amended:

- ***Article 32: Decision on appeal*** *(As modified and completed by article 9 of the law n°1/2012 of 03/02/2012 modifying and complementing law nº 25/2005 of 04/12/2005 on tax procedures, Official Gazette nº 13 of 26/03/2012):*

- ***Article 32 b: Conduct of a new audit because of evidence discovered when considering an appeal*** *(As provided by article 10 of the law n°1/2012 of 03/02/2012 modifying and complementing law nº 25/2005 of 04/12/2005 on tax procedures, Official Gazette nº 13 of 26/03/2012):*

- ***Subsection 2: Appeal to the Appeals Commission Article 33 – 37:*** *These articles were repealed by the Law no 74/2008 of 31/12/2008 of 04/12/2005 on tax procedures. Official Gazette No. 19 of 11/05/2009;*

- ***Section 2: Judicial appeal Article 38: Appeal with the tribunal*** *(As modified and completed by article 7 of the law n°74/2008 of 31/12/2008 modifying and complementing law nº 25/2005 of 04/12/2005 on tax procedures, Official Gazette nº 19 of 11/05/2009).*

Administrative and judicial tax appeals mechanisms are provided for in Part 20 Articles 229 to 231 of the East African Community Customs Management Act 2004. There exists a functional administrative tax appeals framework. The law regulates the functions and activities of the administrative appeals system. The Commissioner General has 30 days to respond to a taxpayer's appeal, with an extension of an additional 30 days after expiration of the first 30-day period. The law also provides for an amicable settlement; according to the law, the Commissioner General shall determine the modalities of the amicable settlement. This raises an element of discretionary powers, as there are no clear guidelines for such modalities. The repeal of Articles 33 to 37, which hitherto required a second layer of administrative appeals mechanism has quickened the appeals process, paving the way for judicial review in case a taxpayer is dissatisfied, 30 days after the Commissioner General's decision on administrative appeal. Available statistics on tax appeals indicate that 198 out of 265 cases (67 cases carried forward to FY2014/2015) were reviewed within the fiscal year ended June 2014 as against 169 and 160 for fiscal years 2012/2013 and 2011/2012 respectively, reflecting an increase of 17.2% over the 2012/2013 appeal cases. In FY2013/2014, 142 out of the 198 cases were subjected to judicial appeal, resulting in 80 favourable cases for RRA and 42 cases against RRA. 19 out of the 142 cases were partially favourable to each party (i.e. RRA and plaintiff), with one case resolved amicably.
Dimension rating = A

19.2 Revenue risk management

RRA collects at least 98% of government revenue. Self-assessment is the main tax declaration method used by RRA for taxpayers. RRA has also introduced M-Declaration, a mobile phone tax declaration and payment module for ease of tax declaration and payment. The introduction of a risk-based computerised taxpayer-profiling framework by the Department for Risk Management since 2014 in the identification and selection of taxpayers for audit and fraud investigations has significantly improved the revenue collection, audit and fraud investigations and the update of the taxpayer database. These IT systems (the risk-based computerised taxpayer-profiling module, and M-Declaration) run on the SIGTAS platform; therefore, updates are automatic. Registration of taxpayers-businesses is linked to the registrar of companies' database, from which tax identification numbers are generated automatically and uploaded unto RRA SIGTAS platform.
Dimension rating = A

19.3 Revenue audit and investigation

Chapter V Articles 20 to 25 of the Law No.25/2005 and its amended provisions outlines the legal and regulatory framework for tax audit and fraud investigations. According to the law, RRA must provide a 7-day written notice to the auditee taxpayer, requesting for specific documentation such as the entity's audited financial statements, bank statements, cashbook(s), and other relevant expenditure invoices. The law makes provision for a 15-day extension at the request of the taxpayer but can do so only once. The Department for Risk Management, a new creation in 2014, has strengthened the existing tax audit and fraud investigations mechanism. A computer-based risk-profiling module is used to identify potential taxpayers for audit. The computer model tracks all importers to ensure taxpayers are adequately captured and updated in order to raise the requisite tax assessment.

Personnel from the audit and fraud investigations department use a risk-based audit work plan to conduct their audits. At end of the audit, a draft report is issued to the taxpayer for comments before sign-off. Available statistics from the annual activity reports of RRA reflect a surge in tax audit, fraud investigation and post-clearance audit, although this cannot be related to planned activities. However, the Customs Services Department (CSD) recovered an amount of RwF 1.4billion in FY2012/2013, whilst the Large Taxpayer Office (LTO) and the Small & Medium Taxpayer Office (SMTO) recovered RwF 21.3billion and RwF 5.4billion respectively in the same year. In FY2013/2014, a total of RwF 9.1billion was recovered from 374 physical audits conducted by the SMTO, representing 293.5% of tax declared by taxpayers. During the same period, the LTO and the CSD recovered RwF 11.1billion representing 21.4% of tax declared and RwF 1.6billion respectively.

While these statistics, may be impressive, there is no data available to relate the number of planned audits to those actually undertaken.
Dimension rating = D

19.4 Revenue arrears monitoring

The management of tax arrears by the Revenue Authority remains crucial to ensuring adequate cash flows for budget execution and management. Officials from RRA have indicated that even though tax arrears remain a challenge, there appears to be a downward trend in absolute terms. Tax default is considered a bad debt provided it remains unpaid 10 years from the due date; this is defined in Article 46 of Law No.25/2005 on Tax Procedures with its amended provisions dated 4th December 2005. Article 69 of the same law provides for a tax waiver, including interest and penalties provided there are sufficient grounds to grant such waivers to the defaulting taxpayer, but with the approval of Cabinet. Gross tax arrears collection rate stood at 29.6% and 24.7% in FY2012/2013 and FY2013/2014 respectively; effectively the collection rate is below 60% for the last completed fiscal year (Table 3.13 below). The age analysis of stock of tax arrears reveals that 81.6% of total tax arrears for FY2013/2014 are more than twelve (12) months old. On the other hand, the ratio of total tax arrears to total tax revenue for the same period was 13.3% (refer to Table 3.14 below).

Table 3.13: Collection Ratio of tax arrears

RwF M	2011/2012	2012/2013	2013/2014
Stock of arrears			
- Large taxpayer's office (LTO)	32,244	42,706	46,068
- Small & Medium taxpayer's office (MTO)	37,434	41,018	56,586
Total stock of arrears	**69,678**	**83,725**	**102,655**
Total arrears collected during the year	16,443	24,780	25,355
Collection ratio	**23.6%**	**29.6%**	**24.7%**

Source: *RRA*

Table 3.14: Age Analysis of Stock of Tax Arrears FY2013/2014

RwF M	LTO Tax Arrears	MTO Tax Arrears	STO Tax Arrears	Total Tax Arrears	Per cent
Less than 3 months o'due	1,254	2,758	4,532	8,544	8.3%
Between 3 and 6 months	3,906	452	511	4,870	4.8%
Between 6 and 12 months	453	3,985	991	5,430	5.3%
More than 12 months	40,453	17,997	25,358	83,809	81.6%
Total arrears June 2014	**46,068**	**25,192**	**31,394**	**102,655**	**100.0%**
Total revenue June 2014				**773,900**	
% arrears to total revenue				**13.3%**	

Source: *RRA*

Dimension rating = D

PI-19	Dimension	Score	Justification
Revenue administration		**C+**	**Scoring Method M2**
19.1	Rights and obligations for revenue measures	A	The RRA, which collects 98% of GoR revenue provides easy access to detailed and user-friendly tax information to both existing and potential taxpayers. RRA also has a functional administrative tax appeals system for the redress of taxpayer complaints.
19.2	Revenue risk management	A	RRA, which collects at least 98% of government domestic revenue (mostly via 'self-assessment'), uses a computerised risk-based taxpayer-profiling module to identify and select taxpayers for audit and fraud investigations.
19.3	Revenue audit and investigation	D	RRA undertakes periodic tax audit and fraud investigations, using a risk-based work plan: however, it is not possible to relate planned activities to those achieved.
19.4	Revenue arrears monitoring	D	The stock of revenue arrears as a percentage of total tax revenue is 13.3% (i.e. below 20%), arrears older than 12 months represent 81.6% of total stock of tax arrears for FY2013/2014

Ongoing reforms

As part of the reforms to streamline the stock of revenue arrears, enforcement actions were taken in 2014/2015 resulting in the re-categorization of all debtors into recoverable and irrecoverable debts. A payment plan has been agreed with some debtors on the recoverable list; some legal actions have also been taken resulting in freeze of assets. RRA management intends to present to its Board and subsequently to the Minister of Finance, all irrecoverable debts for consideration and necessary write-off actions. Going forward, RRA proposal referencing recovery and write-offs will eventually streamline its debt stock in the medium-term. Further, management proposes to take timely revenue recovery actions including proper taxpayer profiling, increased exhaustive enforcement actions and write-off strategies.

PI-20 Accounting for revenue

This indicator assesses of the mechanism by which RRA reports and reconciles all taxes collected and remitted to the MINECOFIN in a complete and timely manner.

20.1 Information revenue collections

Revenue administration remains crucial to cash management and efficient budget execution. As the main collector of domestic revenue for government, the RRA provides timely and up-to-date revenue collections information to the MINECOFIN on a daily basis.

This is in addition to the fact that the main revenue collection account held by the National Bank of Rwanda is linked to the Treasury Main Account, which receives automatic daily transfers of all balances in the RRA main revenue account. Further, RRA also provides a monthly revenue reconciliation statement to MINECOFIN. Both the daily and monthly revenue collection statements classify domestic revenue into various tax types such as income tax, VAT, non-tax revenue, customs duties, and excise duties, with the summary total of domestic revenue collected. The table below is a sample revenue report from RRA to MINECOFIN, indicating daily collections and type of revenue: it should be noted that non-tax revenues are less than 1% of the totals.

RWANDA REVENUE AUTHORITY
FINANCE DEPARTMENT
REVENUE MONITORING DIVISION

Schedule of Revenues Transferred to the National Treasury for the month of June , 2015

Date	VAT	TAX	NON FISCAL	CUSTOMS	EXCISE DUTIES
	120.00.40	120.00.01	120.00.46	120.00.08	120.00.42
01/06/2015	3,326,947,865	643,178,359	31,600,012	445,782,067	13,737,000
02/06/2015	790,092,972	958,529,739	27,602,736	569,906,037	
03/06/2015	833,936,402	1,171,263,023	32,303,591	480,162,235	
04/06/2015	989,326,283	429,547,906	57,992,451	600,968,896	13,304,634
05/06/2015	665,057,276	528,995,006	30,266,185	555,711,847	
06/06/2015					
07/06/2015					
08/06/2015	688,749,787	507,103,009	55,949,141	616,192,915	94,081,265
09/06/2015	674,789,297	325,986,502	33,890,757	623,485,022	1,761,627,220
10/06/2015	732,952,042	378,451,867	94,891,561	481,480,870	5,331,115
11/06/2015	1,177,087,703	540,747,144	36,936,356	492,664,795	
12/06/2015	1,106,404,749	659,209,784	54,582,275	561,995,946	300,000
13/06/2015					
14/06/2015					
15/06/2015	712,987,617	1,304,110,360	40,059,503	434,025,984	247,679
16/06/2015	1,242,698,024	1,805,579,421	70,167,095	489,782,314	9,870,605
17/06/2015	1,329,635,983	5,936,104,828	84,265,491	427,687,762	1,270,306,101
18/06/2015	6,068,875,376	4,026,978,230	54,162,619	631,677,556	380,132,977
19/06/2015	4,926,553,448	1,039,029,097	36,398,999	497,950,171	
20/06/2015					
21/06/2015					
22/06/2015	925,325,111	1,588,377,526	102,076,654	655,955,449	
23/06/2015	1,221,810,373	2,007,729,861	29,565,587	581,037,544	990,000
24/06/2015	988,584,800	1,097,635,024	43,866,681	563,677,718	
25/06/2015	980,754,611	2,264,404,402	120,458,798	676,150,821	172,378,646
26/06/2015		1,084,301,460		802,476,071	1,084,359,928
27/06/2015					
28/06/2015					
29/06/2015	2,295,320,636	5,613,585,484		609,763,891	177,035,581
30/06/2015	6,882,518,260	8,067,758,790	449,317,936	2,555,356,173	103,922,905
	38,560,408,615	**41,978,606,822**	**1,486,354,428**	**14,353,892,084**	**5,087,625,656**

Total Transfer for the month of June 2015 **101,466,887,605**

Prepared by: **MUGANGA Walter**
Head of Revenue Monitoring Division

Prepared by: **UWANTEGE Josee**
Head Non Tax Monitoring Division

Approved by: **KAMANA RWAMAHINA Laurent**
Commissioner of Finance

The table below also provides a summary monthly revenue report from RRA to MINECOFIN.

Table 3.15: RRA Monthly Revenue Report to MINECOFIN

	Month			
	Apr-15	May-15	Jun-15	Total
VAT	24,244,454,552	22,190,511,567	38,560,408,615	84,995,374,734
Income tax	42,573,971,423	30,960,318,373	41,978,606,822	115,512,896,618
Non-tax	1,183,486,110	1,228,943,645	1,486,354,428	3,898,784,183
Customs duties	11,574,863,404	13,356,834,558	14,353,892,084	39,285,590,046
Excise duties	3,730,961,069	4,846,063,876	5,087,625,656	13,664,650,601
Total Transfer to MINECOFIN	**83,307,736,558**	**72,582,672,019**	**101,466,887,605**	**257,357,296,182**

Dimension rating = A

20.2 Transfer of revenue collections

RRA maintains two main types of bank account; one known as the main revenue account held at the National Bank of Rwanda, which is linked to the Treasury Single Account (the Consolidated Fund) maintained and operated by the National Treasury, and the second bank account known as the tax collection bank account held with commercial banks. Transfers from the main RRA revenue account are made daily into the Treasury Main Account (Consolidated Fund), leaving a zero-balance. Commercial banks that collect taxes from taxpayers transfer all tax collections within 48 hours into the main RRA revenue account held by the Central Bank. The main revenue account is a zero-balance bank account; at the close of business each day, balances are transferred automatically into the Consolidated Fund. The bank account held by commercial banks receives taxes from all manner of taxpayers. It is noteworthy that less than 1% of total tax revenue remains on transit at small border/entry posts that have no immediate access to a banking facility; nonetheless, these are fully reconciled and deposited within 2 days at the nearest commercial bank with RRA bank account.

Dimension rating = B

20.3 Revenue accounts reconciliation

SIGTAS is the software used by the RRA for tax administration, and this is accessible online and provides the taxpayer platform for self-assessment. The system is also linked to the M-declaration (mobile phone declaration and payment). Complete accounts reconciliation entails the process of comparing total tax assessed in a given period to actual tax collected out of the amount assessed, then arrears which arise as a result of the difference between tax assessed and tax collected, and finally comparing actual tax collections to total tax collections transferred to MINECOFIN. Three types of complete reconciliations are done; daily, monthly and six-monthly reconciliations. The daily reconciliation generates a report that shows total tax assessed, tax collected, tax transferred to the Treasury and the stock of arrears. The second reconciliation occurs every month within two weeks after the end of the preceding month, whiles the third occurs every six months within a month following the half-year. The monthly and bi-annual reconciliations involve officials from MINECOFIN.

Dimension rating = A

PI-20	Dimension	Score	Justification
Accounting for revenue		**B+**	**Scoring Method M1**
20.1	Information on revenue collections	A	MINECOFIN receives monthly revenue reports from RRA. The report categorises revenue into type of revenue such as VAT, income tax, non-tax revenue, customs duties and excise duties.
20.2	Transfer of revenue collections	B	Transfers from the main RRA revenue bank account to the Treasury Main Account are effected within a day. Transfers from tax accounts held by commercial banks take 48 hours to reach the main RRA revenue account
20.3	Revenue accounts reconciliation	A	Officials of RRA and MINECOFIN undertake reconciliations between tax collected and transfers to the Treasury each month within two weeks of the end of the month, and every six months within a month after the period. RRA also undertakes a complete reconciliation between assessment, collections, transfers and arrears daily with SIGTAS.

Ongoing reforms: None.

PI-21 Predictability of in-year resource allocation

This indicator assesses the extent to which MINECOFIN provides reliable information on the availability of funds to the MDAs that manage administrative budget heads in the central government budget, and the consolidation and control of government cash balances. For effective budget execution, it is crucial that MDAs receive reliable information on the availability of funds. For all three dimensions, assessment is based on the last completed FY, 2013/2014.

21.1 Consolidation of cash balances

According to the OBL, the opening of any government bank account requires the approval of the Minister of Finance. This function in practice has been delegated to the Accountant General. The MINECOFIN operates a Treasury Single Account, which allows GoR to ascertain in real time the total cash position by close of business each day. It is responsible for consolidating all central government cash and bank balances, in collaboration with the Debt Management Unit. The Consolidated Fund Account or the Treasury Main Account is the main central government bank account. It is linked to the RRA Main Revenue Bank Account (a zero-balance account) that collects domestic tax from other revenue collecting commercial bank accounts. At the close of business each day, balances in the RRA Main Revenue account are transferred automatically into the Treasury Main Account held at the National Bank of Rwanda. Also linked to the Treasury Main Account are sub-treasury bank accounts for MDAs and District Councils. MDA sub-treasury bank accounts are operations accounts; outstanding balances are transferred into the Treasury Main Accounts at close of business each day in order to ascertain total government balances, and are reversed the next day for normal MDA transactions and operations. MDA own revenue accounts are also linked to the Treasury Main Account; these bank accounts are not operations accounts. A major improvement since the 2010 assessment is the inclusion of donor funded project bank accounts into the TSA mechanism, thereby making it possible for government to ascertain its entire bank balances each day. The inclusion of donor funded project accounts was made possible by the mandatory requirements for all donors to maintain and operate bank accounts from the National Bank of Rwanda, as contained in the Rwanda Aid Policy of July 2006.

Dimension rating = A

21.2 *Cash forecasting and monitoring*

At present, cash forecasts are prepared and submitted to MINECOFIN using the IFMIS platform, since all MDAs, including District Councils are connected unto IFMIS. As required by Article 42 of OBL No.12/2013/OL, each MDA prepares annual procurement plan together with an annual cash plan and submits it to MINECOFIN for consolidation into a master central government cash forecast. The annual cash plan is updated quarterly on a rolling basis through IFMIS, based on actual cash flows. After the passing of the appropriations bill by parliament, MDAs receive a quarterly expenditure commitment warrant from the Minister of Finance that allows MDAs to commit for expenditure. The Treasury Management Committee (TMC) meets twice each quarter to review, consider and approve the updated quarterly cash plans. It should be noted that the cash flow forecast includes commitment for both recurrent and capital expenditures. The membership of the Treasury Management Committee is as follows:

- Permanent Secretary of MINECOFIN (Chairperson)
- Chief Economist of National Bank of Rwanda (Deputy Chairperson)
- Deputy Accountant General, National Treasury (Member)
- Director General of National Budget (Member)
- Director General Macro-fiscal Department (Member)
- Director General National Development Planning (Member)
- Director General External Finance Department (Member)
- Director General Debt Management Unit (Member)
- Commissioner General Rwanda Revenue Authority

MINECOFIN is able to ascertain the daily cash position of the central government through the operation of the Treasury Single Account (TSA) system for efficient cash flow management and budget execution.

Dimension rating = B

21.3 *Information on commitment ceilings*

Once the appropriations bill is passed by parliament, the Minister of Finance issues quarterly expenditure commitment ceilings 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. Cash release for the payment of expenditure committed is monthly; any changes to agreed cash plans are communicated in a timely manner to MDAs for the necessary readjustments. District Councils however receive quarterly cash allocations in line with their quarterly approved cash flow plans. Expenditure commitment ceilings are approved through IFMIS for all MDAs and District Councils. Each budget entity commits for goods and services through IFMIS; payments for such expenditures are made centrally by the National Treasury by authorising the National Bank of Rwanda to transfer funds to suppliers from the appropriate MDA cash allocation.

Dimension rating = B

21.4 *Significance of in-year budget adjustments*

Article 46 of the OBL regulates budget reallocations, and *virements* from staff compensation to other expenditure categories are prohibited without legislative approval: this does not occur in practice. During budget execution, the chief budget manager is allowed to vire budgeted recurrent expenditure within the same budget entity, up to a cumulative maximum of 20% of the original approved budget. Should the chief budget manager require reallocation in excess of 20%, he/she must seek the approval of the Minister of Finance. Budget reallocations between recurrent and development expenditure can only be done with the approval of the Minister of Finance. Budget reallocations, where necessary, are done once after the first six months of the budget execution and reported to Parliament.

Dimension rating = A

PI-21	Dimension	Score	Justification
Predictability of in-year resource allocation		**B+**	**Scoring Method M2**
21.1	Consolidation of cash balances	A	All central government cash balances, including donor-funded project bank accounts are consolidated daily, through the TSA framework which allows MINECOFIN to ascertain the total cash balance real time by close of business each day
21.2	Cash forecasting and monitoring	B	Each MDA and DC 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
21.3	Information on commitment ceilings	B	Once the appropriations bill is passed by Parliament, the Minister of Finance issues quarterly expenditure commitment ceilings to MDAs and DCs
21.4	Significance of in-year budget adjustments	A	In-year budget reallocations occur only once, 6 months after the fiscal year and are reported to parliament

Ongoing reforms: None.

PI-22 Expenditure Arrears

22.1 Stock of expenditure arrears

GoR defines expenditure arrears as any approved government payment obligation beyond a period of 45 calendar days. Article 67 of the revised OBL mandates all budget managers in all MDAs and public entities to prepare and report to the Minister of Finance on all expenditure payment arrears at the expiration of the fiscal year. Even though there is evidence to support the fact MDAs prepare stock of expenditure arrears at the end of the financial year, the same could not be said of public entities. The report on stock of expenditure arrears does not include an age profile. The report is analysed into economic classification or expenditure category, but not by functional classification or budgetary entity. Table 3.16 below provides a summary of stock of expenditure arrears for the last three completed fiscal years 2011/2012, 2012/2013, and 2013/2014, which can be seen to be below 2%. Table 3.17 provides details of expenditure arrears by economic classification.

