

RWANDA
TRACKING POVERTY-REDUCING EXPENDITURES—
ASSESSMENT AND ACTION PLAN (AAP)

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ABBREVIATIONS

BNR	Banque National du Rwanda/National Bank of Rwanda—the Central Bank
CEPEX	Central Projects and External Finance Bureau
CFAA	Country Fiduciary Accountability Assessment
CSR	Caisse Social du Rwanda—Social Security Fund
EDF	European Development Fund
HIPC	Highly Indebted Poor Countries
MinEcoFin	Ministry of Finance and Economic Planning
MTEF	Medium Term Expenditure Framework
NTB	National Tender Board
PEM	Public Expenditure Management
PIP	Public Investment Program
PRSP	Poverty Reduction Strategy Paper
RRA	Rwanda Revenue Authority
SIBET	Budget Management System in MinEcoFin
STABEX	An Old European Union Development Fund

INTERNATIONAL INSTITUTIONS

ADB	African Development Bank
DFID	Department for International Development, United Kingdom
DRI	Data Resources International
EU	European Union
GTZ	Gesellschaft fuer technische Zusammenarbeit, Germany
IMF	International Monetary Fund
SIDA	Swedish International Development Agency
USAid	United States Agency for International Development
WB	World Bank

I. INTRODUCTION

An IMF mission¹ visited Kigali from October 22–November 6, 2001 to evaluate, with the Rwandan authorities, the capacity to track execution of poverty-reducing expenditures and to prepare an action plan to improve that capacity, where necessary. The mission also worked on preparing the fiscal module of the Report on the Observance of Standards and Codes.

In March 2001, the Executive Boards of the IMF and the World Bank considered a study² (henceforth “the Board paper”) on the capacity to track poverty-reducing public expenditures in HIPC Initiative beneficiary countries. In this context, the two institutions had prepared preliminary assessments of the public expenditure management (PEM) systems for the 25 countries that benefit from the HIPC Initiative, including Rwanda. The assessments focused on the ability of these countries to track poverty-reducing public expenditures, regardless of whether they are financed by HIPC resources or by other domestic and external resources. The Boards requested that IMF and WB staff work with these countries to: (i) reach a common assessment of the public expenditure management system; and (ii) prepare draft action plans designed to bring poverty-reducing public expenditure tracking systems up to basic standards. In this context, both Boards emphasized that country ownership of both the assessment and action plan would be critical for ensuring that the resulting actions plans are fully implemented.

The mission’s five objectives were to:

- Review with the authorities Rwanda’s financial management system, including: (i) the legislative framework; (ii) current practices and public expenditure management systems; (iii) the impact of the ongoing decentralization of fiscal responsibilities; and (iv) Rwanda’s ability to track poverty-reducing expenditures.
- Advance from the preliminary evaluation of existing capacity to track poverty-reducing expenditures to an assessment agreed with the Rwandan authorities, working from a questionnaire designed for that purpose.
- Review with the authorities all ongoing and planned reform programs (domestic or supported through external financing and technical assistance) aimed at improving the

¹ The team comprised Ms. Dawn Rehm (head) and Ms. Christiane Roehler, both from the Fiscal Affairs Department of the IMF. Mr. Abdikarim Farah, the IMF Resident Representative, provided valuable support. The WB staff, both in Washington and in the resident mission in Kigali, were kept fully informed of the mission’s activities. Mr. Guido Rurangwa of the resident mission in Kigali participated in selected meetings.

² Tracking Poverty-Reducing Public Expenditures in Highly Indebted Poor Countries., SM/01/16, Revision 1, March 28, 2001.

PEM system, with a particular emphasis on those relevant for tracking of poverty-reducing public expenditures.

- Agree with the authorities on a plan to improve tracking capacity, taking into account reform programs under way and a realistic evaluation of the country's absorption capacity.
- Prepare a draft action plan specifying additional needs, reform priorities, and external assistance requirements, year by year; and submit that draft to the authorities for comment and modification.³

II. OVERVIEW OVER RWANDA'S FINANCIAL MANAGEMENT: LEGAL BACKGROUND AND PRACTICES

A. Overview

Rwanda's financial management practices are largely based on the francophone system, although more recent changes have been influenced by Anglophone traditions. As a consequence of the events of 1994, current financial management practices of the government are not fully backed by a consistent legal framework, as the latter is only now being put into place. Parallel to the preparation of a new legal framework, the authorities are further developing the institutional arrangements and financial management systems and practices in a step-by-step manner.

The government has made a commitment to deconcentration and decentralization. While some elements of the legal framework have been adopted by parliament, the remainder of the legal framework, development of institutions, and government operating procedures are only now being developed. At the same time, significant resources will be redirected to local governments in the context of the 2002 Budget. The decentralization process will place new pressures on financial management arrangements and, if existing tracking capacity is to be preserved and expanded, significant changes will need to be put into place in the near future.

B. Legal Background and Institutional Arrangements

The current legal basis for fiscal financial management in Rwanda includes the Constitution (1991), the Fundamental Law of the Republic of Rwanda (1993), and the Decree-Law on Budget and Public Accounts (1979).⁴ To compensate for the lack of an overarching budget law, the annual Finance Laws also include some provisions regarding the assignment of responsibilities for financial management, as well as restrictions on virement.

³ The document will also be reviewed internally by the World Bank and the Fund.

⁴ Decree-Law No. 23/79 (August 1979), confirmed by Law No. 01/82 (January 1982).

An organic budget law as well as a new public accounts law are before parliament. Financial instructions to implement the new organic budget law have also been prepared, although parliament is considering to give them the status of a law.

The Ministry of Finance and Economic Planning (MinEcoFin) is charged with managing the country's budget and finances. The key divisions are the budget division (for budget planning, the authorization of commitments, and cash planning); the treasury (for the monitoring of revenues, and the authorization of payments); and the recently revived public accounts department (for keeping the public accounts and recording nontax revenues). Some functions of the MinEcoFin are delegated to autonomous and semiautonomous agencies. Importantly, the Central Projects and External Finance Bureau (CEPEX) plans the Public Investment Program (PIP) and manages the development budget. An autonomous tax collection agency—the Rwanda Revenue Authority (RRA)—was established in 1998.

The Inspection Generale et Audit⁵ under the MinEcoFin is responsible for internal audit functions, including for semiautonomous and autonomous agencies and public enterprises. The Inspection Generale currently has a staff of 23, including support staff. Line ministries have small internal audit units for internal control purposes. External control of the budget is carried out by the newly instituted office of the Auditor General⁶ who reports to the President in the first instance, as well as a Cour des Comptes.⁷ The Auditor General (37 staff on strength, total 60 staff authorized pending funding) has already conducted audits of a number of ministries and agencies and is further expanding his program. Some uncertainty does remain, however, regarding the respective responsibilities of the Auditor-General and the Cour des Comptes.

