

# MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE REPUBLIC OF RWANDA

## Section 1: Purpose

1.1 This Memorandum of Understanding (MoU) reaffirms the long term development partnership between the Government of the United Kingdom of Great Britain and Northern Ireland (UK) acting through the Department for International Development (DFID) and other relevant parts of the UK Government, and the Government of the Republic of Rwanda (GoR), as first set out in the Understanding between the two countries of 12 April 1999, which this now supercedes. This MoU sets out the shared and individual commitments made by the two governments and provides a transparent framework for accountability between our two Governments and between each Government and its Parliament and people.

## Section 2: Shared Commitments

2.1 We jointly commit our Governments to:

- The reduction of poverty and the achievement of the Millennium Development Goals;
- The principles of good governance, and respect for human rights, as embodied in the New Partnership for Africa's Development (NEPAD), and our other international obligations;
- The promotion of peace and stability in the Great Lakes region, and across other regions in Africa;
- Working together to strengthen financial management and accountability, in order to reduce the risk of funds being misused through weak administration or corruption;
- Demonstrating development outcomes, with policies based on evidence;
- The strengthening of donor harmonisation, in support of Rwanda's Poverty Reduction Strategy, and in line with the Paris Declaration of 2005;
- Cooperating to enhance Rwanda's trading links and participation in the regional and global economy;
- Regular discussion on the specific commitments set out in the following sections 3 and 4 of this MoU, including annual high-level partnership talks, and ensuring that dialogue takes place before any major decisions affecting the partnership are taken.



### **Section 3: Government of Rwanda Commitments**

3.1 The Government of Rwanda makes the following commitments:

#### **Poverty Reduction, Macroeconomic Stability and Public Financial Management**

- To place poverty reduction, growth for poverty reduction and sustainable development at the heart of Rwanda's national policy and resource allocation in line with Vision 2020 and Rwanda's Poverty Reduction Strategy and, over time, increasing the contribution of domestic resources to funding poverty reduction;
- To support poverty reduction through sound macroeconomic and public financial management, with increasing transparency and public accountability in the budget cycle and medium term economic planning, in order to ensure macroeconomic stability and that public funds (both domestic and external) are used for their intended purposes, are properly accounted for, and provide value for money;
- To strengthen policies and improve institutional effectiveness, including through greater use of information communication technology, in order to promote efficient and effective service delivery for poverty reduction;
- To provide leadership in developing better donor coordination and harmonisation with a view to improving the quality and effectiveness of external assistance to Rwanda.

#### **Good Governance and Human Rights**

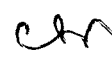
- In line with Vision 2020, to promote national unity and reconciliation, gender equality and environmental protection;
- To promote a democratic and inclusive state in line with NEPAD principles of good governance;
- To promote and protect economic, social, political, civil and cultural rights, as enshrined in all African and international human rights instruments.

#### **Conflict Prevention**

- To promote peace and stability in the Great Lakes region, complying with relevant international obligations and playing a full part in regional and international initiatives;
- To support conflict prevention initiatives, including through the AU, in other regions of Africa.

3.2 With respect to each of the areas above, GoR will continue to strengthen systems for monitoring and reporting, with a focus on outcomes.

3.3 If serious concerns emerge which might lead to undermining the effectiveness of this MoU, GoR undertakes to initiate early discussion with the UK Government and to facilitate high level discussions.



## **Section 4: UK Commitments**

4.1 The UK makes the following commitments to the Government of Rwanda:

- To support delivery of Rwanda's Poverty Reduction Strategy, to use Rwanda's own systems and procedures as far as possible to deliver development assistance;
- To provide development assistance in a predictable, transparent and accountable way, and to provide timely information on planned allocations;
- To increase transparency and accountability on its decisions on development assistance and the evidence on which these are based, including the Government of Rwanda's adherence to the commitments set out in this MoU and its ability to absorb aid effectively ;
- To work with other development partners, including international financial institutions, to improve alignment and harmonisation of development assistance and to limit the burden of conditionality, in line with the UK's policy set out in 'Partnerships for Poverty Reduction: Rethinking Conditionality';
- To help Rwanda's efforts to reduce poverty by continuing to support both increased and more effective international assistance, in line with commitments made, and trade policies that support development.
- To work for greater peace and stability in the Great Lakes region.

### **Levels of UK Development Assistance: 2005-15**

4.2 The UK is committed to providing sustained support in the form of grant aid for the Government of Rwanda's poverty reduction plans through to 2015, subject to adherence to the commitments set out in this MoU, and to the availability of resources to DFID. This will include provision of bilateral assistance to Rwanda of £46 million in 2006. Provided that there is no breach of our partnership commitments, and that there is continuing evidence that development assistance is contributing to the achievement of the MDGs, the UK expects to maintain support through to 2015 at this indicative level at least. In light of the UK's commitment to meeting the UN target of 0.7% of gross national income being spent on international development by 2013, consideration will be given to increasing UK bilateral support to Rwanda, taking into account evidence of development effectiveness and adherence to partnership commitments.