Dimension rating = A

Table 3.16: Stock of arrears as of the end of the last three fiscal year (RwF)

Expenditure Items	2011/2012	2012/2013	2013/2014
Total central government exp'	1,377,747,090,152	1,551,022,965,339	1,762,021,652,552
Stock of expenditure arrears	25,347,298,861	30,005,549,711	21,754,885,587
% stock of arrears to total exp	1.8%	1.9%	1.2%

Source: *MINECOFIN Budget Department and Consolidated Annual Financial Statements*

Table 3.17 Stock of Expenditure Arrears by Economic Classification (RwF)

Expenditure Items	2011/2012	2012/2013	2013/2014
Arrears before 1994	13,704,373,754	11,921,054,191	9,050,610,220
Arrears for wages and salaries	5,651,817,191	7,297,214,195	5,110,814,396
Arrears for goods and services	2,705,387,844	5,495,923,325	4,210,132,079
Arrears for project counterpart funding	1,536,707,151	2,541,105,116	1,411,258,884
Arrears for regional & intern'al bodies	806,627,956	999,875,069	465,751,146
Arrears for diplomatic missions abroad	942,384,965	1,750,377,816	1,506,318,862
Total stock of expenditure arrears	**25,347,298,861**	**30,005,549,711**	**21,754,885,587**

Source: *MINECOFIN Budget Department*

22.2 Expenditure arrears monitoring

As mentioned above, Article 67 of the revised OBL only requires budget managers to prepare and report to the Minister of Finance on expenditure payment arrears at the expiration of the fiscal year, and this information is included in the AFS.

Dimension rating = C

PI-22	Dimension	Score	Justification
Expenditure arrears		**C+**	**Scoring Method M1**
22.1	Stock of expenditure arrears	**A**	A framework exists for reporting the stock of expenditure arrears by each MDA: the stock is below 2% of total expenditure in each of the last three completed FYs.
22.2	Expenditure arrears monitoring	**C**	Data on expenditure arrears is formally reported at the end of the FY, in accordance with OBL.

Ongoing reforms: None.

PI-23 Payroll controls

23.1 Integration of payroll and personnel records

There are currently four major payrolls operated in the public service: the 'Central Government Payroll' and the 'Payroll for Teachers', both partly decentralized and managed by the Ministry of Public Service and Labour (MIFOTRA) using the IPPS, while the Ministry of Defence and the Ministry of Internal Security (the police) manage the other two (see below).

The IPPS is a key government system managed by MIFOTRA and fully linked to the IFMIS. The IPPS has a strong audit trail and sufficient segregation of duties through distributed database access rights. Physical security is also strong with controlled system access. The 2012 OAG special payroll audit recommended strengthened system documentation to institutionalize and sustain the IPPS: these comments were considered in the latest version, which was launched in 2013.

Personnel information is held in respective institutions (districts and other public entities) as well as MIFOTRA. For teachers, whilst the Ministry of Education (MINEDUC) plans the annual teacher establishment, the districts conduct their own teacher recruitment before transferring the personnel records to MIFOTRA for verification and entry into the IPPS. MIFOTRA is responsible for issuing appointment letters for staff recruited by the Public Service Commission (PSC) and entry of new employment data onto the IPPS, i.e. exercises control over hiring, which is linked to approved budgets. All information changes in the IPPS must occur before a specified date or the pay for that month is delayed to the next. There were no identified examples of late data entry or late payment.

Individual payroll records capture key employment data (name; date of employment; gender; date of birth; identity card number; bank details; salary and allowances information). The gross pay and allowances for individuals depend on personal circumstances (years of service, qualifications, etc.). A census was carried out at the end of 2010 to establish and update records and ensure completeness of civil servant employment information.

The degree of integration and reconciliation previously identified in the other two payroll systems (Defence and Police) has been maintained. The records section in the Ministry of Defence (MOD) maintains the personnel records while the personnel and salaries section manages the payroll. The army payroll system (MIPPS: Military Integrated Payroll and Personnel Information System) is fully computerized (personnel records and payroll database are integrated) and was developed in-house. Systems access is password-controlled and restricted to authorized officers. The Records Section has an organization chart indicating authorized positions, their ranks and associated salaries while maintaining detailed records (service number, full names, current rank, parent's names, date and place of birth, date of entry into the army, bank account details, photograph, etc.) for each employee on MIPPS. The Personnel and Salary Section prepares the monthly payrolls and pay salaries directly into employee accounts at the Savings and Credit Society (ZIGAMA). The records section is responsible for checking and effecting changes in personnel records on receipt of written authorization from the respective units. All changes and variations are justified.

In the National Police Service, (RNP), the 'Records Section' of the Directorate of Administration & Personnel maintains personnel records while the 'Payment Section' manages the payroll the payroll. Reports are received and processed monthly from units by the records section before the processing the payroll by the salary section. Personnel information and the respective payrolls are directly linked and checked against prior payrolls.

Dimension rating = A

23.2 Management of payroll changes

Personnel records are decentralized to central government entities as well as to Districts for teachers. It is the responsibility of those entities to update personnel records when required. MIFOTRA staff noted that changes in both the teachers' and central government payrolls are generally made in time for the following month. Retroactive payments do not appear to be common.

Within the RDF and the RNP, the Records Section makes the necessary changes to the personnel records as information is received. Retroactive adjustments are also rare.

Dimension rating = A

23.3 Internal control of payroll

As noted above, information from MIFOTRA confirms that authority to change the payroll is both restricted and clear and the audit trail is strong. The IPPS has the establishment, a database of positions and payroll data – all integrated, and anybody who is not on the IPPS cannot be paid. The system is linked to the national ID system – able to reflect any changes such as deaths, retirements, etc., in real-time. Salary payments are made electronically through the IPPS using an interface with the Central Bank (BNR).

The IPPS changes to RDF personnel records are made by the Records Section and are supported by written authorization from a senior officer. Changes to payroll are supported by changes to the personnel data. A complete audit trail is maintained. The Records

Section of the RNP maintains an organizational chart detailing the posts assigned to each section and department. There is also a list of established ranks showing the associated salary scales. The Director of Administration & Personnel must authorize all changes to personnel records on the basis of written reports from all units on incidents necessitating changes to personnel records. The payroll audits of the OAG include physical verifications of individuals within the overall risk parameters assigned by the OAG. Controls in place are sufficiently extensive to make it extremely difficult to meet all of the requirements unless the entry is genuine.

Dimension rating = A

23.4 Payroll audit

The annual audit coverage of the OAG for MDAs is at 100% of the total value of all expenditures and that includes all payrolls. The OAG also conducted a special payroll audit on the integrity, accuracy and completeness of the data processed through the IPPS as at 31st July 2012, and highlighted management issues of access controls, physical access and conditions in the payroll server room, data backup, gaps in key personnel employment data as well as other weaknesses, which have mostly been acted upon.

While there is extensive auditing of the payroll systems by the OAG these are probably risk-based and not conducted annually: however, the information reviewed gives no indication of ghost workers in the last three years in either the OAG or Internal Audit reports.

Dimension rating = B

PI-23	Dimension	Score	Justification
Payroll controls		**B+**	**Scoring Method M1**
23.1	Integration of payroll and personnel records	A	All personnel records and payroll data is reconciled on a monthly basis, and there are strict controls over IPPS, including links to budget approvals.
23.2	Management of payroll changes	A	Authorized record changes are made in time for the next payroll and retroactive payments are very limited.
23.3	Internal control of payroll	A	Authority to change records and payroll is restricted, results in an audit trail and is adequate to ensure high integrity of data.
23.4	Payroll audit	B	A payroll audit covering all central government entities was conducted by OAG *'Special Payroll Audit on the integrity, accuracy and completeness of data processed through the IPPS'* in July 2012.

Ongoing reforms

The new IPPS version was only launched in 2013. As with both the IFMIS and MIPPS, these are in-house developed systems that initially focus on basic utilization needs. As the PFM systems deepen, user needs will become more sophisticated. The anticipation of more complex reporting requirements is recognized in the new PFM Sector Strategic Plan (PFM SSP: 2013 – 2018) as a key priority to design the 'PFM system of the future' and deepen the scope and integration of existing enabling ICT platforms (including the payroll systems). Current reforms also seek to address the issues identified in the OAG special payroll audit as well as emerging reporting requirements.

PI-24 Procurement

This indicator assesses the effectiveness of the procurement system. The first dimension focuses on the extent to which prudent monitoring and reporting are in place to ensure value for money, fiduciary integrity, while the other dimensions focus on the operation of the procurement system, including the effectiveness of an independent administrative complaint resolution mechanism. The assessment covers all procurement for central government using national procedures, including MDAs and Districts. The assessment is based on the last completed FY, 2013/14.

24.1 Procurement monitoring

This dimension looks at whether systems are in place to maintain data on what has been procured and to whom contracts have been awarded. While the procurement function has been decentralized to MDAs and Districts, each is required to produce an annual procurement plan and submit this to the Rwanda Public Procurement Authority (RPPA) once the new FY commences in July.

Once the plan is approved, individual procurement requests must also pass through the RPPA, where they are recorded in a comprehensive database, which shows what is to be procured, then subsequently, the value and to whom the award is made: monthly reports of all procurements undertaken are produced and sent to MINECOFIN.
Dimension rating = A

24.2 Procurement methods

Article 17 of N° 05/2013 of 13/02/2013 Law on Public Procurement sets the conditions of use of restricted tendering. When prevailing circumstances make it impossible to meet the conditions for use of a given method and a procuring entity finds it necessary to use a less competitive method under this Law in order to effect procurement, it shall seek authorisation from the RPPA. RPPA does grant authorisation after receiving a reasonable justification from the procuring entity accompanied by a confirmation from the supervising Minister that such procurement is in public interest.

Article 33 covers the conditions for restricted tendering and states that a procuring entity may use restricted tendering for procurement, if either:

- the goods or construction, are of highly complex or specialized nature, or
- are available only from a limited number of suppliers or contractors.

Article 35 further sets conditions for single-source procurement in which the procuring entity may engage in single-source procurement when:
- the goods, works or services are available only from a particular supplier or contractor, or a particular supplier or contractor has exclusive rights in respect of the goods, works or services, and no reasonable alternative or substitute exists;
- there is an urgent need for the goods, works or services, and engaging in tendering proceedings or any other method of procurement would be impractical, provided that the circumstances giving rise to the urgency were neither foreseeable by the procuring entity nor the result of carelessness on its part;
- owing to a disaster, force majeure, there is an urgent need for the goods, works or services, making it impractical to use other methods of procurement because of the time required in using those methods;
- there are additional activities that cannot be technically separated from initial tender. The value of such additional activities shall not exceed twenty per cent (20%) of the initial tender and shall be subject to an amendment to the contract;

- the procuring entity seeks to enter into a contract with the service provider that is working or teaching in a higher learning institutions or research institutions in the country for the purpose of research, experiment or study.

Indeed, from the RPPA annual report, the law is strictly followed as can be seen in Table 3.18 below:

Table 3.18: Procurement methods used

Procurement methods	Number of procurement		Total procurement value	
	No.	Percentage	Amount (RwF)	Percentage
Open bidding	1,318	81.9	114,299,470,166	95.1
Restricted bidding	57	3.5	2,310,248,974	1.9
Request for quotations	151	9.4	487,180,948	0.4
Direct procurement	47	2.9	1,662,451,454	1.4
Community participation	20	1.2	895,080,343	0.7
Unidentified method	17	1.1	485,900,864	0.5
Total	**1,610**	**100**	**120,140,332,749**	**100**

Source: *RPPA Annual Activity report 2013/2014*

The Assessment Team reviewed the 2012/2013 RPPA Annual Report and interviewed RPPA staff members in respect of the justification for the single-source contracts let in 2011/2012 and 2012/2013, as well as the RPPA records in respect of each of the 20 single-source contracts, all of which were approved by the RPPA Board, as required by the law.

Dimension rating = A

24.3 Public access to procurement information

Article 2 of law N° 05/2013 of 13/02/2013 requires a Ministerial Order to be issued on this matter, hence chapter one of MO N° 001/14/10/TC of 19/02/2014 provides details in response to public access to complete procurement information. Article 2 of this MO states that a 'Procuring Entity' (PE) shall prepare a provisional public procurement plan while preparing the budget for the next financial year. Namely, not later than the 31st July of every year, every procuring entity shall submit to the RPPA an annual procurement plan with the following intentions:

- identification of needs;
- identification of priorities;
- indication if it is necessary to carry out a prior study for tenders of works;
- identification of the procurement method to be used for any planned tender;
- estimation of the value of the planned tender;
- specification of the source of funds for that tender;
- determination of the necessity to grant local preference to international tenders;
- specification of the need for request for approval prior to the award of contract;
- planning the schedules in which different processes of tendering shall be carried out;
- planning for the execution schedules of the contract.

The order instructs that the annual public procurement plan be approved by the Chief Budget Manager of every procuring entity after consultation with heads of departments of the entity. The plan can be reviewed only twice during the financial year, once in the second quarter and once in the third quarter. The RPPA is then required to prepare standard documents for public procurement planning and publish them on its official website.

Article 3 of the Ministerial Order demands that some of the elements of the procurement plan, namely, title and quantity of the tender, method of tendering, source of funds, expected publication and execution dates be published. This information is then posted on the official website of the procuring entity, posted on the RPPA official website, advertised in at least one newspaper of wide circulation, which may be national or international and displayed on the procuring entity's notice board. The revised procurement plan is also required to be published, by this order.

Article 42 of the Ministerial Order is about the publication of the competition results and requires the procuring entity to publish the results of the contract award as soon as the contract is signed by both parties. The results so published include at least the following: winner of the tender, amount of the tender awarded and duration of the contract. The results are also posted on the official website of the procuring entity, posted on the RPPA official website, and displayed on the procuring entity's notice board.

Table 3.19: PEFA requirements to rate this dimension

The following key procurement information is available to the public through appropriate means:		
1	Legal and regulatory framework for procurement	**Yes**
2	Government procurement plans	**Yes**
3	Bidding opportunities	**Yes**
4	Contract awards (purpose, contractor and value)	**15%**
5	Data on resolution of procurement complaints	**No**
6	Annual procurement statistics	**No**

From the RPPA's Annual reports for 2012/2013 and 2013/2014, there seem to be major problems in PEs meeting the demands of this dimension (iii). The RPPA law N° 05/2013 of 13/02/2013 and the corresponding Ministerial Order N° 001/14/10/TC of 19/02/2014 are only being introduced and oblige the PEs in the direction of good practice but from the annual reports, the PEs are far from meeting the targets. For example, in 2012/2013 RPPA procurement audit report, only 7.5% of the PEs posted awarded contract to their website, whilst for 2013/2014, just 15.5% were available to their website. Besides, the RPPA procurement audit report is not explicit on PEs posting of data on resolution of procurement complaints that are supposed to be made public.

Dimension rating = C

24.4 Procurement complaints management

Article 14 of the law N° 05/2013 of 13/02/2013 and the Chapter V of the Ministerial Order N° 001/14/10/TC of 19/02/2014 establishes the legal framework for an independent administrative procurement complaints system. According to this law, an Independent Review Panels is composed of seven (7) members for a term of office of four (4) years. They are chosen from the Public Sector, Private sector and civil society. Members from the Public Sector are not to exceed three. Members of the Independent Review panel at the National level are appointed by a Ministerial Order while those of the different Independent Review Panels at the District level are appointed by the District Council. The appointees are to comprise at least of experts in public procurement, law, construction, economics and information technology.

Article 49 of the Ministerial Order, establishes that members of the tender committees as well as those people not authorized to be members of those committees, the staff and members of "RPPA" Board of Directors and members of the District Council shall not be allowed to be members of the Independent Review Panels. Article 50 goes on to state that any bidder wishing to lodge a complaint to the Independent Review Panel shall be required to pay a non-refundable fee equivalent to RwF 50,000 for tenders whose amount does not exceed twenty million RwFs while for tenders whose value is over this amount the fee for review shall be RwF 100,000. This fee is not prohibitive whatsoever.

By Article 52, if the complainant is not satisfied with the decision of the independent review panel at District level and decides to continue with his/her appeal to the National Independent Review Panel, s/he shall be also required to pay the appeal fee required for the service at this level. However, if the independent review panel at District level fails to take a decision within the required time, the complainant shall not be required to pay the appeal fee if s/he decides to continue with his/her appeal to the National Independent Review Panel.

Article 60 of the Order provides that the decisions of the Independent Review Panel shall be published and communicated to both parties. They shall be posted on the official website of the procuring entity, posted on the RPPA official website and displayed on the procuring entity's notice board. In fact, at the RPPA website there are annual reports of the Independent Review Panels that contains data on all reviews and as these reports are published on the website, they are publicly available.

As defined by legislation and reported in the annual RPPA report listed in ***Annex 3C*** which was reviewed by the Assessment Team, the independent administrative procurement complaint system exists and meets all six criteria, as can be seen in Table 3.20, below:

Table 3.20: Mechanisms for reviewing procurement complaints

Complaints are reviewed by a body which:		
1	is not involved in any capacity in procurement transactions or in the process leading to contract award decisions	√
2	does not charge fees that prohibit access by concerned parties	√
3	follows processes for submission and resolution of complaints that are clearly defined and publicly available	√
4	exercises the authority to suspend the procurement process;	√
5	issues decisions within the timeframe specified in the rules/regulations	√
6	issues decisions that are binding on all parties (without precluding subsequent access to an external higher authority)	√

Dimension rating = A

PI-24	Dimension	Score	Justification
Procurement		**B+**	**Scoring Method M2**
24.1	Procurement monitoring	A	Procurement data maintained by RPPA is comprehensive, and is published annually.
24.2	Procurement methods	A	Procurement methods are followed according to the law
24.3	Public access to procurement information	C	The PEs do not comply fully: only 3 of the 6 criteria are met.
24.4	Procurement complaints management	A	RPPA practices meets all legal requirements, including the six criteria listed in Table 3.21.

Ongoing reforms

The RPPA have just concluded major reforms some of which resulted in the new OBL and the Ministerial Order N° 001/14/10/TC of 19/02/2014 currently being implemented: this introduces initiatives such as an Electronic Procurement System that RPPA is piloting in 8 sites in FY 2016/2017, and is due to be implemented across GoR from 1 April 2017.

PI-25 Internal controls on nonsalary expenditure

This indicator covers a wide range of processes and type of payment across central government including existence of segregation of duties, effectiveness of expenditure commitment controls and effectiveness of the payment controls systems.

25.1 Segregation of duties

The Chief Budget Managers (CBM) in budget agencies are ultimately responsible for ensuring internal controls remain effective. The roles and segregation of duties in terms of authorization, recording, custody of assets, reconciliation and audit is a key internal control to ensure no single person is responsible for a transaction 'end-to-end'. In the Rwanda PFM system, segregation of duties is prescribed in the OBL, the financial management and accounting regulations, and in the accounting and procedure manuals as amended from time to time. The Budget Officer ensures budget commitments are respected, the accountant records transactions, while the Director of Finance and Administration (DAF), and ultimately, the CBM authorizes payments. Also, the accountants prepare periodic (monthly) reconciliations (cashbook, bank accounts, etc.); the DAF verifies or approves (to their limits); and the CBM signs-off with authorization. Audit is conducted by an independent internal audit function that reports to the entity Audit Committee and the GCIA as well as the OAG external audit. There are no reported incidences of 'system overrides' identified in the literature reviewed (OAG reports, GCIA reports, etc.).

Dimension rating = A

25.2 Effectiveness of expenditure commitment controls

The Chief Budget Managers (CBMs) are accountable for the implementation of expenditure commitment controls under the Public Entities (PE) they manage. As noted in dim (i) above, there is clear segregation of duties at the PEs – where the budget officer deals with commitments and the accountant maintains accounting records – all reporting through the DAF. Each PFM role at a PE, is prescribed within a policy legal framework (the OBL, Ministerial Instructions and Procedure Manuals).

Very little expenditure is made outside the IFMIS. Budgets and cash limits are managed and reported on a quarterly basis, with agreed ceilings that are rarely breached. The PE has full access to the IFMIS and is restricted to spending within the limits established. Whilst the budget officer maintains commitment and payment records on the IFMIS; the accountant prepares payments and maintain accounting records – where payments are largely made directly into bank accounts. Expenditure is authorized by the DAF and the relevant CBM. Expenditure is legitimately made in line with existing finance and accounting procedure manuals, ensuring that *ex-ante* controls are adhered to.

The requirement for both *ex-ante* and *ex-post* controls and audit are strong. IA staff are based in all PEs, with a reporting line to both the PE's Audit Committee as well as to the GCIA. IA staff conduct risk-based audits in line with approved annual audit plans – reviewing expenditure and adherence to budget commitments. Also, the OAG also reviews budgetary compliance in those PEs the office audits. As a result, there are strong commitment controls in place that limit expenditure to actual cash availability and within approved budget allocations.

Dimension rating = A

25.3 Compliance with payment rules and procedures

The degree of compliance with rules for processing and recording transactions has strengthened, according to the audit reports – both internal and external – that the Assessment Team reviewed: this may reflect improved PFM capacity at budget agencies.

Non-compliance is increasingly met with stronger consequences for CBM and other PFM staff, that may end with public hearings at the PAC of Parliament. Public sector expenditure is largely conducted through public tenders to ensure economy, efficiency, effectiveness and value for money. Budget agencies are required to have and adhere to annual approved procurement plans; this feeds into quarterly budget execution reports and approved quarterly cash flow plans. Public servants are required to adhere to the prescribed control environment, and any variations are followed up and acted upon. Although compliance has clearly improved since the last PEFA, both the OAG and the GCIA continue to report some weaknesses. Simplified or emergency procedures are used occasionally, but are justified.

Dimension rating = B

PI-25	Dimension	Score	Justification
Internal controls on nonsalary expenditure		**A**	**Scoring Method M2**
25.1	Segregation of duties	A	Appropriate segregation of duties exists throughout the process, in accordance with the OBL, which specifies clear responsibilities.
25.2	Effectiveness of expenditure commitment controls	A	Expenditure commitment controls remain in place that effectively limit commitments to actual cash availability and approved budget allocations.
25.3	Compliance with payment rules and procedures	B	The degree of compliance is good and is improving but some variations do occur and are reported.