A National Tender Board (NTB) began operation in 1998⁸ under a presidential decree, issuing and implementing procurement guidelines consistent with international standards (in particular WB guidelines). These guidelines, along with legislation providing the legal basis for the operations of the NTB, are still before parliament. With its staff of 50, of which 30 are professionally qualified officers, the NTB oversees the tendering of all larger procurement contracts (generally, all contracts above Frw 3 million), and assists ministries, agencies, provinces, and districts in building up procurement capacity and implementing procurement procedures.

⁵ The Inspection Generale et Audit derives its mandate from law 23/79 of August 31, 1978, articles 48 and 49, and law 39/75 of November 7, 1975.

⁶ Law No 05/98 of 04/6/1998 Establishing the Office of the Auditor General of the State Finances.

⁷ The Cour des Comptes is instituted in the constitution.

⁸ A draft law on the NTB is before parliament but has not been passed yet.

C. Current Financial Management Practices

Like many countries in the region, the recurrent and development budgets are largely separate in Rwanda. Both of these are planned within a recently developed three-year rolling Medium Term Expenditure Framework (MTEF). The MTEF process, which was first used in 2001, is still under development, and is to be fully implemented over a three-year period. Based on input from ministries, a common program structure has been developed for the recurrent and development budget. In addition, a program structure was prescribed for the budgets of provinces and districts to permit their integration with the national level program structure. A functional classification is available through a bridge table from the program classification. For details see the Annex.

Financial management of the recurrent budget (including debt service) and release of domestic resources for the development budget is highly centralized. Budget execution is controlled through the computerized budget management system SIBET at the MinEcoFin, which records every step of the expenditure process beginning with the commitment (engagement), visa, ordonnancement, payment order by treasury, and payment by the central bank. At present, access to the SIBET system is limited to the MinEcoFin, with links to the central bank.⁹

The development budget and the PIP are planned and managed by the semiautonomous agency CEPEX. The development budget, which is meant to be the capital budget of the government, but appears to also contain recurrent spending, is largely financed by external grants and loans. While CEPEX is charged with monitoring the implementation of program and projects comprising the development budget, information on actual expenditures for this part of the budget is particularly weak, owing to: (i) decentralized project structures; (ii) donor specific funding and project execution arrangements; (iii) limited information flows from implementing ministries and project coordinators to CEPEX; and (iv) little direct information from donors to CEPEX on project execution and disbursements.¹⁰

While the MinEcoFin has specified the budget classification and budget execution procedures, a full chart of accounts is only now being developed for implementation during 2002. Records on expenditure transactions authorized by the MinEcoFin are maintained in the MinEcoFin through the SIBET system; record keeping and accounting in ministries, agencies, and provinces, however, is uneven. Once funds are released from the MinEcoFin, including for engagements of the type “engagement note a L.O.T.” (advance), no further reporting on these funds is received.

⁹ In fact, ministry representatives come over to the MinEcoFin to produce and submit to Treasury the documentation required as part of the authorization process.

¹⁰ The 2002 development budget and 2002-2004 PIP appears to have been prepared on spreadsheets.

A comprehensive picture on the government's financial transactions is put together in a flash reporting system. This flash report combines information from a number of different sources: tax collection reports from RRA; nontax collection records from the Treasury in the MinEcoFin; expenditure and debt service information from SIBET; and information on external disbursements, debt service, and bank balances from BNR.

D. Decentralization

The Government of Rwanda has two tiers with elected governments and autonomous budgets—the central government and the districts. The central government is composed of the national ministries, semiautonomous and autonomous agencies, and 11 provinces as its deconcentrated units,¹¹ with the city of Kigali established under its own Act.¹² Under legislation implemented in 2001, the 106 rural and urban districts—with independent district councils—will take on significant public expenditure responsibilities, including for health, education, rural roads, and water supply.¹³ Elections to district councils took place in early 2001, and the councils and basic district administrative structures (executive secretary, executive committee, accountant, internal audit) envisaged under the law have now been established. Below the District governments, there are about 1,000 sectors and 10,000 cells form the organizational structure at the subdistrict level.

Despite progress with respect to the political organization and structure, the pace at which responsibilities will devolve to the Districts is unclear, and legislation aimed at providing a revenue base to the Districts consistent with their legally mandated responsibilities, devolution of responsibilities is under consideration before the legislature.

At the national level, there is a deconcentration of resources from the central government to the provinces: items previously included under a particular ministry now appear under the entry in the central government budget for the respective province: the main effect is to shorten the expenditure approval process for provinces. For the Districts, a common fund to support development projects is to be financed from central government resources. Under the law currently before parliament, an amount equal to 10 percent of domestic revenues for the previous year will be transferred to the Districts: an additional 1.5 percent will be transferred

¹¹ Law No. 43/2000 Establishing the Organization and Functioning of Provinces.

¹² Law No. 7/2001 of January 19, 2001 on the Organization and Functioning of the City of Kigali.

¹³ Law No. 4/2001 establishing the Organization and Functioning of Districts (Akarere) (January 2001); Law No. 42/2001 Establishing the Organization and Functioning of Provinces (January 2001); Law No. 5/2001 on the Organization and Functioning of Towns and Municipalities in Rwanda (January 2001). The allocation of some resources to District governments is detailed in the draft Law on the Organization and Functioning of the Common Development Fund; additional legislation before parliament treats the allocation of tax and nontax revenues between the central and local governments.

to cover recurrent costs.¹⁴ For 2002, there have been proposals that the amount be limited to 5 percent of domestic revenues for 2001 (plus 1.5 percent).¹⁵

The administrative capacity at the provincial and district levels is generally weak, and the central government has started first initiatives (under the coordination of the Ministry of Local Government and its Decentralization Monitoring Unit) to strengthen administrative capacity at the deconcentrated and decentralized units, particularly with regard to public accounting and procurement. In addition, training for budgeting under the MTEF has been extended to Provinces and Districts for 2002, and a draft “Financial Management and Accounting Procedures—Manual for Local Governments” was prepared and distributed (and is awaiting formal adoption by parliament). These improvements notwithstanding, there is as yet no well-defined system for ensuring that data is available from Districts in a form that will facilitate: (i) consolidation of District data with central government information; and (ii) analysis of resources and requirements across districts. Similarly, there are as yet no provisions for revenue sharing between Districts or between Districts and the central government to meet basic equity considerations and ensure standards can be met by all Districts.

III. ASSESSMENT OF CAPACITY TO TRACK POVERTY-REDUCING EXPENDITURES

A. Overview

Currently in Rwanda, most poverty-reducing spending is carried out by the central government, including through the provinces. Revenue raising capacity at the district level is very limited and transfers from the central government to districts have historically been quite small.

This assessment reports on the central government capacity to track pro-poor spending, and the issues arising from the program of deconcentration and decentralization. The assessment focuses on the three main areas of budgeting that were evaluated in the Board paper—budget preparation, budget execution, and budget reporting. The evaluation is undertaken against 15 main benchmarks.

The results of Rwanda’s central government to track poverty-reducing expenditures against each of the fifteen benchmarks are reviewed below and summarized in Table 1. Issues arising from the decentralization reforms are briefly indicated where known, and discussed separately below. Relative to the preliminary assessment, the agreed assessment has higher evaluations for 5 items, and a lower evaluation for 1 item: Rwanda meets 7 benchmarks.

