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Studies

Coordinating China and DAC Development Partners

Challenges to the aid architecture in Rwanda

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German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE)

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*) The views expressed in this study are the sole responsibility of the author.

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Bonn 2010

Studies / Deutsches Institut für Entwicklungspolitik
ISSN 1860-0468

Die deutsche Nationalbibliothek verzeichnet diese Publikation in der Deutschen Nationalbibliografie; detaillierte bibliografische Daten sind im Internet über http://dnb.d-nb.de abrufbar.

The Deutsche Nationalbibliothek lists this publication in the Deutsche Nationalbibliografie; detailed bibliorgaphic data is available in the Internet at http://dnb.d-nb.de.

ISBN 978-3-88985-492-6

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Preface

This study was conceived as part of DIE's research and training programme, led by a member of its research staff and carried out by a team of five post-graduate participants in DIE's annual training course. The research in this case was special, however, in that it was undertaken in collaboration with the *Chinese Academy of Social Sciences* (CASS) in an African country. Our three Chinese colleagues, Professor He Wenping, Dr Liu Zhongwei and Zhang Yongpeng, are researchers at the Chinese Institute for *West Asian and African Studies* (IWAAS) at CASS. The team also cooperated with a Rwandan researcher, John Rwirahira, from the *Institute of Policy Analysis and Research* – Rwanda (IPAR – Rwanda).

The long-term cooperation involved a conceptualising desk phase, during which both a Chinese and a Rwandan colleague joined the German team members in Bonn. Subsequently, we continued working together throughout the interview phase in Rwanda. Thanks to this set-up, discussions between all three sides – and from all three perspectives: German, Chinese and Rwandan – took place from the very outset and throughout the research phase. This led to a continuous exchange of information and lively discussions on divergent or similar views, opinions and perspectives. This exceptional opportunity for a constant exchange among researchers from different backgrounds was a key asset of this study – and contributed greatly to the excitement and fun experienced during this specific research project.

We are particularly grateful to He Wenping, Liu Zhongwei and Zhang Yongpeng and to John Rwirahira for their committed, perceptive and open-minded participation in this project. The final compilation of the results and the drafting of most of this report were completed by the German team members during a two-week retreat at Lake Kivu in Rwanda; our Chinese colleagues had already left for Beijing by this time. While we have endeavoured to give a true description of the positions of our Chinese colleagues throughout the drafting process, we do not hold them in any way responsible for the findings presented in this study.

During the research phase in Kigali, the *African Centre for Economic Transformation* (ACET) published a study on Chinese engagement in Africa, taking Rwanda as one of three examples (ACET 2009). Although it had a different slant on the topic, the research team benefited from a valu-

able exchange with the authors of the ACET study for which we would like to express our thanks.

We would also like to thank all the interviewees – not least those in the Rwandan administration – for their precious time and the valuable insights they gave us. We hope that our research and the interaction in Rwanda also provided them with new perspectives. Our thanks also go to DIE's advisors and internal reviewers, Doris Fischer, Christine Hackenesch and Erik Lundsgaarde. The authors are, of course, to blame for any errors or lack of clarity that remains. Particular thanks are due to the German and Chinese Ambassadors to Rwanda for their interest and support. And, last but not least, we would like to thank the KfW Entwicklungsbank for the support that has made this study possible; the KfW team in Kigali greatly facilitated our stay in Rwanda.

The authors, Bonn, December 2010

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Abbreviations

ACET	African Centre for Economic Transformation
AfDB	African Development Bank
BADEA	Arab Bank for Economic Development in Africa
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung / Federal Ministry for Economic Cooperation and Development
BSHG	Budget Support Harmonisation Group
CASS	Chinese Academy of Social Sciences
CCECC	China Civil Engineering Construction Company
CDF	Common Development Fund
CEPEX	Central Bureau for Public Investments and External Funding
CIDA	Canadian International Development Agency
CPA	Cotonou Partnership Agreement
CPAF	Common Performance Assessment Framework
CRS	Creditor Reporting System
DAC	Development Assistance Committee
DAD	Development Assistance Database
DAFC	Department Aid to Foreign Countries (China)
DED	Deutscher Entwicklungsdienst / German Development Service
DFEC	Department for Foreign Economic Cooperation (China)
DfID	Department for International Development
DIE	Deutsches Institut für Entwicklungspolitik / German Development Institute
DP	Development Partner
DPAF	Donor Performance Assessment Framework
DPCG	Development Partners Coordination Group

DPM	Development Partners Meeting
DPR	Development Partners Retreat
DRC	Democratic Republic of the Congo
ECC	Economic and Commercial Counsellors´ Office (China)
EDPRS	Economic Development and Poverty Reduction Strategy
EDPRSP	Economic Development and Poverty Reduction Strategy Paper
ERMU	External Resource Mobilisation Unit (MINECOFIN)
EU	European Union
EUR	Euro
ExIm Bank	Export-Import Bank
FA	Financial Assistance
FAO	Food and Agriculture Organization of the United Nations
FOCAC	Forum on China-Africa Cooperation
FRW	Rwandan Franc
GBS	General Budget Support
GDP	Gross Domestic Product
GNI	Gross National Income
GoR	Government of Rwanda
GTZ	Deutsches Gesellschaft für Technische Zusammenarbeit / German Technical Cooperation
HIPC	Highly Indebted Poor Countries
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
ICT	Information and Communication Technology
IDA	International Development Association (World Bank)
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
INBAR	International Network for Bamboo and Rattan
IPAR	Institute for Policy Analysis and Research

ISAR	Rwanda Agricultural Research Institute
IT	Information Technology
ITEC	Indian Technical and Economic Cooperation
JBSR	Joint Budget Support Review
JICA	Japan International Cooperation Agency
KfW	Kreditanstalt für Wiederaufbau
KIE	Kigali Institute of Education
KIST	Kigali Institute of Science and Technology
LDCs	Least Developed Countries
MDGs	Millennium Development Goals
MIFOTRA	Ministry of Public Service, Skills Development and Labour
MINAFFET	Ministry of Foreign Affairs (Rwanda)
MINAGRI	Ministry of Agriculture and Animal Resources (Rwanda)
MINALOC	Ministry of Local Government (Rwanda)
MINECOFIN	Ministry of Finance and Economic Planning (Rwanda)
MININFRA	Rwandan Ministry of Infrastructure
MINISANTE	Ministry of Health (Rwanda)
MOFCOM	Ministry of Commerce
MoU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
NAFA	Rwandan National Forestry Authority
NGO	Non-governmental Organisation
NL	Netherlands
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
PDL HIMO	Programme du Développement Local, Haut Intensité Main d´œuvre (Rwanda)

PRC	People’s Republic of China
PRSP	Poverty Reduction Strategy Paper
PSI	Population Service International
RADA	Rwandan Agricultural Development Authority
RMB	Renminbi
RPS	Rwandan Police Service
SAPS	South African Police Service
SFAR	Students´ Financing Agency for Rwanda
SIDA	Swedish International Development Agency
SWAP	Sector-wide Approach
SWG	Sector Working Groups
TA	Technical Assistance
TCIL	Telecommunications Consultants India Limited
TVET	Technical and Vocational Training
UNDP	United Nations Development Programme
UK	United Kingdom
UNICEF	The United Nations Children's Fund
US	United States
USAID	United States Agency for International Development
USD	US Dollar
VUP	Vision 2020 Umurenge Programme (Rwanda)
WFP	World Food Programme
WTO	World Trade Organization

Executive Summary

The international development debate has been marked by two major trends in recent years: intensified discussions on the effectiveness of aid, and the proliferation of actors involved in international cooperation, i.e. the aid architecture. The aim of this study is to contribute to the debate on aid effectiveness by exploring challenges to *Development Assistance Committee* (DAC) and non-DAC *Development Partner* (DP) coordination at country level, with Rwanda serving as the country case. This study is taking up the Rwandan perspective as its starting point. It considers how Rwanda makes use of the instruments provided in the course of the aid effectiveness debate when dealing with DAC DPs and the growing engagement of non-DAC DPs.

The discussion on how Rwanda engages with DAC and non-DAC DPs requires first to establish which states actually engage in development cooperation with Rwanda and how they do so (in which sectors, with which instruments or with which modalities of engagement). Detailed mapping of development assistance currently received by Rwanda thus provides the necessary basis for the study. German engagement is taken as an example of the DAC development partners' engagement, while China was chosen as the example of the non-DAC partners. Neither group (DAC or non-DAC DPs) can, however, be seen as a homogenous bloc. The study therefore includes a brief survey of the activities of other development partners in each policy area in order to contextualise the two examples.

The findings of the mapping and of the comparative analysis serve as a basis for answers to the following questions: (i) how well do DAC and non-DAC DPs align themselves with Rwandan policy preferences, (ii) how well do individual development partners integrate into the existing coordination structure, (iii) how do Rwandan actors press for closer coordination among their development partners and (iv) does the Government of Rwanda adopt different approaches towards DAC and non-DAC DPs?

The Rwandan context

Rwanda has drawn up a series of policy papers and strategies meant as guidance for the country's development. The four sectors education, health, agriculture and transport are identified by the strategies as the key to Rwandan development. They are thus examined in greater depth throughout this paper.

The government of Rwanda has taken considerable efforts to coordinate its donors, building on the aid effectiveness agenda. The Rwandan ownership of its policies, however, does not escape existing power relations and related constraints. Rwanda is a highly aid dependent country with development cooperation playing an important role.

There are 29 bilateral donors engaged in Rwanda in 2010. Out of these, 23 are members of OECD DAC; and 6 are non-DAC partners. A concentration of donors can be found in traditional sectors of development coordination such as education and health, whereas sectors like manufacturing, services & off-farm industry or transport & ICT are apparently less popular among donors. While Germany is a mid-size DAC DP to Rwanda, China certainly is the most substantial non-DAC DP in Rwanda, not only with respect to the financial scope of its development cooperation but also because of its diverse activities in technical and financial cooperation conducted in different sectors.

German policy towards Africa

Despite being a trading nation, Germany's economic interest in Africa generally, and in Rwanda specifically, is limited. Rather, German policy towards Rwanda – and the rest of sub-Saharan Africa – is strongly influenced by development policy. German development cooperation is closely linked to debates in and decisions taken by the international community and international fora, which Germany also influences. As Germany is a member state of the European Union, the EU is a further significant factor to be taken into account when German cooperation policy is considered.

The formal planning, financing and implementation procedures are multifaceted, owing to the number of actors involved in German cooperation. German actors emphasise that all interventions should be based on the development strategies and proposals elaborated by the partner countries and reflect the principle of ownership required by the *Paris Declaration.* Germany's cooperation engagement in Africa covers a multitude of areas. In a profiling exercise, German aid institutions identified three core areas of engagement in the sub-Saharan Africa region in 2008: *"sustainable economic growth", "democracy, civil society and public administration"* and *"water and sanitation"*.[1] Broadly speaking, the role of such traditional sectors as *"health"* is decreasing, while that of such new issues as *"environment and sustainable use of natural resources"* is growing. However, the focus varies across countries.

Germany in Rwanda

The planning of German cooperation with Rwanda is based, on the German side, on what is known as the *Länderkonzept* (BMZ 2009) or *"country strategy"*. Since 2001 Germany has sought to focus cooperation on three core areas and on some smaller programmes funded as part of the *"additional margin"*. The three key areas mutually agreed in German-Rwandan cooperation are (i) democracy, civil society and public administration, particularly decentralisation, reform of the judiciary and conciliation, (ii) health, family planning, *Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome* (HIV/AIDS), and (iii) sustainable economic reform, particularly general regulations, vocational training and market integration. In Rwanda, Germany is also a budget support donor, albeit not among the largest.

Germany is not directly active in Rwanda's agricultural sector, but, as a budget support donor, it arguably helps to support the overall policy and, therefore, priority activities in agriculture as defined by the Rwandan government. Similarly, the *Common Development Fund* (CDF) has clear linkages to agriculture.

In education, project aid is directed to the area of vocational training, classified by Germany as part of its focal area *"sustainable economic growth"*. German cooperation was also geared to quality assurance and the certification of private training centres. Also active in education is the German *Land* (federal state) of Rhineland-Palatinate, mostly in the

1 See: http://www.bmz.de/en/countries/regions/subsahara/index.html (accessed 17 Jan. 2010).

field of basic education (200 twinned schools), but including also vocational training. Germany, like China, also cooperates with Rwanda in the cultural field, which is associated with education.

German engagement in healthcare in Rwanda includes all major German implementation agencies in Rwanda – *Deutsche Gesellschaft für Technische Zusammenarbeit* (GTZ), KfW, and *Deutscher Entwicklungsdienst* (DED) – as part of a health sector *Sector Wide Approach* (SWAp), coordinated by the Rwandan Ministry of Health. The German engagement in the health sector is concentrated on three major components, all of which are focal areas of the *Rwanda Aid Policy*. The first component is *health financing*, where Germany mainly assists with the development of the Rwandan Community Insurance scheme (Mutuelle). As regards *reproductive health*, Germany is specialising in technical assistance (financing being the responsibility of the Global Fund). *Development of human resources* is the third component of German engagement. The KfW and GTZ are active in all three components (though with varying degrees of emphasis), while the DED is not engaged in *health financing*. Germany's engagement includes a number of elements of capacity-building in the health sector.

In the transport sector, a medium-sized bilateral partner like Germany in the Rwandan context has little leverage, as funds are limited. Germany's development assistance has supported the transport sector only through multilateral and indirect channels, i.e. through the *European Union* (EU) and as a major supporter of the Common Development Fund. The visibility of *"German"* actors (albeit not state actors) in the transport sector in Rwanda has been mostly due to the wide-ranging activities of a private construction company, Strabag, which is implementing EU or World Bank financed projects.

Chinese policy towards Africa

Chinese assistance to African states has been given since the foundation of the *People's Republic of China* (PRC) in 1949; engagement in Rwanda is dating back to 1971. China strives to portray itself as *"the largest developing country"*, thereby also managing expectations with regard to quantities of aid. The transfer of China's own development experiences to the patterns of its development assistance to Africa faces the challenge that the internal Chinese path has not been linear. The patterns have changed in correlation to the internal transformations of Chinese political and economic realities, despite rhetorical consistency at the surface.

The current Chinese engagement is based on the Chinese *“going global”*-strategy after 1998 (and with accession to the *World Trade Organization* (WTO) in 2001) which resulted in the internationalisation of the Chinese economy in both trade and investment. Yet, China’s engagement in Africa is not exclusively motivated economically, but includes diplomatic, economic, political and ideological aspects with foreign aid as an integral part. It is thus not easy to draw a line between assistance and commercial activities. From a Rwandan perspective, the tied nature of development assistance signified another rationale behind the Asian donors’ engagement, being rather *“supply-driven, not demand-driven”*.

China’s assistance to Africa appears quite cohesive at first glance, bound to the above-outlined *“collaborate state-business approach to foreign policy”*. However, China has no central agency for planning, financing and implementing its development assistance to Africa. The Chinese landscape of actors is anything but simple. In country, the representations are usually the embassy and economic counsellors only.

China in Rwanda

Overall, Chinese aid to Rwanda since 1971 totalling RMB 1 billion (USD 146 million at the current rate) has been given, composed of almost half as grants, about one third as zero-interest loans, and around one fifth as preferential loans. Looking at recent activities (since 2000) the research team has identified Chinese projects in Rwanda in the four key areas of the Rwandan strategy: agriculture, education, health and transport infrastructure.

Chinese activities in Rwanda included two agricultural demonstration/training centres and a bamboo cultivation project. The agriculture sector also illustrated the Chinese win-win-approach, i.e. the development-orientation combined with commercial interests. Financial data on these projects, however, is difficult to provide.

In education, Chinese engagement appeared rather similar to activities of western donors (excluding budget support) – consisting mostly of scholarships to Rwandan students and activities of the Kigali Confucius Institute.Economic benefits or win-win situations for the Chinese side could not be spotted in most activities conducted the education sector. The notable exception to this finding was the construction of schools.

Similarly, the Chinese engagement in healthcare did not seem to be profit-oriented at first glance. The main part of China's activities consisted of technical project assistance (a team of doctors in Kibungo, Eastern Rwanda) with a focus on providing aid to Rwanda. A more recent malaria treatment project, however, was expected to also include profit-orientation (market creation of Chinese medicine).

Transport was the key sector for Chinese engagement by financial volume: 37 million USD were provided by the Chinese ExIm-Bank as a concessional loan in 2009. Large infrastructure projects funded by China are usually carried out by Chinese companies, as was the case in Rwanda, too. This contributes to the level of experience of these companies in working abroad. Transport/infrastructure had very strong commercial aspects as drivers in the Chinese engagement. Overall, however, the Chinese business activities did not seem to be very strong in Rwanda and the engagement – other than in the construction sector – was very much driven by a solidarity and aid rationale.

Challenges to the aid architecture

Despite its aid dependency, the Rwandan government demonstrates strong ownership in development cooperation. Rwanda skilfully takes up the DAC DPs' rhetoric to exert leverage and bring its negotiating capital into play. A country-led exercise towards a better Division of Labour is an example of the Rwandan government's exhaustive use of its discursive leverage on DAC DPs. However, strong country ownership at central level also has some unfavourable effects. It seemed to individual development partners that Rwanda, often described as a *"country in a hurry"*, was trying to achieve too many things at once, also in aid coordination. Rwandan government's goal of increasing their efficiency by constantly restructuring may eventually be counterproductive.

The decisive implementation of development policies and the control of the coordination system call for – if not demand – a top-down regime, as indeed is found in Rwanda. Local authorities often failed to use even the relatively narrow scope for decision-making at district level for fear of acting contrary to the strict government line and therefore being replaced. Staff turnover is generally high. The rapid replacement of ministers, ministerial staff and local authorities was, moreover, a threat to the maintenance of a certain level of institutional memory. As a challenge within the Rwandan government, the *Ministry of Finance and Economy's* (MINECOFIN) macro perspective may not at times match the specific sectoral needs and challenges, which were felt to be best identified by the respective line ministries. Thus, the unity of the Rwandan government is not boundless, and institutional differences can be detected both vertically and horizontally.

Ensuring the transparency of data on project-based aid flows is a major challenge to the aid coordination architecture in Rwanda. Rwandan statistics differ significantly from OECD-DAC statistics; they cover different development partners, and the amounts of aid reported by the same development partner vary. Furthermore, the two main Rwandan aid databases, *Development Assistance Database* (DAD) and *Central Bureau for Public Investments and External Funding* (CEPEX), were found to defy comparison and, at times, to be inaccurate and incomplete.

Development partners in Rwanda use different modalities in their cooperation, despite Rwanda's explicit preference for budget support, as evident from its policy papers. Eventually, even though modalities differ in most respects, similarities can be found at the level of such classic projects, e.g. in the healthcare sector. A particularly stark difference in engagement in Rwanda is to be found in the case of the politically highlighted aid modality of budget support in the form of both general and sector budget support that comes with challenges to both the Rwandan government and donors engaged in this modality.

The Chinese development assistance narrative differs significantly from the Western discourse on development in that it emphasises *"mutual benefit"*, *"win-win situations"* and the non-conditionality of aid. However, there is also flexibility in this general framework. While the purpose of some engagements may be to creating business opportunities for Chinese companies, there are also clearly assistance-only activities, such as a team of doctors in Rwanda's Eastern Province. As factors from which Chinese companies derive direct benefit, however, the issues of tied aid and economic conditionality of Chinese (and other Asian DPs') aid remain, despite the clear preference for untied aid stated in the Rwandan *Aid Policy*.

The authors of this study see the lack of integration of non-DAC DPs into the Rwandan aid architecture as a major challenge to the country – at least in the medium to long term. The failure of China (the largest actor not included) to integrate was felt to be a drawback, since it kept other development partners in ignorance of China's activities, prevented mutual exchanges on good cooperation practice and opened the door to duplication. The non-inclusion of China may also make planning more difficult for the Rwandan government, it increases transaction costs (as different governmental actors are engaged in coordinating Asian and Western DPs), and it may result in unequal information levels within the Rwandan government and in greater potential for disharmony or tension among government institutions/ministries. The Rwandan government appears to use its leverage pragmatically on a case-by-case basis.

A whole range of challenges to coordination was discernible on all sides, even though Rwanda was selected for the analysis of the coordination of development partners under best-case conditions. The differing degrees of alignment and harmonisation of the development partners reflect different rationales of cooperation, interests and political opinions as well as the leverage of the Rwandan government.

Recommendations

The broad recommendations made by this study address the three key actors looked into: the Government of Rwanda, Germany, as an example of a DAC DP, and China, as an example of a non-DAC DP. Recommendations are further differentiated by their respective meaning for each of these three actors. The broad recommendations to all three actors are:

- In any action, do not lose sight of the overarching goal of reducing aid dependency; technical cooperation is also aid and thus might create dependencies.
- Continue to strengthen the harmonisation of development partners in order to reduce fragmentation and thereby reduce costs to the Rwandan government.
- Give the institutional setting of the aid architecture time to be internalised by the relevant actors. More efforts are needed, but constant reforms weaken the structure.
- Do not neglect the local level in the aid architecture; coordination can and should also happen at the sub-national level.
- Improve the transparency of development assistance and aid flows. This is explicitly directed to all three sides.
- Continue to improve the alignment of DP engagement with Rwandan development strategies and preferences.
- The aid architecture should include all development partners since its legitimacy hinges on the application of the same standards to Asian and Western development partners

1 Introduction

The international development debate has been marked by two major trends in recent years: intensified discussions on the effectiveness of aid, and the proliferation of actors involved in international cooperation, i.e. the aid architecture. Both aspects are arguably interrelated, with the latter possibly posing further challenges to aid effectiveness.[2] These trends have immediate effects on developing countries, and they are often discussed at a high policy level in international fora. The case of Rwanda, which this study explores, is one in which these topics and their effects on development planning and policies are clearly discernible.

After the patchy and often slow progress of development in many least developed countries, particularly in Africa, we are witnessing a **debate on the reform of the aid system** among the development partners who form the Development Assistance Committee (DAC) of the Organisation of Economic Co-operation and Development (OECD)[3] – referred to as DAC DPs in this study – and aid recipients. This debate culminated in the *Paris Declaration* of 2005, which was reinforced by the *Accra Agenda for Action* of 2008. DAC DPs and developing countries base their debates on the principles of development cooperation in the context of how to increase international aid effectiveness. The aim of this debate is to overcome problems inherent in the donor system, which include the negative effects on developing countries' government bureaucracies of the large numbers of donors and huge variety of reports and procedures to be followed. With every development partner adopting its own framework and rationale, there is a high risk of uncoordinated, if not conflicting, efforts. Thus the practices of

2 In line with the aid effectiveness agenda, the growing engagement of emerging economies in Africa would increase the need for further coordination in the same way as the multitude of development partners in the 1990s required such coordination: *"[...] the return of non-DAC development partners results, ceteris paribus, in new or extended aid interfaces for recipient countries, which have to relate to new donors, more modalities, other conditionalities, and further evaluations"* (Kragelund 2008, 556).

3 The debate on aid effectiveness also includes such multilateral development partners as the World Bank, the International Monetary Fund and the United Nations agencies, which are not members of the DAC, but participate as permanent observers.

project implementation may hinder rather than foster sustainable development (cf. Knack/Rahman 2007, 178).[4] In response to what has increasingly come to be seen as an aid system in need of reform, the concepts of ownership, alignment, harmonisation, management for results and mutual accountability were established as the main principles for aid effectiveness in the *Paris Declaration for Development* in 2005 and confirmed in the *Accra Agenda for Action* in 2008.

A parallel trend in recent years, one that is potentially detrimental to aid effectiveness and greater coordination efforts, has been a **rise in the number of middle-income countries increasing their aid flows to and economic investment in developing countries** and continuing to do so. The four largest bilateral contributors among them are Saudi Arabia, China, Venezuela and India (cf. The Reality of Aid Management Committee 2010, 6). As they are not members of the Development Assistance Committee, these countries are referred to as non-DAC developing partners (non-DAC DPs) in this study. In the debate accompanying this trend, non-DAC DPs are often known as *"new donors"*, representing the perspective of more *"traditional"* DAC-DPs in this debate (cf. Kragelund 2008, Grimm et al. 2009a). However, many non-DAC DPs do not consider themselves *"donors"*, nor are they referred to as such in the various developing countries. Similarly, the term *"new"* seems inaccurate, since some development partners have been engaged in development (or economic) cooperation for decades.[5] This has obvious implications for the position of non-DAC DPs on and in the aid effectiveness debate.

The degree of commitment to implement the principles enshrined in the *Paris Declaration* already varies significantly *within* the group of DAC DPs, as evaluations in the OECD framework show (cf. Wood et al. 2008). With some non-DAC DPs becoming sizable players in Africa, a number of Western observers fear that their engagement may further conflict with the

4 This debate is also fostered by more radical critics, such as the Cameroonian Axelle Kabou, who has highlighted aid dependency and elite failure in Africa (Kabou 1995), and, more recently, the Zambian Dambisa Moyo, who has spoken more polemically of *"dead aid"* (Moyo 2009). The critics also include William Easterly, who alludes to the colonial perception of the *"white man's burden"* (Easterly 2006).

5 The People's Republic of China, for instance, has engaged in international cooperation since the early 1950s (cf. Brautigam 2010).

principles laid down in the aid effectiveness debate and weaken such DAC principles as human rights and good governance.[6] Non-DAC DPs such as China, on the other hand, do not necessarily share the view that the mere *number* of uncoordinated donors poses a problem in itself. They claim that traditional DAC DPs are applying the wrong ideas to development cooperation and basically repeating the mistakes they have made over the last 50 years. China sees itself as a development partner of a different kind and thus not bound by the *Paris Declaration* in the same way as *"Northern" donors*.

1.1 Aim of the study and research questions

The aim of this study is to contribute to the debate on aid effectiveness by exploring challenges to DAC and non-DAC DP coordination at country level, with Rwanda serving as the country case. It considers how Rwanda makes use of the instruments provided in the course of the aid effectiveness debate when dealing with DAC DPs and the growing engagement of non-DAC DPs. By taking up the Rwandan perspective, the study seeks to avoid a DAC bias, even though it adopts the aid effectiveness agenda as its starting point. The discussion on how Rwanda engages with DAC and non-DAC DPs requires a major preparatory step: it must first be established what states actually engage in development cooperation with Rwanda and how they do so (in which sectors, with which instruments or with which modalities of engagement). Detailed mapping of development assistance currently received by Rwanda thus provides the necessary basis for the study. To facilitate a comparison of similarities and differences in the various approaches adopted, the mapping focuses – after a broad overview – more specifically on two examples: German engagement is taken as an example of the DAC development partners' engagement, while China was chosen as the example – and the most substantial – of the non-DAC partners. Neither group (DAC or non-DAC DPs) can, however, be seen as a homogenous bloc. The study therefore includes a brief survey of the activ-

6 Critical media coverage in Western countries – often in a polemical and blatantly 'scare-mongering' style – raises questions about the effects of Chinese engagement on governance, which is noticed and discussed critically by Chinese academics (He 2008). More balanced assessments can be found in Alden et al. (2008); SAIIA (2009); Le Pere (2007); Hackenesch (2009) and Hackenesch (s.a.). An more positive overall assessment of effects on African development can be found in Asche / Schüller (2008) and Brautigam (2010).

ities of other development partners in each policy area in order to contextualise the two examples.