Ongoing reforms

Following the new OBL, Ministerial Instructions are being drafted to determine the specific responsibilities of the Government Chief Internal Auditor.

PI-26 Internal audit

This indicator examines the operation of internal audit standards and procedures. GoR has decentralized Internal Audit (IA) to MDAs and Districts, each of which has an Audit Committee (AC). There is a central IA Unit at MINECOFIN responsible for monitoring, reporting on, and training staff of the decentralized IA units.

26.1 Coverage of internal audit

The "Government Principal Internal Audit Unit (GPIAU)", is responsible for monitoring, reporting, and training staff of the decentralized IA units. It is composed of 17 staff (nine at the time of 2010 PEFA) of which three, including its head, the Government Chief Internal Auditor, are qualified accountants either with or working towards a 'Certified Internal Auditor' designation. Within the staff establishment, five are focused on central government entities; five on the Districts; four comprise the inspection team; one is in charge of governance, quality assurance and the effectiveness of Audit Committees (ACs); the team is led by the Chief Internal Auditor with an administrative assistant.

IA personnel at placed at each government entity: over 160 at central government entities, and going forward, the number will increase from 2 to 3 at each District (90 IA Staff). The function has been greatly strengthened by the new OBL, including the mandated establishment and role of Audit Committees across all entities. The law empowers the CIA to: coordinate all internal auditors nationally; move into any entity to conduct an audit; use existing staff to focus on areas of audit interest; and influence the audit program of any government entity.

Dimension rating = A

26.2 Nature of audits and standards applied

The function uses the 'International Professional Practices Framework (IPPF)' for internal audit issued by the Institute of Internal Auditors. It has an *Internal Audit Procedure Manual*; a *Handbook for Audit Committees* (with both an Audit Charter and an Internal Audit Charter); a set of audit templates in line with the IPPF in soft form; has launched a 'General Audit Program' that entities can customize in consultation with their respective Audit Committees; and is implementing a "Five Year Strategic Plan for 2013 – 2018." New staff are routinely trained on the basics (induction training) and progress to undertake aligned professional courses – 42 internal audit staff are at various stages of training on accounting qualifications as well as the CIA designation.

The function has a presence at each entity and employs the 'risk-based' approach elaborated in the *Manual* and the templates used by audit staff. Audit Committees approve the respective audit plans and reports – all copied to the GCIA, who reserves the decision to act to influence the mitigation of identified risks and rectify weakness. The 'Teammate' software introduced in 2013 has not been successfully utilized – it is limited to 50 licenses at central government level until its value is visible to the sub-national governments and an appropriate change management process is put in place. Although there are no clear cases reported, independence is likely to be impaired by the nature of recruitment, staff appraisal and right to dismiss at the individual entity level. The function intends to strengthen this through draft regulations to be issued through a MO and expected to be functional by June 2016. The current setup and mission of the Internal Audit Function is edging closer to a modern and effective Internal Audit – with the increasing possibility that the OAG will rely more on its reports: Its effectiveness will do much to inculcate a more sustainable culture of accountability and professionalism.

Dimension rating = B

26.3 Implementation of internal audits and reporting

Each IA unit submits its annual plan to the AC, copied to the GCIA. The GCIA provides advice and comment on these plans where necessary, and monthly and quarterly reports to individual ACs are copied to the GCIA, who in turn, consolidates them into a quarterly report to the Minister to highlight any crosscutting internal control issues. Through this, the GCIA is able to track the IA function across GoR.

While there is no formal mechanism to monitor and report on implementation of individual audit plans, each MDA or District AC does receive routine reports and these are copied to the GCIA, who monitors and reports (to the Minister) on progress and has confirmed that ***most*** programmed audits are completed.

Dimension rating = C

26.4 Response to internal audits

In the period since the last PEFA, PFM reforms to strengthen internal audit appear to have borne results. As a result of a strengthened GCIA and the establishment of Audit Committees across budget agencies, audit recommendations are increasingly implemented and reported on. The GCIA as well as the OAG track and report on how the percentage of recommendations implemented across budget agencies. At the time of this assessment, this averaged 70% of recommendations implemented – with a stronger compliance at central government.

The OAG has reported a steady improvement in the implementation of audit recommendations from a low base of 60% (2006) to 73% (2011); 75% (2012); and 79% (2013). The latest CIA quarterly report (31st March 2015) puts compliance at 70%. Some entities have routinely achieved 100% implementation (such as MIFOTRA, MINEDUC, MINISANTE and MINADEF), while some are lagging mainly as a result of short-term staffing issues. Samples of Internal Audit Matrices confirm management commitment towards corrective actions, timeframes and sign-offs. The CIA, acting through MINECOFIN, issues reminders to entities lagging behind in the implementation of major and crosscutting recommendations to implement all recommendations in their totality – this, together with a culture of Audit Committees (established via MO No 004/09/MIN), has reinforced compliance in the last three years.

Dimension rating = C

PI-26	Dimension	Score	Justification
Internal audit		**C+**	**Scoring Method M1**
26.1	Coverage of internal audit	A	Internal Audit is operational at all government entities.
26.2	Nature of audits and standards applied	B	Internal audit in MDAs follow audit plans (approved by Audit Committees and copied to the GCIA) and are focused on evaluations of the adequacy and effectiveness of internal controls.
26.3	Implementation of internal audits and reporting	C	While IA is decentralized to MDAs and Districts, the GCIA monitors the implementation of individual plans of IA units.
26.4	Response to internal audits	C	Implementation of audit recommendations at budget agencies averaged 70% in the 31st March 2015 GCIA quarterly report, but there is a growing number of MDAs implementing 100%.

Ongoing reforms

The ongoing reforms are designed to strengthen the culture and practice of Internal Audit. There is emphasis on strengthening the risk-based approach at PE level through deeper training and professional certifications. There are plans to increase internal audit staff at district level from 2 to 3 as well as re-launching the use of internal audit software at the subnational level (was suspended because of inadequate change management preparation). There are plans to strengthen the skillsets for PE Audit Committees in order to enhance the effectiveness of their role. The GCIA is expected to issue through the Minister of Finance new internal audit regulations to strengthen the function at entity level, including the independence of internal auditors.

Pillar VI. Accounting, Recording and Reporting

PI-27 Financial data integrity

Reliable reporting of financial information requires a system of consistent checking and verification of accounting records and practices as a critical part of internal controls to ensure quality decision-making information. Under the Rwanda PFM system, there is a strong requirement to comply with the requirements of the OBL, the regulations and the accounting and financial management manual that underpin the integrity of financial data.

27.1 Bank account reconciliation

GoR operates a zero balance accounting system with a Single Treasury Account (STA) and records indicate there were 1,136 bank accounts (184 for MDAs and 734 for Projects) in operation at the time of assessment. The treasury cash book records all receipts and expenses onto the STA. Information on expenditure (at least 80% of the expenditure) and receipts (such as Treasury Bills, bonds, letter of credit, etc.) processed centrally is recorded into the cashbook and processed through the National Bank of Rwanda (BNR).

Bank reconciliation for all active bank accounts in budget agencies is conducted monthly and signed off for reporting to MINECOFIN by the 15th of the following month (within two weeks of month-end). The assessment team was able to observe the public accounts office track bank reconciliations completed through the IFMIS. The budget execution reports submitted to MINECOFIN include among other things, a bank and cashbook reconciliation report as an annex. The sign-off by the senior management (both the DAF and CBM) of the budget agency ensures that issues identified are resolved. At the time of the assessment, most budget agencies were conducting bank reconciliations twice a month as tracked on the IFMIS. The responsibility for bank reconciliations of individual bank accounts lies with budget agencies and is widely complied with. Bank reconciliation for all central government bank accounts takes place monthly, at aggregate level and detailed levels, usually within 2 weeks from the end of the month.

Dimension rating = B

27.2 Suspense accounts

There are no suspense accounts operated under the Rwanda PFM system. Travel expenses are promptly expensed and the responsibility to reconcile unutilized travel allowances lies with the budget agency and its internal practices. There no reported variations in either GCIA or OAG reports.

Dimension rating = NA

27.3 Advance accounts

Travel allowances are provided for authorized mission days and expensed. Where budget agencies operate an imprest (petty cash), this is reconciled and signed off monthly and reported as an annex to the monthly budget execution report.

Advance payments under public procurement are usually secured with guarantees and are administered within the procurement rules.

Dimension rating = A

27.4 Financial data integrity processes

The Rwanda PFM system is heavily dependent on the IFMIS, which was developed in-house system and has evolved over time. Access to the IFMIS is restricted and driven by user requirements. Levels of access are documented, ranging from a 'read-only' basis, to user with rights to interact with IFMIS at a deeper level (create, modify or report), but these result in an ‘audit trail’ on the system. Although there is no identifiable (formal) IFMIS oversight body, there is strong political support as well as collaboration at lead-user level where requirements are articulated.

Dimension rating = B

PI-27	Dimension	Score	Justification
Financial data integrity		**B+**	**Scoring Method M2**
27.1	Bank account reconciliation	B	Bank reconciliations for all CG bank accounts takes place monthly, at aggregate and detailed levels, usually within 2 weeks from the end of the month.
27.2	Suspense accounts	NA	No suspense accounts are operated.
27.3	Advance accounts	A	Imprest accounts operated at budget agencies are reconciled and reported to on in the monthly budget execution report within two weeks following month-end.
27.4	Financial data integrity processes	B	Access and changes to records are restricted and recorded.

Ongoing reforms

There are efforts to strengthen the IFMIS and improve reporting in the PFM System. An IFMIS review is underway to determine the course for the next version. The current PFM Sector Strategic Plan identifies IFMIS and other mission-critical systems as foundational issues to be at the heart of the next reform efforts. Even the current version of IFMIS, has challenges in extracting *ad hoc* data. MINECOFIN and the Central Bank have embarked on an initiative to create an automatic link between the IFMIS and the Central Banking System that will ensure that data is shared between the two systems so that bank reconciliations can be carried out on a more regular basis.

PI-28 In-year budget reports

28.1 Coverage and comparability of reports

The classifications of data in the reports allow a comparison between estimates and actual in these areas: overall revenue performance; realization of external inflows; performance of major (recurrent) economic items of expenditure; public debt; and arrears. The reports are monitored on IFMIS, and the Assessment Team was able to review a sample on-line and confirm that budget execution by ministry and program provides a detailed analysis for the Government to monitor budget implementation and utilization of funds released for both current and future planning. In addition, reports provide a narrative on spending taking place during the quarter, to highlight what has taken place during that period.

Dimension rating = A

28.2 Timing of in-year reports

Article 65 of the OB makes it clear that all public entities are to prepare and submit quarterly budget execution reports to the Minister of Finance, and likewise public institutions are to submit quarterly budget execution reports after approval by the relevant competent authority. Also, on a quarterly basis, the Minister of Finance is required to prepare and submit a consolidated budget execution report to Cabinet, and a mid-year report to Parliament, the format and content of which are to be prescribed in the Financial Regulations: at the time of assessment, these remain ‘work in process’, and the law is silent on the timing of the submission of this report. The quarterly reports have not been provided and the team concluded that they are not issued.

Dimension rating = D

28.3 Accuracy of in-year budget reports

As in previous years, budget agencies had various mis-postings in their financial statements but MINECOFIN allowed them to adjust and correct these before signing audit reports. According to the OAG, adjustments during audit were made for a majority of budget agencies, which suggests that monthly budget execution reports are unreliable, and hence that budget tracking by MINECOFIN does not provide an accurate reflection of the real position.

Some entities budgeted for activities under incorrect budget lines while other entities view mis-postings as a consequence of delayed funds release by Treasury, which forces them to utilise available funds – from alternative budget lines – to implement activities. Management in budget agencies did not perform adequate review of monthly financial reports and budget utilization reports to identify and facilitate timely correction of mis-postings during the year. Nevertheless, these concerns do not fundamentally undermine the basic usefulness of the reports.

Dimension rating = C

PI-28	Dimension	Score	Justification
In-year budget reports		**D+**	**Scoring Method M1**
28.1	Coverage and comparability of reports	A	Classification of data allows comparison to original budget for all items of expenditure.
28.2	Timing of in-year reports	D	No evidence of issuance of quarterly reports.
28.3	Accuracy of in-year budget reports	C	There are concerns over the accuracy of information in the reports, but this does not fundamentally undermine the basic usefulness.

Ongoing reforms

The Financial Regulations under the 2013 OBL are in development and will detail timing and other good practices for budget execution and reporting.

PI-29 Annual financial reports

This indicator assesses the ability to prepare year-end financial statements in a timely fashion. Article 67 of the OBL provides the legal framework for the preparation of the annual financial statements – which are supposed to provide full disclosure of all government revenue, expenditure, assets and liabilities as well as a statement of cashflow – by the Minister, for external audit by the OAG.

29.1 Completeness of annual financial reports

The annual financial statements prepared and submitted by the AccGen to the OAG only reflect transactions emanating from the Consolidated Fund, and present an amalgamation of the financial position of MDAs. As shown in Table 3.23 below, not all financial information is reported on by the AccGen, but the reports are comparable with the approved budget.

The annual Consolidated Financial Statements (CFSs) cover all MDAs and other budget entities. OAG issued a 'disclaimed' opinion on the CFS for the previous three years, but noted an improvement for FY 2013/14, with an increase in the number of public entities receiving unqualified reports from 34% in FY 2012/13 to 36%. The OAG also notes that although this number is still small compared to all entities audited, it does suggest that the culture of providing proper and adequate accountability for public funds is taking root in some public entities.

The OAG also reports significant accounting errors in the CFSs, where balances approved by Cabinet in September 2014 were adjusted to correct errors identified during the audits of individual budget agencies before audit reports were signed. The extent of these errors was a decrease in expenditure of RwF 15,376,536,520 in the adjusted CFSs, compared to balances in the version approved by Cabinet.

Table 3.21: Information Contained in the Accountant General Financial Statements

Financial heading	Sub-financial heading	Presence in Financial Statements
Revenue	Direct tax	Yes
	Indirect tax	Yes
	Non-tax revenue (incl. IGF)	Yes
	Grants	Yes
Expenditure & transfers	Personnel Emolument	Yes
	Administration	Yes
	Service	Yes
	Investments	Yes
	Statutory payments	Yes
	Subsidies	Yes
	Retained IGF	No
	DP funded projects	Yes
Assets	Cash & Bank balances	Yes
	Advances	Yes
	Public loans (receivable)	Yes
	Equity & other investments	Yes
	Revenue arrears	No
Liabilities	Public debts (domestic)	Yes
	Public debts (foreign)	Yes
	Statutory obligations	Yes
	Expenditure arrears	Yes

Dimension rating = C

29.2 Submission of reports for external audit

Article 66 of the OBL requires each budget agency/MDA to submit its accounts to MINECOFIN within three months of the end of fiscal year. In turn, Article 67 requires the Minister of Finance to submit the public accounts, including those of individual budget agencies/MDAs (as well as SN governments and GBEs) i.e. the CFS to the OAG by the same date. In each of the FYs under review (2013/14, 2012/13 and 2011/12, the CFS and the public accounts of Central Government budget agencies, were submitted to the OAG within 3 months after the end of the FY, as required by law.

Table 3.22: Timeliness of Submission of AFS by AG to OAG

Financial Year	Financial Statements for:	Date of Submission to OAG
FY2011/2012	Consolidated Fund	28 September, 2012
FY2012/2013	Consolidated Fund	27 September, 2013
FY2013/2014	Consolidated Fund	29 September, 2014

Source: *MINECOFIN/Accountant General's Office*

Dimension rating = A

29.3 Accounting standards

The CFSs are prepared according to the modified cash basis of accounting as defined by the International Accounting Standards Board (IASB). Although the intention is to adhere and comply, with the extent possible, to *International Public Sector Accounting Standards* (IPSAS), this has not been fully attained and omissions are very common, as stated by the OAG. For example, not all the 2013/14 financial statements contain a consolidated cashflow statement supported by detailed segmental reporting: i.e. financial information on government business enterprises (GBEs) and sub-district entities is disclosed in the notes to the CFS but their flows and cash balances are not reflected in the consolidated cashflow statement. Also, other government entities, notably: (i) Central Treasury and the RRA; (ii) other MDAs; (iii) development projects; and (iv) Districts, are said to have their cashflow supported by detailed reporting; however, their financial statements cannot yet be described as compliant with cash-basis IPSAS.

According to the OAG reports, there are omissions in the disclosure of these items in each of the three years, which also implies that the statement of expenditure and income in the accounts is incorrect. This leads the assessment team to conclude that the requirements of the modified cash basis of accounting as per national standards, as well as IPSAS, are not met in other important respects.

Dimension rating = C

PI-29	Dimension	Score	Justification
Annual financial reports		**C+**	**Scoring Method M1**
29.1	Completeness of annual financial reports	C	There are persistent weaknesses in CFS and entities still have errors in their books of accounts. The entities with adverse or qualified audit reports are however dropping.
29.2	Submission of reports for external audit	A	Submission of CFS have been timely and strictly within three months of the end of the FY.
29.3	Accounting standards	C	While the CFS are presented in consistent format, the requirements of IPSAS and national accounting standards are still not met.

Ongoing reforms

There is an on-going exercise to update the financial regulations, including the possibility of applying IPSAS standards to general government. Also, MINECOFIN has completed a road map towards progressive compliance to IPSAS standards by FY 2016/2017, while full accrual based financial accounts could be reached by 2020.

Pillar VII. External Scrutiny and Audit

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 institutions), the focus on significant and systemic PFM issues in its reports, and the performance of a full range of financial audits, such as the reliability of financial statements, the regularity of transactions and the functioning of internal control and procurement systems. The assessment covers the central government institutions including all MDAs and extra-budgetary funds (where they exist). 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 MDAs, and extra-budgetary funds (where they exist) and focuses on the last audited financial year, FY2013/14.

30.1 Audit coverage and standards

The OAG coverage of financial audits has continued to grow vertically and horizontally over time. In FY 2013/14, the coverage passed the target and reached 81% of total Government expenditure. Over and above annual coverage of ***all*** MDAs, including Districts, the OAG now audits the State CFS and an increased number of GBEs and non-budget agencies, covering annual revenue, expenditure and assets/liabilities. Financial audits scrutinize accounting and Corporate Governance issues, financial and contract management as well as value for money issues, using INTOSAI standards to highlight significant issues.

The OAG has been a member of INTOSAI (and AFROSAI) for the past twelve years, and the financial audit methodologies applied conform to international standards: they are based on systematic risk assessments, an annual audit plan and sound sampling techniques with the assistance of audit-specific computerized techniques such as IDEA. The audit is focused on systemic issues. The OAG, as the Supreme Audit Institution is in constant touch with AFROSAI-E and has participated in recent training events covering: management development; audit supervision and review; and, performance audit. Also, in order to monitor progress in compliance with international standards, AFROSAI-E carried out an 'Institutional Capacity Building Functions' assessment in October 2014 and a report was submitted to OAG for action.

The OAG issues audit reports annually according to the law, in five volumes:

- **Volume I**: provides an Executive Summary of the Annual Report;
- **Volume II**: the State Consolidated Financial Statements that are audited;
- **Volume III**: key findings from audits of Districts and City of Kigali;
- **Volume IV, PART 1**: key findings from audit of MDAs, other Central Administration entities and projects;
- **Volume IV, PART 2**: key findings from audit of Boards and GBEs; and
- **Volume V**: summary of key findings from Performance audits and Special assignments.

Dimension rating = B

30.2 Submission of audit reports to legislature

Article 67 of the OBL instructs the Minister of Finance to submit consolidated financial statements to the Auditor-General not later than 30 September of the following fiscal year, and this has been adhered to. The OAG is then required to submit the Audit Report to Parliament not later than 30 April. For the past three completed audits, the OAG submitted the Report on the CFSs to Parliament as shown in Table3.23 below:

Table 3.23: Schedule of date of receipts of Audited Reports by Parliament

Name of Audit Report	Date of receipt by Parliament		
	2011/2012	2012/2013	2013/2014
State Consolidated Financial Statements	11 May 2013	30 April 2014	30 April 2015
Local Governments (City of Kigali and Districts)	11 May 2013	30 April 2014	30 April 2015
Ministries and other Central Administration Entities and Projects	11 May 2013	30 April 2014	30 April 2015
Performance Audit	11 May 2013	30 April 2014	30 April 2015
Government Boards and Business Enterprises			
Rwanda Social Security Board (RSSB)	-	-	30 April 2015
Rwanda Revenue Authority (RRA)	-	-	30 April 2015
Electricity Water Supply and Sanitation Authority (EWAS)	-	30 April 2014	30 April 2015
Rwanda Education Board (REB)	-	-	30 April 2015
National Agriculture Export Board (NAEB)	-	30 April 2014	30 April 2015
Rwanda Broadcasting Agency (RBA)	11 May 2013	-	30 April 2015
Rwanda Utilities Regulatory Authority (RURA)	11 May 2013	-	30 April 2015

However, the rating of this dimension is based on the timing of the last report submitted to the legislature, which is within 8 months of the OAG receiving the CFSs.
Dimension rating = C

30.3 *External audit follow-up*

The OAG reports include an assessment of the audited agencies that implemented audit recommendations from the previous year. Article 69 of the OBL requires each CBM and Director of public bodies to implement recommendations of the Auditor-General aimed at improving the effective management of finances under their control. As such, many budget entities track implementation of audit recommendations through an action plan, whose status is reported to MINECOFIN as an attachment to the monthly financial statements. This is a notable improvement, since the tracking reports are signed by the CBM as evidence of their responsibility: this is acknowledged in the OAG report, and should ensure that issues are addressed in a timely manner. Mechanisms are being put in place to identify the causes for any entity failing to reach its targets, and for specific follow-ups to be taken to facilitate the necessary improvements.

Although the OAG reports that only a proportion of previous year's recommendations are fully implemented, the majority of the shortfall lies with a few budget entities, namely, Universities, GBEs and Boards.
Dimension rating = C

30.4 *SAI Independence*

The independence of the SAI is demonstrated by the arrangements for the appointment (and removal) the head of the SAI, non-interference in the planning and implementation of the SAI's audit work, and in the approval and disbursement procedures for the SAI's budget. Table 3.24 below assesses each of these elements as per the law and practice in Rwanda, which are designed in accordance to the core elements of INTOSAI standards.