¹⁴ Draft law on the organization and functioning of the district, town, municipality, and the city of Kigali common development fund.

¹⁵ At the time of the mission, but further discussions, including at a Consultative Group meeting in mid-November, were underway.

B. Budget Preparation

Benchmark: Budget reporting broadly follows GFS definition of consolidated general government

Rwanda: Budget coverage is comprehensive for consolidated central government. Districts and the social security fund (Caisse Social du Rwanda (CSR)) are not consolidated.¹⁶

The budget covers central government ministries, provinces, autonomous, and semiautonomous agencies under the ministries with their full budget detail. The budget also contains one-line allocations for special funds (e.g., Victims of Genocide Fund, National Road Network Fund), some of which are funded out of earmarked revenues with the expenditure framework determined by the revenues collected.¹⁷ The development budget, which is largely externally funded and comprises about 1/3 of the total budget, is budgeted only by highly aggregate programs and projects. In the past, several ministries and agencies have benefited from nonbudgeted funds from fees, for which tracking was quite limited.

Benchmark: Government activities are not funded through extrabudgetary sources to a significant degree

Rwanda: Central government expenditures from domestic resources are largely accounted for. In the past, nontax revenues (fees and charges) were spent directly by ministries and agencies in the past, and some funds (e.g., the National Forestry Fund, or the National Road Network Fund) directly received earmarked resources. From 2002, virtually all own revenues are to go through the treasury account at the BNR: resources for the National Road Network Fund will retain a separate account at the BNR, but will be managed by the Treasury.

Without a comprehensive chart of accounts and associated procedures, nontax revenue reporting, especially for autonomous and semiautonomous agencies is somewhat ad hoc. Equally important, the monitoring of external donor inflows—especially for projects—is poor. Any development project receiving external support must be included in the PIP, and it appears that this is largely done. Thus, while total commitments on expenditures for donor-funded projects are known, incomplete reporting results in an imprecise record of actual outlays.

¹⁶ CSR operates as a defined benefit scheme; benefits are based on last salaries, length of service, and similar criteria; CSR benefits are fully guaranteed by the government.

¹⁷ The Fund for the Victims of the Genocide is financed by the allocation from the earmarking of revenues equal to 5 percent of domestic resources, with additional support from external donors. The Road Network Fund is financed primarily from tolls and gasoline taxes mandated in the Law on the Road Fund.

Benchmark: Budget outturn data are quite close to the original budget.

Rwanda: Expenditures are generally kept close to original appropriations. Social expenditure (priority program areas) and defense have been protected from cutbacks attributable to revenue shortfalls. Substantial gaps between actual deficits and targets in the originating budget largely reflect the underperformance of revenues. In general, following a mid-year review, a supplementary budget is used to reallocate planned spending in-year.

Systematic weaknesses in budgeting, and reporting on the use of domestic resources include: (i) large lump-sum allocations or earmarking of revenues for certain funds which do not report details on their activities; (ii) transfer of domestic funds for some projects under the development budget (especially counterpart funds) to project bank accounts and treated as expenditure at the time of transfer; and (iii) release of resources as advance, in particular to autonomous agencies, without a formal process of reporting on the actual use.

Benchmark: Budget includes capital and current expenditure financed by donors.

Rwanda: Coverage of planned donor-financed activities in the budget both for budget support and project funding appears to be fairly complete. A semiautonomous unit (CEPEX) in the MinEcoFin is charged with monitoring donor-financed projects and expenditures. Information from donors on annual commitments is used to project the rate at which these funds can be expected to arrive, and the pace at which they can be used for the respective projects. All donor assistance for recurrent spending is assumed to be captured by budgetary support.

However, there seem to be serious weaknesses in continuous monitoring and reporting on receipt of donor support and project implementation. The receipt of budget support is monitored through the BNR. Expenditure outturn data on donor-financed projects are provided to some ministries, but only with a considerable lag as most donors report only after the end of the fiscal year. In this context, the reliability of the data is affected by the limited internal capacity by CEPEX to follow up with donors or the project managers. Outturn data for project expenditure and financing in IMF tables is estimated based on known commitments and the assumption that projected expenditures are exactly financed.

Benchmark: Budget classified on an administrative, economic, and functional basis.

Rwanda: Beginning in 2001, the budget is prepared in a program framework, structured by program, subprogram, administrative, and economic classification. The program structure for the 2002 Budget at the planning stage was further refined by introducing outputs and activities, for a total of an 18 digit code. For approval of the Finance Law (the annual budget law) and budget execution, however, only a 14-digit code is used, ignoring outputs and activities. Programs and subprograms are mapped into a functional classification (up to the level of subfunction) and the budget information can be presented in this format too. While the recurrent and the development budget are still prepared separately, an integrated table of

the recurrent and development budget by ministry and by program has been prepared (through spreadsheets) for 2002.

Benchmark: Poverty-reducing expenditures clearly identified in the budget.

Rwanda: Poverty-related public spending can be clearly identified through the program structure of the budget, and a concept of social sector spending was monitored during 2001.

A PRSP has been prepared and influenced the budget process 2002. The objectives of the PRSP gave rise to the designation of priority programs in the recurrent budget that are to be protected, and whose execution can be monitored through the government's budget management system. Integrated monitoring of the development budget suffers from the weaknesses of monitoring by CEPEX.

The government identified some programs/subprograms that would work specifically toward the goal of poverty reduction within the current budget structure. Nevertheless, the authorities have emphasized that the PRSP has a way to specify additional (as yet unfunded) needs in the area of poverty-related activities, with somewhat less attention to ongoing programs important for poverty reduction.

Benchmark: Multi-year expenditure projections integrated into the budget cycle.

Rwanda: A medium-term expenditure framework (3 year rolling) was introduced at end-2000, as has been integrated into the budget process, beginning with the budget for 2001. The framework is sufficiently detailed to identify by code aggregate poverty-related program outlays. Despite the existence of a common program structure, the recurrent and the development budget are still prepared separately. In this context, a program structure that allows easy consolidation of budgets for all levels of government has been prescribed for the provincial and districts budgets.

The MTEF has been introduced as part of a multi-year strategy that begins with a top-down approach, under which ministries are requested to prepare forward-looking budget submissions. The quality of these budget submissions by ministries, provinces, and agencies remains quite uneven, but is improving. For 2002, information below the subprogram level on activities and outputs was requested from each ministry as part of the budget preparation process for the 2002 Budget. Budget planning for the outer years, however, was done only to the level of subprogram.

The MTEF process so far focused mainly on the recurrent budget. While the development budget is presented in a three-year framework, the information even for the current year is only presented by administrative structure, program, subprogram and project, and fairly aggregate.