The four most important policy areas in Rwanda's development, as defined by Rwandan policy papers (cf. GoR 2007; MINAGRI 2009, v), were selected for the mapping of development partners' activities: education, transport, health and agriculture. Such comprehensive mapping of Rwanda, covering *all* countries acting as development partners in these sectors, has, to our knowledge, never been conducted before. It adds substantially to the understanding of African aid coordination policy and its practice.[7]

The findings of the mapping and of the comparative analysis serve as a basis for answers to the following questions: (i) how well do DAC and non-DAC DPs align themselves with Rwandan policy preferences, (ii) how well do individual development partners integrate into the existing coordination structure, (iii) how do Rwandan actors press for closer coordination among their development partners and (iv) does the Government of Rwanda adopt different approaches towards DAC and non-DAC DPs? It is assumed that the answers to these questions will reveal the main challenges to DP coordination in Rwanda.

1.2 Country case selection

Rwanda, like many other African countries, is highly aid-dependent, the aid it receives accounting for around one fifth of its gross national income (GNI)[8] and some 50 per cent of its national budget (Interview 44). This fact potentially exposes many decisions on the country's economic and social development to the influence of international development partners. Since 1994, aid flows to Rwanda have increased substantially in the aftermath of the genocide, and the Rwandan government has struggled to gain control over them. Since the late 1990s, and increasingly in the 2000s, the Rwandan government has tried proactively to control external assistance, referring to the international aid effectiveness debate and the commitments made in the *Paris Declaration* and the *Accra Agenda* (cf. Hayman 2009a,

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7 Attempts to map non-DAC and DAC development partners' activities have been undertaken recently for Mozambique and Tanzania. The Centre for Chinese Studies of Stellenbosch University in South Africa has also conducted some mapping of Chinese engagement across several African states (cf. See: http://www.ccs.org.za/publications.html).

8 See: http://www.oecd.org/dataoecd/52/12/1893167.xls (accessed 4 Jan. 2009).

582). Rwanda's strong political use of the aid effectiveness debate is underlined by its elaborate national development strategy and its domestic aid coordination architecture; the country explicitly aspires to becoming a *"developmental state"*.[9] Its high level of ownership compared to many other African states and its explicit desire to see closer coordination among its development partners thus makes Rwanda an interesting case for establishing how an aid-dependent country can coordinate its DAC and non-DAC development partners.

Germany, the example of a DAC country, can look back on a long history in Rwanda (having been the first colonial power in the region in the late 19th and early 20th centuries). In more recent years, since the 1950s, development cooperation has clearly been the key activity in this partnership. In absolute terms, Germany is one of the world's three largest bilateral providers of development assistance.[10] It can thus be expected to be an influential development partner globally and in Africa, even if the focus on Africa is more pronounced in other OECD member states, such as the United Kingdom (UK), France and the Nordic countries. Nevertheless, 24 of Germany's 58 cooperation partner countries in 2009 were located in sub-Saharan Africa, where the BMZ had planned to disburse EUR 1.1 billion. Rwanda is a key partner country for German cooperation policy in Africa in the sense that a broad spectrum of cooperation instruments is used.

For its part, China is one of the largest non-DAC DPs, arguably the most important globally and increasingly active in Africa. Where Rwanda is concerned, China is of interest not least because of its global weight, but also because of its history and growing level of engagement in the country, which dates back to the early 1970s, the time when mainland China took over the permanent seat on the UN Security Council from the Taiwan-based government. Furthermore, given the small size of Rwanda and its comparatively limited importance in terms of commerce and resource extraction, it is arguably not a 'hot spot' for Chinese activities (unlike Angola or Sudan, for example). Research in Rwanda would thus be expected to provide more insight into China's less prominent – and possibly less contested – engagement in an African country.

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9 For a discussion of the term see for instance Leftwich (2000); Fritz / Rocha Menocal (2007); Evans (2008).

10 See: http://www.oecd.org/dataoecd/17/9/44981892.pdf.

The case of Rwanda permits a comparison of the development cooperation facets of German and Chinese engagement in Africa and the potential for better coordination in this field. While recognising the impact of broader political and economic interests on willingness to coordinate or to be coordinated, this study is confined to the development perspective of challenges inherent in the aid architecture at country level. This focus allows a more nuanced picture of Chinese engagement in one African country to be drawn by highlighting the aspects of development cooperation, as opposed to investment or trade interests. Given the high degree of ownership combined with the strongly development-oriented course charted by the Rwandan government and its commitment to the implementation of the Paris Declaration and Accra Agenda, Rwanda is most likely to achieve the successful coordination of its DAC and non-DAC development partners (best-case selection). Even though the findings of this single case study cannot be generalised, the challenges to better aid coordination are likely to be of relevance to the coordination of DAC and non-DAC DPs in other countries.

1.3 Definition of key terms – development cooperation and coordination

A comparison of German and Chinese cooperation with Rwanda and its coordination requires a definition of the task and ultimately of the term *"development cooperation"*. As Germany is a member of the OECD's DAC, it applies the DAC definition of *Official Development Assistance* (ODA) in its development cooperation: ODA comprises technical assistance and financial assistance to developing countries on concessional financial terms (a grant element of at least 25 per cent is required). This assistance must be provided by the official sector and must have as its principal objective the promotion of economic development and welfare.[11] As China does not apply this definition, a comparative analysis of Chinese cooperation faces obvious challenges.

As regards the financial concessionality in the DAC definition, the threshold of 25 per cent cannot be applied rigidly since China does not report on its cooperation in these terms or in accordance with these standards. The

11 See: http://www.oecd.org/glossary/0,2586,en_2649_33721_1965693_1_1_1_1,00.html#1965 586 (accessed 4 Feb. 2010).

definition applied by this study, in the Rwandan context as far as possible, includes the criterion of state-guaranteed concessionality of financial flows. This is important, since it is through this concessionality that the development partner indicates his commitment to the objective of contributing to economic development and welfare in the recipient country (rather than mere export financing or the like). This supports the second condition laid down in the DAC definition, namely orientation towards the recipient's development.[12] For the purpose of this study the definition clearly excludes the economic engagement of private actors – parallel to the DAC definition.[13] However, owing to the specific features of the Chinese case, this study also explores a *"grey area"* of state engagement and considers the economic engagement of (partly) state-owned enterprises as long as they are funded with Chinese state resources and are thus implementing Chinese government projects. Private enterprises that are subsidised by the state and have in effect won international contracts for development projects also blur the line between private and public engagement (and between development assistance and trade/investment promotion). Since it is not possible to gather information on such subsidies at recipient country level, they are not considered in this study.

This study's understanding of aspects relevant to coordination is closely linked to the international aid effectiveness debate. From that starting point, the recipient country should be in control if coordination is to be effective (cf. High Level Forum 2005). Consequently, this study takes the Rwandan government as its reference point for the analysis of approaches to the coordination of DAC- and non-DAC DPs. Coordination in the context of the aid effectiveness debate is generally discussed from three key angles: ownership, alignment and harmonisation. These terms therefore need to be clarified at the outset:

The *Paris Declaration* defines **ownership** by the partner country as effective *"leadership over its development policies"* and strategies and effective

12 This characteristic is admittedly quite vague. Where classification remained difficult, decisions were taken on a case-by-case basis after thorough discussions within the research team, composed of Germans, Chinese and Rwandan partners. The tripartite nature of this group was an asset when it came to defining development cooperation in a German-Chinese-Rwandan context.

13 Bilateral governmental cooperation between China and Germany with Rwanda also includes the sub-national level, i.e. aid from Chinese provinces and German Länder

"coordination of development actions" (High Level Forum 2005, 3). The degree of ownership by an aid-dependent country must be assessed critically. As will be argued below, Rwanda is one of the good performers in terms of the indicators set out in the *Paris Declaration* (operational development strategy, measurable performance assessment frameworks, mutual assessment of development partner and recipient commitments).

The **alignment** of partner countries' national development strategies, institutions and procedures is closely related to the principle of ownership. The contribution made by individual development partners must be measured against the backdrop of the recipient country's strategies and their support for the recipient's institutions and procedures. This study therefore begins by considering Rwandan development policy papers and sector strategies.[14] By applying this benchmark, it can then assess how far Chinese and German engagement takes into account the preferences of the Rwandan side with respect to the goals, modalities and instruments of development cooperation.

The **harmonisation** of actions and transparency concern coordination among development partners with a view to reducing transaction costs to the recipient country and creating synergies between the contributions of the various partners or achieving complementarity of their actions. Here again, the principle of ownership comes into play, because it is the recipient country that should provide *"clear views on donor's comparative advantage and on how to achieve donor complementarity at country or sector level"* (High Level Forum 2005, 6). This study assesses how far China and Germany are willing to accept such forms of coordination among development partners under the leadership of the Rwandan government. Indicators of their willingness are, for example, their participation in the various Rwandan coordination fora and their support for the Rwandan government's current efforts to achieve a more effective division of labour among its development partners.

This understanding of coordination entails a broad definition of the term *"aid architecture"* that comprises not only the institutional setting for coordination but also the strategic policy framework. Thus, as it considers the

14 These strategies and policies are often elaborated in close consultation with Western development partners, as discussed below.

challenges to the Rwandan aid architecture, this study is not restricted to assessing the alignment and harmonisation of development partners. It also analyses the challenges to the exercise of strong ownership and coordination arising from internal Rwandan conditions, such as capacity constraints or the diverging interests of different governmental bodies. A deeper concept of ownership not limited to country ownership (the focus of this study) also raises the question of the involvement of civil society in, say, the process of decentralisation.

1.4 Motives for coordination

The *Paris Declaration*, which sets out principles and procedures, can be seen as one of four pillars of the international aid effectiveness agenda, the others being the goals defined in the Millennium Declaration, the commitment to the provision of more resources (Monterrey Consensus) and the call for policy coherence and more development orientation of other policies acknowledged from UN to national level (cf. Ashoff 2008, 1). The debate on aid effectiveness has intensified in the past decade, hinting at a legitimacy crisis for development assistance, also apparent from waning aid efforts ('aid fatigue') in the 1990s. The legitimacy problem can be ascribed *inter alia* to unsatisfactory development progress in a number of partner countries despite long-standing development cooperation, difficulties in demonstrating the effectiveness of development assistance and the growing complexity of the international aid system (cf. Ashoff 2008, 1). The general drive for more effective development cooperation is evident from efforts to resolve the legitimacy crisis encountered by an instrument that is – in principle – still considered useful in countering risks arising from inequalities between and within countries. It is hoped that better coordination, in the sense described above, will lead to a lighter administrative burden for recipient countries, more predictable aid flows, greater flexibility in aid allocation within countries and, in general, better results as regards the development of recipient countries.

The aid effectiveness agenda is a reaction to shortcomings in the aid architecture, one of which is the proliferation of actors. In many African countries in the 1990s, aid was provided by *"some thirty official donors in addition to several dozen international NGOs [...] through over a thousand distinct projects and several hundred resident foreign experts"* (Van de Walle 2001, 58). The administrative effort of dealing with this multitude of development partners has overburdened government bureaucracies, arguably leading to a decline in the quality of governance (cf. Brautigam 2000). Furthermore, the variety of modalities and conditionalities has led to a lack of predictability of flows and insufficient flexibility in the use of aid, leaving governments of developing countries often unable to establish long-term development plans for their countries (cf. Hayman 2009a). The rise in the engagement of non-DAC DPs further contributes to the complexity of the aid system and thus potentially increases the recipient country's coordination burden. Taking the Rwandan government's strong commitment to coordinate its development partners as a starting point, this study considers the extent to which DAC and non-DAC DPs are willing to be coordinated or what specific challenges to coordination they pose.

In its comparison of DAC and non-DAC DPs in terms of coordination, this study must allow for differences between the two groups as regards the need for coordination. Different actors pose different coordination challenges. The negotiation procedures of non-DAC DPs combined with their commitment to non-interference, for instance, may pose less of a challenge than the procedural requirements and macroeconomic or governance conditionalities of DAC DPs. On the other hand, disregarding human rights or environmental aspects may also undermine effective development of the recipient country and even sustain bad governance in the recipient country to the development partner's own benefit (cf. The Reality of Aid Management Committee 2010, 13–14).

South-South cooperation is often criticised for being accompanied by the requirement that goods be procured from the development partner country. This common feature of earlier North-South cooperation, known as *"tied aid"*, has only recently been addressed by DAC DPs with commitments to *"untie"* aid. It is one of the indicators of the alignment of development partners with the *Paris Declaration.* While tied aid provided by Northern development partners was criticised for undermining recipient countries' systems and inflating the cost of development projects, the latter may not – for the time being – be necessarily true of better priced goods and services provided by Southern development partners (cf. The Reality of Aid Management Committee 2010, 14). The same applies to technical assistance, which can be regarded as another form of tied aid that is also extensively provided by DAC DPs, since it may prevent the recipient country from choosing the appropriate experts from the national or international labour market and so give rise to higher costs or lower expertise (e.g. other experts may be better placed in terms of context knowledge).

Ensuring transparency is another important step towards improved coordination in the sense of harmonisation. Without information about what other development partners are doing, harmonisation among them is inconceivable. Insufficiently transparent granting and accounting procedures also increase the recipient country's administrative burden, since planning will have to be based on more or less educated guesses. A lack of transparency may also invite corruption, which will hamper the effectiveness of aid (cf. The Reality of Aid Management Committee 2010, 15). DAC DPs often seem to feel inadequately informed about South-South development cooperation. There are a number of reasons for this, ranging from fragmented institutional settings at national level in non-DAC DP countries and the absence of institutions at international level (there is no international non-DAC DP standard-setting body) to incoherent or non-existent definitions of development cooperation and a lack of political will.

1.5 Coordination – aspirations and leverage

While the need for better coordination with a view to achieving development goals more effectively is strongly and convincingly justified from a development perspective, its achievement may be hampered not only by the institutional self-interest of implementing agencies but, more fundamentally, by other motives that are not genuinely development-oriented. It is possible to identify a wide spectrum of possible and not mutually exclusive motives for providing aid, all of which may influence the willingness of DAC and non-DAC DPs to improve coordination within the framework of the *Aid Effectiveness Agenda.* Besides **normative motives**, including both the general, altruistic motive of alleviating poverty and more specific norms that may be established in specific discursive settings (e.g. the aid effectiveness discourse for DAC members or the narrative of South-South cooperation for China) and are then codified – to a greater or lesser extent – in declarations, etc., a number of motives prompted by self-interest are likely to be served by development politics. Such **economic motives** as access to a developing country's market, extraction of resources in the recipient country and the creation of a regulatory framework that favours the development partner's commercial interests may in some cases lead to competition between development partners rather than to their coordination. The same applies to **political** or **strategic motives**, where aid is, for example, given as a sign of diplomatic approval, to strengthen a military ally, to develop patronage networks (cf. Holden 2009; Lancaster 2007) or to contain migration and stabilise whole regions for security reasons. There is thus a variety of motives for providing development assistance.

It is also crucial, however, to consider matters from the viewpoint of developing countries and their motives for accepting development assistance, in order to assess the potential for better aid coordination. The governments of developing countries usually have difficulty accessing sources of finance. Having a low domestic tax base and encountering difficulties in obtaining regular loans in the financial markets (and attracting foreign direct investment), they often depend heavily on financial assistance in the form of grants and concessional loans and also on technical assistance from development partners with the implementation of their policies. Besides assistance with implementing their development policies, ruling elites may also use foreign aid to strengthen their respective power bases within the population: aid may be used to build clientelist networks or strengthen state capacities (which can also be used to repress opposition). Last but not least, contacts with development partners may serve as stepping stones to further cooperation in the of diplomatic, military and commercial fields. These motives are discussed in more detail in Whitfield / Fraser (2009), on which the following paragraphs draw.

The high dependency of developing countries and their ruling elites on foreign assistance may suggest a strategy of compliance with conditions and administrative requirements preferred by development partners, leading to a rather passive role for the countries on the recipient side of development cooperation. However, this study assumes that developing countries in general and Rwanda in particular have an interest in actively coordinating development partners to suit their own development policies with the aim of achieving their development objectives. It focuses specifically on the recipient country's government as the key political actor[15] and negotiation partner in development cooperation. It takes account of differences of opinion on development policies between development partners and the recipi-

15 The Rwandan government is not regarded as a unitary actor. The study will shed light on sometimes diverging interests of actors at national and subnational level and of different governmental bodies within central government.

ent government and of divergent policy preferences (which go beyond the mere self-interest of elites).[16] Exploring this assumption of active coordination by Rwandans at country level, the study assesses the Rwandan government's will, capacity and leverage in respect of the coordination of development partners according to its own preferences. The leverage or *"negotiation capital"* of a developing country's government depends very much on global and country-specific structural (economic, ideological, political, institutional) conditions (Whitfield / Fraser 2009, 39; Whitfield 2009b, 362), which in turn shape the strategies used by governments in aid negotiations and development partner coordination. These strategies range from defensive non-implementation and backsliding to confrontational politicised strategies or non-confrontational strategies of being a good performer and taking the donor rhetoric of ownership at face value (cf. Fraser / Whitfield 2009, 97).

The influence of **economic conditions** on the leverage of the recipient country can be formulated in the following hypothesis: high dependency on markets in the DP country or high aid dependency because of a lack of alternative sources of funding will lead to limited leverage in negotiating assistance and coordinating development partners (cf. Whitfield / Fraser 2009, 40). For the coordination of DAC and non-DAC DPs in Rwanda, this leads to the hypothesis that *at least parts of the Rwandan government will have an interest in keeping non-DAC DPs as alternative sources of funding outside the DAC DP coordination fora in order to gain leverage in relation to DAC DPs.*

The **discursive setting**[17] in the developing countries and DPs may also impact leverage. The better a developing country takes up the currently influential ideas and preferences within DP countries and uses them for its own purposes and the better it links its own clear development vision to the wider international discourse, the more difficult it will become for development partners to challenge its priorities (cf. Whitfield / Fraser 2009, 41).

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16 Whitfield / Fraser convincingly criticise prevailing rational choice literature on the political economy of reform for reducing legitimate recipient government positions to products of the self-preservation strategies of elites (Whitfield / Fraser 2009, 29).

17 Rather than the term "ideological" (as used by Whitfield / Fraser), "discursive" is used here. A discourse is not regarded as mere rhetoric, but as comprising the rationales which inform the ideas and concepts that are in fashion and structure the ongoing debates in a specific space-, time- and institution-bound setting.

In this perspective, at least where DAC-DPs are concerned, the link to the aid effectiveness debate should be an important asset in DP coordination. It is therefore interesting to consider how the Rwandan government draws on this debate, but also how it utilises history (and above all the genocide in 1994) as "negotiation capital". *As regards the treatment of DAC and non-DAC DPs, the Rwandan government can be expected to apply, in response to the differences between China's and Germany's rationales* (which are discussed in more detail in Chapter 3), *different strategies to align them with its development plans.*

As regards **political setting**, a high degree of political legitimacy of a recipient government may also boost its negotiation capital. Political constraints, such as the maintenance of a fragile balance of power, may strengthen a country's negotiation and coordination capacity. However, a government's legitimacy may depend not only on the support of its own people, but also on its international image. The image of a good performer, a successful example of development cooperation, may also increase a recipient country's leverage (cf. Whitfield / Fraser 2009, 41). Consequently, the DP community's perception of a recipient country must also be recognised as an important factor in any attempt to assess the potential for DP coordination. In Rwanda's case, we assume that it is perceived to be a good performer because of its strong orientation towards development and that it gains leverage from this.

Finally, the **institutional setting** has an effect on a government's leverage in DP coordination. A functioning and inclusive political and administrative system which guarantees a high degree of unity within the government in respect of its policy preferences will make it less likely that a development partner will find allies within a recipient country to support its efforts to persuade key decision-makers to change their policy preferences (cf. Whitfield / Fraser 2009, 42). That is why it is also important to consider vertical and horizontal intra-governmental relations. Here, differences with regard to the perceived need to include all development partners in the aid architecture can be expected to arise among different actors at national level and between the subnational and central levels. *It can be assumed that the opinion of the central ministry responsible for coordination on DP coordination differs from the opinions of the foreign ministry or line ministries or subnational government bodies, owing to different institutional perspectives and power shifts accompanying stronger (centralised) coordination.*

Other institutional factors influencing the government's leverage are the degree of institutional entanglement of development partners in developing countries and the design and functionality of the aid coordination architecture itself.

1.6 Methodology

This study adopts a qualitative research approach, which is especially suitable where there is relatively little secure knowledge of a specific topic (for the appropriateness of qualitative designs see Dreier (1997, 72); Patzelt (1992, 323). This is the case with respect to systematic information on activities of Chinese actors in Rwanda to the question of practical donor coordination at country level.

Various methods were used to carry out the research: a preliminary desk study based on an analysis of primary and secondary literature published mainly in English laid the foundations for the study. Special attention was paid to the analysis of policy papers of the three countries concerned. In particular, their development strategy papers were examined. In Rwanda's case, these were first and foremost *Vision 2020* (MINECOFIN 2000), *Rwanda Aid Policy* (GoR 2006) and *Economic Development and Poverty Reduction Strategy Paper* (EDPRSP) (GoR 2007). As for Germany, the country strategy paper on Rwanda (*Länderkonzept Ruanda*) and publications of the various implementation agencies present in Rwanda were analysed. In China's case, it became apparent that there is a lack of country-specific data on development cooperation. An initial assessment was made of China's principles with regard to development assistance and, above all, its *Africa Policy* in order to deduce starting points for research at country level. In addition, the team analysed publications by the OECD-DAC on the aid effectiveness debate and international secondary literature on the subject. All these documents provided the information for the initial mapping of policies, instruments and players active in development cooperation with Rwanda. However, they did not paint a comprehensive picture of activities in Rwanda – particularly those involving Chinese cooperation – nor did they allow an assessment of practices.

On the basis of the desk study, field research was conducted in Rwanda from mid-February until the beginning of May 2010. To enable a general policy overview to be obtained, the first two weeks included interviews with such actors as key interlocutors in the *Ministry of Economic Planning and Finance* (MINECOFIN) and the *Central Public Investments and External Finance Bureau* (CEPEX) and with development partners. The interviews also included questions concerning the development partners' interaction with the *Government of Rwanda* (GoR), experience of the structure of cooperation, such as existing silent partnerships and trilateral cooperation, and general opinions on the usefulness of these modes of cooperation. After two weeks of interviews the initial findings were discussed within the research team. The following two weeks were mainly devoted to interviews with district authorities and visits to Chinese and German projects in Rwanda's Southern, Eastern und Northern provinces. These projects had been chosen from the four key sectors for development identified by the EDPRSP: agriculture, education, health and transport. Both Germany's and China's engagement covers these four areas, although the range of modalities, channels for assistance and levels of engagement varies considerably. The impressions gained from the provinces provided the basis for the second round of interviews in Kigali, which continued until the end of March and were conducted with the aim of double-checking and contextualising information acquired until that time. The main target groups in this round of interviews were representatives of a number of Rwandan line ministries and other Rwandan actors. The team also continued to speak to development partners.

The mixed Sino-German research team was an asset in several regards: it facilitated access to interview partners; it raised the research team's credibility in the interview situation because it promised an *"objective"* examination of the topic and so potentially resulted in more critical statements on the engagement of both DAC and non-DAC DPs from the Rwandan government side; it also helped when it came to interpreting the interviews. Throughout the interview phase regular working group meetings enabled the mixed research team to share information and exchange and balance observations and perceptions. The Chinese members of the team left Rwanda in early April, after the interview phase had been completed. Prior to their departure, the whole team met for a final one-day workshop to discuss the preliminary results.

Altogether, the research team conducted 76 expert interviews with representatives of bilateral and multilateral development partners and with Rwandan actors, most of whom, though not all, were officials at national and subnational level (see Annex 12). Of these interviews, eight were conducted with representatives of Chinese institutions and companies. These interviews often took the form of a conversation with two or more interviewees. The interviews were based on interview guidelines, which contained four different sets of questions for German, Chinese, other international actors and Rwandan officials. The guidelines – which were amended slightly after one week of testing – defined the relevant topics and provided open, non-suggestive questions, the interviewees thus being required to articulate their opinions and to place the emphasis on specific issues as seen from their own perspective.[18]

In addition to the qualitative data collected during the semi-structured interviews, quantitative data was used to cross-check and enrich them. Quantitative data were obtained from MINECOFIN's Rwandan *Development Assistance Database* (DAD) and include data on development cooperation with Rwanda. For data on Western development partners the OECD-DAC database was also consulted. Other relevant quantitative data were obtained from official Rwandan budget allocation documents.

To analyse the qualitative data collected during the interviews, the material was organised and its complexity reduced in four steps suggested by Lamnek (2005, 402 ff.): first, summaries of the results of each interview were prepared in order to reduce the amount of information and to filter out the most important findings. The second step was to analyse each interview individually with the help of *Atlas.ti*, a software programme for the analysis of qualitative data, by adding analytical remarks and coding the protocol with keywords. The third step was to compile codes to enable similarities, differences and general tendencies in statements to be related to specific issues across the range of interviews. This was also done to validate the research findings resulting from the processing of the qualitative interviews by means of triangulation.

The preliminary results of the research were presented at a final workshop held in Kigali on 28 April 2010, which was attended by interviewees, including representatives of the Rwandan government and the development

18 The interview guidelines were drawn up in English; owing to the differing contexts interviews were, however, conducted in English, French, German, Spanish and Mandarin

partner community in Rwanda. The subsequent open discussion with the participants enabled the results to be cross-checked. The workshop results and the subsequent feedback are reflected in this study.

1.7 Structure of the study

Chapter 2 gives an overview of Rwanda's development policies and strategies, including the discussion of Rwandan ownership of the development strategy. The chapter ends with the mapping of the DP landscape in Rwanda, in which trends in aid flows and the broad differences in the engagement of DAC and non-DAC DPs in Rwanda are considered. Chapter 3 maps German and Chinese engagement in the four key policy areas in more detail, focusing on similarities and differences in approaches, modalities and instruments, education, health, agriculture and transport being the sectors taken as examples. This provides an analysis of how closely the two case studies align with the Rwandan development strategy. An in-depth analysis of the aid coordination architecture, highlighting the challenges it faces, is carried out in Chapter 4, which also touches on trilateral cooperation and silent partnerships as possible answers to the challenges faced by the aid coordination architecture. Chapter 5 presents the conclusions of the study, summarising the findings, on the basis of which recommendations to policy-makers in Rwanda, China and Germany are formulated.

2 The context of development cooperation in Rwanda

Rwandan President Paul Kagame repeatedly emphasises that African countries need to elaborate their own distinct and inclusive development visions in order to be recognised as *"a voice to be heard in global affairs"* instead of being regarded merely as *"a problem to be solved"* (Kagame 2007, 4). Stressing that such a vision means *"a positive and substantive strategy for growth and development"*, he criticises what he sees as technocratic approaches to poverty alleviation which consist in *"mechanically meeting an abstract set of development targets"* (Kagame 2007, 4). To judge from these comments, development in Rwanda is thus seen as a political process requiring political guidance.

This chapter explores the set of strategies and overall policies formulated by Rwanda and considers the general financial and policy context of Rwandan development. It also outlines the development partner landscape in Rwanda, presenting the broad spectrum of partners who belong to the DAC and those who do not and discussing the degree of aid dependency and (joint) ownership of the Rwandan government (and its development partners).