Table 3.24: adherence to core elements of INTOSAI standards

INTOSAI Standards	Adherence of external audit practices to INTOSAI standards
AG Independence i.e. appointment, termination, salary	**Yes, partly.** By Article 183 as Amendment n° 04 of 17/06/2010 of 2003 Constitution, the Office of the Auditor-General of State Finances is an independent public institution responsible for the auditing of state finances and property. By article 13 of law N° 79/2013 of 11/09/2013 of OAG, the Auditor-General is appointed by the Presidential but approved by the Senate as stated by Article 88 of the 2003 Constitution. After the appointment, the Auditor-General takes the oath of office before the President of the Republic in the presence of both Chambers of Parliament meeting in joint session. By article 13 above, the Auditor-General is appointed for a five (5)-year term renewable only once. Article 17 of the OAG law indicate that the removal from office shall be made through a Presidential Order and notified to both Chambers of the Parliament (Senate and Chamber of Deputies). However, the salary and other benefits of the A-G are determined by Presidential Order, and are not a direct charge on the consolidated fund determined by Parliament.
Financial Independence of OAG and Staffing Arrangements	**No.** Although by article 3 of law N° 79/2013 of 11/09/2013, OAG does its own staff recruitment to fill in vacant positions once its annual budget has been passed, the financial independence of the OAG is undermined by the fact that he has to apply for funds like the other MDAs and its budget proposal has to be scrutinized by MINECOFIN before the Parliament approves it. Also, OAG receives budget ceilings from MINECOFIN for budget preparation and needs to defend its budget during the budget hearing process. There may be delays in cash releases from MINECOFIN (as for any other GoR entity) that may adversely affect OAG performance. That said, in discharging its responsibilities, the OAG does exercise independence without receiving any injunctions from other organs of state.
Access to Public Records	**Yes.** By the OAG law N° 79/2013 of 11/09/2013, article 7, the Auditor-General has the extensive right to question people, to have all the relevant and needed documents, electronic documents and information and any other information related to finance management deemed necessary for the performance of his/her duties. The law makes it clear that a person shall not invoke professional secrecy to withhold information required by the Auditor-General for audit purpose and the Chief Budget Manager within the audited entity must do his/her best to facilitate the Auditor-General to have full access to accounting documents and property records within the time limits. The same article says that the Auditor-General has a right to ask any person other than a staff member of the entity being audited to provide information necessary for the performance of his/her duties.
Independence in Preparation of Annual Audit Work Plan	**Yes.** Article 4 of OAG of law N° 79/2013 0f 11/09/2013 requires the OAG to submit to the Speaker, Chamber of Deputies an audit plan within a period not exceeding thirty (30) days following the receipt of the financial statements for the previous fiscal year. The PEFA team met with OAG and established that the workplan submitted to the chamber is independent from the executive.

Dimension rating = D

PI-30	Dimension	Score	Justification
External audit		**D+**	**Scoring Method M1**
30.1	Audit coverage and standards	B	OAG uses INTOSAI standards when auditing CFS, and covers ***most*** government revenue and expenditure, assets and liabilities: this has been the practice for the last three FYs.
30.2	Submission of audit reports to the legislature	C	OAG has submitted the audit reports to the legislature within 8 months.
30.3	External audit follow-up	C	OAG reports that only a proportion of previous year's recommendations are fully implemented.
30.4	SAI Independence	D	While many of the requirements are met, financial independence is not: the OAG's budget is controlled by MINECOFIN

Ongoing reforms

In general, the Government supports the independence of the OAG as can be seen by the enactment of a bill into law on 11/11/2013 (No 79/2013) for this purpose. This law enhances the independence and autonomy of the Office and has enabled OAG to comply further with the requirements of ISSAI 10,20,3000 and 3100, which are necessary to attain Level 3: the *established level* classification of SAIs under AFROSAI-E. The OAG plans to review the institutional set-up to align its current structure with the new Audit Act.

The OAG emphasises building staff capacity and currently has 102 staff receiving professional training (ACCA (60), CPA (31), CIA (10) and CIPS (1)) in addition to nine (09) professional staff with ACCA (04) and CPA (05) qualifications.

Expanding the scope of external audit to include value-for-money and performance audits in addition to the existing financial audit to meet the highest international audit standards (INTOSAI) is an element included in the PFM SSP 2013-2018.

PI-31 Legislative scrutiny of audit reports

The focus in this indicator is on central government including all MDAs and AGAs. The assessment of the first dimension is based on the audit reports submitted to legislature within the last three years, while the assessment of the other dimensions is based on the last 12 months. The Public Accounts Committee was established in 2011 and is mandated to scrutinize the external audited reports and enforce external audit outcomes. The Committee is comprised of nine members of Parliament and is supported by a technical team.

31.1 Timing of audit report scrutiny

Article 61 of Amendment 4 of the Constitution updates Article 184 on the report of the Auditor-General, which states that Parliament must examine the Auditor-General's Annual Report on budget execution. As shown in Table 3.25 below, for the past three years, the review process has been completed within eight months of the report being presented to Parliament. This is an improvement from previous years when the requirement was for scrutiny to be completed within twelve (12) months.

Table 3.25: Timeliness of Examination of Audit Reports by Parliament

	Receipt by Parl'nt	Laid in Parl'nt	Status at PAC level	PAC Reports laid in House	Motion adopted by Parl'nt
FY2011/2012					
State Consolidated Financial Statements	11/05/2013	26/06/2013	Done	04/12/2013	04/12/2013
Local Governments (City of Kigali and Districts)	11/05/2013	26/06/2013	Done	04/12/2013	04/12/2013
Ministries and other Central Admin Entities and Projects	11/05/2013	26/06/2013	Done	04/12/2013	04/12/2013
Performance Audit; e.g. *Vision 2020 Umurenge Programme (VUP)*	11/05/2013	26/06/2013	Done	04/12/2013	04/12/2013
Rwanda Broadcasting Agency (RBA)	11/05/2013	26/06/2013	Done	04/12/2013	04/12/2013
Rwanda Utilities Regulatory Authority (RURA)	11/05/2013	26/06/2013	Done	04/12/2013	04/12/2013
FY2012/2013					
State Consolidated Financial Statements	30/04/2014	26/05/2014	Done	26/11/2014	26/11/2014
Local Governments (City of Kigali and Districts)	30/04/2014	26/05/2014	Done	26/11/2014	26/11/2014
Ministries and other Central Admin Entities and Projects	30/04/2014	26/05/2014	Done	26/11/2014	26/11/2014
Performance Audit; e.g. *Water Production and Distribution*	30/04/2014	26/05/2014	Done	26/11/2014	26/11/2014

National Agriculture Export Board (NAEB)	30/04/2014	26/05/2014	Done	26/11/2014	26/11/2014
Electricity Water Supply and Sanitation Authority (EWAS)	30/04/2014	26/05/2014	Done	26/11/2014	26/11/2014
Rwanda Broadcasting Agency (RBA)	30/04/2013	26/05/2014	Done	26/11/2014	26/11/2014
FY2013/2014					
State Consolidated Financial Statements	30/04/2015	11/05/2015	In progress	Not yet	Not yet
Local Governments (City of Kigali and Districts)	30/04/2015	11/05/2015	In progress	Not yet	Not yet
Ministries & other Central Admin Entities & Projects	30/04/2015	11/05/2015	In progress	Not yet	Not yet
Performance Audit; e.g. *Electricity Access Rollout Programme*	30/04/2015	11/05/2015	In progress	Not yet	Not yet
National Agriculture Export Board (NAEB)	30/04/2015	11/05/2015	In progress	Not yet	Not yet
Electricity Water Supply and Sanitation Authority (EWAS)	30/04/2015	11/05/2015	In progress	Not yet	Not yet
Rwanda Revenue Authority	30/04/2015	11/05/2015	In progress	Not yet	Not yet
Rwanda Social Security Board (RSSB)	30/04/2015	11/05/2015	In progress	Not yet	Not yet
Rwanda Education Board (REB)	30/04/2015	11/05/2015	In progress	Not yet	Not yet
Rwanda Broadcasting Agency (RBA)	30/04/2015	11/05/2015	In progress	Not yet	Not yet

Source: *Parliament: Accounts Committee Official Records*

Dimension rating = C

31.2 Hearings on audit findings

Since the establishment of a PAC 2011, Parliament examines the Auditor-General's report on public accounts. The practice is that public entities with significant issues highlighted in the Auditor-General's report are selected for scrutiny and hearings. For example, MoF provided letters from Parliament to the prime minister to call Government agencies to budget hearings with specific queries to be addressed

PAC hearings and scrutiny of the OAG's reports on public accounts are covered live on Parliamentary radio and sometimes on national television. PAC invites cabinet ministers, Directors-General of boards, Commissioners-General, and any other officer(s) linked to audit findings for questioning. The timeliness and conclusiveness of PAC's hearings on audited public accounts is satisfactory and done within the provisions of the law as evidence shown in Table 3.25 above.

Dimension rating = A

31.3 Recommendations on audit by the legislature

Recommendations issued adhere to Article 184 of the 2003 Constitution, which states: *the institutions and public officials to which a copy of the annual report of the Auditor General is addressed are obliged to implement its recommendations by taking appropriate measures in respect of the irregularities and other shortcomings which were disclosed.* Accordingly, the PAC prepares a report of its scrutiny of the Auditor-General's annual report and makes recommendations which are presented to the plenary session of the Chamber. During the year, the Chamber of Deputies provides oversight to ensure that recommendations are being implemented, including conducting field visits: the assessment Team reviewed a field report from September/October 2014 which provided an update on the status of open audit recommendations. In addition, the Team, through interviews and reviews of Audited Financial statements for FY 2011/12, FY 2012/13, and FY 2013/14, discovered that some recommendations were implemented. This is indeed in conformity with OAG report 2013/14 that about 60% of the audit recommendations were implemented.

Dimension rating = B

31.4 Transparency of legislative scrutiny of audit reports

The PAC is very active with regard to transparency and openness in its scrutiny and in-depth hearings and proceedings in the committee room. This has been possible because there is now a full-time radio station for the parliament and occasionally the national TV covers the hearings: hence the general public has the opportunity to be informed about the work of the PAC in completing the accountability loop. The PAC presents its report to Parliament for debate and resolutions are signed off by the speaker, and submitted to the Executive (Prime Minister).

Dimension rating = A

PI-31	Dimension	Score	Justification
Legislative scrutiny of audit reports		**B+**	**Scoring Method M2**
31.1	Timing of audit report scrutiny	C	All the audited public accounts for the period under review have been fully examined and adopted by the Legislature, within 8 months from receipt of the reports.
31.2	Hearings on audit findings	A	Parliament has been consistent in the scrutiny of audited public accounts submitted by the Auditor-General. It has conducted in-depth hearings covered by radio and national television coverage and by senior officials /ministers and alike linked to audit findings.
31.3	Recommendations on audit by the legislature	B	The PAC recommends actions to be taken, and those endorsed by Parliament are formally issued to the executive for action. The PAC keeps track of follow-up actions and conducts field visits. Nonetheless, not all recommendations are implemented.
31.4	Transparency of legislative scrutiny of audit reports	A	All hearings are conducted in public (except security organs). Committee reports are debated in the full chamber of legislature and published on official website.

Ongoing reforms

The PAC is considering proposals that would see more harmonisation with rules of the East African Community (EAC) States that include having powers of the high court in the activities the PAC.

Providing technical support to parliamentary committees on budget and public accounts for effective scrutiny is an element included in the PFM SSP 2013-2018.

4 Conclusions of the analysis of PFM systems

4.1 Integrated assessment of PFM performance

Budget reliability

Over the three years covered by this assessment, (2011/2012 – 2013/2014) the Rwanda PFM system has produced a credible budget. While total expenditure outturn variation did exceed 10% in two years, the composition variance by economic classification is good (rated 'B'), and the comparison of revenue estimates to actual outturns is also good (PI-3, rated 'B+'), as collections regularly meet and even exceed targets, especially tax revenues, which may be due to increased effectiveness of the Revenue Authority. Reliable information provided by donors on both forecast disbursements and actual cash flows has contributed to a credible national budget, although there are concerns around the frequency of monitoring expenditure arrears (PI-22).

For several years, the BFP has set out the fiscal framework within which the GoR budget is formulated. This framework defines standard assumptions to ensure that the basis upon which fiscal forecasts are produced incorporate the policies set out in the EDPRS 2 and are both robust and transparent: these include aggregate ceilings for the budget, and forecasts of the fiscal balance. A measure of the credibility of the framework produced for the FY2015/16 budget is that the IMF note that it is in line with the 'Policy Support Instrument' agreed with GoR.

Transparency of public finances

Budget documentation is comprehensive and the recently updated (and not yet formally released) GFS 2014 classification was used for the 2015/2016 budget presented to Parliament (PIs 4 and 5). Coverage of government operations is good (PI-6) and the public have good access to fiscal information (PI-9), in accordance with generally accepted good practices.

The complex structure of service delivery in Rwanda (via the several thousand non-budget agencies beneath the Districts) means that fiscal data reported by districts (which in any event do not capture resources received in kind) – let alone performance data – is not available to report by type of service unit and geographical distribution for tracking purposes: there may be performance targets for the majority of GoR services, but there are deficiencies in the format and methods of measurement (PI-8, which is very weak).

Management of assets and liabilities

Overall, the mechanisms for monitoring fiscal risks (PI-10) are reasonable, but while contingent liabilities arising from the guarantees provided to the national airline (*Rwandair*) are recorded, those inherent in various *Public Private Partnership* arrangements are not.

GoR has developed robust public investment guidelines for ensuring the selection and approval of viable public projects for execution. The National Development Planning and Research (NDPR) is responsible for undertaking objective economic project analysis for approval by the Public Investment Committee (PIC). Not only do MDAs prepare project costing during submissions of project proposals, but the NDPR also prepares complete project costing that considers both investment cost and forward linked recurrent expenditures. The Project Management and Monitoring Unit (PMMU) under MINECOFIN monitors and prepares quarterly and annual project progress and financial reports for Cabinets review (PI-11).

Even though a fixed assets management policy and framework exists, with a mandate given to the Rwanda Housing Authority to compile and consolidate both movable and immovable fixed assets register, it is yet to complete the process: it remains a work-in-progress. Each MDA however, prepares a fixed asset register each year. The Government Portfolio Unit is responsible for all government financial assets, which are recorded but not disclosed to the public. There exists a legal framework for the disposal of fixed assets; the practice is improving (PI-12).

The 'Debt Management and Financial Analysis System' (DMFAS) is used for recording government debts, and this provides complete and accurate information on both domestic and foreign debt. However, it does not record PPPs and implicit liabilities; officials indicated that the National Bank of Rwanda maintains some records of contingent liabilities. Guarantees are recorded separately in an excel datable; they currently stand at USD 75 million. Chapter V Article 50 of the OBL No.12/2013/OL mandates the Minister of Finance as the sole government official responsible for borrowing on behalf of government; in practice this is adhered to. The stock of expenditure arrears is less than 2% of total central government annual expenditure over the last three completed fiscal years FY2011/2012 to FY2013/2014. A three-year medium term debt strategy, updated annually, guides public borrowing (PI-13).

Policy-based fiscal strategy and budgeting

In recent years, the budget preparation process has increased in rigour, including greater scrutiny of MDA budget requests for compliance with priorities agreed in EDPRS 2 and there has also been a strengthening of links between strategic plans (which cover most GoR expenditure) and forward estimates (PI-16).

There is a clear budget calendar issued by MINECOFIN to all ministries, departments and agencies as well as district councils with timelines for each activity; these timelines are adhered to. MINECOFIN issues clear and comprehensive cabinet approved budget call circulars to all MDAs and District Councils, allowing at least three months for the preparation of a meaningful budget. In last three completed fiscal years including FY2014/2015, the legislature approved the budget before the beginning of the financial year.

Revenue forecasting is formalized, integrated in the budget process, and sufficiently top down to influence the allocation of expenditure across GoR priorities. The Macroeconomic Unit makes projections to support a framework consistent with the EDPRS and *Vision 2020*. Revenue forecasts are comprehensive to include all revenue sources including domestic revenue (tax and non-tax revenue) and grants (capital and budget support), and form part of the budget documentation sent to Parliament, with the Medium-Term Expenditure Framework (MTEF). This includes the forecast fiscal years and the next two years on both revenue and expenditure with explanatory notes with notes explaining variances form the previous year's forecasts (PI-14). Proposed policy changes are derived through stakeholder consultations, and are based on clear macroeconomic assumptions that are benchmarked to determine the fiscal impact.

Parliament considers and provides comments on the Budget Framework Paper (PI-18). Sector committees scrutinize budget submissions and make recommendations to the plenary for consideration and approval, although Parliament has no power to amend budget estimates, recommendations are considered by the Executive and in most cases, result in amendments to initial budget submissions. The *Imihigo* process ensures public participation before Parliament has at least two months to scrutinize budget estimates, and the bill has been approved on time each year. This process has been well documented, and followed in each FY reviewed.

Predictability and control in budget execution

The Rwanda Revenue Authority has a functional client service department dedicated to providing basic and sophisticated taxpayer service for easy access to tax laws, regulations, ministerial orders and commissioner general rules. Tax laws are published on the website. A compilation of tax laws is available for sale to the public at a very low price. Electronic, print media and town hall tax education campaigns are carried out regularly. Self-assessment is widely used for tax declaration; the introduction of M-Declaration (a mobile phone declaration) has significantly improved taxpayer declaration and payment. The department for risk management uses a computerised risk-based taxpayer-profiling module to identify and select taxpayers for audit and fraud investigations. This system has contributed to the recovery of huge taxes. Article 46 of Law No.25/2005 on Tax Procedures states that tax arrears over 10 years shall be written off, although this remains to be done, and is the biggest remaining challenge. Officials from RRA have indicated that administrative measures are underway to ensure concrete resolution (PI-19).

MINECOFIN received daily and monthly reports on domestic revenue collected and transferred to the Treasury Main Account. The reports detail categories of revenue collected and transferred; i.e. VAT, income tax, non-tax revenue, customs duties and excise duties. Transfers from the main RRA revenue account are done daily to the Treasury Main Account, leaving a zero balance. Transfers from RRA revenue accounts held by commercial banks take 48 hours. Monthly revenue reconciliation is done within two weeks following the month; the semi-annual reconciliations are effected within a month following the period. These reconciliations involve officials from RRA and MINECOFIN (PI-20).

The full implementation of the Treasury Single Account system has significantly improved the consolidation of central government cash balances on a daily basis; the consolidation of cash balances now includes balances from donor project bank accounts. MDAs and DCs prepare annual cash flow forecast, updated quarterly on rolling basis based on actual cash flows, and consolidated by MINECOFIN. Following the issuance of quarterly expenditure commitment ceilings by the Minister of Finance, the Treasury Management Committee meets twice each quarter and approves quarterly cash ceilings; these are uploaded unto IFMIS for expenditure commitments and payments. Budget reallocations do not take place until after six (6) months of the approval of the original budget by the legislature. Up to 20% cumulative virements of the original approved budget of a vote within the same budget entity is allowed; these are reported to parliament (PI-21)

All personnel records and payroll data is reconciled monthly, and there are strict controls over IPPS, including links to budget approvals. Authorized record. Authority to change records and payroll is restricted, and when changes are made, they are usually in time for the next payroll, as retroactive payments are very limited. The OAG audits all four payrolls, and conducted a *'Special Payroll Audit on the integrity, accuracy and completeness of data processed through the IPPS'* in July 2012, which highlighted management issues and other weaknesses, which have mostly been acted upon.

The Rwanda Public Procurement Authority (RPPA) fulfils a monitoring and capacity building role in a decentralized procurement system. RPPA has been strengthened by the full implementation of laws 12/2007 and 05/2013, and maintains records for contracts representing almost all expenditure incurred through GoR procurement (PI-24). Requests to use restricted tendering methods require the supervising Minister to confirm that this would be in the public interest, and this is adhered to: justification for the 20 single-source contracts let in 2011/2012 and 2012/2013 were all approved by the RPPA. MDA procurement plans (showing title and quantity of the tender, method of tendering, source of funds, expected publication and execution dates) are published on the official websites of the procuring entity and the RPPA, and are advertised in newspapers, as are the results of a competitive tendering process and the contract award as soon as the contract is signed by both parties.

Less positive is comments in the RPPA's Annual reports for 2012/2013 and 2013/2014, stating that there are major problems with Procuring Entities meeting all the legal requirements (e.g. only 15% of actually post procurement outcomes to their websites. Finally, an independent review panel is functional and decisions reached by the panel are published.

There is a robust commitment control policy in place in the accounting system, and the majority of payments are made through direct bank transfers. As a result, expenditure commitment controls are in place and effectively limit commitments to actual cash availability and approved budget allocations. The OBL, accounting regulations, and various manuals of procedure specify the requirements for duties to be divided between staff involved in different aspects of the payment process, and these are generally followed, although both the GCIA and the OAG do report minor instances of non-compliance with internal financial controls (PI-25).

The Internal Audit function is decentralized, but guidance and monitoring is provided by the central IA Unit at MINECOFIN (officially referred to as the 'Government Principal Internal Audit Unit'): this is now fully staffed, and there are internal audit personnel at each government entity, including Districts: in total, there are over 160 IA personnel, although independence may be impaired as staff are recruited (and can be dismissed) at the entity level.

A 'risk-based' approach – following the Institute of Internal Auditors' *'Professional Practices Framework'* – is used, and the function has been greatly strengthened by the new OBL, and Entity Audit Committees approve the respective audit plans, and review the reports produced, which coupled with a strong political will has improved the implementation of audit recommendations, as noted by the OAG. The central unit consolidates and issues a quarterly Internal Audit report to the Minister of Finance highlighting key and crosscutting findings and recommendations for attention and action.

Accounting and reporting

Bank reconciliations for all Central Government accounts takes place at least monthly at aggregate and detailed levels within two weeks of the end of the period. GoR does not use suspense accounts, and travel allowances are promptly expensed and any reconciliation conducted at the MDA level.