C. Budget Execution

Benchmark: Small stock of expenditure arrears, little accumulation of arrears over the past year

Rwanda: Usually payment arrears are built up in-year (equal to about 0.5 percent of GDP during the first three quarters of 2000) as a result of cash rationing, but some arrears were built up at end-year 2000. The outstanding stock (including decade old arrears some of which have yet to be verified) is estimated at more than [1] percent of GDP. A strategy to eliminate these old arrears involving mainly conversion to recognized government debt has now been developed. The possibility of spending outside the budget with payments also made outside treasury procedures has been noted. Steps to improve internal controls have included the recent streamlining of separate ministerial accounts, and first steps to improve cash management. It should be noted that the government has a grace period of six months for paying its bills, and an overdraft facility at the BNR equivalent to 3 percent of GDP.

Benchmark: Internal Audit is active.

Rwanda: The Inspection Generale et Audit within the MinEcoFin is charged with general internal audit, including for semi-autonomous and autonomous government agencies. Internal audit units are to be established within each ministry. The Inspection Generale et Audit only has 23 staff and needs strengthening both in terms of staff and capacity building to be effective.

Benchmark: Tracking surveys supplement internal control.

Rwanda: One tracking survey (sponsored by the WB and the DFID) has been carried out for the health and education sector. Public Expenditure Reviews for some key ministries were also recently carried out, and additional reviews are planned with assistance from the WB and the European Union. While there are no specific plans at this time for additional public expenditure tracking surveys, there is considerable interest in further efforts of this nature.

Benchmark: Fiscal and banking reconciliation undertaken routinely.

Rwanda: There is no routine, timely reconciliation of the monetary and fiscal accounts. Major obstacles include the absence of a fully developed chart of accounts, weak record keeping outside the ministry of finance, and a systematic discrepancy between the time an expenditure is recorded and the date on which the funds are actually spent. A further impediment concerns flows into and out of separate ministerial accounts. While most of these accounts appear to be project related, other accounts which previously received funds from own revenues collected by ministries remain open. The MinEcoFin is taking steps to identify and consolidate the relevant accounts. Rwanda's program envisages the need to identify all of the appropriate accounts, and early efforts have commenced.

The main fiscal management system operational is the central budget management system (SIBET) at the MinEcoFin. Most, but not all, payments from the main treasury account are initiated from SIBET. For example, domestic debt operations are handled directly by the central bank on standing instructions. Revenues are not (yet) recorded in the SIBET system, only at the Rwanda Revenue Authority (RRA). Hence, full reconciliation of bank account movements with the information in SIBET is not possible. A further obstacle to the reconciliation of the monetary and fiscal accounts concerns the timing with which expenditures are recorded in the SIBET system. A transfer to a particular ministry to cover fuel, for example, is recorded as a completed expenditure in the SIBET system at the time the funds are transferred to the ministry's account at the BNR. The actual drawdown of the allowance, however, takes place over a longer period of time, making the reconciliation of the monetary and fiscal accounts problematic. A final problem concerns the fact that the various ministerial accounts are not closed at end-year. The government does undertake an aggregate level reconciliation exercise, however, and has initiated measures to identify and subsequently eliminate extra ministerial accounts.

The RRA undertakes bank account reconciliation as an integral part of procedures.

D. Budget Reporting

Benchmark: Internal budget reports from line ministries received within four weeks of the end of the relevant period.

Rwanda: Budget tracking (including information on commitments) is carried out through the centralized budget management system (SIBET) maintained in the MinEcoFin. This expenditure information is supplemented by revenue information, external support flows, and debt service information to produce the monthly flash report. These reports do not, however, reflect information on the externally funded components of the development budget.

The flash reports should be available with a one-month lag, but are often delayed, owing to the reporting lag on banking details from the commercial banks. While ministries are required to provide quarterly reports on the implementation of their programs, compliance is far from complete.

Benchmark: Functional classification is reflected in the in-year budget reports.

Rwanda: Reports in a functional classification can be produced also for in-year reports through the SIBET system to allow for a functional analysis of recurrent outlays. To date, no regular in-year reports following a functional classification have been produced, owing to an apparent lack of demand. Because the development budget uses the same program structure as the recurrent budget, and the functional classification is derived through a cross-walk procedure from the program structure, the development budget (at least on an aggregate level) a functional analysis of the development budget would also be possible, in principle. It is not clear, however, whether the database system for the development budget as currently managed can readily provide this information.

Benchmark: Closure of the accounts occurs within two months after the end of the fiscal year.

Rwanda: This is met with respect to the treasury account. It should be noted that the only comprehensive system through which budget execution and government financial affairs are being monitored is the budget execution system SIBET. No separate public accounts system is currently maintained (it is under development).

Per Finance Law,¹⁸ ministries have to close commitments against budget appropriations by November 15, and payments by December 15. Thus, no payment from the treasury account should be initiated after December 15, and payments exceptionally authorized should only be posted against the current year only if they are effected before December 31.

Other balances in bank accounts, including for ministerial accounts at the BNR, are not closed at end year. There is no obligation to transfer any unused balance into the main treasury account, and unused balances are simply carried over into the following year. A second problem concerns information for the externally funded development budget, which is provided by donors with a lag of 3 months or more following the end of the financial year; the information is integrated into the final accounts report as it becomes available.

Benchmark: Audited accounts presented to the legislature within 12 months of the end of the fiscal year.

Rwanda: This has not been done since the resumption of a formal budget process with the 1998 budget. While final accounts (from the available systems) were prepared and sent to the Cour des Comptes for 1999, they were not yet forwarded to parliament. The Auditor General which was established in 1998 has carried out audits of the fiscal accounts of 1999 for five ministries which were completed and given to the President in December 2000, and presented to Chairman of Parliament in March 2001: these reports were subsequently referred to committee for further analysis, and have not as yet been presented to the plenary session of parliament.¹⁹

E. Summary on Assessment to Track Poverty-Reducing Expenditures

Before summarizing Rwanda's ability to track poverty reducing expenditures, it is useful to review what information is required in the context of the HIPC Initiative. Three types of information should be available as the basis for subsequent analysis of the desired shift

¹⁸ The Finance Law is the annual budget law. As currently no overarching finance or budget law exists, the Finance Law contains certain general financial management provisions, including those for the closure of accounts.

¹⁹ The mission was allowed to see three of the four audit reports submitted by the Auditor General for 1999. The reports were candid, and cited a number of problems.

toward pro-poor spending, and ultimately the impact of the HIPC Initiative on poverty in the countries concerned.

1. The resources actually released under the HIPC Initiative (cash and noncash) should be measured. If released HIPC funds are segregated into special bank accounts and thereafter in the budget process released to specifically designated programs, this use of HIPC funds should be clearly reported.
2. To demonstrate that the use of resources released under the HIPC Initiative adds to the total effort on poverty-reducing programs (rather than, for example, substituting for resources in the general government budget), it is necessary to examine whether the proportion of the government budget (including donor-financed programs) going toward poverty-reducing expenditures is growing. In this regard, the Poverty Reduction Strategy Paper should identify the priority areas for public expenditures that are considered poverty reducing, and all expenditures identified under these priority areas should be captured.
3. Third, it is necessary to have some assurances—at least on a credible sample basis—that funds intended for a particular program did indeed reach the intended beneficiaries.