2.1 Rwandan development policies and strategies

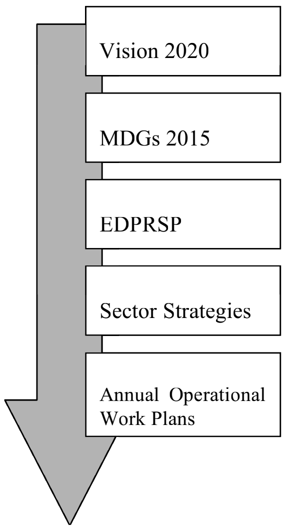
Rwanda has drawn up a series of policy papers and strategies meant as guidance for the country's development. The paramount vision paper *(Vision 2020)* is the central element of its development strategy. The drafting of *Vision 2020*, published in 2000, was a consultative process launched by the Office of the President in 1998 with the intention of allowing Rwandans to think about what kind of nation they envisaged for the future (cf. University of Birmingham 2006, 7). It represents a long-term vision of how to overcome poverty with an ambitious perspective of transforming the country into a middle-income economy by 2020 (cf. MINECOFIN 2000, 25). Given the situation and the challenges to Rwanda outlined in the document, it is indeed ambitious – envisaging an increase in per capita income from USD 290 in 2000 to USD 900 in 2020, while the population is expected to grow from an estimated 8 million to 16 million in this period (MINECOFIN 2000, 3). In 2007 the GDP per capita was USD 371, the population having grown to around 9 million (OECD/DAC 2008). During this time (2000 to 2007) it proved possible to reduce the relative proportion of people living in poverty from 60 per cent to 56 per cent of the population (Klingebiel 2008, 1). Nevertheless, economic growth was accompanied by a rise in income inequality as measured by the Gini index from a high score of 0.47 in 2001 to an even higher score of 0.51 in 2006 (Marysse et al. 2007, 453).

Vision 2020 provides an overview of Rwanda's development challenges: they range from land shortage and diminishing agricultural productivity to natural barriers to trade in a landlocked country with poor transport infrastructure and a narrow economic base. Rwanda's national economy currently relies mainly on exports of coffee and tea. The analysis made by *Vision 2020*, moreover, sees Rwanda marked by weak institutional capacity, a low level of human resource development and a high level of public

19 Vision 2020 was written before the HIPC debt relief initiative was implemented.

debt.[19] Finally, the social and economic consequences of the genocide are mentioned as a legacy with which Rwanda must come to terms (MINECOFIN 2000, 7 f.). In the face of these challenges three major objectives on different time horizons are described. The short-term objective is the promotion of macroeconomic stability and wealth creation. In the medium term the vision entails transformation from an economy based on subsistence agriculture to a knowledge-based economy. And the long-term goal is the creation of a productive middle class by fostering entrepreneurship (MINECOFIN 2000, 9 f.). These objectives translate into a programme resting on the following pillars: (i) good governance and a capable state; (ii) human resource development; (iii) private-sector development; (iv) infrastructure development (transport, energy, water, ICT networks); (v) transformation of the agricultural sector into a productive, high-value, market-oriented sector; and (vi) promotion of regional and international economic integration. In addition to these six pillars, Vision 2020 defines three cross-cutting areas which need to be fostered if the development of the country is

Figure 1: Visions/strategies for Rwandan development



Source: Authors, based on Republic of Rwanda, Ministry of Education (2008): Education Sector Strategic Plan 2008–2010, 2 to be strengthened: gender equality, environmental protection and sustainable resource management, with the emphasis on science and technology.

Underlying this broader development vision, the *Poverty Reduction Strategy Paper* (PRSP)[20] identifies the medium-term strategy for implementing *Vision 2020* and attaining the *Millennium Development Goals* (MDGs). The second-generation PRSP for the period 2008–12 derives four priorities from the analysis of socio-economic performance and the lessons learnt from the first PRSP. While the previous PRSP's *"primary emphasis was on managing a transitional period of rehabilitation and reconstruction"* (GoR 2007, 1), the second PRSP focuses on (i) increasing economic growth; (ii) slowing down population growth; (iii) tackling extreme poverty; and (iv) ensuring greater efficiency in poverty reduction (GoR 2007, 28); the paper was entitled Economic Development and Poverty Reduction Strategy Paper (EDPRSP). These priorities led to three *"flagship programmes"*: the highest priority is accorded to the *"Sustainable Growth for Jobs and Exports"* flagship, the aim being to generate growth, jobs and exports through *"an ambitious, high quality public investment programme aimed at reducing the operational costs of business"* (GoR 2007, 1). *"Vision 2020 Umurenge"* is a rural development programme designed to accelerate the reduction of extreme poverty in Rwanda. The *"Governance"* flagship, for its part, seeks to develop *"'soft infrastructure' […] such as well-defined property rights, efficient public administration, transparency and accountability in fiscal and regulatory matters"* (GoR 2007, 2). Moreover, the organisation of development policies at national level also includes numerous sector strategies based on *Vision 2020*, the MDGs and the EDPRSP and on the objectives set out in those documents. The sectoral strategies outline the priorities in more detail, list indicators and specify financial projections and resources.[21] Figure 1 gives an overview of the relationships among the planning documents at national level. Box 1 outlines the development planning processes at subnational level.

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20 PRSPs were developed at the World Bank in the late 1990s and were later used as prerequisites for international debt relief under the *Highly Indebted Poor Countries* (HIPC) initiative (cf. Christiansen / Hovland 2003).

21 In the agricultural sector for example, the process of drafting an Annual Work Plan starts with the *National Forestry Authority* (NAFA) writing a first proposal, which is then discussed by the *Sector Working Group* (SWG). It is then reviewed by external consultants, who can add their suggestions. Before being adopted, the result is again discussed by the SWG. The Annual Work Plans summarise the objectives for one financial year.

Box 1: Development planning at subnational level

Development planning also takes place at subnational level.[22] Every district is asked to draw up a *District Development Plan* valid for five years, listing its development priorities. The following describes an ideal-type process of developing a *District Development Plan*, based on interviews held in three different districts. According to interviewees at district and national level, the plans are developed in a participatory process that starts at umudugudu/village level. The results are then collected and discussed by the cells (see footnote 21). The process is repeated at sector level (Interviews 62, 6 and 8). The sectors' priorities are transmitted to the district authorities, who, together with consultants (Interview 62), deduce the district's preferences and outline them in the *District Development Plan.* In 2005 the National Decentralisation Secretariat provided a blueprint for the first *District Development Plans* (interview with a representative of a national institution – Interview 12). Thus the structure of all District Development Plans is similar, but the priorities differ. The *District Development Plans* are then submitted to the Ministry of Local Governance (MINALOC), which negotiates with the development partners on behalf of the subnational entities.

The *District Development Plans* form the basis of Annual Work Plans, which are meant to convert the general development objectives into measurable annual goals. These may include the construction of three health centres and two classrooms or the installation of standpipes. On the basis of the Annual Work Plans, performance contracts between district mayors and the President of Rwanda are signed. During quarterly visits by the Prime Minister, the performance of the districts is measured against the Annual Work Plan goals, and mayors are ranked publicly according to their performance. This procedure arguably encourages the implementation of the plans, since mayors whose performance has been inadequate are removed from their posts by the national government. This, on the other hand, means that long-term institutional knowledge is in short supply. Further, in a country with a relatively small pool of highly-skilled personnel, the possibility of replacing administrative leaders is limited. It is evident that, with the government evaluating and dismissing them, the mayors' accountability is very much a top-down affair, the structure in Rwanda thus differing from those in Western democracies.

22 The subnational level is organised in villages/umudugudus as the smallest entities, which are combined into cells, then sectors and districts. The population of a cell elects representatives to the cell council. The sector council is made up of members of all the cell councils in a sector, while the district-level council consists of members of different sector councils. The district council then elects one of its members to be mayor, meaning head of the district (GoR 2008, 58), who is then appointed by the government. Rwanda has 30 districts, which are formed into five provinces: North, West, South, East, and the capital, Kigali. At the time of writing, there are plans to dissolve the four provinces by 2011, leaving the districts as the largest subnational political entities (Interview 31).

According to the EDPRSP, the four sectors education, health, agriculture and transport are the key to Rwandan development. They will thus be examined in greater depth throughout this paper. This prioritisation by the Government of Rwanda is ¬also reflected in the national budget allocation of 2009/2010, where education receives the largest share, followed by transport and communications in second place and health in third. Expenditure on agriculture ranks fourth (see Table 1). It is important to note that the allocation to a sector is not equivalent to disbursement by the line ministry concerned, since activities are often financed by more than one ministry. [23]

Table 1: National disbursements by sector

Sector	USD millions[24]	FRW millions
Education	249.5	139,014
Transport and communications	186.1	103,649
Health	153.8	85,654
Agriculture	99.8	53,900

Source: Republic of Rwanda, MINECOFIN 2009b: State expenditure by sector and sub-sector, budget 2009/10.

Rwanda's total national budget amounts to USD 1.5 billion (FRW 838 billion) in the financial year 2009/2010. The budget for the districts can be allocated to the ministries and ranges between USD 8.6 million (FRW 4800 million) and USD 2.7 million (FRW 1500 million) per year; the disbursements to and by the districts can be traced through MINALOC, the ministry specifically for local government (MINECOFIN 2009c). Internal revenues are, however, insufficient for funding these expenditures. Tax revenues and non-tax revenues (e.g. fines for traffic violations and fees for work permits) accounted for only 50 per cent of total expenditures and net lending in 2009 (cf. BNR 2010, 41). The Rwandan government is still heavily dependent on external resources.

23 To give an example: the education sector's allocation is divided between the *Ministry of Education* (MINEDUC), the *Ministry of Local Government* (MINALOC), the *Ministry of Finance and Economic Planning* (MINECOFIN) and the *Ministry of Public Service, Skills Development, and Labour* (MIFOTRA).

24 All figures are budget proposals for 2009/2010. All figures in this report have been calculated on the basis of the annual currency value average (cf. www.oanda.com).

2.2 Role of aid and policy ownership in Rwanda

Despite the general consistency in the amount of external aid to Rwanda, the nature of these external funds has undergone considerable changes since the 1990s. The post-genocide period was marked by a high influx of emergency aid into the region. It was disbursed mainly through multilateral organisations and international non-governmental organisations, with a high proportion going to refugee camps outside Rwanda, leaving only a limited share for the Rwandan government's reconstruction efforts. Following a transitional period in the late 1990s, this situation changed. and a growing share of aid flows was channelled into long-term projects and, subsequently, budget support (cf. Hayman 2009a, 384–485; an overview of different phases in aid modalities can be found in Annex 1).

In recent years aid has accounted for around one fifth of GNI.[25] The increase in GNI outstrips the increase in ODA from USD 581 million in 2006 to USD 931 million in 2008.[26] Nonetheless, the 21 per cent figure demonstrates the persistence of Rwanda's aid dependency. It is envisaged that general budget support (GBS) and sector budget support (SBS) will make up 22 per cent of the national budget (MINECOFIN 2009d, MINECOFIN 2009a). In addition to budget support in its various forms, the development partners support the Rwandan government with project aid, the share of this included in the budget accounting for 35 per cent of the national budget. Consequently, total aid included in the budget amounted to slightly more than half of national revenues in 2009.[27] Rwanda is thus obviously a highly aid-dependent country, with development cooperation playing an important role.

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25 The ratio of net ODA to gross national income (GNI) averaged 21 per cent (2006: 20.5 per cent; 2007: 21.6 per cent; 2008: 21.1 per cent). See: http://www.oecd.org/dataoecd/63/19/1878421.gif and http://www.oecd.org/dataoecd/52/12/1893167.xls (accessed 04 Jan. 2009).

26 See: http://www.oecd.org/dataoecd/52/12/1893167.xls (accessed 4 Jan. 2009).

27 The precise added share of external assistance derived from the MINECOFIN sources referred to (57 per cent of the national budget) is slightly inconsistent with the share of revenues and non-tax revenues found in a publication by the National Bank of Rwanda referred to above (50 per cent), which conforms more closely to the information obtained from a budget support development partner, indicating a share of external assistance of around 50 per cent (Interview 44).

Given the overall importance of development assistance, the government adopted a third key policy paper, the *Rwanda Aid Policy*, in 2006. This document clearly defines Rwandan preferences as regards the modalities of assistance: the *"preferred modality for external assistance is unearmarked budget support"* (GoR 2006, 7), followed by sector budget support and finally stand-alone projects *"which must be on-budget and on-plan"* (GoR 2006, 8). It also states that, to make aid more effective, the government would in some cases be willing to refuse aid that did not fulfil certain criteria:

> *"The Government will decline any or all offers of assistance where it considers transaction costs to be unacceptably high, alignment to government priorities to be insufficient, or conditionalities to be excessive. Where assistance is offered in the form of stand-alone projects, the Government may also decline proposals that are not shown to be sustainable"* (GoR 2006, 8)

This policy stance was reiterated by the country's president, Paul Kagame, in plain terms in a contribution published as a Brandhurst Paper:

> *"To realize our development vision, we in Africa must substitute external conditionality – that is, what the donors tell us to do – with internal policy clarity – that is, knowing ourselves what we need to do and articulating this clearly and consistently to our people and our development partners […][A]mong other things, we [the African leaders] need to learn to 'say no' to donors whenever their priorities do not align with domestic objectives and agenda"* (Kagame 2007, 5).

The international aid effectiveness agenda was considered to have contributed to better coordination since the Paris Declaration in 2005; the Government of Rwanda was able to press for what it regarded as more coherent aid allocation. With explicit reference to the Paris Declaration (High Level Forum 2005), the Rwandan government highlights the importance for Rwandan development of Rwandan ownership, donor alignment and donor harmonisation. Moreover, it seeks to control external aid, seeing itself in a position to *"assert genuine ownership and leadership in development activities"*, according to the *Rwanda Aid Policy* (GoR 2006, 1).

Rwanda's ownership of its policies does not, however, escape existing power relations and discursive constraints. On the one hand, the aid architecture and the reporting requirements imposed by the Rwandan government on development partners reveal its commitment to control external aid. On the other hand, the Rwandan government recognises the importance of consultation and dialogue with development partners throughout the process of framing its development and aid policies (GoR 2006, 5). Relevant policy documents consequently reflect a great deal of "Western" influence through intensive policy dialogue – provided that the aid effectiveness debate is recognised as being dominated by DAC DPs, as non-DAC DPs do (cf. Davies 2009, 3–4). Consequently, a unidimensional concept of ownership as propagated in the aid effectiveness discourse may actually prove to be misleading, as Rachel Hayman argues in Rwanda's case: *"What emerges here is not country ownership nor is it government ownership; rather it is joint ownership between government and donors"* (Hayman 2009a, 594). The monitoring survey on the implementation of the *Paris Declaration* (2008) comes to the conclusion that Rwanda has "strong" ownership (with the best rating possible) and shares Hayman's view of an "extensive consultative process" led by the Rwandan government and involving all key shareholders (OECD/DAC 2008, 4), thus indicating that the Rwandan government is making extensive use of its discursive leverage.

2.3 Mapping the donor landscape in Rwanda

As stated above, Rwanda is a highly aid-dependent country, external aid constituting about half its national budget. It is, at the same time, a "donor darling",[28] owing to its perceived strong ownership and the Rwandan government's drive for development. In other words, many development partners are active in the country, and the development partner landscape is highly diverse – if not fragmented. In the mapping of the development partners' engagement in Rwanda and the tracking of the volumes of development assistance to Rwanda, three major databases can be consulted – two of them (DAD and CEPEX) set up and run by the government. The third source is the OECD's database (CRS) (see Box 2).

28 29 bilateral DPs and a number of multilateral agencies are active in Rwanda. A concrete overview of areas and dimensions of activities is given in Chapter 2.3.1.

Box 2: Databases covering development partners' engagement in Rwanda
CEPEX database: Run by a semi-autonomous body in MINECOFIN, the *Central Bureau for Public Investments and External Financing* (CEPEX), the CEPEX database seeks to track funds for projects (both aid-funded projects and projects financed by national resources) on a quarterly basis. Data acquired from information submitted by line ministries and development partners are published on CEPEX's homepage in the form of biannual Development Project Implementation Reports. CEPEX is also responsible for the monitoring and evaluation of externally implemented projects.
DAD: Managed by MINECOFIN's *External Resources Mobilisation Unit* (ERMU), the *Development Assistance Database* (DAD) is web-based, the data being entered by Rwanda's development partners themselves (both commitments and disbursements). It searches specifically for the amount of assistance mentioned in agreements and tracks it to determine how much has actually been spent (UNDP Rwanda 2007, 36). "If the data were entered consistently and reliably," the DAD would "meet the great majority of data needs" (Tew 2009, 6). The DAD is accessible to the general public on line.
CRS: Data on development assistance flows are also available from the OECD's CRS *(Creditor Reporting System)*, to which the headquarters of DAC DPs are required to report their ODA flows on an annual basis.
However, these databases suffer from a lack of comparability (cf. Tew 2009). First, there are differences in coverage in that different development partners are captured in the three databases (see Chapter 2.3.1). Secondly, the amounts of aid reported differ, one reason being that the definition of key terms is unclear or has changed, so that the same development partners rely on different definitions when reporting to the different databases (when reporting both aid flows and complete projects). Furthermore, reporting is often incomplete because of human error or the fragmentation of implementation agencies acting for some development partners. Other data transparency problems will be discussed in greater depth later in this study (Chapter 4)

In general, data on budget support prove to be fairly reliable in Rwanda. Project-based aid flows to Rwanda, on the other hand, are more difficult to assess. Firstly, data from the CEPEX database are often considered to be incomplete and not entirely accurate, which has caused MINECOFIN's budget unit to rely less on CEPEX data in the budgeting process (Tew 2009, 6; ODI s. a., 8).[29] The next chapter will therefore rely mainly on the DAD and OECD statistics relating to multilateral and DAC DPs. Secondly, however, a comparison between the DAD and the OECD's CRS also reveals significant differences.[30] And last but not least, non-DAC development partners are scarcely covered by the Rwandan government's databases. Wherever possible, our own figures on non-DAC engagement, obtained in interviews with the development partners or the GoR, are provided (cf. Chapter 2.3.2.2). As a consequence of this situation, detailed mapping of aid flows to Rwanda is unlikely to convey a complete picture.

2.3.1 Rwanda's development partners – the overall picture

All in all, as many as 29 bilateral development partners were engaged in Rwanda in 2010. Of these, 23 were DAC members, which leaves six non-DAC development partners in Rwanda (the Rwandan DAD covers 14 DAC DPs and all six non-DAC DPs).

29 In an interview, a representative of a Rwandan line ministry confirmed that there was confusion about the role of CEPEX: "I don't understand them and I don't know what they are". The interviewee further alleged that the information CEPEX issues did not match what had been fed into it by the projects (Interview 50).

30 A study by the private consultancy *Development Initiatives* demonstrates that both the list of DPs engaged in and their transfers to Rwanda differed significantly in the DAD and CRS in 2006 and 2007. Contributions by multilateral DPs, which are not included in the CRS, account for 19 per cent of the ODA reported to the DAD in 2006 and 25.7 per cent in 2007. In addition, the contributions by DPs included in both sets of statistics differ substantially (absolute difference: USD 96.64 million in 2006 and USD 166.03 million in 2007; Tew 2009, 9). Excluding the assistance of UN agencies, the DAD reports ODA flows to Rwanda of USD 795.61 million in 2008, whereas the same DPs (excluding Italy, France and the Nordic Development Fund, which are shown in the DAD as inactive in Rwanda in 2008, but in the CRS as making contributions) are reported as giving USD 763.89 million in the CRS (difference of 4 per cent).

Of the group of **bilateral DAC DPs**, Belgium, Canada, Germany, the Netherlands, Sweden, the USA, the UK, Switzerland, Luxembourg, Austria, France,[31] Italy and the two Asian DAC members, Japan and Korea, engage in Rwanda. The CRS also shows Spain, Norway, Portugal, Denmark, Finland, New Zealand, Australia, Greece and Ireland as funding development activities in Rwanda (see Table 2), whereas they are not mentioned in the CEPEX database or in the DAD (see also Tew 2009). These countries are likely to operate through NGOs or UN agencies: they do not have embassies in Rwanda, and no evidence of their running projects/programmes was found.

Of the group of "emerging donors" and **non-DAC DPs**, China, India, South Africa and Egypt are engaged in Rwanda. Cuba and Nigeria are involved in that they send medical staff to Rwanda, but they do not transfer funds.

Multilateral agencies present include the World Bank, the *African Development Bank* (AfDB), the EU,[32] the Global Fund, the Nordic Development Fund, several Arab funds (BADEA, Kuwait Fund, Saudi Fund, *Organization of the Petroleum Exporting Countries* [OPEC]) and various UN agencies.[33]

31 Rwanda decided to cut diplomatic ties with France in 2006, after a French judge issued warrants for the arrest of President Kagame and nine other members of the GoR to stand trial in connection with the plane-crash in which former Rwandan President Habyarimana died in 1994 – the trigger for the Rwandan genocide (The New Times 26 Nov. 2006). As a consequence, the French embassy and cultural centre in Kigali were closed, and all French development assistance was halted. However, after a political rapprochement and an official visit by French President Sarkozy on 25 Feb. 2010, France and Rwanda have agreed to restore diplomatic relations and France intends to rejoin the DP arena in Rwanda.

32 The EU's status as a multilateral DP is subject to debate: it is arguably one of a kind, neither clearly multilateral nor similar to a bilateral development partner. This debate will not, however, be pursued here.

33 This study does not look into the UN's engagement in Rwanda in detail, referring only to total amounts of UN development assistance, because the UN is currently engaged in the "One UN" exercise at country level, for which Rwanda is acting as a pilot country.

Given this multitude of development partners, it becomes important to consider the different sectors in which they are engaged.[34] A concentration of development partners can be found in traditional sectors of development coordination, such as education and health, whereas such sectors as manufacturing, services, off-farm industry and transport and ICT are apparently less popular among development partners. Indeed, sectors designated as key sectors in the Rwandan EDPRSP, namely education, agriculture and health and population,[35] turn out to be the most common sectors of engagement in terms of the number of development partners involved (see Table 2 below).

The activities listed in Table 2 vary greatly in funding terms. Spreading the engagement of external partners across the country – or channelling it to the neediest regions – appears to be an additional aspect that exceeds the limits of the study. A specific sector thus appears to be decentralisation (and its supporting finance mechanism, the Common Development Fund (CDF), see Box 3). *The Rwandan Decentralisation Strategic Framework* (MINALOC 2007) provides the basis for development partners' support for decentralisation, as reflected in the *Rwanda Aid Policy*:

> *"Where the primary beneficiaries of development assistance are decentralised entities, the GoR prefers such assistance to be channelled through its Common Development Fund (CDF). The GoR is in turn able to ensure an equitable distribution of development resources across such entities"* (GoR 2006, 8).

34 The sectors are based on the definition of sectors in MINECOFIN's Division of Labour. This definition is almost identical to the one used in the EDPRSP; EDPRSP sectors not found in the list are: Science, Technology and Innovation; Productive capacities; Defence & Cooperation; Meteorology; Habitat.

35 Although there are only eight bilateral and multilateral DPs, the multitude of non-governmental organisations (NGOs) involved in the health sector increases the transaction costs to the GoR for coordination and may strengthen the impression of overcrowding in this sector.

Table 2: Engagement of Rwanda's development partners by sector (alphabetical order)

Sector	Number of DPs	Development partners engaged
Agriculture	11	AfDB, Belgium, Canada, department for foreign economic cooperation (DfID), EU, Japan, US, World Bank, **China, *Egypt, ~Netherlands*
Common Development Fund (CDF)	4	Canada, Germany, World Bank, **Switzerland*
Decentralisation	6	Belgium, DfID, Germany, Sweden, USA, World Bank
Education	11 (13)	AfDB, Belgium (silent partner of DfID), Canada, DfID, Japan, Netherlands (silent partner of DfID), Sweden, World Bank, **Korea, *China, *India, *South Africa, *Egypt*
Employment & capacity-building	6	Canada, Germany, Netherlands, DfID, USA, **South Africa*
Energy	5	AfDB, Belgium, Netherlands, World Bank, **Korea*
Forestry, land & environment	8	DfID, Netherlands, *Sweden, *China, ~AfDB, ~Belgium, ~Canada, ~World Bank*
Health & population	12	Belgium, Germany, DfID, USA, World Bank, **Switzerland, *China, *Global Fund, *South Africa, *Nigeria, *Cuba, *Egypt*
Justice, reconciliation, law & order	4 (5)	Belgium (silent partner of the Netherlands), Germany, Netherlands, Sweden, EU
Manufacturing, services & off-farm industry	3	Canada, World Bank, *~Netherlands*
Public administration	9	Sweden, USA, **South Africa, *Egypt, ~Belgium, ~Canada, ~Germany, ~DfID, World Bank*[36]
Social protection	7	AfDB, DfID, Sweden, USA, World Bank, *~Canada, ~Netherlands*
Transport & ICT	7	AfDB, EU, World Bank, **Korea, *China, *India, ~Netherlands*
Water & sanitation	6	AfDB, Belgium, EU, Japan, USA, World Bank

Source: Authors' own compilation, based on the Division of Labour chart of the Rwandan government presented at the DPM 2010 and DAD Donor support by Sector 2008.

* *not included in the GoR's Division of Labour chart, but sectoral engagement confirmed in personal interview or project visited by the authors*

~ *not included in the GoR's Division of Labour chart, but aid flows in the sector recorded in the DAD (2008) with sums exceeding USD 0.5 million*

36 The sector is known as *"legislative and executive bodies"* in the DAD.

Box 3: The Common Development Fund (CDF)

The CDF was established by the Rwandan government in 2002 as a tool to support the implementation of the Rwandan decentralisation policy and the fight against poverty through the distribution of development grants to local government authorities. The fund is formally administered by MINALOC, but operates as an autonomous institution. Its two main aims are therefore (i) to foster local economic growth and investment opportunities and (ii) to improve the performance of local government. The CDF now forms part of the *"Vision 2020 Umurenge Programme"* (VUP), a flagship programme of the EDPRSP established in 2007 as the framework for CDF contributions to local development to accelerate poverty eradication, rural growth and social protection.

As the major source of communal investment, the CDF's role is crucial for the districts: it provides the funds needed for the fulfilment of the performance contract with the national government. Financing is guided by the District Development Plans, which are set up with the help of ubudehe, signifying a participatory approach at grassroots level (cell and sector) to the identification and classification of the most pressing problems for development and the design of strategies for using self-help to address these problems (cf. the formulation of District Development Plans, Box 1).

Ten per cent of the annual national budget is allocated to the CDF. It also receives direct contributions from development partners. In 2009, 51 per cent of the CDF's budget consisted of national resources and 49 per cent of direct contributions by development partners. The development partners contributing to the CDF in 2010 were Germany, the Netherlands, the EU, Canada, the UK, the World Bank and Switzerland. The Rwandan government's proposal for a new Division of Labour among development partners suggests that Germany, the Netherlands and Canada are expected to remain active in the CDF.[37]

One of the major challenges for the CDF is to ensure an equal distribution of funds to the various districts. To achieve this goal the funds are assigned to the districts on the basis of a formula comprising the following indicators: population size (20 per cent), size of the district (10 per cent), welfare of the district (40 per cent, based on poverty statistics compiled by the Rwandan National Institute of Statistics) and access to water and electricity (30 per cent). The district's performance, measured against the performance contracts, is not yet included in the formula, but will be introduced in the budget year 2011/2012 (Interviews 12 and 52). The formula is applicable only to unearmarked funds and funds received in the form of general budget support (as 10 per cent of the national budget flows into the CDF, donors of general budget support automatically contribute indirectly to the CDF) (cf. Interviews 73 and 44). The CDF thus resembles a basket fund

37 However, the UK and the World Bank, to whom the Division of Labour assigns the sector social protection, channel the bulk of their social protection funds through the CDF.