In-year budget execution reporting (PI-28) covers general government and is on a quarterly basis. Reports are broken down by the three classifications: programmatic; economic; and functional, and include external disbursements, all at the payment (and not at the commitment) stage. The fact that the OAG reported that the majority of budget agencies required adjustment to their AFS during audit suggests that monthly budget execution reports are less than completely reliable

The annual Consolidated Financial Statements (CFSs) cover all MDAs and other budget entities, and are prepared according to the modified cash basis of accounting, in accordance with the legal framework, although this does not comply with *International Public Sector Accounting Standards* (IPSAS). The CFSs for the three years up to 2012/13 had received a 'disclaimed' opinion from the OAG: however, an improvement was noted for FY 2013/14, with a slight increase in the number of public entities receiving unqualified reports (up from 34% in FY 2012/13 to 36%.) which the OAG sees as an indication that the culture of providing proper and adequate accountability for public funds is taking root in some public entities. Unfortunately, this was not the case with some GBEs, where the AFSs were marred by gross financial mismanagement, such as not maintaining proper books of account or failing to implement proper internal controls, resulting in losses or misappropriations of public resources. Reports have been produced on time, within three months of the year-end (PI-29).

External scrutiny and audit

The OAG coverage of financial audits has continued to grow, and in FY2013/14 had reached 81% of Government expenditure. Over and above annual coverage of all MDAs, including Districts, the OAG now audits the State Consolidated Financial Statements and an increased number of GBEs and non-budget agencies, and has submitted the Audit Report to Parliament within the statutory period of seven months in each of the last three FYs (PI-30). The OAG's report includes an assessment of the audited agencies that implemented audit recommendations from the previous year, and hence many budget entities track implementation of audit recommendations through an action plan, whose status is reported to MINECOFIN as an attachment to the monthly financial statements. Mechanisms are being put in place to identify the causes for any entity failing to reach its targets, and for specific follow-ups to be taken to facilitate the necessary improvements. Although the OAG reports that only a proportion of previous years' recommendations had been fully implemented, the majority of the shortfall lies with a few budget entities, namely, Universities, GBEs and Boards.

The Public Accounts Committee was established in 2011, and examines all the accounts submitted to it by the Auditor-General, and has completed its review within eight months of the report being presented to Parliament in each of the past three years: hearings are covered live on Parliamentary radio and sometimes on national television. The PAC prepares a report that includes recommendations, which is presented to the plenary session of the Chamber, then passed to the executive for action. Moreover, during the year, the Chamber of Deputies provides oversight to ensure that recommendations are being implemented (PI-31).

4.2 Effectiveness of the Internal Control Framework

The control environment is strong, with clear roles and responsibilities prescribed under the OBL, Ministerial Instructions and Ministerial Orders. Job descriptions specify the responsibilities of public servants when dealing with resources provided by government funds. Control activities such as the segregation of duties, and multi-layer authorization requirements are prescribed in procedure manuals, which specify all aspects of recording, accounting and reporting transactions.

Each Public Entity is required to establish and implement a system of internal control to secure risks to the entity and to detect or prevent irregularities. The formalization of risk assessments is fundamental to determine the scope of these controls, which must be appropriate to mitigate future risks, or detect inappropriate decisions or actions. Internal Auditors in PEs follow a 'risk-based' approach, which require multi-year audit plans that are approved by the entity's Audit Committees (and copied to the GCIA).

The accountability cycle is completed by the role played by the entity's Audit Committee: ensuring oversight and the timely implementation of corrective actions in response to audit findings that will strengthen the control environment. Public Entities report monthly, quarterly and annually to their Audit Committees (copied to the GCIA) on the effectiveness of the control environment. The GCIA consolidates individual Internal Audit reports into a report to the Minister, which identifies key cross cutting issues and highlights areas requiring action.

Of course, Audit recommendations are only effective if implemented, and both Internal Audit (through the GCIA) and the OAG routinely report on the degree to which their recommendations implemented (including to the PAC in the case of the OAG).

In summary, the internal control framework appears to be generally effective in the national government – although there are exceptions, but at least these are reported. However, the situation at the sub-national level is less positive, possibly due to the difficulty of segregating duties, or the fact that staff may be less well trained.

4.3 PFM Strengths and Weaknesses

Aggregate fiscal discipline

Overall, fiscal discipline is reasonably good, and most elements in the overall PFM system that contribute to achieving this objective appear to be sound. On the revenue side, performance is good (PI-3, rated 'B+'), although while there are variances in expenditure against the original budget (PI-2.1), these are not distorted by payment arrears, the stock of which is declining (PI-22.1).

In addition, the risks to attaining fiscal discipline have been reduced, due to several factors: there are few unreported operations (PI-6); monitoring of fiscal risks from other Public Sector entities is reasonable (PI-10), although there are exceptions with contingent liabilities and 'Public Private Partnerships' (PI-10.3); the recording of government debt and the inclusion of donor funded project bank accounts into the consolidation of government cash/bank balances is comprehensive (PI-13); and the multi-year focus in fiscal planning is also good (PI-16.3 and 4). There are two new indicators that relate to this budgetary outcome, 'Macroeconomic and Fiscal Forecasting' (PI-14) and 'Fiscal Strategy' (PI-15) both of which score very well.

With the exception of the large volume of very old tax arrears (which the law ***does*** allow to be written-off: PI-19.4), the various elements of the system concerned with budget execution – including internal controls – are sound and contribute to the attainment of aggregate fiscal discipline.

Strategic allocation of resources

The five indicators concerned with 'policy-based fiscal strategy and budgeting', (PIs 14 to 18) all received good overall ratings, and demonstrate that the process to allocate budgetary resources in accordance with GoR's declared strategic objectives is sound and has in fact, strengthened. There are two exceptions to this: the first is the absence of medium-term expenditure ceilings in the budget preparation process (PI-16.2); and, secondly, PI-18.4 regarding Parliamentary oversight of in-year amendments to the approved budget, (but this is an improvement from the previous assessment). This conclusion is consistent with a reasonable rating for PI-2, which suggests that the budget formulation process (which benefits from considerable political engagement at an early stage) produces the desired results.

Most of the other indicators that contribute to the strategic allocation of resources have continued to function well, notably the comprehensiveness of the budget documentation, and its classification in accordance with international norms (PIs 5 ('B') and 4 ('A') respectively). The indicators related to revenue collection (PIs 19 and 20) have been reformulated, and with the exception of tax audits and the monitoring of arrears (PI-19-3 and 4) perform well, which is important as the RRA is expected to increase domestic revenues in the years to come.

There is another completely new indicator relevant to this budgetary outcome which is 'Public Investment Management' (PI-11), and this reflects "generally accepted good practice", with 'A' ratings for two of the four dimensions.

Efficient use of resources for service delivery

Financial management is not an end in itself, but rather a tool to assist a government to deliver services to its citizens, and of course, services cannot be delivered in the absence of funds. In this respect, GoR's PFM system works well, as can be seen in the good ratings for the processes that plan services (PIs 16 and 17 mentioned above); the revenue indicators (PIs 19 and 20 – with the exception of arrears, mentioned above); predictability in the availability of funds to support expenditure (PI-21, 'B+'); the fact that intergovernmental fiscal relations are transparent (PI-7, rated 'A') as many services are actually delivered to communities by the Districts.

While the indicators listed above reveal what may be regarded as a satisfactory level of performance, the rating for 'performance information' which can demonstrate the efficiency with which services are delivered (PI-8, 'D") is disappointing, as is that of the last of the completely new indicators introduced into the Framework: 'Public Asset Management' (PI-12), which reveals a weak performance – with potentially severe consequences, in that resources are unlikely to be utilized efficiently or effectively by a government that does not know what assets it owns.

Importantly, the mechanisms in place to reduce possible leakages in the system, such as internal controls, and controls over payroll (PIs 25 and 23 respectively) are good, while Internal Audit continues to improve (PI-26), as do the basic accounting controls (PI 27) and the procurement indicator (PI-24).

Lastly, while the oversight arrangements (addressed in PIs 30-31) are reasonably effective: they show a mixed picture. There are improvements, for example in the Parliamentary scrutiny of the Auditor-General's reports, while on the other hand, the lack of financial independence of the OAG – a new dimension introduced to the Framework – can be seen as a constraint on the scope and nature of the work performed.

In summary, most aspects of the PFM system are functioning at a satisfactory level – one that should allow GoR to attain its fiscal and budgetary objectives. This said, there remain areas for improvement (such as performance information on service delivery; capturing all assets bought with public funds in registers – and maintaining the registers; managing revenue arrears; issuing budget execution reports; and improving the (financial) independence of the OAG), some of which are already incorporated in the PFM SSP.

4.4 Performance changes since a previous assessment

This is the first assessment using the upgraded Framework, and the guidance issued by the PEFA Secretariat (October 2016) states that only 14 dimensions are directly comparable with the 2011 version (it should also be noted that PIs-2, 3 and 19 were amended in 2011, after the previous assessment). The directly comparable dimensions are (using the numbers in **this** report) PI-4.1; PI-5.1; PI-13.1; PI-17.1 & 2; PI-18.1 & 4; PI-21.1, 2, 3 & 4; PI-23.3 & 4; and PI-25.2: these are shown in Table 0.1 in the Introduction. For completeness, Table 4.1 below shows **all** applicable ratings from the 2010 assessment.

Table 4.1: Comparison with previous assessment, by indicator and dimension

No.	Indicator	Score 2016	Score 2010	'Old' #	Performance change
PI-1	**Aggregate expenditure outturn**	**C**			
1.1	Aggregate expenditure outturn	C	A	1	Indirectly comparable.
PI-2	**Expenditure composition outturn**	**C+**	D*	2	**** indicator changed in 2011***
2.1	Expenditure composition outturn by function	C			Not comparable.
2.2	Expenditure composition outturn by economic type	B			Not comparable.
2.3	Expenditure from contingency reserves	C			Not comparable.
PI-3	**Revenue outturn**	**B+**	A	3	**** indicator changed in 2011***
3.1	Aggregate revenue outturn	B			Not comparable.
3.2	Revenue composition outturn	A			Not comparable.
PI-4	**Budget classification**	**A**			
4.1	Budget classification	A	A	5 (i)	Directly comparable.
PI-5	**Budget documentation**	**B**			
5.1	Budget documentation	B	A	6 (i)	Indirectly comparable.
PI-6	**Central government operations outside financial reports**	**A**			
6.1	Expenditure outside financial reports	A	A	7 (i)	Not comparable.
6.2	Revenue outside financial reports	A			New.
6.3	Financial reports of extra-budgetary units	B			New.
PI-7	**Transfers to subnational governments**	**A**			Indirectly comparable.
7.1	System for allocating transfers	A	A	8 (i)	Indirectly comparable.
7.2	Timeliness of information on transfers	A	A	8 (ii)	Indirectly comparable.
PI-8	**Performance information for service delivery**	**D**			
8.1	Performance plans for service delivery	D			New.
8.2	Performance achieved for service delivery	C			New.
8.3	Resources received by service delivery units	D	D	23 (i)	Not comparable.
8.4	Performance evaluation for service delivery	D			New.
PI-9	**Public access to key fiscal information**	**B**			
9.1	Public access to fiscal information	B	A	10 (i)	Not comparable.
PI-10	**Fiscal risk reporting**	**C+**			
10.1	Monitoring of public corporations	B	C	9 (i)	Not comparable.
10.2	Monitoring of subnational	C	C	9 (ii)	Not comparable.

No.	Indicator	Score 2016	Score 2010	'Old' #	Performance change
	governments				
10.3	Contingent liabilities and other fiscal risks	C			New.
PI-11	**Public investment management**	**B+**			
11.1	Economic analysis of investment proposals	B			New.
11.2	Investment project selection	A			New.
11.3	Investment project costing	A			New.
11.4	Investment project monitoring	C			New.
PI-12	**Public asset management**	**D+**			
(i)	Quality of central government financial asset monitoring	C			New.
(ii)	Quality of central government non-financial asset monitoring	D			New.
(iii)	Transparency in the sale of non-financial assets	C			New.
PI-13	**Debt management**	**A**			
13.1	Recording and reporting of debt and guarantees	B	C	17 (i)	Directly comparable.
13.2	Approval of debt and guarantees	A	A	17 (iii)	Not comparable.
13.3	Debt management strategy	A			New.
PI-14	**Macroeconomic and fiscal forecasting**	**B+**			
14.1	Macroeconomic forecasts	B			New.
14.2	Fiscal forecasts	A			New.
14.3	Macrofiscal sensitivity analysis	B			New.
PI-15	**Fiscal strategy**	**A**			
15.1	Fiscal impact of policy proposals	A			New.
15.2	Fiscal strategy adoption	A			New.
15.3	Reporting on fiscal outcomes	B			New.
PI-16	**Medium-term perspective in expenditure budgeting**	**B**			
16.1	Medium-term expenditure estimates	A	C	12 (i)	Not comparable.
16.2	Medium-term expenditure ceilings	D			New.
16.3	Alignment of strategic plans and medium-term budgets	A	C	12 (iii)	Not comparable.
16.4	Consistency of budgets with previous year estimates	B			New.
PI-17	**Budget preparation process**	**A**			
17.1	Budget calendar	A	A	11 (i)	Directly comparable.
17.2	Guidance on budget preparation	B	C	11 (ii)	Directly comparable.
17.3	Budget submission to the legislature	A	A	27 (iii)	Not comparable.
PI-18	**Legislative scrutiny budgets**	**B+**			
18.1	Scope of budget scrutiny	A	B	27 (i)	Directly comparable.
18.2	Legislative procedures for budget scrutiny	B	A	27 (ii)	Not comparable.
18.3	Timeliness of budget proposal approval	A	A	11 (iii)	Indirectly comparable.
18.4	Rules for budget adjustment by the executive	B	C	27 (iv)	Directly comparable.
PI-19	**Revenue administration**	**C+**			Indirectly comparable.
19.1	Rights and obligations for revenue measures	A	A	13 (ii)	Not comparable.
19.2	Revenue risk management	A			New.
19.3	Revenue audit and investigation	D	A,A,B	14 (i-iii)	Not comparable.
19.4	Revenue arrears monitoring	D	D	15 (i)	Not comparable.
PI-20	**Accounting for revenue**	**B+**			
20.1	Information on revenue collections	A			New.

No.	Indicator	Score 2016	Score 2010	'Old' #	Performance change
20.2	Transfer of revenue collections	B	B	15 (ii)	Not comparable.
20.3	Revenue accounts reconciliation	A	A	15 (iii)	Not comparable.
PI-21	**Predictability of in-year resource allocation**	**B+**			
21.1	Consolidation of cash balances	A	B	17 (ii)	Directly comparable.
21.2	Cash forecasting and monitoring	B	B	16 (i)	Directly comparable.
21.3	Information on commitment ceilings	B	B	16 (ii)	Directly comparable.
21.4	Significance of in-year budget adjustments	A	A	16 (iii)	Directly comparable.
PI-22	**Expenditure arrears**	**C+**			
22.1	Stock of expenditure arrears	A	B	4 (i)	Directly comparable.
22.2	Expenditure arrears monitoring	C	B	4 (ii)	Directly comparable.
PI-23	**Payroll controls**	**B+**			
23.1	Integration of payroll and personnel records	A	A	18 (i)	Indirectly comparable.
23.2	Management of payroll changes	A	A	18 (ii)	Indirectly comparable.
23.3	Internal control of payroll	A	A	18 (iii)	Directly comparable.
23.4	Payroll audit	B	B	18 (iv)	Directly comparable.
PI-24	**Procurement**	**B+**			**** indicator changed in 2011***
24.1	Procurement monitoring	A			New.
24.2	Procurement methods	A	A	19 (ii)	Not comparable.
24.3	Public access to procurement information	C	A	19 (iii)	Indirectly comparable.
24.4	Procurement complaints management	A	A	19 (iv)	Indirectly comparable.
PI-25	**Internal controls on nonsalary expenditure**	**A**			
25.1	Segregation of duties	A			New.
25.2	Effectiveness of expenditure commitment controls	A	A	20 (i)	Directly comparable.
25.3	Compliance with payment rules and procedures	B	B	20 (iii)	Not comparable.
PI-26	**Internal audit**	**C+**			
26.1	Coverage of internal audit	A	C	21 (i)	Indirectly comparable.
26.2	Nature of audits and standards applied	B			New.
26.3	Implementation of internal audits and reporting	C	C	21 (ii)	Not comparable.
26.4	Response to internal audits	C	C	21 (iii)	Not comparable.
PI-27	**Financial data integrity**	**B+**			
27.1	Bank account reconciliation	B	B	22 (i)	Indirectly comparable.
27.2	Suspense accounts	NA	A	22 (ii)	Indirectly comparable.
27.3	Advance accounts	A	A	22 (ii)	Indirectly comparable.
27.4	Financial data integrity processes	B			New.
PI-28	**In-year budget reports**	**D+**			
28.1	Coverage and comparability of reports	A	C	24 (i)	Indirectly comparable.
28.2	Timing of in-year reports	D	D	24 (ii)	Indirectly comparable.
28.3	Accuracy of in-year budget reports	C	C	24 (iii)	Not comparable.
PI-29	**Annual financial reports**	**C+**			
29.1	Completeness of annual financial reports	C	D	25 (i)	Indirectly comparable.
29.2	Submission of reports for external audit	A	A	25 (ii)	Indirectly comparable.
29.3	Accounting standards	C	C	25 (iii)	Indirectly comparable.
PI-30	**External audit**	**D+**			
30.1	Audit coverage and standards	B	A	26 (i)	Not comparable.
30.2	Submission of audit reports to the legislature	C	B	26 (ii)	Not comparable.

No.	Indicator	Score 2016	Score 2010	'Old' #	Performance change
30.3	External audit follow-up	C	B	26 (iii)	Not comparable.
30.4	SAI Independence	D			New.
PI-31	**Legislative scrutiny of audit reports**	**B+**			
31.1	Timing of audit report scrutiny	C	B	28 (i)	Indirectly comparable.
31.2	Hearings on audit findings	A	B	28 (ii)	Indirectly comparable.
31.3	Recommendations on audit by the legislature	B	B	28 (iii)	Not comparable.
31.4	Transparency of legislative scrutiny of audit reports	A			New.

5 Government Reform Process

5.1 Approach to PFM reforms

Since 2008, the Government of Rwanda's approach to Public Financial Management Reform (PFMR) has been a well-coordinated, sequenced but ambitious strategic framework aimed at achieving set targets within the stipulated timeframe envisaged in the PFMR Strategy 2008-2012. The Independent Evaluation Report of the Implementation of the PFMR Strategy 2008-2012 allocated an overall score of 80% achievement relating to the four key pillars, namely Economic and Budget Management, Financial Management and Reporting, Public Procurement, and finally Oversight of Budget Execution. A second PFM reform strategy, known as the Public Financial Management Sector Strategic Plan (PFM SSP) was launched in 2013 following from recommendations obtained from the evaluation of the first strategy, the PFM Joint Sector Review 2012/2013, as well as government's own priority areas for improvement. The PFM SSP 2013-2018 is a foundational pillar under the Governance and Accountability thematic area contained in the Economic Development and Poverty Reduction Strategy 2 (EDPRS II); it is recognised as a key crosscutting issue for economic development.

The PFM SSP 2013-2018 is not an isolated strategic framework but a rather linked approach, taking its main roots from the Vision 2020 and the distilled national medium term strategy EDPRS II spanning 2013-2018. The PFM SSP reform strategy is linked to EDPRS II in the following thematic areas:

- ***Economic Transformation for Rapid Growth:*** - ensuring optimum domestic revenue mobilisation and expenditure prioritisation aimed at achieving maximum economic growth and poverty reduction
- ***Rural Development:*** – prioritisation and improvement of sub-national PFM system for the attainment of economy, efficiency and effectiveness of service delivery for primary healthcare and schools at the community level in line with the Government's policy on fiscal decentralisation, in order to deliver good and accountable local governance.
- ***Productivity and Youth Employment:*** - significant emphasis on youth employment in the PFM sector for improved productivity, in collaboration with professional training institutions for capacity building to feed both the public and private sectors of the economy.
- ***Accountable Governance:*** – improvement in PFM both at central and local government levels provides a platform for transparency, accountability and good governance with a well-coordinated effort and input of external oversight government bodies such as Parliament and the Office of the Auditor General

It is also crucially important to underscore the involvement of development partners in the quest to improve PFM at both central and local government levels. To this end, there is a considerable donor buy-in in the PFM SSP, which has a budget of USD91.7million over a 5-year period. The donor buy-in is as a result of government's resolve to be as transparent as possible, in addition to owning and leading the reform process. In lieu of this, a memorandum of understanding (MoU) for a basket fund has also been signed between GoR and supporting donors in June 2014 to provide funding for the PFM SSP 2013-2018.

5.2 Recent and on-going reform actions

The PFM SSP 2013-2018 essentially outlines PFM reforms to be implemented over the next five years and the forward-looking perspective for improvement in key priority areas going forward. There are seven key programmes identified in the current strategy, subdivided into sub-programmes with achievable output targets and timelines, the summary of which are as follows:

Economic Planning and Budgeting

There are four sub-programmes under this pillar, namely national development planning, economic policy formulation, public investment programming and policy based budgeting. As part of the reform agenda, it is envisaged to improve performance based budgeting for supporting fiscal budgeting, ensure considerable improvement in the preparation of MTEF as a mechanism for effective planning, mainstreaming official development assistance into the national budget document, developing a comprehensive budget framework with budget agencies linked to or reflecting sector strategies. Further, strengthening risk management in planning and budgeting, as well as ensuring that total government debts are sustainable remain key focal points.