In light of these requirements and the assessment of Rwanda's financial management systems, Rwanda's ability to track poverty-reducing expenditures can be summarized as follows:

In cooperation with the IMF area department mission team, the resources released under the HIPC Initiative are being calculated, and the debt relief received from some sources (including the IMF) put into a special account at the central bank. The resources in this account will be released for the funding of special programs. The program classification structure of the budget allows the measurement of resources expended on such designated programs, if desired.

With regard to tracking of a broader concept of poverty-reducing expenditure, a Poverty Reduction Strategy Paper (PRSP) has been prepared and presented to donors in October 2001. The government is committed to the PRSP and considers it to be the main strategic policy document.²⁰ The MTEF process and the PIP will be used to operationalize the PRSP. While the PRSP was only presented to donors in October 2001, it already influenced the 2002 budget process. Priority programs will be set in accordance with the objectives and priorities of the PRSP and protected.

The available program and functional budget classification structure allows the mapping of the PRSP objectives into budget programs that support these objectives. Hence, poverty-reducing expenditures can be tracked through the budget systems, in principle.

²⁰ The government also prepares a long-term document "Vision 2020."

The main weaknesses in the financial management system that impact tracking of poverty-reducing expenditures are the following:

- Outturn data on actual disbursements for the externally funded development budget, which is close to one-third of the total budget, are very weak. Hence the baseline for all poverty-reducing spending is not very reliable, and changes in spending and the composition of spending under the development budget are difficult to monitor.
- Reporting on the collection fees and other own resources by ministries and agencies has been weak, with little information made available on the uses of these funds. While steps have been taken to resolve this problem beginning in 2002, historical data will understate total resources and expenditures, and may result in an inaccurate picture of the composition of spending in the baseline. Moreover, it may take some time to identify all sources of financing for the ministerial accounts.
- There does not exist a comprehensively implemented set of accounts and accounting procedures.
- There are no mechanisms for tracking the use of resources released to ministries or agencies in the form of advances. These cover most releases of funds from the treasury account to autonomous and semiautonomous agencies, as well as amounts released for specific uses, such as fuel for motor vehicles. There is no mechanism in the current process to verify whether these resources are actually spent on the purposes for which they were released.
- Some shortcomings of the current monitoring and accounting framework could be partially compensated by strong internal and external audit. These two functions, however, are still being built up.
- Changes in the program structure and budget classification structure due to the continuing refinement of the MTEF process and other budget reforms make it difficult to establish a proper and consistent time series of poverty-reducing expenditures covering the same areas of expenditures.

Moreover, the current system—including its financial controls—is highly centralized. Fundamental reforms to current financial management practices and systems are needed to accommodate the planned decentralization of government to the local government level. The high stock of accumulated arrears, which includes significant amounts to suppliers, provides some indication that adherence to good financial management practices cannot be assumed if enforcement is weak.

It is acknowledged that the capacity for financial management at the district level—including for record keeping, accounting, and reporting—is, in many instances, quite weak. Because transfers from the central government to districts were historically small, there are no

established procedures for comprehensive reporting of budget outturns by districts to higher levels of government (provinces or central government ministries). There are also no established procedures for the coordination of budgets under the MTEF. Unless the development and implementation of systems to capture information from the Districts is given priority, the decentralization process could result in a deterioration of information available the use of resources and increasingly unreliable information on poverty-reducing public expenditures. The extension of existing procedures to district governments—in line with measures designed by the Ministry of Local Governments and Social Affairs—is ongoing. Some attention will be needed, however, to ensure that procedures work for all districts, many of which lack access to electricity and are, at the same time, consistent with the information needed for consolidation into a statement for general government.

IV. ONGOING AND PLANNED ASSISTANCE TO UPGRADE CAPACITY TO TRACK POVERTY-REDUCING EXPENDITURES

There are a number of programs underway that are relevant to the ability to track poverty-reducing spending in terms of the expected improvement to the public expenditure management system in Rwanda. These programs are supported by a wide range of donors and multilateral institutions and, while assistance currently is directed largely to central government ministries, new projects are focusing on capacity at the provincial and district levels, with a view toward supporting the decentralization process. The following list and Table 2 provide an overview over those providers of assistance and their programs, whose ongoing and planned projects should serve to strengthen the capacity to track expenditures over the next three years.

- The DFID (UK) provides assistance: (i) for the implementation of the MTEF by providing advisors for the MTEF process and MinEcoFin more generally; (ii) for the PRSP process with advisors and other support; (iii) for improvements to debt management through support for assistance from DRI; (iv) for civil service reforms and an improved system for payroll and personnel management; and (v) for improvements in public expenditure management by co-sponsoring (with the WB) the first Public Expenditure Tracking Survey (PETS).
- The African Development Bank (ADB) funds a capacity-building project aimed largely at strengthening public investment management and CEPEX. The ADB also finances a public accounts advisor and an information technology (IT) and network specialist in MinEcoFin. A study for an IT master plan and enhancements to the SIBET system was prepared, and is in the process of being adopted.
- The EU has sponsored advisors to the MinEcoFin to provide support in the areas of macroeconomic policy and administration related to the disbursements of EU funds, as well as an advisor to the Minister. Plans call for these advisors to be reinstalled, once suitable candidates are identified. In addition, the EU intends to sponsor public expenditure reviews in 2 or 3 sectors, provide support to the Office of the Auditor General, and is considering support for the decentralization process—possibly

through small grants that would be given directly to cells. EU funding is available under the STABEX program, and the 7th, 8th, and (likely) 9th EDF.

- The WB co-sponsored (with DFID) the first PETS, and intends to carry out two public expenditure reviews in 2002 (agriculture and transportation) to support the MTEF. The Financial Accountability Review and Action Plan will support policy and institutional measures aimed at improving the MTEF process, improvements to budget monitoring, and financial accountability.
- The IMF has provided assistance through the posting of advisors to the MinEcoFin and the Auditor General. A mission by the IMF Fiscal Affairs Department designed the Flash reporting system in 1996. A resident budget expert is currently located in the MinEcoFin,²¹ with a principal assignment of providing assistance to improve budget preparation and management, especially in the areas of reporting and monitoring, and cash planning and budgeting.
- SIDA, the Netherlands, GTZ, USAid, the Swiss, and others: These donors are funding projects that support the decentralization initiative through capacity building efforts at the local government level. Each donor appears to concentrate on one or two provinces. Most of these projects are in the design phase, but appear to include specific support for administrative training.
- The UNDP has sponsored advisors to the MinEcoFin to support the PRGF (fiscal policy design), and also the statistics division.

V. MEASURES TO STRENGTHEN TRACKING OF POVERTY-REDUCING EXPENDITURES²²

In light of the assessment of Rwanda's capacity to track poverty-reducing expenditures and its planned decentralization, the following actions are being proposed, many of which are in fact under consideration or in the implementation stage. They are emphasized here owing to their impact on the implementation of poverty-reducing expenditures. These actions are suggested because they would enhance either the comprehensiveness of the data reported, or the quality of the data, or both.