2.3.2 Volumes of development assistance

There is no clear or general answer to the question of the development partner allocating the largest volumes of development assistance to Rwanda. According to the CRS, the World Bank, the International Development Association (IDA), the USA, the EU, the UK and the Global Fund were the five key development partners, disbursing the largest amounts of development assistance in Rwanda. The largest bilateral partners in terms of disbursements in 2008 were the USA, the UK, Belgium, the Netherlands, Spain and Germany. The picture changes if the DAD is taken as the source for development partner ranking in Rwanda: some development partners now hold different positions, and instead of Spain[38], which is not included at all, Sweden appears as a key partner (see Table 3). However, the statistics agree that the World Bank and the EU are the largest multilateral DPs and the USA and the UK the largest bilateral DPs. It is worth mentioning that non-DAC development partners are not taken into account, in either the DAD or the CRS.

Table 3: Largest donors to Rwanda (2008/2009)

	Total (CRS)	Total (DAD)	Only bilateral DPs (CRS)	Only bilateral DPs (DAD)
1.	World Bank	USA	USA	USA
2.	USA	World Bank	UK	UK
3.	EU	UK	Belgium	Netherlands
4.	UK	EU	Netherlands	Belgium
5.	Global Fund	Netherlands	Spain	Sweden
6.			Germany	Germany

Source: Authors' own table, based CRS and DAD statistics

2.3.2.1 Trends in aid flows from DAC development partners

The overall trend in aid flows to Rwanda has risen in the last five years compared to the period 2000–05 (for detailed data, see Annexes 3 and 4). No development partner – with the notable exception of France – has pulled out since 2000, and most have stepped up their assistance. These two state-

38 Spain's engagement in Rwanda was negligible in the years before 2007, its contributions between 2000 and 2006 totalling USD 5.6 million. Research failed to reveal the sector or project to which the Spanish engagement in 2008 related.

ments are conclusions shared by the DAC's CRS and the Rwanda- based DAD. However, the two sources differ in other, more detailed statements they make on trends in aid flows from DAC DPs.

The DAC's CRS shows that, of the bilateral development partners, **Japan** and **Belgium** significantly increased their ODA flows to Rwanda after 2005, on much the same scale as the **USA**. The largest increase in bilateral aid was achieved by the **UK**: it almost doubled its ODA flows after 2004 from an average of USD 48.62 million from 2000 to 2004 to an average of USD 93.04 million from 2005 to 2008. Compared to other development partners, **Germany**'s development assistance flows have not risen so steeply. However, a comparison of disbursements in 2000 (USD 13.77 million) and 2008 (USD 24.51 million) reveals that transfers almost doubled. Contributions by the **Netherlands** remained at a relatively stable level (despite a higher contribution in 2008), as did **Canadian** aid. The smaller disbursements by **Switzerland, Sweden, Norway** and **Luxembourg** have not changed significantly, with the possible exception of Luxembourg's ODA flows, which indicate an upward tendency since 2007. **Korea**'s minor contributions increased significantly after 2005 (to a still modest total of USD 2.53 million from 2006 to 2008).

Figure 2: Trends in ODA flows to Rwanda 2004-2008 (source: DAC-CRS)

	AfDB, Belgium, EU, Global Fund, Japan, UK, USA
	Germany, World Bank
	Netherlands, Canada, Korea, Luxembourg, Norway, Switzerland, Sweden
	

Source: Authors

Figure 3: Trends in ODA flows to Rwanda 2004-2008 (source: DAD)

Source: Authors

Of the multilateral development partners, the **AfDB** increased its development assistance to Rwanda significantly after 2004, and it has continued to rise ever since.[39] A key "shooting star" among the multilateral actors has been the **Global Fund**. It became active in Rwanda in 2003 and has developed into one of its main development partners since 2004 (from USD 53.09 million in 2003–05, to a total of USD 171.25 million in 2006–08). The **EU**'s development assistance to Rwanda rose from EUR 219 million under the 9th European Development Fund (EDF) (2002–2007) to EUR 290 million under the 10th EDF (2008–13). The **World Bank**'s development assistance flows to Rwanda leapt from USD 28.24 million in 2003 to USD 143.86 million in 2004. However, its transfers fell again in 2005 and 2006 and reached USD 140.18 million again only in 2008.

A slightly different picture is presented by the DAD statistics. The DAD statistics headed *Donor ODA by Modality* do not unfortunately provide data on years other than 2008 and 2009. To obtain data for the years 2004–09 at least, it was necessary to consult the DAD statistics headed *Donor support by sector (2004 to 2008)*, and to add the respective sectoral ODA flows to

39 In any direct comparison of the amounts of development assistance, the difference in the length of periods – six years from 2000 to 2005 and four years from 2006 to 2008 – should be borne in mind.

determine the overall disbursements of development assistance in those years. This enabled the following trends and tendencies to be identified (compare Annex 2):

According to the DAD, **Belgium**'s aid flows have risen steadily: reported disbursements in 2009 (USD 54.44 million) were 4.4 times higher than in 2004 (USD 12.46 million). **Canada** reported a fivefold increase in its aid flows from 2004 to 2009. The same trend is true of the **Netherlands**, whose engagement reportedly rose fivefold, and of the **UK**, which even reported a tenfold increase in its engagement. **Sweden**'s reported disbursements similarly rose. The **USA**, the heavyweight among development partners in the DAD, reportedly tripled its engagement in Rwanda with a slight decrease in 2009. **Germany**'s aid flows as reported to the DAD are irregular, with a decline in 2006 and no major increases. **Japan** reported disbursements to the DAD only for 2005–07, showing a moderate rise from USD 11.82 million in 2005 to USD 18.12 million in 2006, which dropped back to USD 1.1 million in 2007.

Among the multilaterals, a steep increase was achieved by the **Global Fund**, whose aid flows were reported to have almost quadrupled from 2004 to 2008. The **World Bank**, too, increased its disbursements in Rwanda significantly (190 per cent) from USD 78.25 million in 2004 to USD 148.49 million in 2008 with a decline in 2006. The same applies to the **AfDB**'s engagement: its disbursements in 2004 (USD 78.25 million) were reportedly almost doubled in 2008 (USD 148.49 million). Owing to the considerable variation in the **EU**'s reported disbursements, no trend is discernable.

Taken together, the two databases reveal the general trend in aid flows. However, a comparison also exposes major problems of data accuracy and transparency – an issue that will be considered further in Chapters 4 and 5.

2.3.2.2 Non-DAC development partners' engagement in Rwanda

The non-DAC DPs active in Rwanda include the two Asian development partners (China and India), Arab donors (BADEA, Kuwait Fund, Saudi Fund, Egypt), Cuba and, as African partners, South Africa and Nigeria. Cuba and Nigeria send personal assistance without any reported financial transfers. A number of non-DAC DPs do not report to the DAC's CRS.[40]

40 This is not evident, since 20 non-DAC countries actually did report to the DAC in 2008 (cf. a table of non-DAC donors' net ODA disbursements, http://www.oecd.org/dataoecd/52/16/44376748.xls).

Nor can a great deal be found in Rwandan statistics; they do not capture these actors' engagement adequately. While no figures on Egypt and South Africa[41] are available in the CEPEX databases, some Chinese, Indian and Arab transfers are captured (cf. CEPEX 2009a, CEPEX 2009b, CEPEX 2010a, CEPEX 2010b). Chinese engagement, for example, is apparently quite difficult to track for CEPEX, owing to the "bureaucratic process" involved in information-sharing. A "Bilateral engagement should be done to help agree on how to access the information," according to CEPEX (CEPEX 2009b). Nevertheless, it is possible to gain a rough impression of the importance of non-DAC DPs' engagement from the CEPEX database (see Table 4) and our own estimates.

Table 4: Non-DAC engagement in Rwanda (in USD millions)

Development partner	Commitments (July 09–Juny 2010)	Disbursements (July–December 2009)	Execution rate (per cent)
China	20.65*	6.29	30.5
India	20.57*	0	0
BADEA	10.00	0.15	1.5
Kuwait Fund	5.10	0	0
Saudi Fund	8.95	0.70	7.8
OPEC	8.29	0.34	4.2
Memo item: Arab funds total	*32.34*	*1.19*	*3.38*

** Commitments for calendar year 2009.*

Source: CEPEX 2010b, calculated in USD based on the average exchange rate in 2009.

A detailed overview of China's engagement in Rwanda is given in Chapter 3. To provide more context for non-DAC DPs' engagement in Rwanda, policy details of two other non-DAC actors, India and South Africa, are given in an overview in the following.

41 The only entry on South Africa is in CEPEX (2009a, 273) in the context of the Natural Resources and Biodiversity project and the Destination Nyungwe project, in the course of which the tourism warden, tourism manager, marketing manager and one guide were enrolled at the South African Wildlife College for three weeks.

India

It was only recently, in January 2010, that India became an important partner for Rwanda through its support for the Nyabarongo power plant in the shape of a USD 60 million loan (*The New Times* 27 Jan. 2010). However, it is still a smaller partner of Rwanda's than China and the Arab funds. According to the rough estimates made in the current research, the financial scale of India's development cooperation ranks somewhere between that of Canada, Sweden and Belgium.[42]

Like China, India has substantially increased its engagement in Africa in the new millennium, as it looks for new markets, business opportunities and resources to sustain its own economic growth and seeks to advance its foreign policy objectives. So far, however, less than 10 per cent of India's foreign aid has been allocated to Africa (Grimm et al. 2009a, 20 f.; Naidu 2007; Katti et al. 2009, 3). India's Ministry of Commerce and Industry launched an integrated programme "Focus on Africa" in 2002 with the aim of boosting Indo-African trade.[43] Similar to China's *Forum on China-Africa Cooperation* (FOCAC), but focusing rather on regional representation, an India-Africa Forum Summit took place in New Delhi in 2008. On that occasion, India gave various pledges to assist Africa in its development.[44] Like China, India does not publish official figures on the volume of its development cooperation. Most Indian assistance takes the form of tied aid.

As for aid modalities, India's development assistance claims to be *"clearly distinct from the OECD/DAC approach"* (Katti et. al 2009, 1). Geared to the principles of equality, mutual benefit and non-interference (Bandung principles) and its strong link to trade and Indian FDI, it rather resembles the rationale behind China's foreign aid. India provides aid in the form of both financial assistance (grants [unlike China!], concessional loans by the Indian ExIm Bank and debt relief through joint ventures) and technical assistance (mostly training in India, capacity-building, project and project-related assistance, support by Indian experts, disaster relief). Furthermore,

42 These estimates must be treated with caution and come with a number of caveats: not all projects were reported, nor was an estimate of their costs possible in each case. Furthermore, this calculation is based on commitments, not disbursements.

43 See: http://pib.nic.in/archieve/eximpol/eximpolicy2002/eximpolicy2002_rel.html.

44 See: http://mea.gov.in/indiaafricasummit/mystart.htm.

India is one of the largest contributors to peacekeeping missions in Africa (Katti et. al 2009). One of the Indian flagship projects in Africa is the USD 1 billion Pan-African e-Network Project, introduced in 2004 and carried out by the state-owned company *Telecommunications Consultants India Limited* (TCIL). The network seeks to bridge the digital divide by connecting Africa via a satellite and fibre-optic network and to support tele-education, tele-medicine, e-commerce, e-governance, etc. (Katti et. al 2009; Interview 70).[45] ICT is seen by some Indian politicians as an especially vital means of advancing Indian strategic goals in Africa:

> *"India must now begin to aggressively use its IT industry to build new economic partnerships in countries that are vital to our interests. One of our most successful foreign diplomacy initiatives since 1964 has been IT-EC – Indian Technical and Economic Cooperation […]. The time has come to make it an IT-EC."* (Jairam Ramesh, Indian Minister of State for Commerce, *Hindu-BusinessLine, 19 Nov. 2007)*

In Rwanda, as mentioned above, the CEPEX database shows a USD 80 million loan from the Indian ExIm Bank for constructing a hydropower plant on the River Nyabarongo. The project is being implemented by the Indian company Bharat Heavy Electricals Ltd (cf. Africa News, 15 March 2010). At least 85 per cent of the total contract value is tied to the sourcing of goods and services in India (*The New Times* 27 Jan. 2010). Moreover, Rwanda is participating in the Pan-African e-Network Project, although its participation is recorded neither in the DAD nor in the CEPEX database. The project in Rwanda consists of three components: first, a facility for video conferences at the President's Office, allowing video conferences of up to four persons; second, a photographic laboratory located at King Faisal Hospital in Kigali, allowing direct medical advice to be obtained from Indian doctors for Rwandan patients and for exchanges between Rwandan and Indian doctors; third, a tele-education facility linked to the Kigali Institute of Education (KIE), offering several bachelor and master degree programmes in collaboration with the Indira Gandhi National Open University (*The New Times* 22 Nov. 2009; Interview 70).

45 See also: http://www.panafricanenetwork.com.

Unlike China, India had no official representative in Rwanda at the time this study was being prepared; the Indian consulate in Uganda is also responsible for Rwanda. It is not therefore surprising that India is not represented in any of the coordination fora set up by the Rwandan government.

South Africa

South Africa's development assistance is entirely focused on countries in the African continent. The main areas of its engagement include interventions relating to peace-building and keeping, regional integration, the promotion of good governance, economic development and human resource development. South Africa provides both loans and technical assistance.

While China and India do not yet cooperate or coordinate their activities with other development partners in Rwanda, the picture is different in South Africa's case: in general, it channels more than 75 per cent of its development assistance through multilateral organisations (Chahoud 2008, 3; Grimm 2010). In Rwanda, South Africa is involved in three trilateral cooperation initiatives: joint training of police staff together with Sweden, a leadership training project, the "Public Sector Training and Development Project in Countries Emerging from Conflict," together with Canada (the project includes the training of Burundian and (Southern) Sudanese nationals), and the financing of Cuban medical staff operating at Rwandan hospitals (Interview 68). However, as in the case of China and India, no comprehensive and country-specific official figures on South African development assistance are available.

2.3.3 Specific instruments and aid modalities – budget support and tied aid

The mere volume of assistance is arguably not the only decisive factor when it comes to gauging the importance of development partners for the Rwandan government: modalities also matter, and the Rwandan government has expressed clear priorities in its Aid Policy (see above). As a Rwandan government official put it: *"However much money comes in, the fact that we don't get our hands on it – as is the case with project assistance – makes us not want to rely on it"* (Interview 53). There are thus three criteria that determine the quality of aid flows in addition to quantity: (i) low transaction costs/use of country systems, (ii) alignment with the Rwandan government's development strategy and (iii) no or limited conditionalities.

Development partners providing large, but project-based, or at least partly project-based, volumes of development assistance or imposing conditionalities perceived to be excessive are therefore criticised by the Rwandan government. The World Bank, the leading donor in volume terms,[46] would seem to be a good donor at first glance. However, World Bank grants come with many conditions attached, as the aforementioned official added. The USA, Rwanda's largest bilateral development partner, is explicitly criticised by Rwandan officials for providing only project aid. Yet, as it is a key partner, the US modalities are accepted, even though they run counter to Rwandan preferences. Discussing Chinese engagement, a Rwandan government official commented pointedly on the nature of US engagement: *"The USA do not provide us with any budget support […] We are praying that the Chinese do not follow the US approach"* (Interview 52). This statement is a clear indication of the Rwandan preference for the aid modality of budget support. It can also be interpreted as meaning that the Rwandan government assesses China's engagement critically to some extent and hopes it will align itself with Rwandan strategies.

With respect to loans and grants, the general question about the circumstances under which either modality can be considered aid must be recalled. In Rwanda, different development partners apply different financial modalities in their engagement, which cannot always be classified as aid, which, according to the ODA definition, comprises *"flows of official financing administered with the promotion of the economic development and welfare of developing countries as the main objective, and which are concessional in character with a grant element of at least 25 percent (using a fixed 10 percent rate of discount)"*[47] (see also Chapter 1.2). Since all DAC DPs are committed to adhering to the OECD definition, assistance to Rwanda is provided in accordance with that definition. As Rwanda is a least developed country and, at the same time, a participant in the HIPC initiative, DAC DPs are restricted in their provision of loans to the country. Overall DAC DP assistance to Rwanda therefore consists of grants. Non-DAC DPs, on the other hand, are not bound by these definitions or practices. A sizable portion of China's assistance to Rwanda clearly consists of loans. As evident from Box 4 below, China uses a variety of instruments for economic

46 In this, the official confirmed the OECD's CRS statistics, not those contained in the DAD!

47 OECD Glossary of statistical terms, Official Development Assistance (ODA); see: http://www.oecd.org/glossary/detail.asp?ID=6043) (accessed 18 Feb. 2010).

cooperation, of which various kinds of loans form a considerable part. In the Chinese pledges to Africa that formed part of Forum on china-africa

Box 4: Chinese instruments for economic/development cooperation
Chinese cooperation usually takes the form of project aid. However, various instruments, including financial and technical cooperation, can be used. **Technical and personal assistance** (a prominent example is the tradition of sending Chinese medical teams to Africa) **Cultural exchange** (e.g. through the Confucius Institute, which also has a branch in Kigali) and the provision of scholarships for Africans to study in China **Grant aid**, mostly in the sector of social welfare, material and technical assistance and capacity-building **Zero-interest loans**, targeted primarily at LDCs and the infrastructure sector **Concessional loans** at an average 2 per cent interest rate, 10- to15-year maturity and no grace period (although the precise conditions attached to these loans are not officially published). Concessional loans focus on the profitability of projects and are mostly awarded for infrastructure, health, housing and industrial projects. Almost all export buyer's credits to Africa are tied to Chinese goods or services; as a general rule, about 50 per cent of procurements are provided by China. **Commercial loans** (although China views commercial loans as commercial transactions, not as aid; again neither the size nor the terms of these loans are currently revealed) **Foreign investment** in the form of joint ventures or the acquisition of production licences (which China does not identify as aid either) **Debt relief:** By 2008, China had written off 156 outstanding loans to Africa, amounting to USD 1.3 billion. At the 2006 FOCAC summit in Beijing, China's President Hu further pledged to "cancel debt in the form of all the interest-free government loans [168 in number] that matured at the end of 2005 owed by the *[33]* heavily indebted poor countries and the least developed countries in Africa that have diplomatic relations with China." A third of the promised cancellations materialised in 11 countries by May 2007, ahead of schedule. (Davies et al. 2008, 7; Wang 2007, 9).
Sources: Reisen (2009, 1 f.); MOFA (2006); Davies et al. (2008, 11 ff. and 15–25); Brautigam (2008, 15–19); SAIIA (2009, 60–66).

cooperation (FOCAC) 2006 and FOCAC 2009, concessional loans played a paramount role.[48]

As there is regularly a lack of transparent data on Chinese projects in Rwanda, it is often impossible to determine exactly how a project is financed and whether loans include a sufficiently large grant element to qualify as aid according to the DAC definition. As the assessment of Chinese aid thus had to be made on a case-by-case basis, a general statement on the conditions under which Chinese projects financed by the various instruments referred to above can be regarded as aid is out of the question. In these circumstances, the researchers applied the above definition of aid when assessing Chinese engagement in Rwanda (cf. Chapter 1.3). It was thus considered whether non-DAC DP projects satisfied the criterion of *"state-guaranteed concessionality"* and revealed the development partner's *"commitment to contribute to [Rwanda's] economic development and welfare."* The official DAC definition as a whole was not, however, taken as a basis.

While the various development partners use different aid instruments, the Rwandan government also has its preferred aid modalities, as noted above. Thus the general budget support donors, the AfDB, Germany, the UK, the EU and the World Bank, and the sector budget support donors, Germany, Belgium, the Netherlands[49] and the EU – in essence, a sub-group of DAC development partners and DAC-affiliated multilaterals – were of special importance to the Government of Rwanda (for budget support volumes see Table 5; for detailed figures on general and sector budget support see Annex 5).

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48 For example, FOCAC pledged in Beijing in 2006 to provide USD 3 billion in preferential loans and USD 2 billion in preferential buyer's credits to Africa in the next three years. In Sharm al-Sheikh in 2009 it pledged to help Africa to develop financing capacity by providing USD 10 billion in concessional loans to African countries and supporting Chinese financial institutions in setting up a USD 1 billion special loan for small and medium-sized African businesses. For the heavily indebted poor countries and least developed countries in Africa that have diplomatic relations with China, China will cancel those of their debts associated with interest-free government loans due to mature by the end of 2009.

49 The Netherlands gave Rwanda general budget support (EUR 4 million annually) until 2008. However, the Rwandan involvement in the conflicts in the Democratic Republic of the Congo (DRC) caused the Dutch development cooperation minister to suspend general budget support for Rwanda in December 2008. Subsequently, EUR 2 million has been suspended and the remaining EUR 2 million earmarked for GoR's expenses for peace and stability. The Netherlands also provides sector budget support, which has never been stopped and comprises approximately EUR 13 million of the total budget of EUR 25.5 million (cf. Interview 26).

Table 5: Budget support commitments by DAC DPs for the financial year 2010/11

Committed for 2010/11 (in USD millions)	
World Bank	91.0
EU	80.5
UK	63.1
AfDB	27.6
Germany	15.2
Netherlands (sector BS)	14.4
Belgium (sector BS)	4.3
Total	296.1[50]

Source: Joint Press Release by MINECOFIN and the Development Partners providing Budget Support, 21 Dec. 2009

Incentives to development partners to provide budget support largely consist in the major influence they then wield in the policy dialogue between the Rwandan government and its development partners and in standard-setting (Interview 44 and 25; cf., for instance, Leiderer 2010 for the broader discussion). The budget support donors thus form a special group in Rwanda's DP landscape.

At the other end of the spectrum of aid provision is, arguably, project aid, often associated in the Rwandan discussion with the tying of aid, i.e. linking the provision of aid to the service provider (usually in the donor country). Tied aid, interviewees said, was a common feature of the two Asian DAC DPs Japan and Korea[51] and the non-DAC DPs China and sometimes India (Interview 13). Within the Rwandan administration, however, there was also criticism of tied aid provided by Western partners who would not want to disclose the amount of their ODA to the country that was spent on their own staff on the ground (i.e. the salary levels of their experts).

Linked to the tied nature of development assistance, Rwandan actors identify another rationale behind the Asian development partners' engagement:

51 A Korean interviewee admitted that Korea, as a new member of the DAC club, is still facing many challenges concerning aid modalities, such as the change from tied to untied aid (Interview 48).

"the Chinese want to provide concrete things on the ground whereas Europeans are mainly concerned with capacity-building" (Interview 13). In other words, China was regarded as being mainly interested in tangible results, concrete and visible outcomes. Cooperation with these development partners was, arguably, supply-driven rather than demand-driven (cf. Interviews 49 and 74). This is perceived to be true of the group of *"Asian donors*", whether or not members of the DAC; *"there is an 'Asian type' of assistance delivery rather than a non-DAC one"*, as one Rwandan interviewee explicitly put it (Interview 49). The "Asian approach" was also characterised by a lack of transparency of aid flows due to reluctance to report regularly and fully to the Rwandan government and by a focus on the Ministry of Foreign Affairs (Rwanda) (MINAFFET) as the sole negotiation partner in the Government of Rwanda (Interviews 13 and 49). Moreover, given the preference for turnkey projects, one Rwandan interviewee expressed concern about the lack of knowledge transfer: *"The Chinese bring you a fish, but they do not teach you how to do the fishing"* (Interview 57). The reasoning behind these statements becomes clear when FOCAC is considered. As stated above, in this forum China makes regular pledges of very determined and concrete measures to help Africa. In 2006, for example, it promised to "send 100 senior Chinese agricultural experts to Africa and set up 10 agricultural demonstration sites in Africa" and to *"build 10 hospitals and 30 anti-malaria clinics, while providing approximately USD 37.5 million for the purchase of anti-malaria drugs"*.[52] This certainly gives rise to the impression of the supply-driven quality of engagement and the desire for concrete results, at least where China is concerned.

However, examples can also be given that may refute this impression. In the following chapters this study will examine more closely Rwanda's policy priorities and the role of development partners, with the focus specifically on German and Chinese cooperation policies. A closer look will be taken at German and Chinese engagement in the four core areas of the *Rwanda Aid Policy*: agriculture, education, health and transport.

52 See China's FOCAC Action Plan Commitments (FOCAC Commitments 2006) in Davies et al. (2008)

3 Case studies – German and Chinese engagement in Rwanda

Given the difficulty of tracking activities of non-DAC development partners – and the broad debate on the particularities of Chinese engagement in the Western media – the aim of this study is to map non-DAC development partners' activities at country level in Rwanda in greater depth. As a comparison with China, the activities of a DAC DP – Germany in this case – are also highlighted. Germany, unlike China, was not chosen because of the scale of its engagement. Rather, Germany arguably represents the average medium-size DAC development partner in the Rwandan context. Moreover, the composition of the team (German and Chinese researchers) made Germany an obvious choice.

3.1 German engagement in Rwanda – rationale and policy framework

Despite the German economy's strong focus on foreign trade, Africa is not a key target for German investment, nor is it considered a key market for German products or companies. Furthermore, economic interest in Africa generally, and in Rwanda specifically, is limited. Rather, German policy towards Rwanda – and the rest of sub-Saharan Africa – is strongly influenced by development policy. German development cooperation is closely linked to debates in and decisions taken by the international community and international fora, which Germany also influences. As Germany is a member state of the European Union, the EU is a further significant factor to be taken into account when German cooperation policy is considered.

Development assistance in the European context – and thus in Germany – is oriented towards altruism and partnership, but is also guided by *"enlightened self-interest"* (e.g. long-term national security and the containment of illegal immigration into Germany) (Grimm 2005, 27). This is closely linked to the *"political rediscovery"* of Africa which, after decades of limited international attention, is back on the international agenda. This may also be linked to the *UN Millennium Declaration*.

Box 5: German engagement in EU development cooperation
Since the reforms undertaken at EU level at the beginning of this decade the European Union has established an increasingly important policy framework for Germany's Africa policy. The EU has clearly based its policies on the UN commitments and adheres to DAC reporting and policy standards. Although the EU has not, arguably, added much of substance to German cooperation policy, it plays the dual role of a policy actor in its own right and of a policy coordination forum for its members (cf. Grimm 2010). EU policy documents, such as the *European Consensus on Development*, are guides for both Community institutions (like the European Commission) and its member states, including Germany. Policies on a better Division of Labour have a potential impact, as do more specific policy frameworks related to Africa, such as the Joint EU-Africa Strategy of 2007 – consisting of eight policy areas, including governance, security, the MDGs and science and technology cooperation – and the *Cotonou Partnership Agreement* (CPA) of 2000. The CPA had been preceded by other agreements, known as Lomé Conventions, since 1975. It emphasises partnership between the two continents and builds on three aspects: trade, aid and political dialogue. Ongoing institutional reforms of the EU, particularly the creation of a joint external action service – most probably also embracing development policies – should be seen as further strengthening joint EU actions without abolishing bilateral activities of member states (cf. European Think-Tanks Group 2010)

Africa consequently receives the largest proportion of German development aid (2007: 21.4 per cent; 2008: 27.3 per cent).[53]

After signing the *UN Millennium Declaration* in 2000 and the *Monterrey Consensus on Financing for Development* in 2002, Germany issued a *Programme of Action 2015*. This is an inter-ministerial instrument for implementing the commitments made in both international declarations and adapting German policies to international needs until the year 2015. Moreover, Germany participated actively in the process of drafting the *Paris Declaration on Aid Effectiveness* and, under the direction of its *Ministry for Economic Cooperation and Development* (German abbreviation: BMZ), played an active role in its implementation. German interests are thus shaped predominantly by a discursive setting, less by economic motives.