Resource Mobilisation

Tax policy formulation, tax administration and external financing are the three elements under this programme. The targets include significant increase in domestic resource mobilisation, simplification of tax policy measures aimed at ensuring transparency and comprehensiveness, provide adequate and comprehensive structures for external resource mobilisation, develop strategies for raising and improving non-tax revenue, and providing a platform for the use of country systems in the management of ODA

Budget Execution, Accounting and Reporting

As an essential part of PFM reform, budget execution, treasury management, internal audit, accounting and reporting, public procurement and management of public enterprises fiscal risks are the main elements to be reformed. It is targeted to ensure that budget execution reflects budget agency priorities and approved plans, improve the quality and timeliness of in-year budget execution reports, increase and improve the usefulness of financial reports for public consumption. Further, it is aimed at improving treasury management functions and procedures with regards to cash management, ensure the full compliance of public procurement laws and regulations, strengthen internal controls and provide a computer assisted auditing technique in internal audit

External Oversight and Accountability

Two elements are envisaged for improvement, namely external audit functions performed by the Auditor General and parliamentary scrutiny referencing review of national budget estimates and audit reports submitted by the Auditor General. The reforms will entail expanding the scope of external audit to include value-for-money and performance audits in addition to the existing financial audit to meet the highest international audit standards (INTOSAI), and the provision of technical support to parliament committees on budget and public accounts for effective scrutiny.

Electronic Service Delivery and IFMIS

Automation is seen as a functional element for efficient service delivery. In this regard, the Integrated Financial Management & Information System (IFMIS) and the Integrated Personnel & Payroll System (IPPS) will continue to receive support for improvement. It is intended to roll out IFMIS to remaining government entities in line with Vision 2020 strategic plans, achieve full integration for all government IT systems (IFMIS, IPPS, SIGTAS, etc.), complete and operationalize the HR modules of IPPS, and finally train staff on the use of all IT systems.

Fiscal Decentralisation

Government is committed to ensuring full decentralisation in order to provide efficient service delivery to local communities at a cheaper cost. Under this programme of reform, increased resource mobilisation by district councils, reduce the time lag for fiscal transfers to local authorities and strengthening of PFM systems including capacity building of local council staff remain paramount. The reform will seek to strengthen existing PFM systems to improve local service delivery, improve local revenue mobilisation frameworks, ensure fairness and equity in fiscal transfers to district councils, provide training to sub-national staff on effective planning and budgeting, and finally entrust full responsibility to local council senior managers regarding devolved government agencies

PFM Sector Coordination and Management

In order to ensure targets are met as stipulated in the reform agenda, it is important to have a well- coordinated PFM Secretariat with well-trained staff to spearhead the reform agenda. Therefore, PFM coordination and management, staff training and capacity building, as well as monitoring and evaluation interventions and tools continue to be very relevant. For this reason, the reform will focus on strengthening the existing PFM secretariat (which is now known as the Single Project Implementation Unit - SPIU) and coordination mechanisms, improve M&E, and streamline communication processes for effective stakeholder coordination and participation. Of significance is ensuring an increase of staff with professional qualification such as Institute of Certified Public Accountants of Rwanda (ICPAR), and continued professional development (CPD) programmes; this will be augmented by staff motivation and incentive schemes.

Besides the above seven key elements, four priorities have emerged for urgent consideration:

- ***Increased resource mobilisation***: domestic tax and non-tax revenue mobilisation to ensure Rwanda becomes self-reliant in the medium to long term
- ***Scaling up of the implementation of IFMIS:*** extend IFMIS to remaining government agencies both at central and local government levels as well as initiate the process for the use of a full-fledged IFMIS that has all the functionalities such as procurement, fixed asset management, and inventory modules
- ***Strengthen PFM systems at sub-national level:*** integrate sub-national service delivery units such as schools and primary healthcare institutions into IFMIS for effective PFM systems in order to improve decentralised service delivery; joint staff training for both district councils and local service delivery units will be delivered
- ***Enhance training, professionalization and capacity building across all PFM disciplines:*** provide professional training to augment staff to ensure sustainability.

The World Bank is also providing support to the tune of USD100million for the Public Sector Governance Programme-for-Result. The main objective of this programme is to improve Rwanda's PFM and statistics systems for the enhancement of transparency and accountability in the use of public funds, revenue mobilisation and the quality and accessibility of development data for decision-making

5.3 Institutional considerations

Government leadership and ownership

A major success story of the implementation of PFM reforms in Rwanda is commitment and government ownership at the highest political level. This is coupled with strong buy-ins from lower level government officials due to their involvement right from the initial development stages of PFM reform strategies. Development Partners continue to support PFM reforms in Rwanda partly due to the low levels of corruption and the willingness of government to tackle corruption head-on; active participation of civil society organisations contributes significantly to reform successes. Key government agencies such as Parliament, Office of the Auditor-General, Rwanda Revenue Authority, MDAs, among others have been consulted in developing PFM reform strategies. Active participation of government officials has been encouraging.

Coordination across government

As part of the government rationalisation policy, the PFM Secretariat has been integrated into the Single Project Implementation Unit (SPIU). The SPIU's role is to provide strategic coordination and oversight for the effective implementation of the reform agenda. It is responsible for procurement, financial management and logistical support for the PFM SSP. It is also in charge of providing secretarial services for both the SWG and TWG, and reports to the Permanent Secretary of MINECOFIN. It is the responsibility of IAs to develop and implement approved action plans and budget. Each implementing agency is in charge of a sub-programme(s) but with the inclusion of other stakeholders where necessary. Development Partners and CSOs are co-opted as members of the IAs to provide technical support and guidance. Further, each implementing agency submits progress reports to each of the seven (7) programme managers for consolidation.

A sustainable reform process

Progress made thus far with respect to the first PFM reform programme 2008-2012 has contributed to stakeholder interest and continuous participation in the second reform PFM SSP 2013-2018. In view of this, a memorandum of understanding (MoU) has been signed between contributing development partners and government in June 2014. The financial cost of the PFM SSP is USD91.7million. Out of this, contributing development partners have committed to providing funding amounting to USD15.3million, leaving a funding gap of USD76.4million. The World Bank is also proving funding for the Public Sector Governance Programme-for-Results to the tune of USD100million. 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 the second PFM reform programme.

Transparency of the PFM program

A credible and transparent PFM reform strategy provides confidence for stakeholder collaboration, support and participation. Public Financial Management reforms success hinges on a strong institutional framework. The first PFM reform 2008-2012 gained significant success mainly due to effective institutional factors and stakeholder involvement. The second reform – PFM SSP – builds on the success story of the first; the current institutional support framework strengthens the existing structures and includes the following:

PFM Sector Working Group (SWG)

The SWG is the highest policy body for the PFM sector made up of key stakeholders from government, development partners, and civil society organisations. It is chaired by the Permanent Secretary of MINECOFIN and Secretary to the Treasury, and co-chaired by a representative of development partners. It meets once every quarter to review and approve plans and progress thereon, seeking to better coordinate and improve stakeholder involvement and effectiveness. The SWG is responsible for the coordination of a bi-annual Joint Sector Review (JSR) in line with EDPRS 2 with both historical and future perspectives. It also provides support to the PFM Technical Working Groups, programmes and sub-programme managers.

PFM Sector Technical Working Group (TWG)

The TWG is the second highest organ responsible for providing guidance on technical PFM activities, reviewing work plans and budgets in addition to monitoring the implementation of annual reform programmes and activities. It is made up of seven (7) programme managers and 23 sub-programme managers, with representative from development partners, chaired by the Accountant General and the Coordinator of the Single Project Implementation Unit serving as the secretary. It meets at least once every two months but may meet more frequently when necessary. For better coordination, the TWG meets two weeks in advance of any proposed meeting schedule of the SWG.

Development Partners Coordination Group (DPCG)

The Development Partners Coordination Group (DPCG) is composed of GoR Permanent Secretaries, Heads of bilateral and multilateral donor agencies, as well as representatives of civil society and the private sector. The meetings of the Group are co-chaired by the Permanent Secretary and Secretary to the Treasury (MINECOFIN) and a representative of development partners. The main functions of the DPCG are to:

- Serve as a forum for dialogue in the coordination of development aid to Rwanda;
- Monitor the implementation of the EDPRS II progress – with help of the EDPRS 2 M&E matrix/CPAF;
- Harmonize the Development Partners' programmes, projects, and budget support with the GoR;
- Review progress made in the fulfilment of commitments undertaken by Development Partners in the 2003 Rome Declaration on Harmonization, the 2005 Paris Declaration on Aid Effectiveness, the 2008 Accra Agenda for Action, and the 2011 Busan Outcome Document;
- Convene quarterly – 2 DPCG meetings organized in synchronization with IMF missions to facilitate macro-economic dialogue.

6 Annexes

Annex 1: Performance Indicator summary

No.	Indicator	Score	Justification
Pillar I: Budget reliability			
PI-1	**Aggregate expenditure outturn**	**C**	
PI-1	Aggregate expenditure outturn	C	Aggregate expenditure outturn was between 85% and 115% of the approved aggregate expenditure in two of the last three years: (109.8% in 2011/2012; 112.1% in 2012/2013; and 110.9% in 2013/2014)
PI-2	**Expenditure composition outturn**	**C+**	
2.1	Expenditure composition outturn by function	C	Variance in expenditure composition by program, administrative or functional classification was less than 15% in two of last 3 Years (Yr1 11.5%; Yr2 26.1%; and Yr3 10.1%)
2.2	Expenditure composition outturn by economic type	B	Variance in expenditure composition by economic classification was less than 10% in two of the last three years (4.6% in 2011/12; 10.6% in 2012/13; and 6% in 2013/14)
2.3	Expenditure from contingency reserves	C	Actual expenditure charged to the contingency vote was on average 9.4% over the 3 FYs.
PI-3	**Revenue outturn**	**B+**	
3.1	Aggregate revenue outturn	B	Actual Revenue was between 94% and 112% in two of the last three years (107.4% in 2011/2012; 90.2% in 2012/2013; and 101.7% in 2013/2014)
3.2	Revenue composition outturn	A	Variance in revenue composition was less than 5% in two of the last three years (4.0% in 2011/12; 15.0% in 2012/13; and 4.8% in 2013/14)
Pillar II. Transparency of public finances			
PI-4	**Budget classification**	**A**	
4.1	Budget classification	A	The classification system is consistent with GFS/COFOG standards.
PI-5	**Budget documentation**	**B**	
5.1	Budget documentation	B	Budget documentation fulfils nine elements, including all four basic elements.
PI-6	**Central government operations outside financial reports**	**A**	
6.1	Expenditure outside financial reports	A	All entities which are controlled and mainly financed by GoR are on budget and included in fiscal reports, and the RSSB accounts for less than 1% of GoR budgeted exp.
6.2	Revenue outside financial reports	A	The Annual Financial Report produced by MINECOFIN is comprehensive and includes amounts received from donors for current projects.
6.3	Financial reports of extra-budgetary units	B	The Consolidated Annual Financial Statement for FY 2013/2014 produced by MINECOFIN in September includes the finances of ***most*** extrabudgetary units.
PI-7	**Transfers to subnational governments**	**A**	
7.1	System for allocating transfers	A	Over 90% transfers from central government to Districts are determined by transparent and rules based systems.
7.2	Timeliness of information on transfers	A	Districts receive their allocations in the second BCC, and while these may be amended, firm figures are available by the end of March, thus allowing adequate time for well-considered budgets to be developed.
PI-8	**Performance information for service delivery**	**D**	
8.1	Performance plans for service delivery	D	A framework of performance indicators is not in place for the ***majority*** of MDAs.

No.	Indicator	Score	Justification
8.2	Performance achieved for service delivery	C	The Annual Budget Execution report captures performance results for the ***majority*** of service delivery functions.
8.3	Resources received by service delivery units	D	No system currently exists to monitor resources received by service delivery units as planned.
8.4	Performance evaluation for service delivery	D	Surveys by TI-Rwanda are independent performance evaluations of service delivery, but while recommendations for enhancing delivery are included, they do not cover 25% of expenditure.
PI-9	**Public access to key fiscal information**	**B**	
9.1	Public access to fiscal information	B	Four 'basic' elements and two additional elements are made available to the public within the specified timescales.
Pillar III. Management of assets and liabilities			
PI-10	**Fiscal risk reporting**	**C+**	
10.1	Monitoring of public corporations	B	***Most*** Public Corporations produce audited AFS within six months of their year-end
10.2	Monitoring of subnational governments	C	All SNGs submit annual financial statements to the Accountant General: these are consolidated within one month of end of FY, sent for audit then published.
10.3	Contingent liabilities and other fiscal risks	C	With the exception of GoR's PPP arrangements, contingent liabilities are recognised in financial reports.
PI-11	**Public investment management**	**B+**	
11.1	Economic analysis of investment proposals	B	MDAs and District Councils submit all proposed capital investment projects to the Public Investment Committee for economic appraisal before approval in accordance with the public investment guidelines issued by the NDP& R: however, the results of these appraisals are not published
11.2	Investment project selection	A	All major investment projects are prioritized on the basis of the Public Investment Guidelines before they are included in the budget
11.3	Investment project costing	A	The Public Investment Guidelines outline a comprehensive costing framework for both investment cost and forward linked recurrent costs: MDAs and DCs adhere to the guidelines
11.4	Investment project monitoring	C	PMMU at MINECOFIN undertakes at least quarterly physical inspection of all approved government projects. It also prepares quarterly and annual project progress and financial reports, but these are not published.
PI-12	**Public asset management**	**D+**	
12.1	Quality of central government financial asset monitoring	C	The Government Portfolio Unit maintains a record of an up-to-date and to a large extent a complete register of government financial assets, indicating shareholding structure, net book value and dividend declared, paid and payable to government. The report is annexed to the GoR Consolidated Financial Statement, however it is not published.
12.2	Quality of central government non-financial asset monitoring	D	Even though MDAs compile a comprehensive and complete fixed asset register, the government is yet to put together a consolidated fixed asset register. The Rwanda Housing Authority is in the process of compiling a consolidated central government fixed assets register.
12.3	Transparency in the sale of non-financial assets	D	Although there is legislation and an MO on the sale and disposal of central government assets; there is insufficient evidence to comment on the implementation and transparency of the procedures.
PI-13	**Debt management**	**A**	
13.1	Recording and reporting	B	DMFAS is used to record public debt. The debt

No.	Indicator	Score	Justification
	of debt and guarantees		record is comprehensive, complete and reconciled quarterly.
13.2	Approval of debt and guarantees	A	Chapter V Article 50 of the OBL provides the framework for public borrowing: the Minister of Finance is the sole authority, and also approves borrowing limits for District. Loans are made against targets set in MTDS.
13.3	Debt management strategy	A	MINECOFIN prepares a three-year medium term debt strategy, updated annually on a rolling basis: this provides clear targets with associated risk, exchange rate and interest rate factors. A DSA is prepared annually.
Pillar IV. Policy-based fiscal strategy and budgeting			
PI-14	**Macroeconomic and fiscal forecasting**	**B+**	
14.1	Macroeconomic forecasts	B	Projections incorporating government policies (ex EDPRS 2); GDP; inflation; exchange rates; and *ad hoc* inputs from MDAs and Central Bank are incorporated in a framework produced by the Macroeconomic Policy Unit and included in the BFP, but are not independently reviewed.
14.2	Fiscal forecasts	A	Macroeconomic forecasts consistent with the EDPRS and *Vision 2020* inform economic policy, the fiscal framework, tax forecasts and debt management strategy. The MTEF submitted to Parliament includes forecast FY & next 2 years on both revenue and expenditure, with notes explaining variances form the previous year's forecasts.
14.3	Macrofiscal sensitivity analysis	B	The work of the MU includes modelling various scenarios, which are presented to Cabinet, but not to Parliament.
PI-15	**Fiscal strategy**	**A**	
15.1	Fiscal impact of policy proposals	A	Estimates of the fiscal impact of proposed policy changes – both revenue and expenditure – are included in the budget documentation submitted to Parliament.
15.2	Fiscal strategy adoption	A	GoR has set three-year medium-term fiscal objectives with quantitative targets at the start of budget preparation in each of the last 3 FYs.
15.3	Reporting on fiscal outcomes	B	The BFP and the *Annual Economic Reports* (both of which are presented to Parliament) contain data on the actual and planned fiscal balance, together with explanations of the reasons for variances.
PI-16	**Medium-term perspective in expenditure budgeting**	**B**	
16.1	Medium-term expenditure estimates	A	Budget requests by MDAs are scrutinized for compliance with agreed priorities as reflected in EDPRS 2, and are produced using administrative, economic and functional classifications.
16.2	Medium-term expenditure ceilings	D	Medium-term expenditure ceilings are only included in the BFP, which is issued ***after*** the two BCCs: hence MDAs and Districts commence budget preparation without these parameters.
16.3	Alignment of strategic plans and medium-term budgets	A	Individual sector strategy documents combined into EDPRS 2 cover over 80% of government expenditure.
16.4	Consistency of budgets with previous year estimates	B	Links between the MTEF second year estimates and setting of the annual budget for the following FY are clear, for MDAs representing 75% and differences are explained in Annexes to the BFP.
PI-17	**Budget preparation process**	**A**	
17.1	Budget calendar	A	MINECOFIN issues a clear and comprehensive fixed budget calendar to MDAs and district councils. MDAs and sub-national governments respect the

No.	Indicator	Score	Justification
			timeframe contained in the budget calendar. The BCC allows at least three months for MDAs and DCs to prepare budget estimates
17.2	Guidance on budget preparation	B	The final BCC is comprehensive and clear; it is issued early February but without cabinet approved ceilings.
17.3	Budget submission to the legislature	A	The OBL requires the Minister of Finance to submit budget proposals to the legislature on or before 15th June each year. For all the three years under consideration as well as the current fiscal year 2015/2016, national budget submissions have been presented to the legislature before the end of April.
PI-18	**Legislative scrutiny budgets**	**B+**	
18.1	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.
18.2	Legislative procedures for budget scrutiny	B	The legislature's procedures to review budget are firmly established in law and are respected.
18.3	Timeliness of budget proposal approval	A	The legislature approved the annual budget before the start of the FY in the last three years.
18.4	Rules for budget adjustment by the executive	B	Parliamentary rules govern supplementary estimates, and there was no significant expansion of the total budget in the last FY.
Pillar V. Predictability and control in budget execution			
PI-19	**Revenue administration**	**C+**	
19.1	Rights and obligations for revenue measures	A	The RRA, which collects 98% of GoR revenue provides easy access to detailed and user-friendly tax information to both existing and potential taxpayers. RRA also has a functional administrative tax appeals system for the redress of taxpayer complaints.
19.2	Revenue risk management	A	RRA, which collects at least 98% of government domestic revenue (mostly via 'self-assessment'), uses a computerised risk-based taxpayer-profiling module to identify and select taxpayers for audit and fraud investigations.
19.3	Revenue audit and investigation	D	RRA undertakes periodic tax audit and fraud investigations, using a risk-based work plan: however, it is not possible to relate planned activities to those achieved.
19.4	Revenue arrears monitoring	D	The stock of revenue arrears as a percentage of total tax revenue is 13.3% (i.e. below 20%), arrears older than 12 months represent 81.6% of total stock of tax arrears for FY2013/2014
PI-20	**Accounting for revenue**	**B+**	
20.1	Information on revenue collections	A	MINECOFIN receives monthly revenue reports from RRA. The report categorises revenue into type of revenue such as VAT, income tax, non-tax revenue, customs duties and excise duties.
20.2	Transfer of revenue collections	B	Transfers from the main RRA revenue bank account to the Treasury Main Account are effected within a day. Transfers from tax accounts held by commercial banks take 48 hours to reach the main RRA revenue account
20.3	Revenue accounts reconciliation	A	Officials of RRA and MINECOFIN undertake reconciliations between tax collected and transfers to the Treasury each month within two weeks of the end of the month, and every six months within a month after the period. RRA also undertakes a complete reconciliation between assessment, collections, transfers and arrears daily with SIGTAS.
PI-21	**Predictability of in-year resource allocation**	**B+**	
21.1	Consolidation of cash balances	A	All central government cash balances, including donor-funded project bank accounts are

No.	Indicator	Score	Justification
			consolidated daily, through the TSA framework which allows MINECOFIN to ascertain the total cash balance real time by close of business each day
21.2	Cash forecasting and monitoring	B	Each MDA and DC 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
21.3	Information on commitment ceilings	B	Once the appropriations bill is passed by Parliament, the Minister of Finance issues quarterly expenditure commitment ceilings to MDAs and DCs
21.4	Significance of in-year budget adjustments	A	In-year budget reallocations occur only once, 6 months after the fiscal year and are reported to parliament
PI-22	**Expenditure arrears**	**C+**	
22.1	Stock of expenditure arrears	A	A framework exists for reporting the stock of expenditure arrears by each MDA: the stock is below 2% of total expenditure in each of the last three completed FYs.
22.2	Expenditure arrears monitoring	C	Data on expenditure arrears is formally reported at the end of the FY, in accordance with OBL.
PI-23	**Payroll controls**	**B+**	
23.1	Integration of payroll and personnel records	A	All personnel records and payroll data is reconciled on a monthly basis, and there are strict controls over IPPS, including links to budget approvals.
23.2	Management of payroll changes	A	Authorized record changes are made in time for the next payroll and retroactive payments are very limited.
23.3	Internal control of payroll	A	Authority to change records and payroll is restricted, results in an audit trail and is adequate to ensure high integrity of data.
23.4	Payroll audit	B	A payroll audit covering all central government entities was conducted by OAG *'Special Payroll Audit on the integrity, accuracy and completeness of data processed through the IPPS'* in July 2012.
PI-24	**Procurement**	**B+**	
24.1	Procurement monitoring	A	Procurement data maintained by RPPA is comprehensive, and is published annually.
24.2	Procurement methods	A	Procurement methods are followed according to the law
24.3	Public access to procurement information	C	The PEs do not comply fully: only 3 of the 6 criteria are met.
24.4	Procurement complaints management	A	RPPA practices meets all legal requirements, including the six criteria listed in Table 3.21.
PI-25	**Internal controls on nonsalary expenditure**	**A**	
25.1	Segregation of duties	A	Appropriate segregation of duties exists throughout the process, in accordance with the OBL, which specifies clear responsibilities.
25.2	Effectiveness of expenditure commitment controls	A	Expenditure commitment controls remain in place that effectively limit commitments to actual cash availability and approved budget allocations.
25.3	Compliance with payment rules and procedures	B	The degree of compliance is good and is improving but some variations do occur and are reported.
PI-26	**Internal audit**	**C+**	
26.1	Coverage of internal audit	A	Internal Audit is operational at all government entities.
26.2	Nature of audits and standards applied	B	Internal audit in MDAs follow audit plans (approved by Audit Committees and copied to the GCIA) and are focused on evaluations of the adequacy and effectiveness of internal controls.
26.3	Implementation of internal audits and reporting	C	While IA is decentralized to MDAs and Districts, the GCIA monitors the implementation of individual plans of IA units.
26.4	Response to internal audits	C	Implementation of audit recommendations at budget agencies averaged 70% in the GCIA quarter report at 31st March 2015, although there is a growing

