

2004 MEMORANDUM OF UNDERSTANDING ON THE DEVELOPMENT PARTNERSHIP BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE REPUBLIC OF RWANDA

Purpose

1. This Memorandum of Understanding (MoU) reaffirms the long-term development partnership between the Government of the United Kingdom and Government of Rwanda first set out in the Understanding of 12 April 1999, and our joint commitment to poverty reduction in Rwanda. The MoU sets out our shared and individual commitments and expectations, and provides a transparent framework for accountability between our two Governments, and between each Government to its Parliament and people.

Background

2. The Government of Rwanda has made significant progress in national reconstruction since taking power in 1994. The country is at peace, the economy is stable and growing, and the incidence of poverty is declining. The Government has developed a long-term Vision of Rwanda's development and an internationally endorsed Poverty Reduction Strategy (PRS) designed to deliver this. An ambitious decentralization programme is underway, which should allow citizens a voice in policy-making and resource allocation and which, the Government intend, will provide a foundation for a new grassroots democracy. There is a clear Government focus on service delivery.

3. But the challenge remains immense. The legacy of genocide and civil war has been compounded by continuing regional instability, a highly vulnerable rural majority, political and social fragility, extreme environmental degradation, the highest population density in Africa, high levels of inequality, an emerging HIV/AIDS epidemic, severe skills shortages and severely limited market and trade links.

4. Predictable, substantial and flexible support will remain crucial for Rwanda's continued progress through the period of this Memorandum of Understanding. The UK reaffirms its 1999 commitment to provide such support for a period of at least 10 years.

5. The UK is now Rwanda's major bilateral development partner. The UK's programme in Rwanda totals some £38 million in the UK financial year 2003/2004, rising to £42 million the following year and £47 million the year after. Two-thirds of this will be provided as direct budgetary support. In order to ensure that this budget support has the greatest possible impact on the poor, our support for capacity building is targeted on the strategic planning and budgeting processes, education and rural livelihoods.

Shared Commitments

6. The Governments of the UK and Rwanda are committed to the achievement of the Millennium Development Goals, promoting sustainable pro-poor economic growth and the attainment of peace and security in Africa. Both governments subscribe to the New Partnership for Africa's Development (NEPAD) principles and aim to promote coherence in international policy. We jointly commit ourselves to:

- a. The pursuit of the reduction of poverty in Rwanda and the outcomes articulated in Rwanda's Poverty Reduction Strategy Paper;
- b. The promotion of peace and stability within the region;
- c. The promotion and protection of the full range of human rights of all Rwandans, especially the poor, including through the promotion and observance of relevant international agreements to which our countries are signatories;
- d. Strengthening donor harmonisation in Rwanda, in support of the Government of Rwanda's "Guidelines for Productive Aid Co-ordination in Rwanda";
- e. The promotion of macro-economic stability;
- f. Strengthening financial accountability and management systems and practices in Rwanda to ensure that public funds are used for intended purposes, are properly accounted for and provide value for money;
- g. Cooperating to enhance Rwanda's trading links and wider participation in the regional and global economy.

Monitoring & Review

7. The commitments set out below shall form the basis for the high-level dialogue between our two Governments throughout the year. In addition, progress against the commitments made by the Governments of the UK and Rwanda will be reviewed annually by the two Governments and by a team of independent consultants, using as a framework the agreed annual indicators of progress. The Review Reports will serve as the basis for the annual UK/Rwanda Partnership Talks.

8. Should either Government believe that the other has taken or plans to take action incompatible with a commitment within the UK/Rwanda Memorandum

of Understanding, then the parties will meet to formally record the concern, draw attention to the potential implications of a failure to honour a commitment, and discuss what remedial action might be taken.

9. If after substantive discussions either party continues to have significant concerns, then the UK's programme of assistance to the Government of Rwanda may be reconfigured or, in extreme circumstances, terminated.