53 See: http://stats.oecd.org/Index.aspx?DatasetCode=ODA_DONOR (accessed 29 Feb. 2010).

3.1.1 Institutional setting of German cooperation with Rwanda

In partner countries a development counsellor (often seconded from the BMZ to the respective embassy) supervises all federal German aid flows, politically overseeing the German implementing agencies on the ground. In the German context, a distinction is made between technical assistance (TA) and financial assistance (FA), and the two are institutionally separated, a practice that regular peer reviews of the OECD-DAC criticise as a structural deficit. German TA is mostly channelled through the *Gesellschaft für Technische Zusammenarbeit* (GTZ), with a smaller proportion passing through the *Deutscher Entwicklungsdienst* (DED). However, institutional reforms of German technical cooperation are currently at the planning stage: the GTZ, DED and InWEnt (German International Capacity-Building) are to be merged by 2011, according to recent announcements.[54] German bilateral FA is channelled exclusively through the *KfW Development Bank.* All three agencies are represented in Rwanda.[55] Allocations for financial and technical cooperation are already made in the federal German budget, i.e. there is little room for negotiation between partner governments and the German ministry over the shares of technical and financial assistance. Furthermore, the existence of dedicated technical cooperation agencies – irrespective of the levels of expertise they can provide – is likely to be inconsistent with the commitment to use partner-country systems (cf. Ashoff et al. 2008). A particularity of German engagement in Rwanda is the long-standing partnership between the Land (Federal State) of Rhineland-Palatinate and Rwanda. This engagement is not, however, part of the formal German aid process (see Box 6 below).

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54 The new organisation will be known as Gesellschaft für internationale Zusammenarbeit / German International Cooperation e. V. (GIZ). The details of the organisational structure had not yet been decided at the time of writing.

55 Such German political foundations as the Friedrich-Ebert-Stiftung and the Konrad-Adenauer-Stiftung – of importance in several sub-Saharan African countries – were not active in Rwanda at the time of writing.

Box 6: Development cooperation between Rwanda and Rhineland-Palatinate

In 2007, the twenty-fifth anniversary of the partnership between Rwanda and Rhineland-Palatinate was celebrated with, among other things, mutual high-level official visits. Rhineland-Palatinate has been running a bureau with currently three German and 12 Rwandan staff in Rwanda's capital, Kigali, since 1982. The Kigali office has also welcomed many delegations of politicians and private citizens from Rhineland-Palatinate.

Claiming to follow a *"grassroots cooperation approach"*, the bureau seeks to *"bring people together"* and to foster exchanges and mutual understanding between German and Rwandan citizens (Interview 66). Representatives of the bureau attend the regular coordination meetings of German implementation agencies at the German Embassy, and where feasible, Rhineland-Palatinate cooperates with the GTZ (Partnership Rhineland-Palatinate/Rwanda 2009). However, Rhineland-Palatinate does not regard itself as being engaged in official German development cooperation. According to the German Foreign Ministry, more than 50 municipalities and districts in Rhineland-Palatinate now have partnerships with Rwandan sectors,[56] and more than 220 schools in Rwanda and Rhineland-Palatinate have formed partnerships.[57] The cooperation consists in the twinning of these entities with Rwandan partners, who can then suggest projects to the Rhineland-Palatinate bureau in Kigali. If approved, the proposals are forwarded to the respective partner in Rhineland-Palatinate, which meets up to 80 per cent of the costs. Churches, universities, technical colleges, associations, firms and such social groups as sports clubs are also involved in the partnership.[58] The Technical University (TU) at Kaiserslautern, for example, offers scholarships to 50 to 60 Rwandan students to enable them to study in Germany.

Rhineland-Palatinate finances micro-level projects in the areas of education, social development, vocational training and energy. The assistance in 2009 totalled EUR 2.08 million (USD 2.90 million), the entire amount being disbursed in the form of technical assistance, with 52 per cent invested in the education sector, mostly for the construction and equipment of classrooms. On the Rwandan side, although the bureau cooperates with MINALOC, the Rwandan Ministry for Local Government, Community Development and Social Affairs, it works mostly with local authorities at district and sector level. It is therefore expected to align itself with District Development Plans in its work. One of the micro-projects at sector level was visited by the authors:

56 See: http://www.auswaertigesamt.de/diplo/de/Laenderinformationen/Ruanda/Bilateral.html (accessed 11 Apr. 2010).

57 See: http://www.rlp-ruanda.de/userfiles/file/Jahresbericht_deutsch_2009.pdf (accessed 18 May 2010).

58 See: http://www.auswaertigesamt.de/diplo/de/Laenderinformationen/Ruanda/Bilateral.html (accessed 11 May 2010).

Rhineland-Palatinate is supporting a recently established settlement for “returnees”, a group of approximately 300 cattle-breeders who, after leaving Rwanda during the political turmoil in the late 1950s, fled Tanzania after violent clashes with government troops. These returnees will receive cattle worth EUR 11,000 sponsored by the bureau and are currently being trained by Rhineland-Palatinate staff in how to keep them in a sustainable way. The bureau also fosters economic cooperation. It serves as a platform for companies from Rhineland-Palatinate wanting to invest in Rwanda. While not directly involved in commercial activities itself, the bureau acts as a service provider and assists in establishing contacts.[59] However, the main value of this partnership may lie in the close and long-term exchange of citizens from Rwanda and Rhineland-Palatinate. Other European provinces engaging in development cooperation with Rwanda include Flanders (Belgium) and Perugia (Italy).

The formal planning, financing and implementation procedures are multifaceted, owing to the number of actors involved in German cooperation. German actors emphasise that all interventions should be based on the development strategies and proposals elaborated by the partner countries and reflect the principle of ownership required by the *Paris Declaration.* Further assessments and proposals in the planning process are submitted to the Ministry and/or the implementing organisation in a sequenced process, with the aim of having the various institutions involved formulate coherent proposals (see Annex 6).[60] Institutional tensions can, however, be expected to surface in at least some interactions.

3.1.2 Areas of German cooperation

Germany’s cooperation engagement in Africa covers a multitude of areas. In a profiling exercise, German aid institutions identified three core areas of engagement in the sub-Saharan Africa region in 2008: “sustainable economic growth”, “democracy, civil society and public administration” and “water and sanitation.”[61] Broadly speaking, the role of such traditional sectors as “health” is decreasing, while that of such new issues as “environ-

59 For example, for Stadtwerke Mainz (municipal energy supplier in the city of Mainz, Germany), which built a solar power plant on Mount Jali near Kigali.

60 See: http://www.bmz.de/en/approaches/bilateral_development_cooperation/approaches/index.html#t1 (accessed 5 Dec. 2009).

61 See: http://www.bmz.de/en/countries/regions/subsahara/index.html (accessed 17 Jan. 2010).

ment and sustainable use of natural resources" is growing. However, the focus varies across countries.

The planning of German cooperation with Rwanda is based, on the German side, on what is known as the *Länderkonzept* (BMZ 2009), a country strategy. Since 2001 Germany has sought to focus cooperation on three core areas and on some smaller programmes funded as part of the "additional margin". The three key areas mutually agreed in German-Rwandan cooperation are (i) democracy, civil society and public administration, particularly decentralisation, reform of the judiciary and conciliation, (ii) health, family planning, HIV/AIDS, and (iii) sustainable economic reform, particularly general regulations, vocational training and market integration.

As highlighted in the previous chapter, budget support is the mode of intervention preferred by the Rwandan government. In Rwanda, Germany is a budget support donor, albeit not among the largest. It has provided general budget support for Rwanda since 2007. From 2009 to 2011 the amount should increase to EUR 14 million. Through intensive political dialogue, general budget support is geared to the implementation of the EDPRSP (KfW 2009). Budget support is, however, only one of the German instruments used (for figures, see the DAD and DAC statistics in the previous chapter, particularly Table 3). Some more specific interactions will be explored below by sector.

3.2 China's engagement in Rwanda – rationale and policy framework

Like German engagement, Chinese cooperation with Rwanda must first be placed in the context of the China's more general *African Policy*. China is regarded as an emerging development partner in Africa, yet it is not a newcomer in providing assistance for Africa, nor for Rwanda. China has been giving assistance to African states since the foundation of the *People's Republic of China* (PRC) in 1949; its engagement in Rwanda dates back to 1971.[62] The rates of growth in trade and the reinvigorated cooperation with considerably higher funding in the last decade are new, however.

62 It is no coincidence that this was the time when mainland China took over the permanent seat on the UN Security Council, replacing Taiwan (Republic of China). The change was due not least to numerous African votes in the UN General Assembly.

China's engagement in Africa, policy documents insist, is to be based on the principles of equality and mutual benefit. Assistance is to be unconditional[63], and the sovereignty of the recipient countries is to be strictly respected – that is, China will not interfere in governance issues in the African partner country.[64] This premise of non-interference has been a permanent issue in Sino-African relations (Brautigam 2008, 7), despite a more nuanced debate at the UN and African Union level in the context of the *"responsibility to protect"* (cf. ICISS 2001).

China strives to portray itself as "the largest developing country." Although it distinguishes itself with impressive economic growth rates and remarkable success in reducing poverty, the number of poor in China remains high by international standards. Given these domestic development challenges, China's engagement in Africa also claims to be following a different rationale from Northern assistance. Chinese assistance is rhetorically presented not as charity but as an act of solidarity in Africa's and China's common struggle for a fundamental restructuring of the international order, with more weight carried by the developing countries.[65] *China's African Policy* emphasises Africa's *"huge potential for development"* and its important role in international affairs (MOFA 2006), in contrast to Western poverty-

63 With the notable exception of the diplomatic recognition of mainland China as the sole representative of China, i.e. the withdrawal of recognition from Taiwan. In addition, the tying of aid to the provision of services by Chinese companies could be regarded as an economic conditionality and will be discussed further below (see Chapter 3 and 4).

64 See: http://www.fmprc.gov.cn/eng/ziliao/3602/3604/t18001.htm (accessed 22 December 2009). China also participates actively in UN peacekeeping operations in Africa, which rather puts its claim to non-interference into perspective.

65 The rhetoric echoes African calls for the development of local entrepreneurship and, in the same context, expresses a preference for investment and trade rather than "traditional aid". For example, Rwandan President Kagame emphasises: *"While helpful, aid has not delivered sustainable development. It is clear that trade and investment bring greater opportunity for wealth creation. (...) Given the choice, people would prefer to work and provide for themselves, rather than receive charity. Africans want self-determination and dignity"* (Kagame, 2 Nov. 2009). Compare this, for example, with the interview with African journalist Andrew Mwenda in InWEnt (2009, 452 f.).

focused development policy papers. Africa is depicted as an important partner in securing China's industrial development and enhancing its global position (Berger / Wissenbach 2007, 11).

China's current expansion of development assistance to Africa has its roots in the 1998 economic policy of "going global," i.e. steering Chinese enterprises towards the world market. In this context, Africa has become important for China's economy as an export market and resource supplier. It has therefore substantially increased its investment and business activities in Africa since the end of the 1990s (SAIIA 2009, 16). It thus appears that China has modelled the patterns of its development assistance to Africa on its own development experiences. Consequently, and despite rhetorical consistency, those patterns seem to have changed in line with changes to Chinese internal political reality. China's assistance to Africa is inspired by its own development path and has changed with the development strategies pursued in China itself. On this basis, three major stages of the Chinese approach to assistance can be identified (see Box 7).

China's engagement in Africa is not, however, exclusively motivated by economic interests, but also covers diplomatic, political and ideological aspects, with foreign aid playing an integral part and so subject to political and discursive conditions. As in the spheres of trade and investment, there has been a massive increase in Chinese economic assistance to Africa since 2000 (Davies et al. 2008, 6).[66] In this context, Rwanda also benefits from a significant rise in economic cooperation with China, albeit at a relatively low and highly unequal level, given the limited size of the Rwandan national economy and the small range of export commodities that might be of interest to the Chinese market (cf. ACET 2010).

66 Annual ODA flows from China to Africa leapt from about USD 310 million in 1989–92 to around USD 1-1.5 billion in 2004–05 (AEO 2009).

Box 7: Stages of Chinese development assistance to Africa

1. Development strategy and cooperation with Africa in the Mao era (1949 to the late 1970s)

Inspired by the idea of a permanent social revolution, Mao Zedong pursued a development strategy of a socialist planned economy. In contrast to the Soviet path of heavy industry development, Mao's economic policies focused on rural development as the primary basis for industrialisation and self-sufficiency. Chinese development assistance to Africa in this period complied with the development concept inherent in Mao's strategy and thus mainly took the form of "political" or "ideological" aid governed by the *Five Principles*:[67] On the one hand, China – in line with its ideological setting – supported African liberation movements against colonialism. On the other hand, it provided development assistance in exchange for the recognition of the PRC in place of Taiwan, a concept comparable to the origins of German aid (Hallstein Doctrine). This strategy was successful: mainland China gained the permanent seat on the UN Security Council in 1971 with the help *inter alia* of 26 African states (SAIIA 2009, 8–9 and 18–21).

Analogous to China's development strategy at home, its principal sectors of engagement were infrastructure, with a preference for such high-profile, prestige projects as the Tazara railway (1970–75) linking landlocked Zambia to the port of Dar-es-Salaam. The Chinese model of rural development was also adopted by socialist-oriented African countries, such as Tanzania and Guinea, though not actively promoted by China (for further information see Brautigam 2010, 37–42).

67 As a guide to Chinese development assistance to Africa, the "Five Principles of Peaceful Co-existence" were introduced by China's former Premier Zhou Enlai in 1954 and adopted at the Bandung Conference. The Five Principles are (i) mutual respect for each other's territorial integrity and sovereignty, (ii) mutual non-aggression, (iii) mutual non-interference in each other's internal affairs, (iv) equality and mutual benefit and (v) peaceful co-existence. Another set of guidelines introduced by Zhou Enlai concerning economic assistance and technological cooperation between China and African countries are the Eight Principles for China's Aid to Foreign Countries. The principles emphasise inter alia that "the purpose of the Chinese Government is not to make the recipient countries dependent on China but to help them embark step by step on the road of self-reliance and independent economic development". As overriding concerns, they call for cooperation to be based on the principle of equality and mutual benefit (assistance is not regarded as charity but as something mutual), for assistance to be unconditional and for the sovereignty of the recipient countries to be strictly respected – that is, China will not interfere in governance issues of the African partner country; online: http://www.fmprc.gov.cn/eng/ziliao/3602/3604/t18001.htm (accessed 22 Dec. 2009).

Aid was given in the form of either zero-interest soft loans or technical assistance, i.e. projects (SAIIA 2009, 18 f.; Li 2007, 71 f.).

Mao's socialist development strategy did not prove successful for the Chinese economy, particularly during the massive upheavals after the Cultural Revolution. In the post-Mao period China therefore embarked on a course of ideological pragmatism and fundamental economic reforms under the leadership of Deng Xiaoping. These reforms consisted in the replacement of China's socialist planned economy with a unique economic system called "Socialism with Chinese characteristics" or "Socialist Market Economy". This system entails a market rationale of the economic process with an expanded private sector, but with the state retaining considerable regulatory and administrative power (SAIIA 2009, 10–14).

2. Development in the reform era: economic liberalisation (1978 to 1997)

The first phase[68] of the reform process (from 1978 until Deng Xiaoping's death in 1997) was marked by the opening of China's economy to the outside world and triggered impressive growth in its domestic economy. First and foremost, it sought to modernise the Chinese economic infrastructure and to establish a vibrant export industry. Given these objectives, Deng's reform strategy focused on the domestic arena and trade, which led, for example, to the establishment of Special Economic Zones to attract FDI and facilitate exports. Another core feature was the decentralisation of control over state-owned enterprises (SAIIA 2009, 10–13).

Echoing the political shifts of the reform era, the *Five* and *Eight Principles* were amended in 1982 to produce the *Four Principles on Economic and Technological Cooperation with Africa,* which required 1. equality and bilateralism; 2. emphasis on the effectiveness of assistance; 3. multiple forms of assistance and 4. common development (SAIIA 2009, 21). Compared to the *Eight Principles*, the *Four Principles* pay greater attention to the practical results of Chinese cooperation in Africa and are more pragmatic and economy-driven. In addition, a wider range of Chinese cooperation instruments were introduced to supplement grants.

3. Cooperation policy since 1998: "going out" policy

The second phase of China's development assistance to Africa began in 1998, when China steered its economy on a path of "going global" in the context of a globalising world economy. Africa became important for China's economy as an export market and resource supplier. China has therefore substantially increased its investment and business activities in Africa since the late 1990s (SAIIA 2009, 16).

68 Classification in phases based on the authors' own assessment.

It is important to mention that the Chinese reform path was not a planned monolithic process, but rather an experiment based on trial and error. However, the reforms have been enormously successful. According to World Bank statistics, the country became the world's third largest economy in 2007, with a GDP amounting to USD 4,327 million in 2008 (IMF 2009); in 2010, China was declared the second largest economy. In the Forbes 2000 index listing the world's major enterprises, 11 Chinese companies rank among the 250 most influential players in the global market, five of them in the banking sector (Forbes.com 2009).

3.2.1 Institutional setting of Chinese cooperation with Rwanda

In the Chinese institutional setting, there is no specialised cooperation agency or one central unit to deal with all aspects of assistance in the line ministry in charge, the *Ministry of Commerce* (MOFCOM). At country level, development coordination programmes are formulated jointly by MOFCOM[69] and the local embassy. A special unit in MOFCOM is administratively attached to the embassies: the *Economic and Commercial Counsellors' Office* (ECC). The Economic Counsellors are meant to assist embassies in monitoring the implementation of development projects and reporting on progress to the Chinese government. Interestingly, the ECC in

69 MOFCOM is divided into several departments relevant to development assistance: the first is the *Department for Aid to Foreign Countries* (DAFC), which is responsible for formulating and implementing policy plans for external development assistance. It also allocates grants and interest-free loans on behalf of the Chinese government. Effectively, it decides on the granting of concessional credits, too. However, these are processed through the ExIm Bank. In addition, the DAFC negotiates and signs contractual agreements with China's African partners, manages the bidding process for aid projects and chooses implementing agencies, carries out feasibility studies and is in charge of quality management and control of those projects. The DAFC, together with the Ministry of Finance, allots and allocates the budget for bilateral cooperation (multilateral cooperation is managed exclusively by the Ministry of Finance). The second MOFCOM department is the *Bureau for International Economic Cooperation* (BIEC), a policy-implementing body that performs a managing function in the implementation of projects (e.g. the provision of materials) and administers technical cooperation, grants and interest-free loans, whereas the *Department for Foreign Economic Cooperation* (DFEC) is mandated to oversee and regulate Chinese companies in Africa that implement development projects; it is also responsible for Chinese overseas workers. Finally, the *Department of West Asia and African Affairs* (DWAA) has an advisory and coordinating function.

Rwanda? is situated outside the embassy premises; instead of being in the large embassy compound in Kigali-Kiyovu, it is located in Kigali-Kacyiru. This institutional context can also be expected to play a role in practical Chinese economic cooperation with Rwanda.

The planning of interaction and the interaction itself appear to be highly centralised in Beijing, and personal interactions of Chinese officials with other development partners appear very limited – much to the chagrin of numerous interviewees among Western development partners in Rwanda. Leverage for country-specific pilot schemes in the cooperation policy appears to be limited unless it is approved (and funding is thus provided) by the centre.

Individual Chinese provinces are not represented in Rwanda – unlike Zambia, for example, where the province of Guangxi maintains a provincial liaison office. The staffing of projects is apparently attributed to certain Chinese provinces. In the case of Rwanda, the medical team in Kibungo / Ngoma is usually staffed by personnel from the Chinese province of Inner Mongolia. In addition, some (minor) aspects of cooperation have more recently been handled by a Kigali-based (cultural) Confucius Institute, staffed by Chongqing University (see Box 9 below).

3.2.2 Areas of Chinese cooperation

As regards focal sectors of engagement, the literature suggests that Chinese development assistance is aligned with Chinese trade and FDI. China's project aid and concessional loans are focused on infrastructure, 40 per cent going to the energy sector, 20 per cent to the transport sector and 12 per cent to the telecommunications sector (Hackenesch 2009, 48).[70] Major areas of engagement in Africa are industry (manufacturing, mining), social welfare (health, education) and agriculture (see, for example, the corresponding major sections of *China's African Policy* (MOFA 2006). China thus seems to be focusing rather on the "traditional" objectives of development policy (Hackenesch 2009, 44). It also adopts a "traditional" approach to sectors of engagement and to aid instruments. It mainly provides project aid but, globally speaking, very little budget assistance (Brautigam 2008, 15).

70 See *China's African Policy: "[The Chinese government] will vigorously encourage Chinese enterprises to participate in the building of infrastructure in African countries, scale up their contracts, and gradually establish multilateral and bilateral mechanisms on contractual projects"* (MOFA 2006).

The aid dimension of China in Africa is largely covered by the pledges made by the Chinese President to Africa at FOCAC in 2006 and 2009.[71] As FOCAC pledges are made not by country but to Africa as a whole, the geographical attribution remains opaque. However, a number of projects found in Rwanda appeared to be linked to the FOCAC policy. Furthermore, business with China tripled between 2007 and 2009 (President Kagame at FOCAC 2009, *The New Times* 9 Nov. 2009). Yet little detailed information on the financial dimension of Chinese development cooperation activities in Rwanda is available; it is apparently hard even for Chinese scholars to figure out the exact amounts attributed to specific countries.

Overall, the research team was given the lump sum figure for Chinese aid to Rwanda from 1971 until today of RMB 1 billion (currently USD 147 million[72]), composed of 49 per cent (USD 72 million) in grants, 32 per cent (USD 47 million) in zero-interest loans and 21 per cent (USD 31 million) in preferential loans, according to Chinese information (Interview 16).[73] The more recent figures – compared to this lump sum – indicate the steep increase in Chinese assistance to Rwanda (and Africa more broadly) in recent years. With regard to recent Chinese activities (since 2000), the following Chinese projects in Rwanda were identified in the course of the research carried out for this study:

71 FOCAC was set up in Beijing in 2000 and testifies to Africa's increased importance for China, since it is a symbol of the institutionalisation of Sino-African cooperation. It is meant to serve as an instrument for dialogue and discussion on the terms of Chinese engagement in Africa. Within its framework, China-Africa summits are held triennially and alternate between China and African states (2000 in Beijing, 2003 in Addis Ababa, 2006 in Beijing and 2009 in Sharm al-Sheikh).

72 Mean value based on the daily exchange rates in the first half of 2010.

73 NB: The figures also illustrate a rather general problem with aid figures: they cannot be exact since, added together, the shares exceed the total by 2 per cent.

Table 6: Chinese cooperation projects in Rwanda since 2000[74]

Sector of engagement	Project (with year of completion)	Value*
Education	Confucius Institute operating in Kigali (since 2009); it grants Rwandans 29 or more scholarships annually	–
	Construction of two rural schools[75], each at USD 800,000	USD 1.6m
Infrastructure	ExIm Bank concessional loan (3–5 per cent interest), with a 35 per cent grant element from an overall USD 36 million loan for road rehabilitation/maintenance in Kigali (36 km)	USD 30m
	Construction of the Kinyinya–Nyarutarama road in Kigali	–
	Construction of the Amahoro Conference Hall (2004)	–
	Construction of the MINAFFET building (completed 2009)	USD 8.6m
	Construction of the Amahoro Stadium (2005)	–
Agriculture	Agricultural Demonstration Centre (rice, mushrooms, silk, soil protection) in Butare (construction started in April 2010)	USD 5.3m
	Joint Agriculture Cooperation Project in Kabuye	–
	China Aid Bamboo Project in Kabuye	–
Health	Construction of the Kibungo hospital	–
	Medical team in Kibungo (for 28 years, a second team will begin work in 2011)	–
	Donation of anti-malaria drugs to MINISANTE	–
	Construction of a new hospital in Masaka (Kigali Province), also staffed by Chinese doctors (still under construction)	–
	Commitment to send 8–10 youth volunteers to spend 1 to 2 years in Rwanda. They are still being sought in China. One of the volunteers is to be based at the Confucius Institute in Kigali.	–
Cross-cutting	Commitment to professional human resources training for Rwandans in China	–
	Tax-free entrance for 80 per cent of Rwandan commodities exported to China	–

Source: Authors

* *The values are as indicated by interviewees, in some cases converted from RMB into dollars by the authors at current US dollar values (mean value based on the daily exchange rates of the first half of 2010).*

74 In addition to the projects listed here, a study by the Ghanaian think tank ACET (2010) lists the following projects that the authors of this study did not come across during field research in Rwanda: **Agriculture:** Technical assistance for rice cultivation in Umutara (2000). **Health:** Donation of the new Kibungo Nursing School (2005). Also listed under **Trade & Investment** is the construction and operation of Rwanda's only cement plant (1984–2006), which was then privatised (China still holds 10 per cent of shares). The project list of the Chinese Embassy in Rwanda also includes this project (although the time frame is indicated as 1984–2003).

75 One of these rural schools is located in the Northern Province about 40 km north of Kigali. It was handed over to the GoR in September 2009.

3.3 German and Chinese activities in the core sectors in Rwanda

The next section presents empirical findings on the development cooperation activities of both Germany and China. The four sectors of engagement discussed are not only the focal sectors of the *Rwanda? Aid Policy* but also the sectors in which the bulk of both German and Chinese engagement can be found. As this discussion demonstrates, the approaches and modalities of engagement applied by the two development partners differ from sector to sector. However, as they do not necessarily differ from one another, an interesting range of similarities and differences in forms of engagement can be discerned.

3.3.1 The agricultural sector

As highlighted in the previous chapter, agriculture is regarded as the core starting point for Rwandan development since the vast majority of Rwandans earn their living in agriculture. The Government of Rwanda ascribes an important role to agriculture for the country's development (as specified in *Vision 2020* and the EDPRSP) and the country has a clear set of policies for it.

3.3.1.1 Rwandan agricultural policy

The *Ministry of Agriculture and Animal Resources* (MINAGRI) describes its mission as the *"transformation and modernisation of agriculture and livestock to ensure food security and to contribute to the national economy"*.[76] The (semi-)public autonomous implementation and research institutions under MINAGRI's aegis indicate the key areas of engagement of the ministry: agriculture development, animal resource development, horticultural development, coffee and tea management and, finally, research in agriculture.[77]

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76 See: http://www.minagri.gov.rw/index.php?option=com_content&view=article&id=49&Itemid=27&lang=en

77 The respective institutions are: *Rwandan Agriculture Development Authority* (RADA); *Rwandan Animal Resource Development Authority* (RARDA); *Rwandan Horticulture Development Authority* (RHODA); OCIR-Café; OCIR-Thé and *Rwanda Agricultural Research Institute* (ISAR). Reforms of the institutions and mergers are envisaged: RADA, RARDA and ISAR will become one institution, RHODA, OCIR-Café and OCIR-Thé another (Interview 65).