No.	Indicator	Score	Justification
			number of MDAs implementing 100%.
Pillar VI. Accounting, Recording and Reporting			
PI-27	**Financial data integrity**	**B+**	
27.1	Bank account reconciliation	B	Bank reconciliations for all CG bank accounts takes place monthly, at aggregate and detailed levels, usually within 2 weeks from the end of the month.
27.2	Suspense accounts	NA	No suspense accounts are operated.
27.3	Advance accounts	A	Imprest accounts operated at budget agencies are reconciled and reported to on in the monthly budget execution report within two weeks following month-end.
27.4	Financial data integrity processes	B	Access and changes to records are restricted and recorded.
PI-28	**In-year budget reports**	**D+**	
28.1	Coverage and comparability of reports	A	Classification of data allows comparison to original budget for all items of expenditure.
28.2	Timing of in-year reports	D	No evidence of issuance of quarterly reports.
28.3	Accuracy of in-year budget reports	C	There are concerns over the accuracy of information in the reports, but this does not fundamentally undermine the basic usefulness.
PI-29	**Annual financial reports**	**C+**	
29.1	Completeness of annual financial reports	C	There are persistent weaknesses in CFS and entities still have errors in their books of accounts. The entities with adverse or qualified audit reports are however dropping.
29.2	Submission of reports for external audit	A	Submission of CFS have been timely and strictly within three months of the end of the FY.
29.3	Accounting standards	C	While the CFS are presented in consistent format, the requirements of IPSAS and national accounting standards are still not met.
Pillar VII. External Scrutiny and Audit			
PI-30	**External audit**	**D+**	
30.1	Audit coverage and standards	B	OAG uses INTOSAI standards when auditing CFS, and covers total government revenue and expenditure, assets and liabilities: this has been the practice for the last three FYs.
30.2	Submission of audit reports to the legislature	C	OAG has submitted the audit reports to the legislature within 8 months.
30.3	External audit follow-up	C	OAG reports that only a proportion of previous year's recommendations are fully implemented.
30.4	SAI Independence	D	While many of the requirements are met, financial independence is not: the OAG's budget is controlled by MINECOFIN
PI-31	**Legislative scrutiny of audit reports**	**B+**	
31.1	Timing of audit report scrutiny	C	All the audited public accounts for the period under review have been fully examined and adopted by the Legislature, within 8 months from receipt of the reports.
31.2	Hearings on audit findings	A	Parliament has been consistent in the scrutiny of audited public accounts submitted by the Auditor-General. It has conducted in-depth hearings in the camera of Parliamentary radio and national television coverage and by senior officials /ministers and alike linked to audit findings.
31.3	Recommendations on audit by the legislature	B	The PAC recommends actions to be taken, and those endorsed by Parliament are formally issued to the executive for action. The PAC keeps track of follow-up actions and conducts field visits. Nonetheless, not all recommendations are implemented.
31.4	Transparency of legislative scrutiny of audit reports	A	All hearings are conducted in public (except security organs). Committee reports are debated in the full chamber and published on official website.

Annex 2: Summary of observations on the internal control framework

"Information for this annex should be drawn from the PEFA assessment only. No new information should be collected. Where there is no information to provide a summary of findings, the table should include the words 'No information available from the PEFA assessment'".
(PEFA SECRETARIAT GUIDANCE)

Internal control components and elements		Summary of observations
1. Control environment		
1.1	*The personal and professional integrity and ethical values of management and staff, including a supportive attitude toward internal control constantly throughout the organisation.*	The rights and responsibilities for the various actors in the PFM system are prescribed in the OBL, Ministerial Instructions and Orders, as well as in PFM procedure manuals: these appear to be well adopted and internalised.
1.2.	*Commitment to competence*	**No information available from the PEFA assessment.**
1.3.	*The "tone at the top" (i.e. management's philosophy and operating style)*	CBMs are responsible for ensuring that the control environment is 'fit-for-purpose' and effective: the ultimate responsibility lies with them, as they sign-off the use of resources.
1.4.	*Organisational structure*	**No information available from the PEFA assessment.**
1.5.	*Human resource policies and practices*	**No information available from the PEFA assessment.**
2. Risk assessment		
2.1	*Risk identification*	Several PIs are related to the extent to which risks are identified, notably: • **11.1 Economic analysis of investment proposals, which is rated 'B'** as all proposed capital investment projects are submitted to the Public Investment Committee for economic appraisal before approval; • **13.3 Debt management strategy which is rated 'A',** as a three-year medium term debt strategy is updated annually with associated risk, exchange rate and interest rate factors; • **21.2 Cash forecasting and monitoring which is rated 'B',** as cash flow forecasts are updated quarterly on a rolling basis, based on actual cash flows • **19.2 Revenue risk management which is rated 'A',** as RRA, uses a computerised risk-based taxpayer-profiling module to identify and select taxpayers for audit and fraud investigations.
2.2	*Risk assessment (significance and likelihood)*	One example of a risk assessment would be the work MINECOFIN in preparing a medium term debt strategy, updated annually and providing clear targets with associated risk, exchange rate and interest rate factors: cf: **13.3** of this PI, **which is rated 'A'.**
2.3	*Risk evaluation*	Risk-based annual audit plans are approved by the entity's Audit Committees (and copied to the CIA), and are designed to progressively secure key risks in the control environment in a timely manner (**26.3, which is rated 'B'**).
2.4	*Risk appetite assessment*	**No information available from the PEFA assessment.**
2.5	*Responses to risk (transfer, tolerance, treatment or*	**No information available from the PEFA assessment.**

	termination)	
3. Control activities		
3.1	*Authorization and approval procedures*	Control activities are prescribed in the roles and responsibilities of stakeholders involved in transacting with public resources in order to meet the objectives of the entity. This can be seen by reference to the following PIs: • **27.4 Financial data integrity processes which is rated B** Access and changes to records are restricted and recorded. • **13.1 Recording and reporting of debt and guarantees which is rated B** DMFAS is used to record public debt. The debt record is comprehensive, complete and reconciled quarterly. • **13.2 Approval of debt and guarantees which is rated A** Chapter V Article 50 of the OBL provides the framework for public borrowing: the Minister of Finance is the sole authority, and also approves borrowing limits for District. Loans are made against targets set in MTDS. • **25.2 Effectiveness of expenditure commitment controls which is rated 'A'** Expenditure commitment controls remain in place that effectively limit commitments to actual cash availability and approved budget allocations.**'** • **PI-23 Payroll controls, rated 'B+' overall:** • 23.1 Integration of payroll and personnel records which is **rated 'A':** 23.2 Management of payroll changes which is **rated 'A':** 23.3 Internal control of payroll which is **rated 'A'**
3.2	*Segregation of duties (authorizing, processing, recording, reviewing)*	**Segregation of duties is rated A in 25.1** Appropriate segregation of duties exists, in accordance with the OBL, which specifies clear responsibilities.
3.3	*Controls over access to resources and records*	**25.3 Compliance with payment rules and procedures which is rated B** The degree of compliance is good and is improving but some variations do occur and are reported. **27.4 Financial data integrity processes which is rated B** Access and changes to records are restricted and recorded.
3.4	*Verifications*	**28.3 Accuracy of in-year budget reports which is rated C** There are concerns over the accuracy of information in the reports, but this does not fundamentally undermine the basic usefulness.
3.5	*Reconciliations*	**27.1 Bank account reconciliation which is rated B** for all CG bank accounts are monthly, at aggregate and detailed levels, usually within 2 weeks from the end of the month.
3.6	*Reviews of operating performance*	Although RRA undertakes periodic tax audit and fraud investigations, using a risk-based work plan: however, it is not possible to relate planned activities to those achieved, hence **19.3 Revenue audit and investigation is rated D**
3.7	*Reviews of operations, processes and activities*	Examples would be: • **13.3 Debt management strategy which is rated 'A'** A MINECOFIN prepares a three-year medium term debt strategy, updated annually on a rolling basis • **24.1 Procurement monitoring which is rated 'A'** is comprehensive, and is published annually by RPPA.
3.8	*Supervision (assigning, reviewing and approving, guidance and training)*	**No information available from the PEFA assessment.**
4. Information and communication		
		All organs of State are required to report monthly, quarterly and annually to their Audit Committees (copied to the CIA) on the effectiveness of the control environment. The CIA consolidates these into a report to the Minister, which identifies key cross cutting issues and highlights areas requiring action.
5. Monitoring		
5.1	*Ongoing monitoring*	CBMs are responsible for monitoring the control environment to ensure it remains effective against key risks. This is illustrated in the following PIs: • **6 Central government operations outside financial reports, rated B+ overall.**

		• **8.3 Resources received by service delivery units which is rated D** as there is no system to monitor resources received by service delivery units as planned. • **PI-10 Fiscal risk reporting which is rated B: specifically, 10.1 Monitoring of public corporations is rated B,** as ***All*** Public Corporations produce audited AFS within six months of their year-end: • **10.2 Monitoring of subnational governments is rated A** as all SNGs submit annual financial statements to the Accountant General, within one month of end of FY; and **10.3 Contingent liabilities and other fiscal risks are rated C** as (except for GoR's PPPs) contingent liabilities are recognised in financial reports. • **11.4 Investment project monitoring which is rated C** as the PMMU undertakes at least quarterly physical inspection of all approved projects and prepares quarterly and annual project progress and financial reports. • **12.1 Quality of central government financial asset monitoring which is rated C** as GPU maintains a record of an up-to-date and largely complete register of government financial assets but it is not published • **12.2 Quality of central government non-financial asset monitoring which is rated D** Even though MDAs compile a comprehensive and complete fixed asset register, the government is yet to put together a consolidated fixed asset register. • **28.1 Coverage and comparability of reports is rated A** as the classification of data allows comparison to original budget for all items of expenditure. • **24.1 Procurement monitoring which is rated A** Procurement data maintained by RPPA is comprehensive, and is published annually. • **19.4 Revenue arrears monitoring which is rated D** The stock of revenue arrears as a percentage of total tax revenue is 13.3% • **22.2 Expenditure arrears monitoring which is rated C** Data on expenditure arrears is formally reported at the end of the FY.
5.2	*Evaluations*	Example of the evaluations that take place are found in the following PIs: • **8.4 Performance evaluation for service delivery is rated 'C'** • **11.2 Investment project selection which is rated 'A'** All major investment projects are prioritized on the basis of the Public Investment Guidelines before they are included in the budget
5.3	*Management responses*	One example of a management response can be seen in **26.4: Response to internal audits which is rated C** Implementation of audit recommendations at budget agencies averaged 70% in the GCIA quarter report at 31st March 2015, although there is a growing number of MDAs implementing 100%.

Annex 3A: Related surveys & analytical work

(none cited)

Annex 3B: Stakeholders Interviewed

Name	Organisation	Position	Telephone	Email
Ministry of Finance and Economic Planning (MINECOFIN)				
Patrick Marara Shyaka	MINECOFIN	Accountant General	+250-788431964	Patrick.shyaka@minecofin.gov.rw
Marcel Mukeshimana	MINECOFIN	Deputy AG - Public Accounts	+250-788465517	Marcel.mukeshimana@minecofin.gov.rw
Reuben K. Karemera	MINECOFIN	Deputy AG - Treasury		Reuben.karemera@minecofin.gov.rw
Clement Ncuti	MINECOFIN	Economist	+250-788485089	Clement.ncuti@minecofin.gov.rw
Hakizimana Obold	MINECOFIN	Economist, Real Sector	+250-788554488	Obold.hakizimana@minecofin.gov.rw
Amina V. Rwakunda	MINECOFIN	Senior Economist	+250-788500525	Amina.rwakunda@minecofin.gov.rw
Bizimana M. Javan	MINECOFIN	Economist, Public Debt	+250-788844494	Javan.bizimana@minecofin.gov.rw
Rugwabiza Minega	MINECOFIN	Chief Economist		
Amin Miramago	MINECOFIN	PFM Reforms Manager	+250-733460646	Amin.miramago@minecofin.gov.rw
Jeanette Ruigamba	MINECOFIN	Ag Director, Budget Mgt & Reporting	+250-788501367	Jeanette.ruigamba@minecofin.gov.rw
Jean Damascene Murekumbanze	MINECOFIN	Fiscal Decentralisation Officer	+250-783116577	Jean.murekumbanze@minecofin.gov.rw
Cris Ayebaze	MINECOFIN	M&E Specialist - SPIU	+250-788772890	Crispus.ayebaze@minecofin.gov.rw
Jimm Rangira	MINECOFIN	Fiscal Decentralisation Officer	+250-788437503	Jimm.rangira@minecofin.gov.rw
William Furaha	MINECOFIN	Budget Expert	+250-788506529	William.furha@minecofin.gov.rw
Eric Hakizimana	MINECOFIN	Budget Mgt and Reporting	+250-788985383	Eric.hikizimana@minecofin.gov.rw
Fred Bazatsinda	MINECOFIN	SPIU Procurement Officer	+250-788462307	Fred.bazatsinda@minecofin.gov.rw
Jean de Dieu Rurangizwa	MINECOFIN	IFMIS Coordinator	+250-788505673	Jean.rurangizwa@minecofin.gov.rw
Robert Otala	MINECOFIN	IFMIS Advisor	+250-782516882	Robert.otala@minecofin.gov.rw
Marie Flora Uwamahoro	MINECOFIN	Accountant	+250-788843212	Flora.uwamahoro@minecofin.gov.rw
Laban Bayingana	MINECOFIN	Cash Plan Manager	+250-788780644	Laban.bayingana@minecofin.gov.rw
Caleb Rwamuganza	MINECOFIN	Director General, National Budget	+250-788407240	Caleb.rwamuganza@minecofin.gov.rw
Dr Octave Semwaga	MINECOFIN	PITT Acting Coordinator	+250-788810123	Octave.semwaga@minecofin.gov.rw
Godfrey Kabera	MINECOFIN	Director General, Planning	+250-788478597	Godfrey.kabera@minecofin.gov.rw
Veneranda Mukakimenyi	MINECOFIN	Internal Auditor, Govt.	+250-788650158	Veneranda.mukakimenyi@minecofin.gov.rw
Alexis Kamuhire	MINECOFIN	Chief Internal Auditor, Govt.	+250-788674737	Alexis.kamuhire@mnecofin.gov.rw
William Furaha	MINECOFIN	Sector Specialist	+250-788506529	William.furaha@minecofin.gov.rw
Jimm Rangira	MINECOFIN	Fiscal Decentralisation Expert	+250-788437503	Jimm.rangira@minecofin.gov.rw
Leonard Rugwabiza Minega	MINECOFIN	Chief Economist	+250-788760010	Leonard.rugwabiza@minecofin.gov.rw
Stella Nteziryayo	MINECOFIN	Ag Director, Debt Mgt Office	+250-785823321	Stella.nteziryayo@minecofin.gov.rw
Javan M. Bizimana	MINECOFIN	Public Debt Expert	+250-788844494	Javan.bizimana@minecofin.gov.rw
Susan Tuguta	MINECOFIN	Director, Govt Portfolio Unit	+250-786384849	Susan.tuguta@minecofin.gov.rw
Ministry of Labour (MIFOTRA)				
Samuel Mulindwa	MIFOTRA	Permanent Secretary	+250-788387575	mulindwa@mifotra.gov.rw
Manzi Aimable	MIFOTRA	IPPS Team Member	+250-788309378	Manzi.rwe@gmail.com
Migabo Roger	MIFOTRA	Lead IPPS Program Manager	+250-788301767	Roger-migabo@gmail.com
Gaspard Musonera	MIFOTRA	SPIU Coordinator	+250-738351501	Spiu_coordinator@mifotra.gov.rw
Rwanda Public Procurement Authority				
Augustus Seminega	RPPA	Director General	+250-788305862	aseminega@rppa.gov.rw
Christophe Nzakamwita	RPPA	Head of Audit & Monitoring	+250-788627280	mzachristophe@yahoo.fr
Christian Numviye Jean	RPPA	Planning, M&E Evaluation	+250-788863770	numviye@yahoo.fr

Name	Organisation	Position	Telephone	Email
		Officer		
Ministry of Health (MINSANTE)				
Dr Solange Hakiba	MoH	Permanent Secretary	+250-788308079	Solange.hakiba@moh.gov.rw
Parfait Uwaliraye	MoH	Director General, Planning	+250-788624354	Parfait.uwaliraye@moh.gov.rw
Agatha Umutoni	MoH	SPIU Manager	+250-788519267	Agatha.umutoni@moh.gov.rw
Innocent Auka	MoH	Director of Finance	+250-788679734	Innocent.auka@moh.gov.rw
Jesus Uwamahoro	MoH	HR Manager	+250-788472656	mukwesij@yahoo.fr
Rwanda Housing Authority				
Noel Nsanzineza	RHA	Corporate Services Manager	+250-788523852	Noel.nsanzineza@rha.gov.rw
Ministry of Infrastructure				
Christian Rwakunda	MoI	Permanent Secretary	+250-788306635	Christian.rwakunda@mininfra.gov.rw
Rwanda Revenue Authority				
Richard Tusabe	RRA	Commissioner General	+250-788312304	Richard.tusabe@rra.gov.rw
Agnes Kanyangeyo	RRA	Deputy Comm'r, Planning	+250-788585846	Agnes.kanyangeyo@rra.gov.rw
Augustine Mwebaze	RRA		+250-788594411	Augustine.mwebaze@rra.gov.rw
Office of the Auditor General				
Patrick Habimana	OAG	Deputy Auditor General	+250-788308371	paha@oag.gov.rw
Parliament				
Constance M. Rwaka	Parliament	Chairperson, Budget Committee	+250-788531107	mukacous@gmail.com
Theonest Karenzi	Parliament	Deputy Chairperson, PAC	+250-788303588	Theonest.karenzi@parliament.gov.rw
Adolphe Bazatoha	Parliament	Deputy Chairperson, Budget Committee	+250-788508333	bazashyaka@gmail.com
Speciose Ayinkamiye	Parliament	Clerk of Budget Committee	+250-788842502	aspecos@yahoo.fr

Annex 3C: Information Sources – Documents

Legal and regulatory framework

- The 2003 Constitution of Rwanda
- Rwanda Audit Law 79/2013
- East African Community Customs Management Act 2004
- Flat Tax Law 2012
- Law No. 1/2012 modifying Law No. 25/2005 on tax procedures
- Law No. 55/2013 on mineral tax
- Ministerial Instructions No. 004/09/10/MIN on the establishment of audit committees
- Ministerial Order No. 002/13/10/TC on the use of electronic billing machines
- New VAT Law No. 02/2015
- Rwanda Public Procurement Law No. 12/2007
- Rwanda Revenue Authority: Compilation of Tax Laws in Rwanda
- Ministerial Order No. 007/2009 on Asset Disposal
- Law No. 06/2015 on Investment Promotion and Facilitation

Budget documents

- Budget estimates - Original Finance Law 2011/2012
- Budget estimates - Original Finance Law 2012/2013
- Budget estimates - Original Finance Law 2013/2014
- 2015/2016 Final Budget Speech
- 2015/2016 First Budget Call Circular
- 2015/2016 Second and Final Budget Call Circular
- 2015/2016 Budget Framework Paper
- 2015/2016 Planning and Budgeting Calendar
- 2014/2015 Budget Execution Report
- Macro framework Public Dataset

Auditor-General annual reports

- Auditor-General's report on central government 2011/2012
- Auditor-General's report on central government 2012/2013
- Performance Audit Report - Retrenched Civil Servants
- Value-for-Money Audit Report - Agriculture

Accountant General Reports

- Consolidated Annual Financial Statements for 2011/2012
- Consolidated Annual Financial Statements for 2012/2013
- Consolidated Annual Financial Statements for 2013/2014

Rwanda Revenue Authority

- Annual Activity Report 2011/2012; 2012/2013; 2013/2014
- Taxpayer Education Work Plan 2013/2014
- Taxpayer Education Campaign 2013/2014
- Commissioner General Directives on Amicable Settlement of Tax Issues
- Data on stock of tax arrears 2011/2012, 2012/2013, 2013/2014
- Copy of Revenue Reconciliation Report between RRA and MINECOFIN Treasury 2013/2014
- Copy of revenue transfer report from RRA to MINECOFIN Treasury April, May, June 2015
- Executive Summary of Annual Report on Tax Appeals 2013/2014
- Rwanda Revenue Authority Service Charter

Parliament

- Standing Orders of the Senates

Rwanda Public Procurement Authority

- Annual Activity Report 2012/2013; 2013/2014; 2014/2015
- RPPA National Independent Review Panel Annual Activity Report 2012/2013 dated 10/10/2013
- National Independent Review Panel Decision No. 018/2014/NIRP: Case between Rwanda Police and Rosenbauer International AG
- Citizen's charter on payment modalities in public procurement
- Rwanda Public Procurement User Guide - November 2010
- Standard Bidding Documents for Small Consultancies
- Standard Bidding Documents for Large Works
- Standard Bidding Documents for Supply of Goods