B. SPECIFIC COMMITMENTS AND INDICATORS OF PROGRESS BY THE TWO GOVERNMENTS

10. UK Commitments to the Government of Rwanda:

To work within the framework of the UK White Paper on International Development; in collaboration with others to build a stronger, more open and accountable international system, in which poor people and countries have a more effective voice

- Continue to work with Government of Rwanda to strengthen their capacity to engage effectively with international initiatives to tackle HIV/AIDS, tuberculosis, malaria and childhood infectious diseases;
- Encourage and support further liberalisation of agriculture in OECD countries within the framework of the WTO negotiations and the reforms of the Common European Agricultural Policy (Luxembourg Agreement);
- Encourage and support developments towards enhancing EU market access for all products from Least Developed Countries, building on the provisions in the fourth ACP-EU convention;
- Work to ensure the inclusion of a development perspective in international agreements affecting telecommunications and new technologies;
- Promote regional economic co-operation and integration.

To work within the Government of Rwanda's own strategic framework, including the Vision 2020 document, the Poverty Reduction Strategy, the sector strategies, and the National Programme for Strengthening Good Governance for Poverty Reduction;

- Develop a programme in support of the Government of Rwanda's rural economy strategy (the top priority for poverty reduction in the Poverty Reduction Strategy);
- Step up support for public sector reform in line with Government's vision and emerging reform initiative;
- Support the development and implementation of the Strategic Plan of the Ministry of Finance and Economic Planning;
- Support the strengthening of democratic governance, including support for decentralisation, parliament, the media and civil society participation in central and local policy development and review and resource allocation.

To the extent possible, to use Government's own systems and procedures to deliver assistance;

- Continue to provide two-thirds of development assistance as direct budgetary support;
- Harmonise financial monitoring and evaluation of budgetary support with the PRS Review Cycle;
- Use Government of Rwanda systems and reports of the Office of the Auditor General as the means to monitor UK budget support;
- To the extent possible, let DFID-funded procurement and consultancy contracts through the National Tender Board;
- Pilot Government of Rwanda evaluation of DFID project(s).

To provide assistance in a predictable and flexible manner, to assist Government's planning and management;

- Disburse budgetary support on schedule through 2004, subject to continuing progress by the Government of Rwanda against issues agreed in the 2003 Direct Budgetary Support Arrangement;
- Provide timely information to the Government of Rwanda on planned and ongoing project support, and work with the Government of Rwanda to ensure that this information is accurately recorded in the Development Budget.

To develop UK development interventions in a consultative, transparent and efficient manner;

- Continue to support, through dialogue and technical assistance, the Government of the Rwanda's work to co-ordinate and harmonize donor activities;
- Develop all new areas of engagement (including the rural economy, public sector reform, and decentralization) through the sector cluster structure, ensuring consultation with all stakeholders.

11. Government of Rwanda Commitments to the UK:

To remain committed to playing a full part in international and regional initiatives to prevent and reduce intra and inter-country conflicts and establish peace in central Africa;

- Continue to contribute towards regional peace building efforts within the framework of the Lusaka, Pretoria and New York Agreements;
- Continue to encourage Rwandan ex-combatants to return from DRC, Burundi, Angola and elsewhere, and manage their re-integration effectively;
- Continue to contribute actively to civil society initiatives to combat conflict and the proliferation of weapons;
- Develop early warning systems to prevent the eruption of armed conflict.

To continue to place poverty reduction and social inclusion at the centre of policy-making and resource allocation;

- Continue to increase %GDP allocations for the social sectors and economic infrastructure, and decrease %GDP allocation for the military;
- Maintain public sector wage bill at sustainable levels as proportion of GDP;
- Determine allocations in 2004 budget against PRS priorities and using Medium Term Expenditure Framework methodology;
- Develop sector strategies, including indicators for achievement of Millennium Development Goals;
- Establish PRS implementation and review cycle, by June 2004;
- Identify within PRS implementation and review cycle, policy responses which address needs of vulnerable groups; e.g. widows, orphans, disabled;
- Continue to mainstream women in development and gender issues into government policy and programmes;
- Continue to mainstream HIV/AIDS issues into government policy and programmes;
- Develop early warning systems and management policies to enhance food security.