Although *Vision 2020* envisages a move towards the secondary and tertiary sectors in the long run, the "transformation of agriculture into a productive, high-value, market-oriented sector, with forward linkages to other sectors" is one of the pillars of *Vision 2020* (MINECOFIN 2000, 3). The development of agri-business is hoped to have spill-over effects on other sectors of the economy (cf. MINECOFIN 2000, 18). Consequently, agriculture also plays a major role in the EDPRSP flagship programmes, especially in *Vision 2020 Umurenge*[78] (the rural development programme) and in the *Growth for Jobs and Strategic Priorities* programme.[79] The *National Agriculture Policy* (MINAGRI 2004) stresses the role of active agricultural research and extension services for the development of a professional and profitable sector. While the promotion of production in the cash crop sector depends on the region's comparative advantage, mixed crop and livestock farming remains a national priority in each region. Besides an increase in production of traditional export crops, such as coffee and tea, the policy stresses the importance of a more diversified export sector. Other focal areas of the policy are soil and water conservation, private-sector involvement in all aspects of the commodity chain and marshlands management (cf. MINAGRI 2009, 11). In addition to these policies, the *Strategic Plan for the Transformation of Agriculture* was established in 2004 and refined in 2008, building on the EDPRSP priorities. The programmes range from the development of sustainable production systems, the professionalisation of producers, the promotion of commodity chains and agri-business development to institutional development (for a detailed list of the subprogrammes see Annex 7, MINAGRI 2009).

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78 Vision 2020 Umurenge targets three groups: (a) owner-cultivators, (b) agricultural wage labourers and (c) small-scale entrepreneurs. While the first group is to receive assistance in increasing agricultural and livestock productivity (terracing schemes, supplying new crop and livestock technologies, storage, processing, access to the financial sector), the second group is to be targeted by on-farm and off-farm employment schemes, training measures, savings promotion and access to financial services. The third group is to be supported with technical assistance and micro-finance initiatives, which in turn should eventually lead to job creation (MINECOFIN 2007, 43).

79 "[H]eavy investment in infrastructure", including irrigation water in urban and rural areas, is one component of the programme, another agriculture-related component being the import of global technology and adaptation, which is "particularly important in agriculture where variations in soil characteristics, topography and climate often require location-specific modifications to imported techniques" (MINECOFIN 2007, 41).

The agricultural policies briefly outlined here demonstrate how closely the development of the agricultural sector is interlinked with other sectors; numerous other ministries are consequently involved (cf. MINAGRI 2009, 40).[80] While considering German and especially Chinese engagement in the sector and how it conforms to the Rwandan strategy, we will mainly touch on agriculture-related rural infrastructure, knowledge transfer, training, agri-business and soil protection. Some issues are not the responsibility of MINAGRI, but are managed by the newly established *Ministry of Forestry and Mining* (MINIFOM). Nevertheless, they will be mentioned so that a complete picture of Chinese engagement may be provided.

3.3.1.2 Implementation and perceived challenges in the sector

From July 2008 until June 2009 agricultural production achieved a growth rate of 12.39 per cent. This positive result[81] is attributable to good rainfall and above all, according to the Sector Evaluation Report, to the *"substantial investments made in the sector by the Government of Rwanda and its development partners"* (SWG 2009, 1). Despite an 8.1 per cent decline in agricultural exports as a result of the global economic crisis, Rwanda's export revenues fell by only 2.9 per cent owing to improved product qual-

80 The *Strategic Plan*, for instance, demands *"complementary and supporting policies"* in other sectors, especially concerning *"land tenure reform and the strengthening of agricultural cooperatives"* (cf. MINAGRI 2009, 13). The *"inherently multi-sectoral undertaking"* (MINAGRI 2009, 30) of agriculture development involves ministries such as MINECOFIN (planning of Agricultural Public Investment Programmes), MINIRENA (Ministry of Environment and Lands), which was recently split into MINELA (Ministry of Natural Resources) and MINIFOM (Ministry of Forestry and Mining) (management of natural resources related to agriculture, such as land, water, environment, agroforestry), MININFRA (Ministry of Infrastructure) (development of road infrastructure and energy to facilitate intensification and modernisation of agriculture), MINALOC (coordination of development activities at provincial and district level, MIGEPROF (Ministry of Gender and Family Promotion) (gender promotion and capacity-building for women engaged in agricultural activities), MINEDUC (Ministry of Education) (training in modern agricultural techniques and other professional training) and MINICOM (Ministry of Commerce, Industry, Investment Promotion, Tourism and Cooperatives) (training and control of cooperatives and export promotion) (MINAGRI 2009, 30).

81 *Vision 2020* and the *EDPRSP* envisage an annual growth rate in the agricultural sector of 5 to 8 per cent. While the rate in 2008/2009 exceeded these estimates significantly, the result must be seen in context: from 2001 to 2005 the yearly growth rates varied tremendously between -4.9 per cent and 17.3 per cent owing to weather conditions (cf. SWG 2009, 6).

ity (SWG Agriculture 2009, 1). Overall, MINAGRI's performance has been assessed quite positively in the latest *Joint Budget Support Review.*[82] Its project implementation performance is also rated *"satisfactory"* in the CEPEX *Performance Report for the Second Half of Fiscal Year 2009/10.* Forty-five per cent of the budget had been spent by the end of December 2009. However, several large projects are recorded as having low disbursement rates due to unrealistic expenditure plans, and others had not yet started after half the financial year had been completed (CEPEX 2009b, 4).

Despite clear planning and reasonable progress in agricultural development, the challenges in this area remain broad and serious. In general, agricultural productivity remains comparatively low. This poses a problem in a country with limited land availability and a high population growth rate. The *Joint Budget Support Review* therefore highlights the following challenges to the agricultural sector: improvement of available data to enable better planning, monitoring and evaluation of reforms; assistance to farmers to improve marketing of their products and to move to commercial farming (capital); improvement of availability of inputs (fertiliser, seeds) to smallholder farmers (involvement of private sector); financial products and service provision for Rwanda's poor; and, finally, strengthening of communication and consultation with farmers (MINECOFIN 2009a, 8). Indicators set out in the EDPRSP for measuring the success of development in the sector were important but inadequate, as the strategic plan points out. Besides targets for inputs and physical resources, efforts were needed in the following areas to improve export growth: quality standards, post-harvest management, agro-processing, marketing and the development of rural financial systems. The systems for agricultural extension and research also needed to be reformed and strengthened, and capacity-building, including entrepreneurial capacity-building, was to be emphasised (cf. MINAGRI 2009, 40).

82 Of the seven policy actions in the fields of soil erosion, use of improved farming methods and increase of key food security and export crop production (CPAF indicators), four were labelled green (fully met) and three yellow (not fully met, but with significant progress made) (MINECOFIN 2009a, 6).

From the perspective of Rwandan experts and district authorities interviewed in Rwanda, the most pressing problems in the sector are: (i) the high volatility of production due to rain-fed agriculture; (ii) difficult access to credits because of the sector's high-risk nature; (iii) the small size of plots per household;[83] (iv) poor knowledge of modern agricultural production methods; (v) difficulties in introducing technology due to the hilly landscape; (vi) erosion; (vii) the lack of infrastructure linking production to the market; and (viii) the failure to meet quality standards allowing access to the international market.[84] Tackling these challenges will require financial and technical support for the foreseeable future.

3.3.1.3 Development partner involvement in agriculture

More than other policy areas in Rwanda, the agricultural sector relies heavily on external sources of financing. In 2005, 2006 and 2007, 71, 90 and 74 per cent, respectively, of the budget was financed by development partners (MINAGRI 2009, 31). The multilateral funding institutions active in Rwandan agriculture are the World Bank, AfDB, the EU and the *Arab Bank for Development in Africa* (BADEA) along with a number of United Nations agencies UNDP, *International Fund for Agricultural Development* (IFAD) and *Food and Agriculture Organization of the United Nations* (FAO). The bilateral cooperation partners are United States Agency for International Development (USAID), Netherlands, Belgium, China, Germany,[85] Italy,

83 One representative of a district authority particularly stressed the problem of the high population density, which leaves families of six people with plots of only 20 to 30 square metres, which is not enough for them to earn a living. He describes the umudugudu approach of Vision 2020 Umurenge, which relocates people in villages (umudugudu) and merges parcelled plots in order to create homogenous living and production areas, as beneficial: the distribution of work is improved, the land is more accessible and better protected, and erosion is prevented. There is more security for the people living in the umudugudus. Access to water, electricity, schools and health centres is also more easily ensured. However, this representative of the district level admits that the programme has its difficulties. As dis-/relocation always entails losses, there is considerable resistance from the population, and the programme is advancing no more than slowly (Interview 8).

84 Private discussion with a Rwandan policy analyst in April 2010.

85 As discussed below, the German contribution to the sector is marginal.

Canada and the UK (MINAGRI 2009, 31). From the databases available it is difficult to establish a clear ranking of development partners in the sector according to the amount they contribute, because the statistics are contradictory[86] (for a discussion on the differences in data see Box 2). No data are provided on the non-DAC DPs in the sector. Chinese engagement, however, was assessed by the team and is explored further below.

The World Bank, which provides a large proportion of the development assistance to the sector, is the lead donor in agriculture. It is very active in policy dialogue and engages with Rwandan policy-makers on a day-to-day basis; it consequently has a major influence on Rwandan agricultural policies, according to a government representative (Interview 50). As the lead donor, it also co-chairs the Agriculture Sector Working Group, which coordinates development partners and the government in the sector (cf. Chapter 4). Interestingly, given the general reluctance of the USA to provide budget support, USAID was said to want to launch a pilot programme for this aid modality in Rwanda (sectoral budget support), which was expected to begin in mid-2010 at the earliest (Interview 59).

A Sector-Wide Approach (SWAp) in agriculture was said to be at the planning stage,[87] the Strategic Plan already being one important step in this direction (cf. MINAGRI 2009, 87). IFAD, the EU, *Canadian International Development Agency* (CIDA), *World Food Programme* (WFP), FAO, the

86 According to the data provided by the OECD-DAC Creditor Reporting System on ODA disbursements in 2008, the World Bank (IDA) is the largest development partner (USD 16.4 million), followed by Belgium (USD 10.8 million) and the African Development Fund (USD 7.2 million). Interestingly, Luxembourg is the fourth largest DP, spending USD 3.5 million, while the US managed only USD 2.7 million and the Netherlands only USD 0.1 million (cf. Annex 8). The DAD data paint a different picture (cf. Annex 9): the USA (USD 16.31 million.) spends slightly more than the World Bank (USD 16.02 million) and the AfDB (USD 16.00 million.), the latter's engagement being recorded under "African Development Fund" in the DAC database. They are followed by the Netherlands (USD 8.84 million). Belgium ranks sixth, with only USD 3.75 million after the UN (USD 4.19 million). The EU and Canada spend almost as much as Belgium. Luxembourg's engagement in the sector is not taken into account in the statistics.

87 One statement by a government official indicates that, in the case of some DPs at least, MoUs concerning the SWAp may already have been signed: *"It was hard for donors to get together on that [the transfer of stand-alone projects into the SWAp presented by the GoR] and a lot of discussions were necessary to make donors understand"* (Interview 51).

UK and Belgium are involved in the planning (Interview 50). The last two were asked by the Rwandan government to move out of the sector in line with the proposals for a new Division of Labour among the development partners. While Belgium seemed to be ready to leave the sector after completing its current programmes, the UK's continuance was still under discussion (Interviews 50 and 24). The Netherlands was involved in private-sector development, with a focus on support for rural farmers through investment in rural roads, irrigation and water management and construction of terrace fields (Interview 25), which is here included in the agricultural sector. Dutch support for the agricultural sector was channelled partly through the CDF and partly through NGOs, such as *German Agro Action*[88] and Helpage (Interviews 26 and 31), and – as is the case with the UK – money was also channelled through the Belgian Technical Cooperation (BTC) (Interview 50).

3.3.1.4 Germany's engagement in the agriculture sector

Germany is not directly active in Rwanda's agricultural sector,[89] but, as a budget support donor, it arguably helps to support the overall policy and, therefore, priority activities in agriculture as defined by the Rwandan government (cf. Chapter 2.3.3). Similarly, the Common Development Fund (CDF) has clear linkages to agriculture (see Box 2). The CDF contributes resources to infrastructure projects at district level and advice on project monitoring and implementation (Interviews 32 and 44); it thus supports the agricultural sector by providing agricultural infrastructure, such as small-scale irrigation projects and the terracing of hilly land.

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88 The PDL HIMO project component of German Agro Action (Programme du Développement Local, Haut Intensité Main d´oeuvre) receives EUR 2.5 million per year and runs from 2004 until 2015. The programme is not intended to rival the CDF, which is also supported by the Netherlands, but serves to establish examples of best practices that can afterwards be used by the CFD. The two instruments are thus complementary (Interview 31).

89 The DAC database records a minor amount (USD 0.30 million) in 2008. This small contribution may have included BMZ emergency funds (*Entwicklungsorientierte Not- und Übergangshilfe* – ENÜH), which are at least partly channelled through the NGO German Agro Action. As the PPP component of DED/GTZ starts only *"from the harvest on"*, it is not counted as part of the agricultural sector (Interview 22).

Besides budget support and funds for the CDF, Germany contributes to the funds of such multilateral development partners as the EU. The 10th CDF allocates EUR 40 million to rural development that finances decentralised development projects at district and grassroots level, especially in agriculture; EUR 20 million is provided in the form of budget support (Interview 29).[90]

3.3.1.5 China's engagement in the agricultural sector

Agriculture is one of the key areas of Chinese economic cooperation throughout Africa (cf. Brautigam 2010). Compared to Western development partners, China adopts a rather new and innovative approach not to be found in other development partners' agendas, in that it engages in areas expected to have commercial benefits. The research for this study has identified three Chinese projects in the broader area of agriculture: two agricultural demonstration/training centres and a bamboo cultivation project. Financial data on these projects, however, are difficult to find. While the engagement of Asian DAC DPs in the sector in Rwanda is reported in the DAC statistic (Japan: USD 1.5 million; Korea: USD 0.1 million), Chinese activities are not covered by either the DAD or the DAC database. The third source, the CEPEX annual Development Projects Implementation Report 2008, does not mention any Chinese engagement either (CEPEX 2009a). For 2009, however, the CEPEX project database indicates a commitment of USD 0.89 million (RWF 500 million) to the agricultural sector for the construction of a *"Rwanda Agriculture Technology Demonstration Centre."* By the end of December 2009 no disbursement had been recorded (CEPEX 2010b, 5).[91]

Agricultural demonstration centres

The idea of establishing agriculture demonstration centres features prominently in the FOCAC commitments of 2006 and stems from the demonstration centres in Chinese provinces: *"it's a Chinese way"*.[92] Agricultural demonstration centres are discussed in the context of Chinese engagement in agri-business (cf. Brautigam 2010). According to Chinese sources, the

90 In the view of a Rwandan government actor, the EU was *"quite easy"* compared to other DPs, such as the World Bank, and fell into line with MINAGRI (Interview 50).

91 However, the Rwandan component of the project is reported to have spent 75 per cent of a total of USD 0.35 million (FRW 198 million).

92 Discussion with Chinese team members.

demonstration centre in Rwanda is the only project among the FOCAC commitments to be implemented by a Chinese University (which holds the patents for the technology).[93] It was said to be worth the equivalent of USD 5.27 million (Interview 3). Its construction started in December 2009 after some preparatory work had been done by the Rwandan Agricultural Research Institute (ISAR), the local host institution that also provided the 22-hectare site and is to share the responsibility for trainee selection with MINAGRI. During the construction phase 100 local workers per day are employed; around 20 technicians come from China. The centre was expected to be fully operational in the second half of 2010. As is usual under Chinese policy, the centre is meant to be economically viable after an initial three years of Chinese funding.[94]

In interviews and the project description (Annex 10) the comprehensive approach adopted in the project was outlined in a way that seemed to take up "Western" development cooperation concepts. The demonstration centre project consists of four components: (i) a silkworm project; (ii) a mushroom project; (iii) a rice project (divided into the subprojects water land cultivation and upland cultivation); and (iv) water and soil conservation. It is to contribute to poverty reduction, knowledge transfer (capacity-building), job creation, the certification of ecological food production standards and soil and water conservation (environment). Even a gender component – empowerment of women – has been added to the project.

Agricultural demonstration centres were presented as a standard solution for the whole African continent by the Chinese. However, implementation was adapted to the Rwandan context. According to Chinese actors, these projects were especially suitable for Rwanda since it suffered from a shortage of land: *"For mushrooms we do not need a lot of land"*. The elephant grass on which the mushrooms grow was available. The introduction of upland rice was crucial for Rwanda because *"more and more land loses water"*. The climate had proved to be *"just suitable"* for silkworms (Interview 3). The project does indeed comply with some of the priorities outlined in Rwandan policy papers and may contribute to the national pro-

93 In other African countries they are implemented by private companies (discussion with Chinese team members, Interview 3).

94 Afterwards, the centre will be transformed into a Sino-Rwandan company (joint venture of China and ISAR); negotiations continue on who is to be the shareholder on the Chinese side. According to Chinese planning, the people trained during the first three years will subsequently be able to take over the training of the farmers (Interview 3).

grammes for the agricultural sector set up in the *Strategic Plan:* development of sustainable production systems, professionalisation of the producers, promotion of commodity chains and agri-business development and institutional development. Implementation, however, will have to prove the sustainability of this Chinese project.

The Demonstration Centre is, strictly speaking, the only ongoing Chinese "aid project" in the agricultural sector.[95] Two more current aid projects are also noteworthy. One is recorded under "economic cooperation" ("Joint Agriculture Cooperation Project"). Even though this engagement is fully administered by the *Rwandan Agriculture Development Authority* (RADA) and the Chinese employees are normally employed by the Rwandan government, it has laid the foundations for the Demonstration Centre (see Box 8).

Box 8: A joint Chinese-Rwandan agricultural cooperation project in Kabuye
The centre at Kabuye engages in upland rice and mushroom production. The Joint Agriculture Cooperation Project in Kabuye was set up as a result of a Chinese initiative.[96] China and MINAGRI signed a Memorandum of Understanding covering two years (later extended for another year), under which Rwanda agreed to pay two Chinese technicians and to buy the equipment for mushroom production.[97] The various rice-processing machines were also imported from China, as were, initially, the mother seeds for mushroom and upland-rice production. After August 2010, the Chinese are to leave – and will probably stay at the new Agriculture Technology Demonstration Centre near Butare. Rwandan technicians will then be responsible for the mushroom-growing (Interview 65 and 43).

95 Besides Chinese state engagement, considerable private engagement, mainly in irrigation systems, in the sector is reported from different sides (Interviews 51 and 31).

96 The Economic Counsellor at the Chinese Embassy in Rwanda had proposed cooperation between Rwanda and the Chinese University in Fujian in 2006/2007, knowing of a similar project at the university in Papua New Guinea. A Chinese professor of agriculture, who is now responsible for the construction of the Agriculture Technology Demonstration Centre near Butare, was sent by China to Rwanda to discuss details with MINAGRI and to foster Rwandan interest in mushroom and upland-rice production (Interviews 65 and 43).

97 Since the laboratory for mushroom mother spawn production, which is also covered by the Memorandum of Understanding (MoU), had not been established when the MoU expire, it was extended for another year in 2009 (and is thus due to expire in August 2010). According to one person involved in the project, the laboratory was not established as agreed, the national tendering procedure having to be carried out twice. The first time, not a single Rwandan company applied to construct the laboratory. The second time, only one company applied, and it is now about to start work (Interview 43).

Small-scale rice production at the Chinese Agriculture Demonstration Centre in Kabuye for experimental and demonstration purposes is supplemented by a two-hectare plot at Kibungo, handed over to MINAGRI, but with a Chinese company still a shareholder. The upland-rice seeds introduced to Rwanda are said to grow without irrigation and to produce three generations of plants at a high level of productivity[98] (Interview 43). Mushroom production, for its part, relies on very simple technical equipment.[99] Tubes containing substrate and spores are sold to local farmers.

Since 2007 over 1000 Rwandans are said to have been trained by Chinese experts in Kibungo and Kabuye in training courses lasting several days (Interview 3), and some are reportedly already producing their own seeds.[100] The project is said to have already led to the promotion of private business. According to interviewees, 15 mushroom production units exist throughout Rwanda, mainly run by cooperatives, of which two or three were already exporting (Interviews 43 and 65).

98 Ripening takes about 140 to 150 days, and the harvest amounts to 5–6 tonnes per ha for the first generation.

99 Mushroom production is based on the juncao technique (*"jun"* meaning mushroom, *"cao"* elephant grass) developed by the Fujian University. Six species of mushrooms for food production are grown on a substrate of elephant grass in banana-leaf-roofed huts so that the temperature and humidity may be controlled.

100 From one tube, 400g of fresh mushrooms can be harvested over a period of 3 months. This means that 128 kg of fresh mushrooms can be harvested per square metre per year. The price achieved for one kilogramme of fresh mushrooms ranges between RWF 1500 and 2000 (USD 2.6316–3.5088; exchange rate on 1 Jan. 2010). Export plans are ambitious: it is envisaged that mushrooms will first be exported to neighbouring countries, then to the whole region of East Africa and eventually to Europe. According to the Chinese head of the centre under construction, the high quality of the products promoted by the demonstration centre guaranteed their competitiveness. The centre will first focus on the mushroom component, as this promises to have the highest revenue potential. Rice has second priority because it may contribute to food security. Finally, silk production may help by employing women and contributing to poverty reduction.

China Aid Bamboo Project

Another Chinese project – building on bamboo cultivation – was presented as contributing to rural development. Although the project is not one of MINAGRI's responsibilities in Rwanda, it is considered here because it has close linkages to the goals defined for the agricultural sector.

The bamboo project is a Chinese *"aid project"* which is fully financed by the Chinese government and administered and coordinated by the Rwandan *National Forestry Authority* (NAFA), which reports to the Rwandan Ministry of Forestry and Mining. Two Chinese technicians are paid by China. Contacts between Rwanda and China in the field of bamboo production already existed: Rwanda has joined the *International Network for Bamboo and Rattan* (INBAR), of which China is also a member (Interview 56), and Rwandans have attended a training course at the Bamboo Research Centre in China's Zhejiang Province. These courses started in 2002 and are said to have so far trained more than 500 participants from some 50 developing countries (Interview 14). It was originally agreed that the China Aid Bamboo Project would run for 2 years, but China has been asked by the Rwandan government to prolong it for another 2 to 3 years. There are similar bamboo projects in Uganda and also in Mexico, Argentina and Brazil (Interview 14).

The bamboo project consists of several components. The bamboo nursery is used for experiments with different types of bamboo. They are grown and tested for their suitability for bamboo-weaving and the other project components, namely toothpick production and soil protection. The machines for toothpick production are already in place. Soil protection efforts were meant to start in May 2010 in a number of marshland areas, where growing bamboo alongside rivers is said to help protect the soil. The centre conducts two-week training courses in bamboo-weaving with a view to building capacity among the rural population, which, according to Chinese actors, have hitherto used bamboo only for the erection of fences (Interview 14). About 40 Rwandans have already been trained. The training in processing includes the manufacture of chairs, vases, baskets, etc. The simple processing tools are imported from China, *"but it is not difficult to produce them here [in Rwanda]"*. Follow-up courses in which skilled students will be trained on the machines are planned for the coming year.

Various personal assessments of the effectiveness of the project have been made by NAFA: questions on the viability of the programme have been raised, since the shortage of land is deemed to exclude large-scale bamboo cultivation for industrial production. Other actors, however, see a benefit even if large-scale production is not possible, because the project originated from the people, raised their interest in bamboo-processing, provided training and was also hoped to create a market for the products (Interview 56). The Rwandan side intended to have an impact evaluation of the project conducted to gauge how many people have started doing business in this area. Depending on the results, a *"bureau de vente"* may be set up by NAFA to help producers/cooperatives sell their bamboo products. The knowledge transfer approach was appreciated by one Rwandan interviewee, who added that the Chinese were uncomplicated in their interaction with Rwandans and always willing to adapt the project to Rwanda's needs: *"With little, they can achieve a lot"*. However, the interviewee also referred to the poor quality of documents and reports, possibly due to language problems (Interview 56).

3.3.2 The education sector

The Government of Rwanda has a clear definition of what the education sector comprises. It covers the educational activities of four ministries. The *Ministry of Education* (MINEDUC) has primary responsibility and has been designated in the EPRSP as lead ministry for the education sector. It is responsible for formulating policies and standards for the education sector, for overseeing the formal system at pre-primary, primary, secondary and tertiary levels, for providing non-formal education for adults, young people and out-of-school children and also for vocational training. MINALOC, for its part, has the task of administering salaries and overseeing decentralisation functions of education? Also involved are the *Ministry of Public Service, Skills Development and Labour* (MIFOTRA), which defines salary levels and conditions of service for teachers, and MINECOFIN, which establishes broad policy and planning frameworks and oversees financial planning and the implementation of the PRS (MINEDUC 2006b, 3 f.).

At the time of writing, there were ongoing discussions on whether, in the new Division of Labour (see Chapter 4), the area of capacity-building (in the various sectors) should remain the responsibility of MINEDUC or if tasks should rather be transferred to the respective line ministries (Interview 37). This discussion also touched on the construction of schools: it was not clear whether this would continue to be the education sector's responsibility (status quo) or whether it would be transferred to the infrastructure sector. As this study is, however, based on the situation at the time of writing, the construction of schools will be included in this chapter.

3.3.2.1 Rwandan education policy

The education sector accounts for the largest share of expenditure on Rwanda's development strategy, being allocated 16.6 per cent of the total national budget in 2008 (MINECOFIN 2009b). It was to contribute to economic growth by making education more relevant to social and economic progress (GoR 2007, 54). This led to the introduction of nine – years of free basic education,[101] with increased and equal access for all children. The common objective for both primary and secondary education was to build new classrooms, to revise curricula and to improve the supply of learning materials. Science, ICT and technical education were to receive special attention at secondary level. For higher education the overall aims were to increase student numbers substantially and to improve the quality of education while reducing costs (MINEDUC 2006b, 19 f.). Moreover, a priority area for the education sector in Rwanda was to strengthen *Technical and Vocational Education and Training* (TVET) in order to create a more highly skilled workforce for employment and self-employment. To achieve these objectives, 48.2 per cent of the education budget was spent on pre-school and primary education, 16.7 per cent on secondary education and 34.7 per cent on tertiary education in 2008 (MINEDUC 2008, 8)

3.3.2.2 Implementation and perceived challenges in the sector

The implementation of the policy papers was reported to be making progress, yet substantial challenges remained. Access to education has improved at all levels of the system. In terms of the MDG targets, the net

101 The school system in Rwanda was (until 2008) divided into primary education (6 years), lower secondary education (3 years) and upper secondary education (3 years). With the introduction of 9-year basic education, the 6 years of primary education and 3 years of lower secondary education are now free and obligatory for every Rwandan child.

enrolment rate in primary schools has now reached 92 per cent, and the percentage of girl pupils is over 50 per cent. However, the cost of schooling is still too high for poor families, and the percentage of children actually completing a full primary school cycle is below the sub-Saharan African average. Reducing drop-out rates and the repetition of classes, increasing the completion rate at primary school and also improving girls' performance in examinations continue to be challenges. Investments in teachers, textbooks and classrooms were reported as having failed to meet demand. Higher education and technical and vocational education and training are no more than partially meeting the needs of the local labour market (MINEDUC 2006a).