²¹ In addition, there is a tax policy advisor.

²² Items marked with a * could be completed within the first half of 2002; items marked with a ** could be completed by end-2002; and the completion of items marked with a *** is envisaged for end-2003.

A. Carry out the Necessary steps to Identify Poverty-Reducing Expenditures in the Budget and Outturn Reports in the Framework of Current Financial Management Systems

This entails in particular:

1. **(Immediate)** In line with the objectives and priorities articulated in the PRSP, complete the identification of all priority programs and the set of “poverty reducing expenditures” and match them with the appropriate budget codes, both in the recurrent and development budget. Design standardized reports to monitor these expenditures that satisfy the data requirements of interested stakeholders.
2. ** Devise a method for revising the assignment of priority programs and “poverty reducing expenditures” over time.

This is important, as programs and the program structure are evolving, and responsibilities and functions are being reassigned to other government entities in the deconcentration and decentralization process. Establishing some—possibly informal but well articulated—methods for refining the definition of “poverty reducing expenditures” over time guards against dilution of priorities, and would also assist in identifying those government entities that carry out such expenditures. In this context, further assistance would be provided by use of the MTEF process to establish priorities.

3. **/** Strengthen monitoring of the development budget, especially projects financed from external grants.

For many donor-funded projects, management procedures, banking arrangements, and accounting procedures differ from standard government procedures. Most projects are administered through project managers—sometimes funded by the donor, sometimes a local staff—who should be reporting through their supervising ministry to CEPEX. Information obtained and reported by CEPEX, however, appears to be highly incomplete.

Enhanced monitoring of the externally funded development budget is clearly essential, particularly in view of its magnitude (accounting for nearly one-third of budget resources).

(i) As a short-term measure, a quarterly reporting framework for the development budget based on direct reports from donors to CEPEX should be established. While it may be difficult to obtain such reports from some donors, others have indicated ability and willingness to provide report, as the information is already exchanged with project managers (USAid). Regular and timely reporting in a jointly agreed standardized reporting format should be investigated with the donors.

Donors should generally be willing to cooperate in such an endeavor, as is in the interests of both donors and the authorities to capture and monitor all poverty-reducing public

spending in Rwanda. This should serve donor interests as resources released under the HIPC Initiative will be directed to poverty-reducing objectives.

Donor reports would need to be supplemented by information on the actual expenditures for domestic counterpart funds: in some cases, these funds are channeled through project impress accounts, and are recorded in the SIBET system as expenditure at the time they leave the account.

Other mechanisms for monitoring project disbursements under the development budget, such as the monitoring of government bank accounts and the tendering carried out by NTB face severe limitations.

While the government has recently taken stock of all accounts with the BNR and commercial banks classified as government accounts, the purpose of each of these accounts, sources of revenues, and reasons for expenditures are not yet established. Moreover, monitoring of project bank accounts would provide information on net changes in holdings, not on gross disbursements and expenditures, as most projects have more than one account with complex interrelationships (including corrective transactions). Many of these accounts are held at commercial banks (only some donors have master accounts at the BNR), limiting access by the government to detailed information on flows. Finally, a substantial share of donor support is disbursed as aid-in-kind, either through the direct payment for technical assistance or project advisors, or through the delivery of goods, neither of which can be traced by monitoring flows through the banking system in Rwanda.

The NTB can provide useful information, as some donors have started to use the NTB for tendering related to projects. The use of the NTB by donors is not, however, pervasive and the capture would only be partial.

(ii) Reforms to strengthen management at CEPEX and reporting through internal reporting procedures should be given high priority. Reform initiatives include recent changes in the management and leadership structure of CEPEX, as well as the assistance provided by the ADB on public investment management.

B. Establish the Legal Basis, Accounting Systems, Financial Instructions and Guidelines, and Procedures that Form the Basis of Good Financial Management

While a number of good budgeting and financial management practices have been implemented—even though they have not yet been codified in law, more will need to be done to support the ongoing deconcentration and decentralization process, under which expenditure responsibilities will be spread outside of the ministries and agencies which are currently monitored. While the assignment of functions, responsibilities, and resources are likely to evolve over time, the codification and implementation of procedures necessary for effective reporting and monitoring of expenditures undertaken by semiautonomous and

autonomous agencies, as well as decentralized entities and public enterprises, can be clearly mandated.

1. * Pass the organic budget law, and institute financial instructions and guidelines.

These are before parliament, but it would be desirable to conclude the debate about assignment of responsibilities and functions speedily. A review on the consistency of the proposed framework should be carried out, given a number of proposed changes, so that undue duplication of responsibilities and functions is avoided. Provisions covering reporting and monitoring by the decentralized District governments should be included.

2. * Adopt legislation establishing the NTB, as well as the procurement regulations. Until this is done, the NTB has no legal authority, and procurement regulations cannot be enforced.

3. ** Establish and implement a chart of accounts and accounting procedures²³ that:

- (i) integrate smoothly with the budget classifications and budget procedures;

- (ii) permit the use of both computerized and manual accounting records without undue duplication of work (e.g., re-entering information from manually maintained ledgers into a computer system);

- (iii) take advantage of the streamlining possible with good computerization while ensuring adequate controls; and

- (iv) can be used (possibly in a simplified form) for deconcentrated and decentralized units, and thus permits easy consolidation.

4. * Clarify and enforce procedures on the reporting of own revenues and resources of ministries, agencies, provinces and districts.

5. *** Continue the implementation of the MTEF, with a view toward integrating the development budget planning and execution process fully with the recurrent budget. Refine the program and subprogram classification, also with a view toward making them comparable across ministries/agencies where feasible.

²³ This is in progress.

6. **/ Implement computerized record keeping and networked computer systems where feasible in terms of both technology and existing capacity. A recently prepared IT assessment and action plan sponsored by the ADB is under discussion at cabinet level. The plan proposes a sequenced expansion of the system over three years, first to the ministries located in Kigali, and then to provincial centers that would service a few provinces each.

C. Strengthen the Internal Control Environment, Internal and External Audit, and Supplement Accounting Records by Tracking Surveys

1. ** The staffing levels of the Inspection Generale et Audit should be increased, and training for his staff provided. The relationship of internal audit units in ministries and the Inspector General should be clarified, as well as other staff engaged in control operations during the budget execution process. An internal audit manual should be drafted.

2. The Auditor General should be strengthened in a number of ways:

(i) His staffing level should be increased to the authorized establishment as soon as feasible.

** (ii) The Auditor General should be reporting directly to parliament, and not in the first instance to the President, as the President is part of the executive branch of government.

* (iii) The Auditor General's reports should be made public (if necessary with very limited appropriate deletion so as not to compromise criminal investigations) so that responses to identified weaknesses in financial management procedures can be monitored.

3. ** The distribution of responsibilities between the Auditor General and the Cour des Comptes should be clarified as soon as possible. Overlapping responsibilities that may necessitate a duplication of external audits of any one institution should be minimized as much as possible, given the limited resources and number of qualified staff in Rwanda.