To continue the promotion of national unity, justice and reconciliation

- Develop, publish and begin implementation of a strategy for legal and judicial sector reform;
- Based on the constitution, and wide consensus, develop and implement a strategy for land reform;
- Continue to strengthen and implement the National Unity and Reconciliation Commission (NURC) strategic plan (2002);
- Strengthen and implement the Gacaca process in all provinces, in collaboration with NURC and civil society;

- Service Nationale de Jurisdiction establishes monitoring systems and redresses problems with Gacaca in collaboration with NURC and civil society

Progressively, to continue to promote and protect economic, social, cultural, civil and political rights as enshrined in all African and International human rights instruments;

- Continue to investigate all reports of human rights abuses, and publish comprehensive progress reports in June and December 2004;
- The National Human Rights Commission (NHRC) develops a satisfactory four-year plan of action, based on all ratified African and international human rights instruments, in consultation with Rwandan citizens, by August 2004;
- The NHRC independently investigates all allegations of human abuses, and continues civic education and sensitization;
- The Ministry of Education continue to develop and deliver civic education programmes in schools;
- Incorporate civic education components into teacher, police and local authority training programmes;
- Continue to provide an enabling environment for civil society organizations to develop and deliver civic education;
- Incorporate safeguards on civil society activity into all new legislation and government policy.

To continue building a democratic and inclusive state, ensuring space for the operation of parliamentary opposition, civil society and the independent media, at the pace that social fragility allows.

- Publish executive summaries of existing reports by the National Electoral Commission on the Referendum, and the presidential and legislative elections by March 2004, with the objective of drawing useful lessons for future elections;
- Parliament to develop and begin implementation of a capacity building programme, aimed at enhancing the ability of Committees to scrutinize Government operations, including the budget, by August 2004;

- Respect and promote the lawful operations of political parties;
- Facilitate greater involvement by civil society organizations in policy dialogue and review of government performance around the PRS, the sector strategies, and at local level;
- Develop the capacity to implement the existing legal and institutional framework for the media;
- Increase the number of licenses issued to private radio broadcasters.

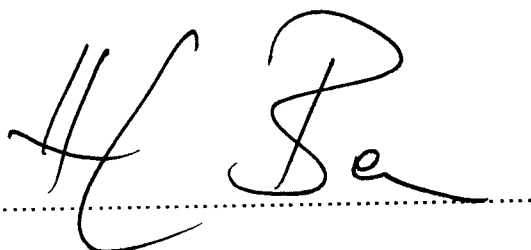
To continue to promote macro-economic policies that support sustainable development

- Maintain macro-economic stability through prudent fiscal and monetary policy;
- Progressively implement privatization and trade liberalization commitments;
- Continue to improve efficiency and effectiveness of revenue collection;
- Maintain independence of the central bank, particularly in its function of regulating and supervising the financial sector;
- Promote a financial sector that supports broad-based economic growth by intermediating effectively between savers and borrowers.

To continue to improve institutional effectiveness and systems for budget execution, financial management and financial accountability;

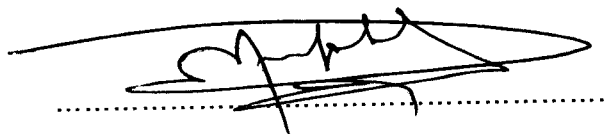
- Develop a comprehensive public service reform programme;
- Begin implementation of the Financial Accountability Review and Action Plan;
- Actions outlined in public audits carried out by GoR;
- Auditing skills at district levels developed;
- Auditor General audits accounts of each government ministry and agency (and builds capacity to do so on an annual basis);
- Office of the Ombudsman functioning effectively;
- Implement the anti-corruption legislation and code of conduct for public officials.

Signed on behalf of the Government of the United Kingdom and the Government of Rwanda on 29 January 2004.

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Rt Hon Hilary Benn MP

Secretary of State for International Development
Government of the United Kingdom of Great
Britain and Northern Ireland

A handwritten signature in black ink, featuring a long horizontal stroke followed by a more complex, cursive signature, positioned above a horizontal dotted line.

Hon Charles Murigande

Minister of Foreign Affairs and Co-operation
Government of the Republic of Rwanda