Moreover, the analysis of interviews, policy papers and sector reviews revealed three main challenges in the education sector: first, since the introduction of free nine-year basic education in 2008 the shortage of classrooms and teachers has grown. The Government of Rwanda has initiated a programme in which entire communities help to construct school buildings. While some of the materials have been provided through the CDF, construction is mostly done by villagers, who are required to contribute FRW 500 (USD 1.77)[102] and two days of work per week for school construction (interviews with two development partners, Interviews 44 and 24). The second challenge was posed by the change of teaching language from French to English, which was accomplished at about the same time as free nine-year basic education was introduced. Most of the Rwandan experts interviewed by the research team were aware of the difficulties caused by the change of teaching language, but they also believed that it was a smart investment for the future if Rwanda was to become competitive in an Anglophone region (Interviews 58 and 54).[103] A third challenge was posed by the poor quality of education, which was mainly due to the ability of teachers. According to an expert in the policy area, the low salaries prompted many teachers to invest in their own education rather than actu-

102 Average exchange rate in the first half of 2010.

103 According to an expert in the education sector, many teachers "actually could not speak French [adequately]". However, the same expert believed the change to English would indeed solve the problem, as English was much easier to learn than French (Interview 58). MINEDUC has begun a training programme for all teachers at the Kigali Institute of Education (KIE), where they can learn English free of charge (interview with an education expert: Interview 46).

ally start teaching and sharing their knowledge with students.[104] The Government of Rwanda and development partners are aware of these challenges and have *inter alia* introduced some incentives to teachers.[105]

3.3.2.3 Development partner involvement in the education sector

Many development partners are active in the education sector, which can be labelled a rather traditional sector for development cooperation. The scale of each development partner's engagement, however, was not easy to establish, since the DAD and the information given by development partners on Sector Budget Support differed (widely, in some instances). The database listed four development partners providing Sector Budget Support in 2009, namely Belgium, the Netherlands, DfID and the World Bank (DAD, accessed 20 Apr. 2010).[106] Other partners were mentioned, some as silent partners of DfID (Interview 24). All other development partners listed in Table 7 are providing assistance in the form of project aid. Most of them have chosen some special area of education for their interventions. Germany (GTZ) and Japan, for example, are supporting TVET.

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104 Private discussion with a Rwandan policy analyst in March 2010.

105 Teachers' monthly salaries are currently between FRW 40,000 and 90,000month (USD 70.18–157.89, exchange rate on 1 Jan. 2010) in state schools (depending on the school and level of education). The possibility of paying teachers more is under discussion. Such other incentives as free bicycles, accommodation and free mobile phones have been introduced.

106 According to one DP active in the sector, DfID, Belgium, AfDB, Canada and the Netherlands were the providers of sector budget support. Canada and the Netherlands provided sector budget support as silent partners of DfID. The silent partnership with CIDA was signed in 2007, that with the Netherlands in 2008. DfID has also been operating a silent partnership with Sweden as the silent partner since 2006, though with project aid, not SBS (Interview 24).

Table 7: Financial commitments of the development partners in the education sector

DP	2008 DAC/OECD in USD millions	2008 DAD in USD millions
AfDB	13.2	12.28
Austria	0.2	–
Belgium	8.7	6.29
Canada	3.5	–
Denmark	1.0	–
DfID	4.3	3.76
EC	0.2	–
Germany	2.3	2.79 (2007)
France	2.8	1.90 (2005)
Japan	3.3	81.72 (2006)
Luxembourg	0.1	–
Netherlands	14.4	12.07
Norway	0.3	–
Spain	23.6	–
Sweden	–	2.04 (2007)
Switzerland	0.1	–
UN	0.4	8.15
World Bank	12.2	3.3
Total	**91.1**	**134.3**

Source: Author´s compilation based on OECD-DAC database and the DAD

Not listed in the table is South Korea’s engagement. It has recently entered the education sector and built an ICT laboratory for the National University of Butare. India is also engaged in the ICT area, with an ICT laboratory at the Kigali Institute of Education, where Rwandan students can take an MBA courses in human resources, marketing, international business and science and technology and bachelor degree courses in business administration via the internet: classes are broadcast directly from the Indira Gandhi National Opening University and the MBT University in India. The same courses are held simultaneously in Malawi, Botswana and Uganda

(Interview 70; cf. 2.3.3). Most of the countries listed in Table 7 – and other development partners – also run scholarship programmes for Rwandans; scholarships are granted by 34 countries in total (Interviews 24 and 67). South Africa, for example, has an agreement with Rwanda under which Rwandan students are able to study in South Africa on payment of the (reduced) local university fees. It does not grant scholarships to Rwandan students; they are, however, funded by the Rwandan government (Interview 68).

It was in the education sector where the first SWAp was established (2006). This underlines the importance of the sector. The development partners involved in the SWAp agreed, among other things, to harmonise systems, to engage in policy dialogue, to monitor and review performance, to align their plans for resource allocation, to consult each other and to share information. The signatories are MINECOFIN, MINEDUC, DfID, Belgium, Sweden, the UN (specifically, the *United Nations Children's Fund* [UNICEF], Germany and the World Bank) (MINEDUC 2006c). The lead donor in the education sector is DfID, which, according to a policy expert, has a very strong influence on the agenda in the education sector[107] and on the decision-making on budget allocations.[108]

To manage the many development partners in education, the Rwandan government has established mechanisms to be jointly coordinated with all the actors. Meetings in the education sector are held every two months and are chaired by MINEDUC and co-chaired by DfID plus (recently) UNICEF. At the time of writing, there were three technical working groups. One, concerning TVET, is co-chaired by Germany (GTZ), another is working on basic education. A new group is being established to coordinate the numer-

107 Discussion with an IPAR research fellow in March 2010.

108 The expert actually spoke of the DfID *"dictating"* the agenda. There had, for example, recently been disagreements about the amount of money going into the field of higher education. In this context, the DIfD announced the withdrawal of its SBS if the GoR did not reduce the higher education budget to around 20 per cent of the total allocation to the education sector. A compromise was found when the GoR decided henceforth to classify some aspects of higher education as secondary education.

ous NGOs also active in the sector, and it is envisaged that it will be co-chaired by UNICEF (interviews with experts in the education sector, Interviews 54 and 24).

3.3.2.4 German engagement in the education sector

As in all other areas of Rwandan government policy, general budget support (GBS) is the preferred assistance modality. As a provider of GBS, Germany supports the education sector indirectly. Beyond this general statement, however, more specific German sector engagement was found, as the following overview demonstrates.

Project aid is directed to TVET, classified by Germany as part of its focal area *“sustainable economic growth.”* Firstly, the GTZ assisted in creating a labour market information system designed to enable TVET institutions and other players to know what kind of vocational training was needed by the economy and how many people should be trained. This was meant to help make the training more demand-oriented. Secondly, GTZ also tried *“to open the black box of private vocational training providers in the country”* (Interview 38). There were estimated to be about 3000 private training centres (as against 50 state-owned centres), but it was not always clear what exactly they were doing. German cooperation was thus geared to quality assurance and the certification of those centres (Interview 38).

Also active in education is the German *Land* (Province) of Rhineland-Palatinate, mostly in the field of basic education (200 twinned schools), but also in vocational training. As indicated above, this engagement is included in Germany’s ODA figures, yet it is of a distinct nature and not reported to the DAD (see Box 6). Germany, like China, also cooperates with Rwanda in the cultural field, which is associated with education (see Box 9).

Box 9: German and Chinese cultural cooperation in Rwanda

Cultural cooperation is, strictly speaking, not part of development cooperation and, in accordance with DAC standards, it is not counted as ODA in Germany's case. Some aspects, however, touch on very closely related aspects, e.g. scholarship programmes administered by cultural centres.

German international engagement includes the activities in 112 countries of the Goethe Institutes, which are financed through the German Foreign Office.[109] The Goethe liaison office in Kigali was opened in 2009 and currently has one staff member; it is attached to the Goethe Institute in Nairobi. The main focus is on the promotion of culture; this includes the regular screening of German films and cooperation with more than 100 writers, dancers and musicians. Language courses are presented as only a subsidiary aspect of the Institute's activities. There is also cooperation with the Green Hills Academy in Kigali (an elementary and high school), and some courses are held at KIST, the Kigali Institute for Science and Technology (Interview 36).

In general, Chinese cultural institutions overseas are a more recent development: the first Confucius Institute was opened in South Korea in 2004, but by June 2010 Confucius Institutes had been established in 83 countries (21 in 15 African countries). The Confucius Institute in Kigali was inaugurated in 2008 and has since offered Chinese-language courses. Working materials, such as DVDs and books, are provided by headquarters in Beijing. The Institute also offers classes in culture, apparently popular martial arts courses and a film afternoon every Friday. Classes were said to be attended by students of the host institution, the Kigali Institute of Education (KIE), and business people. For the business people in particular evening classes are also held. Classes are not free, but cost 150 dollars for 120 hours of tuition. Thus they are not cheap for Rwandans (Interview 18).

The objectives of cultural institutions are expressed in quite similar terms by both German and Chinese institutes. One of the core interests is to raise awareness of the respective culture and to engage in a peaceful cultural exchange. While the goal, according to the German mission statement, is to *"promote the study of German abroad and encourage international cultural exchange [… and to] foster knowledge about Germany by providing information on its culture, society and politics",*[110] China's objective is to "develop and facilitate Chinese language teaching overseas and promote educational and cultural exchange and cooperation between China and other parts of the world".

109 See: http://www.goethe.de/uun/spo/deindex.htm

110 See: http://www.goethe.de/uun/deindex.htm

111 See: http://college.chinese.cn/en/node_1979.htm

3.3.2.5 China's engagement in the education sector

China, which is not listed in and does not report to the DAD, has undertaken a range of activities in the education sector. Chinese activities in the sector are based mostly on FOCAC commitments; no immediate economic benefits for China can be detected in most activities undertaken in the education sector (except the construction of schools – *is this a benefit for China?).*

Above all, China is active in educational infrastructure in that it builds schools (one of the FOCAC pledges for the whole of Africa, see Chapter 2). During the governmental negotiations in 2007 China committed itself to building two rural schools in Rwanda worth USD 800,000 each. The *China Civil Engineering Construction Company* (CCECC) acted as the (pre-selected) contractor and built these rural schools in the Rulindo District (Eastern province) and the Kabaroli District (Northern province). Construction was completed in July 2009, and the two schools were teaching some 450 students by 2010. Basic building materials (e.g. sand) were bought in Rwanda, but other construction materials and machinery *("anything more sophisticated")* were imported from China. For each construction site, the CCECC hired about 150 Rwandans and employed around 15 to 20 Chinese workers, most of them engineers (Interview 11). A representative of the Rwandan government chose the example of school infrastructure projects to illustrate the supply-driven quality of Chinese assistance, which would not allow books to be bought rather than a school built if this was more consistent with the Rwandan development strategy. *"China is strong in the relationship and has its own priorities"* (Interview 74).

Besides building schools, China is the Rwanda's largest partner in terms of scholarships granted: 103 Rwandan students were studying in China at the time of writing. Students interested in going abroad can apply directly for scholarships, which are advertised by the *Students' Financing Agency for Rwanda* (SFAR).[112] As the scholarships are granted for specific studies at designated universities, students know what they are applying for. This procedure, according to SFAR, applied to scholarships for all countries. A Chinese peculiarity, however, is, firstly that, as not all scholarships are fully

112 SFAR is an agency of MINEDUC, but operates independently and is responsible for scholarships on behalf of all ministries.

financed by China, the Rwandan government has to meet some of the costs in some cases. Secondly, the Chinese offers are made on a year-by-year basis and are subject to major changes. For example, while 30 students were invited to China in 2008, only 8 could go in 2009. Other countries were said normally to keep their numbers stable (Interview 67).

An additional scholarship programme (34 scholarships in total) is financed through the Confucius Institute based at the KIE and is generally reserved for the best students of the Confucius Institute (for other activities of the Confucius Institute in Kigali see Box 9). Some of the scholarships are for a one-month visit only, which was said to be difficult to fund. Even if half the air fare was paid for and living in China was free, the financial burden was often unbearable for students, according to one interviewee (Interview 18).

3.3.3 The health sector

According to the EDPRSP, the improvement of the health situation in Rwanda is one of the main targets to be achieved by 2012. After education, health is the second largest area in Rwanda's development strategy, being allocated 9.5 per cent of the total national budget (GoR 2007, 29). Consequently, *Vision 2020* highlights improvements in health standards as one of the country's main goals (GoR 2000, 10, 13 ff.).

3.3.3.1 Rwandan health policy

The health sector comprises a wide range of measures taken to prevent and cure illnesses and diseases affecting the population and generally to improve national health standards. The four main goals mentioned in Vision 2020 are (i) the reduction of infant mortality, (ii) the reduction of maternal mortality, (iii) an increase in life expectancy and (iv) the control of malaria and other potential epidemic diseases (GoR 2000, 14). These goals are similar to the Millennium Development Goals. In order to achieve them, *Vision 2020* envisages measures *"to improve access to healthcare, the quality of that healthcare and to reduce its costs"* (GoR 2000, 14). Family planning is also said to be *"crucial for reducing both birth rates*[113] *[in*

113 While reasonable in the general direction it takes, this may well be a politically highly sensitive issue, given the tensions and mistrust between different population groups in Rwanda throughout the country's history – before and after the genocide.

a densely populated country] and the prevalence of HIV/AIDS" (GoR 2000, 14). The EDPRSP describes in somewhat greater detail the means to be used to *"improve health status and reduce population growth"* (GoR 2007, 33), also mentioning the importance of the construction of easily accessible health centres, HIV/AIDS and tuberculosis testing, capacity-building in the sector and the equipment of health facilities (GoR 2007, 33 f.).

Concrete measures for the improvement of the health situation in Rwanda are set out in the *Health Sector Policy* published in February 2005. The policy outlines eight[114] "Priority Interventions."[115] Altogether, the health sector covers a wide variety of measures deemed necessary to improve the health situation in the country.[116] Also included are awareness-raising campaigns, which play an important role in the area of family planning.

3.3.3.2 Implementation and perceived challenges in the sector

The *Health Sector Performance Report,* published in December 2008, stated that Rwanda had tried to address all the fields of concern revealed in the policy papers and that considerable advances had been made in recent years. The *Health Sector Performance Report* itself concluded that *"remarkable progress has been made within the health sector [...]. However, in order to get on track to achieving the MDGs, a lot of effort remains necessary".* One serious problem is seen to be funding, the government's share of which has been reduced over the last few years. As particular achievements the report refers inter alia to the *"reduced financial barriers to access health care through the community based health insurance scheme, increased motivation for health workers [...] through the* Performance

114 The policy itself refers to seven priority interventions. However, the numeration of the paragraphs is incorrect, and eight interventions are in fact named and explained.

115 The priorities are: (i) human resource development, (ii) the improvement of the availability of quality drugs, vaccines and consumables, (iii) geographically more accessible health services (iv) community-led health structure development, (v) financial accessibility of health services, (vi) quality of and demand for health services in the control of diseases, including the issues of HIV/AIDS and malaria, reproductive health services, child health, mental health and non-communicable diseases, (vii) reinforcement of national referral hospitals and specialised treatment and research centres and (viii) the strengthening of institutional capacity within the health sector.

116 Such measures also include the construction of health centres and hospitals, as a representative of German development cooperation confirmed. It appears, however, that discussions on the (re)classification of these infrastructure activities are currently being held (Interview 37).

Based Contracting Scheme, *and the efforts to ensure primary health services reach all people […] through the scale up of the community workers scheme in 2008"* (MINISANTE 2009, 33).

The findings presented in the Performance Report were largely endorsed by interviewees from among the staff of different hospitals. However, they also mentioned major problems in the health sector, which are unlikely to be solved in the near future. Interviewees working in the health sector referred to identical problems in the provision of healthcare: publicly financed hospitals are generally poorly equipped, and specialised staff are scarce. These shortcomings were mentioned by both DAC and non-DAC actors in the sector as well as Rwandan actors (Interviews 23, 9, 10 and 1). A lack of funding was considered one of the main reasons for the problems that exist.

Some improvements were reported by interviewees from the health sector, although they were not always unanimous in their approval. First, the problem of shortages of specialised staff has been recognised by the Rwandan government, and the situation has apparently improved since the government introduced *performance-based finance* (PBF) in 2006. As this new system tops up the salaries of staff in the regions, fewer doctors are said to be tempted to leave the districts in order to work for NGOs on HIV/AIDS programmes (Interview 10). Second, the improvement of access to health facilities by establishing health centres throughout the districts seems to be advancing. The planned establishment of a health centre in each sector has not yet been fully achieved, but is apparently under way. In the district of Bugesera, for example, 12 of the 15 sectors were said to have a functioning health centre (Interview 6). And third, a matter on which the views of interviewees differed is the compulsory community insurance introduced in 2006 (the *"Mutuelle"*), which now covers 95 per cent of the population. While some interviewees were convinced of its positive effects (Interviews 10 and 35), another complained bitterly about it, claiming that the low premium? of only RWF 1000 (USD 1.75, exchange rate on 1 Jan. 2010) per person per year could not cover the cost of medical treatment and that hospitals were consequently *"full of bills"* that had been forwarded to but not paid by the insurance funds (Interview 1).

Yet none of the interviewees referred to the sector being seriously neglected. Altogether, the policy seems to be addressing most of the health sector's problems. The interviewees all agreed, however, that funding was insufficient for the goals set in the policy documents to be achieved.

3.3.3.3 Development partner involvement in the health sector

Given the importance attached to the health sector, it is not at all surprising to find a variety of development partners in it. Their contributions, however, vary widely in terms of the amount of funding and of modalities. The government's *Health Strategy Plan January 2009 – December 2012* published by the Ministry of Health in October 2008 lists a total of 17 "major development partners (bilateral and multilateral donors, UN agencies)", some of which are subdivided organisationally (e.g. German development cooperation, US government aid) or embrace several stakeholders, such as the global alliances.

Table 8: Development partners in the health sector (in alphabetical order)
African Development Bank (AfDB)
Belgian Government
Chinese Mission
Clinton Foundation
GAVI [Global Alliance for Vaccines and Immunisation]
German Government
Global Fund for AIDS, TB and Malaria
Lux Development [Luxembourg]
Swiss Development Cooperation (SDC)
UK Department for International Development (DfID)
UNDP
UNFPA
UNICEF
US Government/USAID US, President's Plan for AIDS Relief (PEPFAR) President's Malaria Initiative (PMI), Reproductive Health (RH)
WHO
World Bank
WFP
Source: Health Strategy Plan January 2009 – December 2012, 38

The most important development partner by scale of funding is the USA, which spends three quarters of its total funds in Rwanda on the health sector (Interview 72). USAID has 40 staff based in Kigali working exclusively on health. It is engaged only at government level and does not send any staff to the districts. Only project assistance is provided, and projects are implemented by local partners.

Second in terms of funding is the Global Fund, a joint programme of various stakeholders (including development partners, the recipient country, NGOs, the UN and private companies). Like the USA, the Global Fund is exclusively engaged in project assistance. The Global Fund and the Government of Rwanda are currently negotiating on a possible switch from project to programme assistance. Other major development partners in quantitative terms are Belgium, the UN, the UK and Germany. The amount disbursed by each development partner in 2008 is shown in Table 9.

Table 9: Disbursement of development partner funds in the health sector 2008

USA	USD	151.50 million
Global Fund	USD	68.62 million
Belgium	USD	17.85 million
UN	USD	14.56 million
UK	USD	8.62 million
Germany	USD	1.24 million
Source: DAD, accessed 14 Apr. 2010; see also Annex 3		

In 2007 all the major development partners joined in establishing a Sector Wide Approach. All the participants in the SWAp are also members of the Sector Working Group (also known as the “health cluster”). The SWG is comparatively large (it was reported that meetings are attended by around 150 people) and is based in the Ministry of Health, which also chairs the group. The co-chair of the SWG and lead development partner is Belgium; Germany is joint lead partner.

Three of the main development partners also provide sector budget support: the Belgian Government, German development cooperation and the UK’s DfID (MINISANTE 2008, 5).

China differs from other development partners in that its role in the health sector cannot be defined clearly owing to a lack of accessible data. China is not included in the SWAp and, according to a Rwandan government official, had not yet been asked to join (Interview 55). However, it is on the above government list of major development partners. Awareness of China's engagement in the health sector varied: interviewees largely knew about China's activities (Interviews 6, 49 and 66), but one high-ranking government official was not (Interviews 34 and 55). Chinese activities in the health sector will be discussed further in the following section.

Interesting with respect to the engagement of other non-DAC DPs in the health sector is Nigeria's engagement on a minor scale. Some Nigerian nurses were said to be working in district hospitals and being paid by their own government. The Government of Rwanda covered the cost of accommodation and medical insurance. The *Ministry of Health* (MINISANTE) engaged in close cooperation with the Nigerian embassy in Kampala (Interview 55). Also of particular interest is the trilateral cooperation of Cuba, South Africa and Rwanda, as part of which 36 Cuban medical specialists have been working in Rwanda since 2005, coordinated by a Cuban manager who was said to enjoy close relations with MINISANTE (Interview 55).[117]

3.3.3.4 German engagement in the health sector

The two major German implementation agencies in Rwanda – GTZ and KfW – as well as the DED are engaged in the health sector and were said to cooperate closely on the ground (Interview 37). As stated above, German engagement is part of the health sector SWAp, coordinated by the Rwandan Ministry of Health. Germany has been assigned to five districts by the Rwandan government (Nyaruguru, Huye, Gisagara, Musanze and Gicumbi), health activities therefore being specifically carried out in those districts[118] (Interview 63).

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117 A more detailed overview of Cuba's and South Africa's engagement in the health sector will be provided in Chapter 4.

118 See: http://www.gtz.de/en/weltweit/afrika/ruanda/7380.htm.

German engagement in the health sector is concentrated on three major components, all of which are focal areas of the *Rwanda Aid Policy.* The first component is *health financing,* where Germany mainly assists with the development of the Rwandan Community Insurance scheme (Mutuelle). As regards *reproductive health,* Germany is specialising in technical assistance (financing being the responsibility of the Global Fund). *Development of human resources* is the third component of German engagement. The KfW and GTZ are active in all three components (though with varying degrees of emphasis), while the DED is not engaged in *health financing.*

The German KfW, responsible for financial cooperation, is particularly engaged in the second component, *reproductive health,* and so supports HIV/AIDS and family planning campaigns. Germany – represented by the KfW – is the second largest donor (after the Global Fund) to *Population Service International* (PSI), an NGO. The KfW also provides finance for equipment at several Rwandan hospitals (Interview 19). *German Technical Cooperation* (GTZ) is active in *reproductive health.* It supports Rwandan districts in matters relating to the health of mother and child, HIV control and family planning. In addition, the GTZ promotes access to health services by supporting the community-administered insurance scheme. The motivation of staff and the quality of services are to be improved through the performance-based financing of health facilities.[119] The GTZ has the specific task of coordinating German activities on the ground. In this role, it cooperates closely with the *German Development Service* (DED), a development agency mainly committed to sending professional staff to German partner countries. In Rwanda, the DED employs four medical doctors, all of whom are included in the programme component *"human resource development"*. One of them is based at the hospital in Ruhengeri in the Northern Province, one in Kigali and two at the University Hospital in Butare (Interview 21). The medical staff specialise in different fields (paediatrics, surgery, trauma, gynaecology).

Germany's engagement includes a number of elements of capacity-building in the health sector. Besides treating patients, the German doctors are explicitly mandated to train Rwandan medical students (Interview 23); the engagement includes an internship programme for students who have completed their university education and are spending their "practical year" in

119 See: http://www.gtz.de/en/weltweit/afrika/ruanda/7380.htm (accessed 14 Apr. 2010).

a hospital (Interview 19). The DED also sends out technical advisors, who are responsible for cooperation between the DED and GTZ on sexual reproduction, family planning (with a focus on young people) and gender-based violence (a project component still to be created). The *reproductive health* component includes a youth programme on gender-based violence, as part of which DED supports the health structure (awareness-raising for nurses in hospitals) and communities (Interview 19). The advisors work directly with the districts and are to cooperate closely with the district health units who distribute the funds provided by the KfW and GTZ[120] (Interview 21).

3.3.3.5 China's engagement in the health sector

China is also actively engaged in the health sector, a rather traditional sector for development cooperation. In much the same way as what was observed in the education sector, China's engagement in health does not generally seem to be profit-oriented in Rwanda. Chinese engagement consists mainly of technical project assistance with a definite focus on the provision of aid to Rwanda. This engagement dates back to earlier periods of Chinese cooperation (see Chapter 3.2) and is clearly rooted in the Southern solidarity discourse of the 1970s. More recent activities may include an economic rationale in that malaria drugs from China are marketed.

Rwanda and China have been cooperating in the area of health since 1982, when a *Chinese medical team* was first stationed at Kibungo Hospital (now Ngoma District, Eastern Province). Every two years a new team of about 12 doctors and nurses is sent to Rwanda from the Chinese province of Inner Mongolia. According to an unpublished "Memo on Chinese Cooperation" by the Ministry of Health, cooperation with China has diversified since 1993. Currently, it also includes: (i) short-term *training courses in the management* of health facilities and traditional medicine for Rwandan health professionals, (ii) *study tours* in China and (iii) *scholarships* for

120 One interviewee felt this cooperation to be difficult: the district authority he/she engages with was said to show little interest in the partner's activities on the ground and to be unreliable when it came to honouring commitments (Interview 21).

Rwandan medical post-graduates in China.[121] Mention was also made of a nursing school in Kibungo (Kibungo Nursing School), which was constructed in 1995[122] (MINISANTE, s. a. b).

As mentioned above, Chinese engagement in the health sector is set to increase further. At the time of writing, China was constructing the Masaka Hospital (100 beds) in Kicukiro / Kigali, which, according to a Rwandan government official, is to be completed in late 2011 or early 2012 (Interview 55). The hospital is to be fully equipped by China, and Chinese staff will be employed, engaged mostly in the treatment of and research on malaria. Where the treatment of malaria is concerned, China's expertise is likely to be profit-oriented. China combated malaria effectively at home by successfully developing drugs, and it can therefore be assumed to be interested in capturing new markets for them. In fact, a representative of the Rwandan government pointed to difficulties in completing the project because China made it conditional on the import of Chinese anti-malaria drugs that have not been approved by the WHO (Interview 74).

3.3.4 The transport sector

"Hard infrastructure" was one of the key areas of international development cooperation in the early days of development aid (the 1960s). In the late 1990s and early 2000s Western development partners shifted their attention away from the formerly popular infrastructure to those sectors more directly related to poverty reduction and the Millennium Development Goals, such as health and education. Infrastructure has only recently returned to the agenda, not least in the context of the *New Partnership for Africa's Development* (NEPAD) in 2002.[123] This is a general trend and one that can also be observed in Rwanda.