4. *** Internal and external audits should be supplemented by regular public expenditure tracking surveys, similar to those recently completed for primary education and health recently. As such studies are resource intensive, a multi-year work plan should be established and possibly integrated with other initiatives, including the upcoming public expenditure reviews sponsored by the WB and the EU, or surveys targeted toward measurement of poverty indicators.

5. **/** Establish reconciliation procedures for bank accounts with appropriate ledgers and enforce them.

6. **/** Improve accounting and reporting on fees, earmarked revenues, and other own revenues of ministries and agencies.

D. Implement the Deconcentration and Decentralization Program in a Sequential Manner that Permits the Development and Implementation of New Procedures, and the Strengthening of Administrative Capacity in Line with Increased Responsibilities

Particularly relevant for the tracking of poverty-reducing expenditures are the establishment of reporting requirements from deconcentrated and decentralized agencies, and special funds that may carry out such expenditures. For such reporting requirements to be meaningful and enforceable, accounting and reporting procedures for provinces, districts, and funds need to be established in line with the technological and administrative capacity of these entities, and staff sufficiently trained to adhere to them. Thus the following actions are considered necessary:

1. Develop a strategy for the sequencing of devolution of responsibilities assigned to the districts, and identify the necessary budgetary reallocations to enable districts to carry out these responsibilities (instead of a central government ministries). Identify which of these responsibilities are specifically related to poverty reduction, and will require “poverty-reducing expenditures” as per PRSP.
2. ** Devise a basic but reliable reporting system from the provinces and districts that can be used for 2002.²⁴
3. Develop an underlying framework to guide vertical and horizontal revenue sharing.
4. ** Further develop, and implement a (simplified) budget and accounting classification system at decentralized units that is consistent with the central government level and can be used to consolidate lower-level budgets and outturn reports.
5. **/** Improve the capacity of personnel in the provincial offices and District governments through training, particularly in the areas of budget procedures, public accounting, and procurement.
6. Coordinate donor activities, and the administrative systems they intend to install to ensure that these are at least compatible with each other and with central government procedures and systems. As many donors appear to be supporting individual provinces and districts, communication between them, and the central government is crucial in avoiding incompatibilities. Some guidelines and manuals have already been developed for the Districts, and additional efforts in these regard should be given priority.

²⁴ This could be done relatively simply, as the District budgets were already drafted in the prescribed program structure that is consistent with the central government budget. The MinEcoFin could develop a simple reporting template in the form of a spreadsheet. For at least some Districts, District personnel could use facilities available through the provincial office to enter the information on a diskette (much the way ministries currently use treasury facilities). These can then be picked up from provincial offices on a monthly basis for inclusion into the public accounts and/or SIBET system.

VI. SHORT-TERM ACTION PLAN

Most of the measures listed in the preceding section are of high importance, but can only be fully implemented in the medium or long term. The above list is intended to help the MinEcoFin consider priorities for upgrading their capacity to track poverty-reducing expenditures: it is for the MinEcoFin to take the lead in discussions with the multilateral institutions and individual donors, where they wish to seek help.

Two priority actions that should be carried out immediately are:

1. Identify “poverty reducing expenditures” by budget code comprehensively for the whole budget, not just new add-on programs proposed under the PRSP.
2. Strengthen reporting on the development budget, in particular by soliciting timely information from donors on their disbursements in a standardized form directly to CEPEX (or MinEcoFin).
3. Government should include all extra-budgetary accounts and off-budget activities into the 2002 Budget, or eliminate these activities.

Other specific measures in the lists above could be implemented in the short term: actions indicated with a single star * by March 2002, those with two stars ** by end-2002, and items tagged with three stars *** by end-2003. A sign **/** indicates that some partial actions can be accomplished by end-2002, but further implementation will be ongoing during 2003 and beyond.

Table 3 summarizes the Action Plan.

BUDGET CLASSIFICATION

For the 2001 budget, the budget classification a 12 digit classification of the following structure was used:

Name	Ministry	Program	Department	Input
No. digits	2	2	2	6

where input implements the economic classification and is composed of

Title	Chapter	Article	Paragraph
2	1	1	2

The title indicates the section of the budget

- R Revenue
- D Recurrent budget
- C Capital or development budget

and with the second digit the main economic category, i.e. for the recurrent budget

- D1 Purchase of goods and services (incl. wages and salaries etc)
- D2 Interest
- D3 Subsidies and current transfers
- D7 Amortization

The recurrent budget was presented in this classification, but the development budget was presented by

Name	Ministry	Program	Department	Project
No. digits	2	2	2	6

with the project first digit in the project indicating the development or capital budget C. The development budget lines also indicated the source of funding and the type of funding (domestic resources, loans, grants).

During 2001, a common program structure for the recurrent and the development budget was developed, and it is intended to integrate the two budgets. Information limitations for the development budget (discussed elsewhere), however, make this a very difficult process, and for 2002 the two budgets remain apart. The recurrent budget will be presented in the program and classification structure below.

For the 2002 budget for budget preparation a 18 digit program classification is used:

Name	Ministry	Program	Department	Subprogram	Output	Activity	Input
Digits	2	2	2	2	2	2	6

At the budget execution stage, however, only 14 digits will be available:

Name	Ministry	Program	Department	Subprogram	Input
Digits	2	2	2	2	6

This implies that there will be no automatic check during budget execution on allocations by output and activity, and while parliament will receive a budget document for discussion based on the 18 digit code, the Finance Law will only show the 14 digit code. Thus, de facto virement between output and activities (i.e. below subprograms) is left to the spending ministry. It should also be noted, that in the current classification structure wages and salaries always form their own subprogram.

MinEcoFin mandated a program structure for budget planning at the provinces and districts. This program structure shows the provincial or district department and programs. The administrative structure of provinces and districts is identical. Each province has 7 departments, 6 of which reflect the functions of national departments and one department is in charge of coordination. The programs under each of these departments then are the programs of the relevant national departments.

The mission understands that the presentation of the development budget will be as follows:

Name	Ministry	Program	Department	Subprogram	Project
Digits	2	2	2	2	6

An integrated overview table showing both the recurrent and development budget was prepared on a spreadsheet basis, with the following structure:

Ministry

Program

recurrent (of which national ministries / provinces where relevant)
development .

A functional classification to the level of subfunction is available via a mapping from the program structure into the functional classification. This cross-walk table is implemented in SIBET.

While budget planning for the 2002 budget year was done based on the 18 digit code, the forward planning for 2003 and 2004 was only done up to the level of subprogram.

