



## **JOINT PRESS RELEASE**

### **Government of Rwanda and Development Partners sign a Memorandum of Understanding (MoU) on the establishment of a PFM Reform Basket Fund**

**Kigali, Rwanda - Monday February 8th, 2010:** The Government of Rwanda (GoR) through the Ministry of Finance and Economic Planning (MINECOFIN) signed a Memorandum of Understanding (MoU) with the Development Partners (DPs) who have decided to support the GoR Public Financial Management (PFM) Reform Strategy through the PFM Reform Basket Fund.

In signing the MoU, Development Partners have committed themselves to the principle of harmonization as reflected in the GoR Aid Policy (2006), in the Paris Declaration on Aid Effectiveness (2005), and the Accra Agenda for Action (2008). The GoR and DPs have reached an understanding on common procedures for consultation and decision-making, disbursement, monitoring and reporting, review and evaluation, audit, financial management and the exchange of information and cooperation between the signatories.

At the same time, the GoR and DPs supporting the PFM Reform Basket Fund have agreed on a comprehensive Operations Manual detailing institutional, administrative, financial management, procurement, monitoring and evaluation arrangements for the basket fund.

The PFM Reform Basket Fund will provide a funding framework for the GoR PFM Reform Strategy (2008-2012), which was approved by Cabinet in December 2008. The strategy focuses on building human resource capacity, putting in place modern and effective systems and procedures for effective financial management and reporting and strengthening the institutional framework in accordance with international best practices for a more efficient and transparent PFM system. It also aims at increasing effective coordination of various reforms, sequencing the reforms to the priorities of the country consistent with both the Economic Development and Poverty Reduction Strategy (EDPRS) and the Vision 2020, and to ensure effective implementation.

Four Development Partners, namely the World Bank, the UK Department for International Development (DfID), the Swedish International Development Agency (SIDA) and Germany signed the MoU, whilst other donors such as the European Union will join at an appropriate time in the near future.

Prior to the establishment of the basket fund arrangement, the DPs have been supporting the PFM reforms in Rwanda via bilateral projects, including through the Public Sector Capacity Building Project and the Multi-Donor Trust Fund for PFM Reforms. The former is a grant from the World Bank, the later a grant provided for by the European Union and the UK Department for International Development (DfID) and administered by the World Bank.

The PFM Reform Basket Fund will be coordinated by the PFM Reform Secretariat, a special unit established with MINECOFIN under the direct supervision of the Permanent Secretary and Secretary to the Treasury.

The establishment of the basket fund is expected to increase efficiency and timeliness in the implementation of PFM reforms. In line with The Paris Declaration and Accra Agenda for Action, it translates into increased efforts in harmonization, alignment and managing aid for results, and will enhance country ownership of PFM reforms.

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