Other official documents

- Vision 2020 document
- IMF Article IV Report on Rwanda - Report No. 14/343 - December 2014
- Public Investment Guidelines
- Donor Performance Assessment Framework (DPAF) 2011/2012; 2012/2013; 2013/2014
- Official Development Assistance Report 2011/2012; 2012/2013; 2013/2014
- Debt Sustainability Analysis - August 2014
- Economic Development and Poverty Reduction Strategy (EDPRS) II: 2013-2018
- 7-Year Government Programme 2010-2017
- Transparency International Corruption Perception Index Report 2014
- Internal procurement control and audit manual
- Medium Term Debt Strategy - June 2015
- Rwanda Development Assistance and Aid Policy July 2006
- Independent Evaluation of the Implementation of the PFM Reform Strategy 2008-2012: November 2012
- First and Second Budget Call Circular 2011/2012
- PFM Published PAD - World Bank Report: October 2014
- MoU on Basket Fund between GoR and Contributing Donors - June 2014
- Public Financial Management Sector Strategic Plan 2013-2018
- Statement of Government Portfolio on Investments (Financial Assets) 2013/2014
- PFM Joint Sector Review Summary Report 2012/2013
- Annual Economic Reports 2011/2012; 2012/2013; 2013/2014
- Protocol on the Establishment of the East African Monetary Union - November 2013
- SmartFMS (IFMIS) Qualify Assurance Group Review Report August 2011
- Asset Management Policy - Government of Rwanda

Annex 4: Data used for scoring PI-1, 2 & 3.2

Table 1 - Fiscal years for assessment

Year 1 =	2011/2012
Year 2 =	2012/2013
Year 3 =	2013/2014

Table 2

Data for year =	**2011/2012**					
administrative or functional head	**budget**	**actual**	**adjusted budget**	**deviation**	**absolute deviation**	**%**
12 MINECOFIN	88,895,302,951	107,547,739,159	94,859,519,451	12,688,219,708	12,688,219,708	13.4%
18 MININFRA	101,008,190,572	119,712,755,866	107,785,092,128	11,927,663,738	11,927,663,738	11.1%
14 MINEDUC	88,570,444,563	88,254,159,582	94,512,865,471	-6,258,705,889	6,258,705,889	6.6%
01 PRESIREP	60,016,406,332	52,569,584,256	64,043,062,736	-11,473,478,481	11,473,478,481	17.9%
06 MINADEF	50,158,066,055	50,465,196,810	53,523,300,834	-3,058,104,025	3,058,104,025	5.7%
16 MINISANTE	47,971,374,487	44,209,621,889	51,189,898,456	-6,980,276,566	6,980,276,566	13.6%
09 MINAGRI	35,055,032,754	44,557,387,687	37,406,965,846	7,150,421,840	7,150,421,840	19.1%
23 MINALOC	33,819,213,298	40,155,814,337	36,088,232,057	4,067,582,280	4,067,582,280	11.3%
07 MININTER	28,545,129,857	30,344,031,919	30,460,296,675	-116,264,756	116,264,756	0.4%
08 MINAFFET	15,806,482,193	15,500,149,143	16,866,980,091	-1,366,830,947	1,366,830,947	8.1%
10 MINICOM	12,283,030,763	10,260,827,813	13,107,131,163	-2,846,303,351	2,846,303,351	21.7%
22 MINIRENA	9,348,804,962	7,365,213,616	9,976,040,541	-2,610,826,925	2,610,826,925	26.2%
04 PRIMATURE	9,063,121,446	9,472,543,896	9,671,189,777	-198,645,881	198,645,881	2.1%
15 MIJESPOC	8,634,860,419	11,055,824,506	9,214,195,606	1,841,628,900	1,841,628,900	20.0%
05 SUPREME COURT	7,359,989,684	7,032,169,132	7,853,790,486	-821,621,354	821,621,354	10.5%
03 CHAMBER OF DEPUTIES	6,923,771,634	6,528,064,140	7,388,305,436	-860,241,296	860,241,296	11.6%
13 MINIJUST	6,919,213,953	7,948,185,929	7,383,441,968	564,743,961	564,743,961	7.6%
20 MIFOTRA	3,952,408,212	3,226,806,323	4,217,585,533	-990,779,210	990,779,210	23.5%
17 NATIONAL PUBLIC PROSECUTION AUTHORITY (NPPA)	3,537,097,948	3,761,255,493	3,774,411,026	-13,155,533	13,155,533	0.3%
02 SENATE	2,462,446,552	2,646,366,386	2,627,658,480	18,707,906	18,707,906	0.7%
21 (= sum of rest)	3,790,705,652	3,381,299,809	4,045,033,929	-663,734,120	663,734,120	16.4%
allocated expenditure	**624,121,094,287**	**665,994,997,690**	**665,994,997,690**	**-0**	**76,517,936,665**	
contingency:	41,416,043,604	63,693,952,888				
MinecofinData-**Interest Payments**	16,026,391,639	18,964,965,508				
total expenditure	**681,563,529,530**	**748,653,916,086**				
overall (PI-1) variance						**9.8%**
composition (PI-2) variance						**11.5%**
contingency share of budget						**9.3%**

19 MINIYOUTH	-	789,403,466
21 MINEAC	1,803,948,098	1,196,382,263
25 MIDIMAR	1,076,954,020	899,307,379

11 MINICT	909,803,534	496,206,702				
Sub-Total (21 (= sum of rest)	**3,790,705,652**	**3,381,299,809**				

Table 3

Data for year = administrative or functional head	**2012/2013 budget**	**actual**	**adjusted budget**	**deviation**	**absolute deviation**	**%**
12 MINECOFIN	101,657,982,470	216,274,095,306	113,904,984,246	102,369,111,060	102,369,111,060	89.9%
18 MININFRA	119,645,215,533	121,788,038,190	134,059,186,099	-12,271,147,909	12,271,147,909	9.2%
14 MINEDUC	110,114,439,385	92,379,044,206	123,380,212,539	-31,001,168,333	31,001,168,333	25.1%
01 PRESIREP	59,340,506,509	44,011,241,574	66,489,411,799	-22,478,170,224	22,478,170,224	33.8%
06 MINADEF	53,511,884,359	53,533,908,891	59,958,600,366	-6,424,691,475	6,424,691,475	10.7%
16 MINISANTE	48,279,549,713	50,762,149,289	54,095,912,744	-3,333,763,455	3,333,763,455	6.2%
09 MINAGRI	45,656,049,924	49,765,272,109	51,156,353,106	-1,391,080,997	1,391,080,997	2.7%
23 MINALOC	38,302,988,467	40,731,141,352	42,917,449,195	-2,186,307,843	2,186,307,843	5.1%
07 MININTER	34,310,074,346	32,053,076,992	38,443,498,316	-6,390,421,324	6,390,421,324	16.6%
10 MINICOM	16,835,682,685	11,863,785,267	18,863,921,203	-7,000,135,936	7,000,135,936	37.1%
08 MINAFFET	15,893,626,778	16,122,289,902	17,808,373,369	-1,686,083,467	1,686,083,467	9.5%
22 MINIRENA	9,433,066,157	8,709,744,203	10,569,492,192	-1,859,747,989	1,859,747,989	17.6%
05 SUPREME COURT	8,064,508,391	7,574,987,892	9,036,060,710	-1,461,072,818	1,461,072,818	16.2%
15 MINISPOC	8,023,019,953	8,841,060,986	8,989,574,052	-148,513,066	148,513,066	1.7%
03 CHAMBER OF DEPUTIES	6,925,008,944	7,209,883,705	7,759,282,798	-549,399,093	549,399,093	7.1%
13 MINIJUST	6,075,775,633	7,094,035,245	6,807,740,139	286,295,106	286,295,106	4.2%
04 PRIMATURE	5,565,369,019	4,341,586,952	6,235,843,512	-1,894,256,560	1,894,256,560	30.4%
17 NATIONAL PUBLIC PROSECUTION AUTHORITY (NPPA)	3,909,100,010	3,806,808,563	4,380,039,464	-573,230,901	573,230,901	13.1%
19 MYICT	2,940,746,180	2,293,655,525	3,295,025,527	-1,001,370,002	1,001,370,002	30.4%
20 MIFOTRA	2,838,192,276	2,869,964,841	3,180,116,688	-310,151,847	310,151,847	9.8%
21 (= sum of rest)	4,932,101,309	4,831,591,467	5,526,284,393	-694,692,926	694,692,926	12.6%
allocated expenditure	**702,254,888,041**	**786,857,362,457**	**786,857,362,456**	**0.0**	**205,310,812,330**	
contingency:	68,001,618,968	67,367,010,392				
MinecofinData-**Interest Payments**	18,200,656,820	29,982,754,794				
total expenditure	**788,457,163,829**	**884,207,127,643**				
overall (PI-1) variance						**12.1%**
composition (PI-2) variance						**26.1%**
contingency share of budget						**8.5%**

02 SENATE	2,715,408,523	3,067,271,825				
21 MINEAC	1,239,589,740	870,231,990				
25 MIDIMAR	977,103,046	894,087,652				
Sub-Total (21 (= sum of rest)	**4,932,101,309**	**4,831,591,467**				

Table 4

Data for year = administrative	**2013/2014 budget**	**actual**	**adjusted**	**deviation**	**absolute**	**%**

or functional head			budget		deviation	
12 MINECOFIN	301,458,689,887	313,091,576,084	323,065,188,930	-9,973,612,846	9,973,612,846	3.1%
18 MININFRA	143,195,473,303	191,507,767,604	153,458,746,384	38,049,021,220	38,049,021,220	24.8%
14 MINEDUC	118,235,459,574	110,178,862,526	126,709,769,421	-16,530,906,895	16,530,906,895	13.0%
01 PRESIREP	57,648,168,442	57,487,398,356	61,779,995,250	-4,292,596,894	4,292,596,894	6.9%
06 MINADEF	55,135,431,359	56,627,235,665	59,087,162,342	-2,459,926,677	2,459,926,677	4.2%
16 MINISANTE	51,623,014,750	49,685,437,748	55,322,999,711	-5,637,561,963	5,637,561,963	10.2%
23 MINALOC	38,437,381,457	40,063,373,840	41,192,310,320	-1,128,936,480	1,128,936,480	2.7%
07 MININTER	37,242,978,122	35,561,834,745	39,912,300,315	-4,350,465,570	4,350,465,570	10.9%
09 MINAGRI	35,522,455,029	40,834,299,889	38,068,461,883	2,765,838,006	2,765,838,006	7.3%
10 MINICOM	19,392,961,685	17,596,710,001	20,782,916,668	-3,186,206,667	3,186,206,667	15.3%
08 MINAFFET	16,702,883,325	21,647,555,931	17,900,031,872	3,747,524,059	3,747,524,059	20.9%
22 MINIRENA	9,808,450,272	9,727,062,665	10,511,452,967	-784,390,302	784,390,302	7.5%
03 CHAMBER OF DEPUTIES	8,402,633,621	9,090,440,720	9,004,876,984	85,563,736	85,563,736	1.0%
05 SUPREME COURT	8,155,629,738	8,265,868,323	8,740,169,551	-474,301,228	474,301,228	5.4%
15 MINISPOC	7,376,606,236	12,801,483,881	7,905,310,967	4,896,172,914	4,896,172,914	61.9%
13 MINIJUST	4,885,756,623	5,780,008,888	5,235,934,274	544,074,614	544,074,614	10.4%
17 NATIONAL PUBLIC PROSECUTION AUTHORITY (NPPA)	3,983,860,799	3,964,235,901	4,269,396,720	-305,160,819	305,160,819	7.1%
04 PRIMATURE	3,323,745,501	3,152,841,120	3,561,968,868	-409,127,748	409,127,748	11.5%
02 SENATE	2,908,490,646	3,430,368,651	3,116,951,382	313,417,269	313,417,269	10.1%
19 MYICT	2,737,714,819	2,875,600,727	2,933,935,511	-58,334,784	58,334,784	2.0%
21 (= sum of rest)	6,549,074,427	6,208,384,384	7,018,467,333	-810,082,949	810,082,949	11.5%
allocated expenditure	**932,726,859,615**	**999,578,347,649**	**999,578,347,649**	**0**	**100,803,223,637**	
contingency:	64,044,667,588	107,932,342,785				
MinecofinData-						
Interest Payments	40,447,682,416	42,308,841,156				
total expenditure	**1,037,219,209,619**	**1,149,819,531,590**				
overall (PI-1) variance						**10.9%**
composition (PI-2) variance						**10.1%**
contingency share of budget						**10.4%**

20 MIFOTRA	2,557,522,553	2,289,184,986
26 MIGEPROF	2,201,706,196	1,988,056,625
21 MINEAC	989,494,132	899,794,226
25 MIDIMAR	800,351,546	1,031,348,547
Sub-Total (21 (= sum of rest)	**6,549,074,427**	**6,208,384,384**

Table 5 - Results Matrix	2011/12	2012/13	2013/14	Rating
Total expenditure variation i.e. PI-1	9.8%	12.1%	10.9%	C
Composition variance by function i.e. PI-2(i)	11.5%	26.1%	10.1%	C
Composition variance by economic type i.e. PI-2(ii)	4.6%	10.6%	6.0%	B
Contingency share of budget i.e. PI-2(iii)	9.3%	8.5%	10.4%	-
Average contingency share		9.4%		C

Annex 4 – calculation spreadsheet for PI-3.2

Calculation Sheet for Revenue composition outturn (February 1, 2016)						
Data for year =	**2011/12**					
Economic head	**budget**	**actual**	adjusted budget	deviation	absolute deviation	percent
Taxes	501	557	538.0	19.0	19.0	3.5%
Non-tax revenues	30	34	32.2	1.8	1.8	5.5%
Grants from foreign governments	445	457	477.8	-20.8	20.8	4.4%
Total revenue	976	1048	1,048.0	0.0	41.7	
overall variance						107.4%
composition variance						4.0%
Data for year =	**2012/13**					
Economic head	**budget**	**actual**	adjusted budget	deviation	absolute deviation	percent
Taxes	641.2	651.9	578.6	73.3	73.3	12.7%
Non-Tax revenues	83.2	84.5	75.1	9.4	9.4	12.5%
Grants from foreign governments	**496**	**364.9**	447.6	-82.7	82.7	18.5%
Total revenue	1220.4	1101.3	1,101.3	0.0	165.4	
overall variance						90.2%
composition variance						15.0%
Data for year =	**2013/14**					
Economic head	**budget**	**actual**	adjusted budget	deviation	absolute deviation	percent
Taxes	775.4	761	788.5	-27.5	27.5	3.5%
Non-Tax revenues	68	101	69.1	31.9	31.9	46.1%
Grants from foreign governments	**470.7**	**474.3**	478.7	-4.4	4.4	0.9%
Total revenue	1314.1	1336.3	1,336.3	0.0	63.7	
overall variance						101.7%
composition variance						4.8%

year	total revenue deviation	composition variance
2011/12	107.4%	4.0%
2012/13	90.2%	15.0%
2013/14	101.7%	4.8%

Annex 5: Budget Calendar 2015/2016 Fiscal Year

MONTH	MINECOFIN	MINISTRY	DISTRICTS
SEPTEMBER	Issue the 2013/14 Backward looking JSRs TORs Conduct trainings for planners and budget Officers (Two weeks)	Participate in the trainings of planners and budget officers	Participate in the trainings of planners and budget officers
	Technical support in preparation of backward looking JSRs provided to sectors	JSR preparatory meetings organized	Elaborate an approach to update and harmonize DDPs with national strategies
	Issuance of 1st Planning & BCC	Dissemination of P&BCC to Agencies Developing internal planning roadmaps, review, identification of gaps and Emerging Priorities	Dissemination of P&BCC to Districts Developing internal planning roadmaps, review, identification of gaps and Emerging Priorities Continuous updating of DDPs
	Ministerial and Governors high level meeting conducted to kick start the planning process(Central & local Government, TBC)	**Ministerial and Governors high level meeting conducted to kick start the planning process(Central & local Government, TBC)**	
	Provide technical support in drafting of plans Provide technical support & quality assurance of JSR Reports	Drafting 2015/16 Plans and investments Conduct 2013/14 Backward Joint sector reviews Draft JSR Reports produced and JSR Meetings conducted Incorporate feedback and produce the Final JRS report for submission to MINECOFIN	
OCTOBER	Joint training of district councillors on key components of PFM(Planning, Budgeting and Financial regulations)		District Councillors Training
	Provide technical support & quality assurance of plans and investments	Submission of JSR signed reports	Preparation of PPDs, PIP forms and Projects Selection
		Ministries' and Agency consultations on plans and investments	
		Consultations with the Private Sector on plans and investments conducted	
		Central and Local government Consultative meetings coordinated by MINALOC/ LODA in 3 Clusters (Economic, Social and Governance)	Central and Local government Consultative meetings coordinated by MINALOC/ LODA in 3 Clusters (Economic, Social and Governance) Continuous updating of DDPs
NOVEMBER	**Quality assurance of plans and investments**	First Draft Ministries' plans submitted to MINECOFIN for Quality assurance	First Draft Districts' plans , PPDs and PIP forms submitted to the joint planning team of MINALOC & MINECOFIN for quality assurance through LODA

MONTH	MINECOFIN	MINISTRY	DISTRICTS
		Revise Ministries and Agencies plans and investments based on the feedback provided by MINECOFIN	Revise Districts' plans and investments based on feedback provided from joint planning team led by LODA
			Analyse possible gaps in DDPs and update them accordingly
	Joint Planning session between central and local Government Including Infrastructure needs Forum	**Joint Planning session between central and local Government Including Infrastructure needs Forum**	**Joint Planning session between central and local Government Including Infrastructure needs Forum**
	Coordinate the submission of the Second Draft Plans	Adjust Plans and Investments with reference to outcomes from joint planning session between CG & LG including Infrastructure needs	Adjust Plans and Investments with reference to outcomes from joint planning session between CG & LG including Infrastructure needs
		Second Draft Ministries' plans submitted to MINECOFIN	
	Phase 1 Planning Consultations	**Phase 1 Planning Consultations**	
DECEMBER	**Phase2 Planning Consultations**	**Phase2 Planning Consultations**	Submit the updated plans to the joint team through LODA
	Preparation for National Dialogue	Preparation for National Dialogue	Finalize draft version of updated DDPs and submit to JADF(including private sector representatives and other stakeholders)
			Preparation for National Dialogue
	National Dialogue (TBC)	National Dialogue (TBC)	National Dialogue (TBC)
	Support ministries and Agencies, and districts in Budget Revision	Budget Revision	Budget Revision
	Prepare Phase 3 Planning consultations briefs a head of planning consultations	Prepare for Phase 3 planning consultations	
JANUARY	Analyze sector Reports on performance against big priority outputs in the 2014/15 budgets	Submit sector Reports on performance against big priority outputs in the 2014/15 budgets	**Submit Imihigo progress reports**
	Phase 3 Planning consultations	**Phase 3 Planning consultations**	
	Support Ministries to adjust Plans	Incorporate planning consultations recommendations in the plans	
	Preparation for Public Investment Committee(PIC)	**Preparation for Public Investment Committee(PIC)**	**Joint consultative forum on LG Projects**
			Fine-tune PPDs, PIP forms for submission to MINECOFIN
	Public Investment Committee(PIC) to agree on projects to be funded in 2015/16	**Public Investment Committee(PIC) to agree on projects to be funded in 2015/16 at MINECOFIN**	

MONTH	MINECOFIN	MINISTRY	DISTRICTS
	Preparation of summary plans for submission to Cabinet	**Adjust Plans and Investments with reference to PIC Recommendations**	**Adjust Plans and Investments with reference to feedback from consultative forum**
	Submission of summary plans and Budget outlook paper to Cabinet		
	Issuance of the 2nd BCC	**Dissemination of 2nd BCC to Agencies**	**Dissemination of 2nd BCC to Districts**
	Training of MDA's Staff on budget Data Entry Requirements	Preparation of Budget proposals including earmarked transfers to districts	Preparation of Budget proposals Finalising the MTEF, LPP and approval
	Analyzing draft submissions of Budget and MTEF and quality assurance	Submission of Budget proposals, earmarked transfers and MTEF Data entry in IFMIS	Submission of Budget proposals and MTEF Data entry in IFMIS
FEBRUARY	Support Ministries, Agencies and Districts in Data Entry in Smart IFMIS	Data Entry Into Smart IFMIS	Data Entry Into Smart IFMIS
	Budget Consultation Meetings with Agencies on Budget Priorities and Resource Allocations	Budget consultations	
	Adjustments from budget consultations	Adjustment from budget consultations and submission of IMIHIGO outputs	Adjustment from budget consultations and submission of IMIHIGO outputs
	Leadership retreat (TBC) preparations	Leadership retreat (TBC) preparations	Adjust budget as per budget consultation recommendations Leadership retreat (TBC) preparation
	Leadership retreat (TBC)	Leadership retreat (TBC)	Leadership retreat (TBC)
MARCH	Preparation of the Budget Framework Paper (BFP)	Conduct 2015/16 forward looking Joint sector reviews	Prepare 1st Imihigo Draft (TBC) in consultation with stakeholders
	Finalization of Budget Framework Paper and submission to cabinet		
	Technical support in preparation of forward looking JSRs provided to sectors		
	Quality assurance of submitted 2015/16 forward looking draft JSR Reports	Incorporate feedback and produce the JSR Final report for submission to MINECOFIN	
	Preparations for commemoration of 21st Anniversary of Genocide against the Tutsi	Preparations for commemoration of 21st Anniversary of Genocide against the Tutsi	Preparations for commemoration of 21st Anniversary of Genocide against the Tutsi
	Preparation of Public Investment Programme(PIP) 2015/16-2017/18	Submission of Signed Forward Looking JSR reports	
APRIL	21st Genocide commemoration	21st Genocide commemoration	21st Genocide commemoration
	Submission of Draft BFP to Parliament		
	Approval of the Budget Framework Paper		
	Joint Quality assurance on Draft Imihigo for ministries & Districts (In collaboration with PMO, PRESREP &MINALOC)	Incorporate feedback and produce the Final draft of Imihigo	Incorporate feedback and produce the Final draft of Imihigo

MONTH	MINECOFIN	MINISTRY	DISTRICTS
MAY	Submission of draft Finance Law to parliament	Participation in DPCG	
	Hold DPCG meetings Communication of Firm Commitments by Development Partners		
JUNE	Budget hearings in Parliament	Budget hearings in Parliament	Budget hearings in Parliament
	Submission of Final Draft Imihigo	Produce final Imihigo draft	Produce final Imihigo draft
	Finalization of Public Investment Programme(PIP) 2015/16- 2017/18		
	Preparation of the Budget speech and finalization of the finance law	Approval of Finance Law by Parliament	District Council Scrutiny and Approval of Annual Budget and IMIHIGO
	Presentation of Finance Law to the Parliament		