4.3 Within the sums provided through the bilateral development programme, the UK expects that a minimum of two thirds will be provided through a rolling programme of Poverty Reduction Budget Support (PRBS)<sup>1</sup>. As a rolling programme, PRBS commitments will be updated annually and commitments agreed for the following three year period. Consideration may be given to

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<sup>1</sup> i.e. general budget support.

increasing this ratio during the period of the MoU, provided the necessary accountability systems are in place. The arrangements for this will be set out in a separate arrangement. The timeframe will be aligned to the Government of Rwanda's Medium Term Expenditure Framework (MTEF).

4.4 The remaining development assistance will be committed mainly to the provision of high-quality technical assistance for capacity building, especially in the areas of pro-poor social and economic policy and planning, including better statistics and a stronger evidence base; in pro-poor macroeconomic and public financial management; in governance and civil service reform; in the social sectors; in agriculture and rural development; in aid for trade; and in strengthening alignment, coordination and harmonisation among Rwanda's development partners.

4.5 The overall level of bilateral development assistance, the proportion of PRBS, and the focus of the remaining components of the programme, will be reviewed regularly with the Government of Rwanda. DFID support provided to Rwanda through Non Governmental Organisations (NGOs) or Civil Society Organisations (CSOs) will be aligned to the Poverty Reduction Strategy, and Government of Rwanda will be informed about commitments and how such resources have been used.

## **Section 5: Monitoring and Review**

5.1 The commitments set out at sections 3 and 4 above will form the basis for high-level partnership talks to be conducted annually, and for dialogue whenever appropriate or necessary.

### **Annual benchmarks and partnership talks**

5.2 In partnership talks, the two governments will assess these commitments, review the performance of each side in relation to these, and agree specific benchmarks for monitoring progress over the following year<sup>2</sup>. As far as possible, indicators and benchmarks will draw on Rwanda's existing systems for monitoring and reporting, and will include outcome indicators from Rwanda's Poverty Reduction Strategy in order to measure progress on poverty reduction, and commitments entered into by Rwanda under its African and international obligations in order to measure progress in other areas, including governance, human rights, and regional peace and stability. To the extent possible, reviews will be aligned to Rwanda's own national processes.

### **Periodic external review**

5.3 In addition, every two to three years, the two Governments will jointly consider whether they wish to commission an external review of implementation of the MoU, drawing on the framework of commitments as specified above and on agreed indicators and benchmarks. The findings and conclusions of such reviews will be discussed at annual partnership talks.

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<sup>2</sup> A benchmark is not a condition. It is an action, process or target which can be used to monitor progress against agreed objectives and inform policy dialogue.

## **Section 6 : Circumstances under which development assistance would be interrupted or reduced**

6.1 The circumstances in which the UK will consider reducing, interrupting , changing the modalities of, or terminating aid are if (a) the Government of Rwanda moves significantly away from agreed poverty reduction objectives or outcomes or the agreed objectives of a particular aid commitment; or (b) the Government of Rwanda is in significant violation of human rights or other international obligations, especially those relating to regional peace and security; or (c) there is a significant breakdown in partner government financial management and accountability, leading to the risk of funds being misused through weak administration or corruption. The UK will take a long term perspective and is more likely to respond to a systematic pattern of events over time. However, a single event might trigger a response if sufficiently serious in nature.

6.2 If serious concerns emerge which might lead to reduction, interruption, change in the modalities of, or termination of development assistance, the UK will talk immediately with the Government of Rwanda at the most senior levels to explain its concerns, investigate the issues, explain the potential implications of failure to honour specific commitments, and seek solutions including any remedial action required. The UK will, reciprocally, ensure swift access to senior UK officials and Ministers. Except in extreme circumstances, the process will allow for a period of assessment and discussion and planned disbursements will continue during this period.

6.3 If it is found that the Government of Rwanda has significantly violated the partnership commitments, as set out in paragraph 6.1 above, the UK will consider the following actions:

- Signalling a possible future response ;
- Delaying all or part of a specific aid disbursement to government ;
- Changing the way DFID delivers aid to government;
- Switching some or all of the UK's aid away from government to other channels;
- Or – in extreme circumstances – reducing or terminating its programme of assistance to Rwanda.

6.4 The appropriate response will depend on :

- The seriousness of the specific situation, and the circumstances that led to a breach of the partnership commitments. In particular DFID will consider the scale, severity and trend of the change;
- The impact that any decision will have on poor people and longer term poverty reduction effort.

6.5 Only in exceptional circumstances will DFID interrupt planned disbursements of aid to government within Rwanda's financial year.

**Section 7: Duration**

7.1 This MoU will come into effect upon the signature of the two Governments and will remain valid for a period of ten years.

7.2 The MoU can be terminated by three months' written notice by either Government. It is agreed nonetheless that any decision of either Government regarding amendment, suspension, termination, or resumption of the MoU will first be subject to discussion.

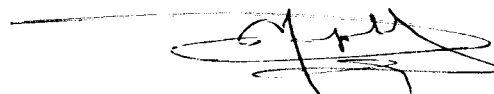
The undersigned, on behalf of their respective Governments, have signed this Memorandum of Understanding in two originals:

For the Government of the  
United Kingdom:

For the Government of the Republic of  
Rwanda:

Signed:

Signed:



Name and Title:

Name and Title:

Sir Suma Chakrabarti  
Permanent Secretary  
Department For International  
Development (DFID)

Dr Charles Murigande  
Minister of Foreign Affairs and  
Cooperation

Date: 13/02/06

Date: 13-02-2006