Table 1. Rwanda: TRACKING POVERTY-RELATED SPENDING IN HIPCS

	BUDGET MANAGEMENT	Benchmark	ASSESSMENT	
			Desk Assessment	Agreed Assessment
Formulation	COMPREHENSIVENESS			
	1. Budget reporting follows GFS definition of consolidated general government.	A	C	B
	2. Government activities are not funded through extrabudgetary sources to a significant degree.	A	B	A
	3. Budget outturn data (levels, functional allocation) are quite close to that of the original budget.	B	C	B
	4. Budget includes capital and current expenditure financed by donors.	A	B	B
	CLASSIFICATION			
	5. Budget classified on an administrative, economic, functional basis.	B	B	A
6. Poverty-related expenditure clearly identified in the budget.	A	A	A	
Execution	PROJECTION			
	7. Multi-year expenditure projections integrated into the budget cycle.	A	A	A
Reporting	INTERNAL CONTROL			
	8. Small stock of expenditure arrears; little accumulation of new arrears over past year.	A	C	B
	9. Internal audit is active.	A	B	B
	10. Tracking surveys supplement internal control.	B	B	B
	RECONCILIATION			
11. Fiscal and banking reconciliation undertaken routinely.	A	A	C	
Reporting	REPORTING			
	12. Internal budget reports from line ministries/Treasury received within four weeks of the end of the relevant period.	B	B	B
	13. Functional classification is reflected in the in-year budget reports.	A	C	B
	FINAL AUDITED ACCOUNTS			
	14. Closure of the accounts occurs within two months after the end of the fiscal year.	A	A	A
15. Audited account presented to the legislature within 12 months of the end of the fiscal year.	B	C	C	

Table 2. Rwanda: Overview of Technical and Donor Assistance in Public Expenditure Management

<i>Donor/ Provider</i>	<i>Description of past assistance by major project</i>		<i>Description of planned/ ongoing assistance by major project</i>	
World Bank	Public Exp Reviews on Health, Education, Water & Sanitation	2000	Public Expenditure Review on Agriculture and Transport	2002
	Introduction to MTEF (Interim)			
	Macroeconomic Capacity Building	1995-97	Financial Accountability Review and Action Plan	2001-02
IMF	Advisors on Budget, and Treasury	1998-2001	Sector and development projects	2001-03
	Advisor to Auditor General	2000	Budget advisor	2001-02
	Advisor on tax policy and tax policy mission	1998-2001	Tax policy advisor	2001-02
	Public expenditure management missions including to design the Flash Reporting system	1995, 1996, 1998		
	Medium term expenditure framework advisor	2000	Medium term expenditure framework advisor	2001-02
DIFD	Advisor to MinEcoFin	1999-2001		
	Support for PRSP process	2000	Support for PRSP process	2001-02
	Tax base study	2001	Debt advice (DRI)	2001-02
	Public expenditure tracking survey (with World Bank) for primary health and education	2001	Support for Civil Service Reform	2001-02
	ODI-fellows stationed in various ministries and agencies including MinEcoFin and CEPEX		Payroll& Personnel System	2001-02
ODI	ODI-fellows stationed in various ministries and agencies including MinEcoFin and CEPEX		ODI-fellows stationed in various ministries and agencies including MinEcoFin	ongoing
	PRGF/ Fiscal advisor	1999-2000	PRGF/ Fiscal advisor	2001
	Macroeconomic policy advisor	2000	Decentralization, including administrative capacity building	planned
	Public Investment Management/ CEPEX	2000	Macroeconomic policy advisor	2001
	IT Advisors and study	2001	Public Investment Management/ CEPEX	2001-02
Belgium	Public Accounts advisor	2001	IT Advisor	2002
	Advisor to CEPEX	2000-01	Public Accounts advisor	2002
	Advisor to CEPEX	1997-99	Advisor to CEPEX	2001-?
	Treasury Operations	2000		
	Public Expenditure Review - Justice	2000	Additional Public Expenditure Reviews	2001-02
UNCTAD	Debt Management Info. System	2000		
SIDA			Decentralization, including administrative capacity building	planned
			Decentralization, including administrative capacity building	planned
The Netherlands			Decentralization, including administrative capacity building	planned
			Decentralization, including administrative capacity building	planned
USAid	Decentralization, including administrative capacity building	2001	Decentralization, including administrative capacity building	planned
			Decentralization, including administrative capacity building	planned
Switzerland			Decentralization, including administrative capacity building	planned

Table 3. Rwanda: Action Plan to Upgrade the PEM Capacity to Track Poverty-Related Expenditure (PRE)

		SHORT- TERM MEASURES		MEDIUM- TERM MEASURES	
		Action		Action	
		TA provider and timing	TA provider and timing	TA provider and timing	
Formulation	Classification	Clearly identify all programs in support of the poverty reduction objective in line with the priorities of the PRSP in the budget 2002. Clarify how these programs relate to the concept of "social sector spending" under the 2001 project. Refine the program/ subprogram classification, including with a view toward achieving consistency across ministries and agencies where feasible. Improve coverage for expenditures financed from fees or other own or earmarked revenues of ministries and agencies. Improve the operation of CEPEX Continued development, and implementation of a basic budgeting and reporting system for the Districts that is consistent with consolidation into general government, including own resources and aid in kind. Integrate development budget and recurrent budget Improve macroeconomic in-house forecasts Pass the organic budget law, and institute financial instructions and guidelines (either as law or instructions) Pass the NTB legislation and formally adopt the procurement guidelines. Design of a full chart of accounts and implementation of initial procedures to account and report in line with it. Strengthen Inspection Generale et Audit both in terms of staffing and training Clarify the role of the internal audit units in ministries, and their relation to the Inspection Generale et Audit. Strengthen internal controls. Draft an internal audit manual	World Bank; DFID DFID; 2002 and ongoing EU end 2002 AFDB, Belgium 2002 and ongoing Multiple donors (see Table 2) 2002 and ongoing DFID; EU; Belgium end 2002 (for 2003 budget) March 2002 March 2002 end 2002 end 2002 and ongoing end 2002 and ongoing end 2002	World Bank	World Bank
	Internal controls				
Execution	Multiyear projections				
	Comprehensiveness				

Table 3. (continued) Action Plan to Upgrade the PEM Capacity to Track Poverty-Related Expenditure (PRE)

	Action	TA provider and timing	Action	TA provider and timing
Reporting	Set up clear and easy reporting framework for programs identified as poverty reducing, i.e. in support of the objectives and priorities of the PRSP.	by January 2002		
	Develop reporting framework on projects with direct input from donors.	end 2002		
	Improve reporting on fees, earmarked revenues, and other own revenues of ministries and agencies.	end 2002 and ongoing		
	Develop monthly or quarterly reporting framework for decentralized (and deconcentrated) units.	SIDA; Netherlands; GTZ; USAID; Switzerland end 2002 and ongoing		
Final Audited Accounts	Clarify the roles of the Auditor General and the Cour des Comptes	end 2002	Strengthen the Auditor General by increasing the staffing levels to establishment, and continuing the capacity strengthening programs.	
	Change the law, so that the Auditor General reports to parliament in the first instance instead of the President.	end 2002		
	Pass legislation on the content, and timetable for the preparation, audit, and presentation of final accounts.	AfDB; end 2002		
	Prepare final accounts in accordance with new legislation.	AfDB; end 2002 and ongoing		