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121 According to Rwandan government officials, there are currently 12 Rwandan medical students in China (Interview 55). Numbers, however, could change, since China is not regarded as very predictable when it comes to granting scholarships (Interviews 55 and 67).

122 This does not correspond to this study's understanding of *"current"* Chinese engagement. Most interviewees had not heard of this Chinese project, presumably because it dates back more than a decade.

123 NEPAD is a merger of several development initiatives, one of which, the *"Omega Plan"* of Senegalese President Abdoulaye Wade, particularly emphasised the need for improvements in infrastructure, regional transport and communication networks.

At the same time, infrastructure is a special development sector in that an atypically large number of profit-oriented actors can usually be found here, owing to the nature of the sector and the extraordinarily large sums invested in individual projects. Infrastructure is usually a cost-intensive area, in which there is a particular need for external (and, arguably, public) funds.[124] This is also apparent in Rwanda, as will be shown below. The sector is further of interest for this study since transport has been designated as one of Rwanda's core development sectors in the *Rwanda Aid Policy.*

Despite its limited size, Rwanda is difficult to equip with hard infrastructure. This is due to its hilly topography and its highly dense, yet scattered population distribution. According to the EDPRS, the infrastructure sector consists of the following subsectors: transport, energy, habitat and urbanism, water and sanitation and meteorology – all the responsibility of the *Rwandan Ministry of Infrastructure* (MININFRA). The following chapter focuses on the transport subsector, which is on the list of four subsectors with the highest priority for the achievement of the goals set in the EDPRS.

3.3.4.1 Rwandan transport policy

The transport subsector is defined in the Rwandan *Transport Sector Policy,* published in December 2008, as comprising road transport, air transport and lake transport (mainly limited to Lake Kivu) and is responsible for public and private transport services.

For a small landlocked country like Rwanda, road transport is the main form of passenger and goods transport. It has a road network of about 14,000 km, which corresponds to a density of 0.53 (cf. MININFRA 2008c). It does not have a rail transport system, but would like to link up to the railway systems of its neighbours Tanzania, Uganda and Kenya. The most prominent project of this kind is a planned railway connecting Rwanda to the Tanzanian port of Dar es Salaam.

124 Because of the high cost of building infrastructure, discussions in European countries often centre on public-private partnerships and schemes that allow private funds to be introduced. This illustrates the broad funding needs and the resulting challenges even to relatively highly developed countries.

The main challenge in the transport sector is described in the *Transport Sector Policy* (MININFRA 2008c, 2)[125] as follows:

> *"The transport sector is a strategic sector for Rwanda, and the situation of being landlocked has a negative impact on economic growth and development of the country. The exceptionally high costs of transport at national as well as international levels,[126] as well as insufficient affordable and accessible modes of transport for people in both urban and rural areas, constitute a major constraint [...] to achieve the short, medium and long-term development goals that Rwanda has mandated."*

To tackle this challenge, the Transport Sector Policy lists seven goals for this sector, the following four being the most important:[127]

1. Strengthen the institutional framework and capacity of transport institutions and stakeholders in the planning and management of the sector.
2. Reduce and control transport costs.
3. Increase the mobility of the population in order to improve access to essential services, education and employment.
4. Establish a system to ensure the sustainable financing of road maintenance.

While these goals are closely linked to the provision of physical infrastructure, they also feature capacity-building needs very prominently (Goal 1).

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125 The transport sector policy is based on Vision 2020, the EDPRSP, the National Investment Strategy and the Medium Term Expenditure Framework. It further takes into account the Millennium Development Goals and the action plan of the *Sub-Saharan Africa Transport Policy* (SSATP).

126 Currently, transport costs amount to more than 40 per cent of the cost of any imported product (MINIFRA 2008b, 4).

127 The remaining three goals are to assure the quality and durability of the rural, urban and international transport network; to improve safety for goods and passengers on the principal modes of transport; and to facilitate access to cost-effective transport services.

3.3.4.2 Implementation and perceived challenges

In terms of the performance grades used in the joint sector reviews, transport is Rwanda's least successful sector. One of the most critical reasons given is the lack of a road maintenance system, and the poor condition of minor, rural roads, as indicated by a recently completed survey of road conditions (MININFRA 2008b). To date, discussions and actions have focused on the main roads, as can be seen from the major cross-country road construction projects discussed below. According to official documents, MININFRA is now taking steps to pay greater attention to the rural road network, as required by the EDPRS. However, according to MININFRA's official statements, the rolling terrain and heavy rainfall raise the cost of road construction and maintenance to among the highest in Africa (MININFRA 2008a).

In recent years the transport sector has undergone extensive institutional reforms, often strongly supported by development partners. Most prominent was the establishment of the Rwandan Road Maintenance Fund and the Rwandan Road Agency.[128] The Road Maintenance Fund finances maintenance and other road works, as well as potentially providing funds for the Rwandan Road Agency.[129] The fund itself is increasingly financed from fuel taxes, which is one reason for their recent increase; government contributions to the fund, on the other hand, have fallen to 4 per cent (Interview 30).

Furthermore, a decentralisation process has begun with a view to transferring responsibility for the rehabilitation and maintenance of rural roads to the districts. The districts signed three-year *Output and Performance Based Road Contracts* (OPBRCs) with at least two contractors in 2007. However, implementation is still awaited, the most recent, *10th Budget Support Review* making no reference to developments under these performance-based contracts.

Because of the high cost of transport, MININFRA has also been looking into alternative solutions for the transport of goods and people in recent years with the aim of mitigating the disadvantages due to the country's landlocked status. Possible projects envisaged by MININFRA are an Isaka-Kigali-Musongati railway, an oil pipeline between Kigali and Kampala, a dry port in Isaka, lake and river transport on Lake Victoria and the River Akagera and the construction of a new international airport at Bugesera. According to other contractors in the field, the work on the new Bugesera airport has already begun, with a Chinese construction company in charge. However, no more details on the private or public investor or on the contractor were known at that time. The Rwandan government was trying to muster external funds. Most Western development partners regarded the projects mentioned above as too costly and not economically viable (Interviews 29, 30 and 44).[130]

3.3.4.3 Development partner involvement in the transport sector

The transport sector generally needs very large sums of money, with individual projects often exceeding the sums that bilateral development partners can provide: the three most recent road projects in Rwanda, the road from Musanze to Gisenyi (65 km),[131] the road from Gitarama to Mikamila[132] and the rehabilitation and maintenance of streets in Kigali[133] (36 km) cost EUR 46 million, USD 40 million and USD 30 million, respectively (Interviews 15, 53 and 69). The transport sector is therefore special in terms of its donor landscape in that it attracts mainly large and multilateral donors. The key partners in funding the construction of roads in Rwanda are the European Union, the African Development Bank and the World Bank.[134] Although other development partners have also contributed in recent years, the sums involved are mostly negligible by comparison with the average cost of a single project. For the period 2004 to 2008 the DAD cites the following amounts disbursed by development partners active in the transport and communications sector (in USD millions; ODA data on the transport and storage sector 2006 to 2008 in brackets).

130 Apparently, China had also been approached, not least in view of the historical Chinese showpiece of Sino-African cooperation: the TAZARA railway (see below); there was no news of a decision at the time of writing.

131 Construction took place between June 2007 and December 2009 (Interview 69).

132 The tendering procedure began in Feb. 2009, and construction was still ongoing at the time of writing (i.e. April 2010) (Interview 15).

133 Construction began in June 2009 and is scheduled to take 24 months (Interview 15).

134 Another major source of assistance for infrastructure is the CDF, which is described in detail in Box 3.

Table 10: Disbursements in the transport sector 2004–2008 (based on DAD and CRS)

	2004	2005	2006	2007	2008
AfDB (AfDF)	–	7.37	2.63 (8.4)	5.14 (4.5)	22.10 (10.1)
World Bank	3.62	3.60	7.30 (4.6)	8.15 (3.4)	8.98 (5.2)
EC	2.81	51.08	7.78 (8.0)	1.19 (9.4)	0.11 (32.6)
Japan	–	5.55	3.29 (6.8)	- (3.4)	- (0.2)
United Nations	0.27	0.31	0.41	0.08	–
Netherlands	–	–	- (0.5)	- (0.5)	0,6 (0.2)
Australia	–	–	(6.8)	(4.8)	(2.7)
Canada	–	–	–	(1.0)	(2.3)
Switzerland	–	0.10	–	–	–

Source: http://stats.oecd.org/Index.aspx?DatasetCode=ODA_DONOR# and DAD (in brackets: OECD data)

As has repeatedly been emphasised, these data do not, however, include the non-DAC partners active in the transport sector. The road from Gitarama to Mikamil, for instance, was financed by OPEC, the AfDB and the Arab Development Fund. Similarly, the Saudi Development Fund supported the Rwandan government in the financing of another road project, from Kigali to Kayonza, which was completed in 2007. Figures on the funds provided by Arab countries were not available.[135]

The second peculiarity of the transport sector is that it is largely a project assistance sector, most of the assistance being earmarked for individual projects. As a priority sector for the implementation of the EDPRS, the transport and communications sector[136] received around FRW 103.6 billion (USD 184 million) in the financial year 2009/2010, equivalent to 12.4 per cent of the national budget.[137] Of this, FRW 70.5 billion (USD 125

135 A number of non-DAC development partners are active in infrastructure in general: India, for example, is engaged in energy supply and ICT, the Indian ExIm Bank is in the process of funding a power plant on the River Nyabarongo (Interview 44), while Korea is engaged in ICT (Interview 48).

136 As described in the national budget, this sector comprises road transport, broadcasting and publishing, transport and communication, and information and communications technology (MINECOFIN 2009b).

137 The most overworked Ministry was said to be MININFRA, which accounts for around 35 per cent of the total budget, including many projects (Interview 13).

million), or 68 per cent, went directly to road transport. However, when considered in terms of the cost of projects as mentioned above, it becomes evident that the transport sector is highly dependent on large sums of project assistance.[138]

The European Union has been planning to provide Sector Budget Support for the transport sector. Although Rwanda has already received general budget support from the European Commission, the introduction of Sector Budget Support in transport has been delayed because of "institutional gaps" – something which may change when the Road Agency starts work and begins addressing Goal 1 of the Rwandan transport policy (see above).

According to one development partner, the EU's engagement in transport has focused mostly on the large and costly projects which Rwanda would not be able to implement itself, such as long cross-country roads and roads that will enable regional integration. The World Bank's and AfDB's approach was said to be slightly different in that they set aside additional money for the local integration of their project, such as the financing of schools and hospitals in the area surrounding a road project and *"would rather choose to build a shorter road and then have funds left for developing the surroundings"* (Interview 30).

3.3.4.4 German engagement in the transport sector

As a medium-sized bilateral partner in the Rwandan context, Germany's development assistance has supported the transport sector only through multilateral and indirect channels, i.e. through the EU and as a major supporter of the CDF (see Box 3). The visibility of "German" actors (albeit not state actors) in the transport sector has been mostly due to the wide-ranging activities in Rwanda of a private construction company, Strabag.

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138 For the financial year 2009/2010 MININFRA had planned projects in the transport sector programme worth USD 201.36 million, with road transport alone taking USD 178.69 million. Similarly, for 2010/2011, the Transport Sector Policy lists projects with an overall value of USD 203.74 million, with USD 192.44 million going to road transport (MININFRA 2008c). The infrastructure sector is the one sector where the Rwandan government was most often accused (controversial discussions) of planning way above budget, with such mega-projects as the Bugesera Airport and the planned railway (Interviews 73, 44 and 29) coming in for particular criticism.

Strabag has been present in Rwanda since 2003, but has been commercially active in the East African region for more than 30 years. Its projects in Rwanda – often financed by development partners and won in tendering procedures – have so far included the road *from* Kigali to Kayonza, the maintenance and renovation of Kigali Airport, several streets in the city of Kigali and the recently finished road between Gisenyi and Musanze (December 2009). Since French construction companies withdrew from Rwanda for political reasons and since Israeli companies (strong in other countries of the region) are not present in Rwanda, Strabag and the *China Road and Bridge Corporation* are the two main companies involved in road construction in Rwanda.[139]

3.3.4.5 Chinese engagement in the transport sector

Transport would seem to be the key sector for Chinese engagement: high visibility and project assistance leading to physically tangible results, analogous to China's own development strategy. This was already apparent in the Mao era, when several high-profile infrastructure projects in developing countries were financed and constructed, the most prestigious being the aforementioned Tazara Railway (1970–75), which links landlocked Zambia to the port of Dar-es-Salaam. In China's Africa policy as a whole, infrastructure has hitherto been a focal point of its project aid and concessional loans, 40 per cent going to the energy sector, 20 per cent to the transport sector and 12 per cent to the telecommunications sector (Hackenesch 2009, 48). The fact that the large infrastructure projects funded by China are always carried out by Chinese companies makes a major contribution to their experience of working abroad, which further motivates China to engage in such projects:

> *"[The Chinese government] will vigorously encourage Chinese enterprises to participate in the building of infrastructure in African countries, scale up their contracts, and gradually establish multilateral and bilateral mechanisms on contractual projects"* (MOFA 2006).

139 The representatives of one construction company felt that in the past tender specifications for major construction projects had often been geared to either Strabag or the China Road and Bridge Corporation. They were published, for example, when one of these companies had just completed another project and were attuned to its machinerey and skills (Interview 69).

In Rwanda this pattern was most clearly recognisable in China's assistance to the rehabilitation and maintenance of Kigali's streets referred to above: the Rwandan government received a USD 37 million concessional loan from the Chinese ExIm Bank in 2009, with a 10-year grace period, a 30-year term and a 35 per cent grant element. USD 30 million of this loan is reserved for a road rehabilitation and maintenance project, covering 36 km of streets in Kigali City. Rwanda's investment in road rehabilitation and maintenance in the capital seems supply-driven at first glance, because no other actor in the transport sector – whether other development partners or other contractors – seems to have been aware of a Rwandan plan for such a project before the Chinese ExIm Bank offered to fund it. While in hindsight the maintenance of streets in the capital appears less critical for the country's development – as they were already far better maintained than country roads – one interviewee suggested the high visibility of any project in the capital as a possible motive for China to finance this of all projects. However, according to ministerial staff, *"it was the Rwandan side who decided that it was Kigali where roads are to be rehabilitated"* (Interview 49), which indicates that the project may actually have been demand-driven. The negotiations for the loan took place at diplomatic level with MINAFFET, even though MINCOFIN is usually responsible for negotiations of this kind, a role which it plays with all DAC development partners (except Japan). MINECOFIN was informed only after MINAFFET had signed the agreement with the ExIm Bank.

The largest Chinese construction company in Rwanda, and the one that is carrying out the road maintenance and rehabilitation project, is the *China Road and Bridge Corporation.* It is 100 per cent state-owned and participates in international tendering procedures for projects financed by the Rwandan government, the European Union, the World Bank or the African Development Bank. Thus the high visibility of Chinese engineers and companies cannot be automatically equated to a high level of Chinese development engagement but, more often then not, Chinese business engagement.

The *China Road and Bridge Corporation* looks back on a long history of engagement in Rwanda: it has been active in road construction since 1979 and was the first foreign company to return to Rwanda after the genocide in 1994. According to one of its representatives, it has constructed 70 per cent of the 1000 km of asphalt roads in Rwanda. It is currently undertaking the road rehabilitation and maintenance project in Kigali (work started in

June 2009; USD 30 million) and constructing a road from Gitarama to Mukamira, financed by OPEC, the AfDB and the Arab Development Fund (USD 40 million), and three other smaller roads in the countryside. *China Road and Bridge Corporation* has some 90 to 100 Chinese employees at its headquarters in Kigali and in rural areas of Rwanda. In 2008 it was globally banned from participating in World Bank tendering procedures for ten years, following a corruption scandal (outside Rwanda). Owing to its exclusion from any project at least partly funded by the World Bank, the funding of transport projects by the Chinese government (and its participation in the tendering procedures of other development partners, such as the Arab funds and the EU) could become more important for the presence of the *China Road and Bridge Corporation* in the Rwandan market. If projects are funded by the Chinese government, *China Road and Bridge Corporation* will be competing with other Chinese companies in a strictly national tendering procedure.

Another Chinese construction company active – and highly visible – in Rwanda is the *Chinese Civil Engineering Construction Company* (CCECC), also a 100 per cent state-owned Chinese company. CCECC has constructed *inter alia* the *Amahoro* National Stadium and two rural schools (as part of the Chinese government's FOCAC commitment) and is currently constructing the highest building in downtown Kigali for a private Rwandan investor (Interview 11).

Including these two companies, there are in all about six Chinese construction companies in Rwanda. One major current project is the construction of a new hospital by a Chinese company (neither *China Road and Bridge* nor CCECC) close to Kigali airport. Chinese companies throughout Africa sometimes have a questionable reputation: they are said, for example, often to operate with Chinese workers rather than employ (and therefore train) the local labour force. The research uncovered no evidence in support of such accusations in the case of Rwanda. The two major road construction projects that the *China Road and Bridge Corporation* is currently working on employs 30 to 40 Chinese in senior positions at the construction site and 1000 to 1500 Rwandan workers (Interview 15). This corresponds roughly to the ratios at other companies' construction sites (for example, 20 Europeans and 40 East Africans in senior positions and 700 Rwandan workers at Strabag's Musanze-Gisenyi project, Interview 69).

3.4 Chapter conclusion: common features and differences

Although Rwanda has made tangible progress in development in the last decade, it remains a highly aid-dependent country, external aid constituting about half the national budget. In this respect, Rwanda can be considered a typical least developed country with substantial international engagement. However, a number of features also make Rwanda a special case. As described above, the Rwandan government has elaborated a complex set of policies with ambitious development goals to be achieved within determined time-frames, broken down into policy areas. The policies contain clear strategies for development at both national and district level.

Besides these commitments at policy level, the Rwandan government is also heavily involved in controlling external aid flows. It voices a clear preference for aid provided by development partners. In the context of the debate on the aid effectiveness for which the *Paris Declaration* and *Accra Agenda* call, the Rwandan government pleads for low conditionalities, programme aid and general budget support. Given its government's perceived strong ownership and its drive for development, Rwanda clearly can be labelled a "donor darling". As such, it gains some leverage despite the unfavourable economic conditions. Nevertheless, the diverse DP landscape, consisting of multilateral and bilateral DAC DPs as well as non-DAC DPs, as shown above, still poses numerous challenges: aid volumes and aid modalities differ among the development partners and are not always in line with the government's priorities.

As regards the comparison of Germany and China, it first needs to be said that both countries are providers of aid (even if the DAC definition is applied). Both engage in developmental cooperation in different sectors. However, neither is active in all the sectors designated by the Rwandan government, and in particular, Germany does not engage actively, but rather through budget support or multilateral development partners. This is not only because Germany is member of the DAC and thus committed to coordinate activities and to avoid duplications, but also because it has to share its contributions among a variety of partner countries while at the same time contributing to the EU and other international organisations. In contrast, China, also being a member of international organisations, indirectly supports UN activities on the ground, for example, but has not otherwise explicitly committed itself to a given funding modality. The key exception is the FOCAC meeting, which may, however, be largely driven by what China has to offer. China can thus be expected to be more flexible when it comes to choosing sectors of engagement.

When Germany and China are viewed from the Rwandan perspective, both are indeed perceived as development partners by Rwandan actors. This becomes evident, for instance, in the health sector, where China is naturally listed among the other development partners (this perception may in some cases run counter to China's perception of itself as a developing country engaged in "mutual assistance" with "mutual benefits").

In general, it can be said that China's engagement in Rwanda goes far beyond the widespread perception of Chinese assistance as purely profit-oriented. In Rwanda, China is active in traditional sectors of development assistance, such as health and education, where it is clear that its project assistance is development-oriented. The same is true of the agricultural sector, where China has even adopted a new approach which is not endorsed by other development partners, but seems to benefit Rwanda. Both China and Germany are also engaged in transport infrastructure. Where this sector is concerned, it must be asked if China's engagement can really be associated with profit-orientation and win-win situations, while German engagement cannot.

As for the degree of alignment of the two partners with the Rwandan aid architecture, both are active in key sectors for Rwandan development. Germany and China are engaged in health and education (both closely related to the Millennium Development Goals) and in infrastructure – albeit indirectly in the case of Germany, which is involved through the CDF (and through multilaterals). China, for its part, is also engaged in agriculture. Both countries provide scholarships for Rwandans (and both can be assumed to want to build capacities and to create personal linkages/networks at the same time). While China is directly active in more sectors defined by the Rwandan government as priority sectors than is Germany, this does not automatically imply a higher degree of alignment with Rwandan strategies. The lack of support for? such an assumption becomes clear when it is considered that the Rwandan government is trying to reduce the number of development partners active in any one sector in order to facilitate their coordination. With respect to aid modalities, the Rwandan government has set clear benchmarks for the engagement of its development partners. The assessment of the extent to which development partners adapt their aid modalities to Rwanda's priorities may be a more meaningful indicator of DP alignment with the Rwandan strategy.

Germany channels about 50 per cent of its assistance for Rwanda through the national budget, by providing either general or sector budget support.[140] Nevertheless, as it also provides considerable project support and personnel assistance, it can be said to be applying a mix of modalities. As Rwanda is classified as a least developed country (LDC), German aid is always given in the form of grants. China, on the other hand, does not channel money through Rwandan systems. It provides both preferential loans and project support. Analogous to German technical cooperation, Chinese engagement has been criticised for a lack of transparent reporting on financial flows – both by other development partners and by some Rwandan officials. Despite the Chinese rhetoric of "no strings attached," several Rwandan actors complained about the strict economic conditions attached to Chinese aid or, put differently, about the tied nature of Chinese assistance. Some considered it likely that other conditionalities, for which Germany, among others, is criticised, would also increase with the amounts of assistance provided by China – *"there is no such thing as a free lunch"* (Interview 53).

Even though German and Chinese engagement overlaps in some sectors, the modalities seem to differ mostly in sectors where both parties are engaged. However, some similarities could also be detected. In particular, the DED's more project-oriented approach (e.g. posting of medical experts) resembles the China's approach; German engagement in health, on the other hand, is embedded in a sector-wide approach, whereas China keeps itself apart from other development partners. Arguably less relevant from a development point of view, both countries are active in cultural cooperation (Confucius and Goethe Institutes). A non-sectoral overlap can be found in debt relief that both actors have granted to Rwanda. Particularly striking is that China seems to adopt the language of international development assistance in some cases, as the Agriculture Demonstration Centre shows, alluding to such key concepts as poverty alleviation, gender issues and sustainability.

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140 Germany's engagement in the CDF is regarded as sector budget support by the GoR, – although, by German budget support standards, German transfers are earmarked to a greater degree than is usually the case.

A closer examination of the "shades of grey" between business and aid reveals some interesting findings on Chinese engagement in Rwanda that put general debates on "China in Africa" into perspective. With respect to business engagement, neither Germany nor China seems to be too heavily involved commercially in Rwanda. According to the ACET study, Chinese commercial engagement in Rwanda has little to do with what was referred to in discussions in Rwanda as the "suspicious sectors," such as mining.[141] Rather, the Chinese are to be found in ICT, manufacturing and technology, albeit to a relatively small extent. Large companies that have been active in Rwanda for a longer time, however, are found only in the construction sector. How far, then, does the rationale of mutual benefit differ from the German/DAC development rationale of "for the benefit of the partner"?

Chinese actors are expected to derive an immediate gain from China's cooperation, as discussed above. This is most obvious in the infrastructure/transport sector: Chinese project tenders are specifically aimed at enabling Chinese companies to become engaged in Rwanda. Chinese companies implement turnkey projects, whether they concern the building of schools linked to FOCAC commitments or road construction based on concessional loans or the building of a new foreign ministry. Also linked to this different rationale is the willingness expressed by China to give more commercial loans to Rwanda – something that Germany (and other 'traditional' donors) would be more reluctant to do because of doubts about debt sustainability, the International Monetary Fund's analysis of which sets the first criterion for the granting of further credits. With regard to possible business rationales, an indication of a quite straightforward connection between the malaria treatment centre in the health sector and the promotion of Chinese anti-malaria drugs was found (Interview 74). As Agricultural Demonstration Centres promote hybrid seeds on which international patents are held (by Chinese companies, in this case), they can also be seen as engagement that creates business opportunities for the Chinese agro-industry and economic motives may prevail (cf. Brautigam 2010). Just how beneficial this engagement is to Rwanda and how sustainable it is, only time will tell. The idea of economically viable Demonstration Centres – if actually feasible – may even turn out to be a success story in terms of sustainability.

141 China, like Germany, has only one mining company operating in Rwanda (Interviews 5 and 33).

Taking the *Rwanda Aid Policy* as a benchmark, it appears that neither of the two actors is fully aligned with it. Germany partly meets the Rwandan priorities by providing some funds in the form of general budget support and by widely adopting programme-based approaches, thereby joining in the DP coordination system established by the Rwandan government and the various sector strategies. While quite critical in other respects, the 2009 *Donor Performance Assessment Framework* refers positively to German progress in the financing of national strategies in support of the MDGs and Vision 2020 (cf. GoR 2009). Germany could be considered a "middle-of-the-road DAC country" in Rwanda, demonstrating both progress and limitations in the struggle to implement the *Aid Effectiveness Agenda.* China, on the other hand, while broadly acting in line with the sector strategies, neither engages in programme support nor channels its assistance through Rwandan systems. Its assistance is perceived as rather supply-driven, posing problems for predictability and challenging the planning capacities of the Rwandan government. As it has a different cooperation rationale, China is unlikely to adapt its cooperation modalities to the Rwandan government's preferences in the short run. The comparison of Chinese and German engagement does, however reveal a number of similarities with respect to project support. These similarities indicate an analogous need for the closer coordination of DAC *and* non-DAC DPs.

The specific mechanisms for coordination in Rwanda and how they function will be considered in greater depth in the next chapter. The political and institutional conditions of aid management in Rwanda will be assessed, as will the development partners' perception of these conditions, which may in turn affect their willingness to be coordinated (political leverage of the Rwandan government). China's and Germany's procedural alignment, or their willingness to act in accordance with the existing aid architecture, is also analysed (as distinct from their alignment in respect of modalities and instruments, which has been discussed in this chapter).

4 Rwandan aid coordination

Besides appealing to development partners for harmonisation and alignment with its development strategy, the Rwandan government is taking active measures to guide the process of making external aid more effective (and – as stated above – to overcome aid dependency in the long run). On the one hand, its aim is to clarify the procedural rules on governmental aid management and to strengthen its own aid assessment and monitoring capacity. On the other hand, it engages in coordinating and aligning its development partners through several dialogue fora. After giving a short overview of the governmental bodies responsible for DP cooperation, these fora and the complex institutional framework for aid coordination which they make up are described so that the challenges to DP coordination in practice may then be discussed.

4.1 Institutional setting of development partner coordination in Rwanda

4.1.1 Responsibilities within the Rwandan government

The key ministries responsible for DP coordination at national level are the *Ministry of Foreign Affairs* and the *Ministry of Economic Planning and Finance.* The line ministries, such as the *Ministry of Education* and the *Ministry of Health*, are responsible for coordinating development partners' activities in their respective areas of policy. Administrative staff of the districts and sector authorities are also required to coordinate the development partners active in their respective territories (cf. GoR 2006, 10–12).

The *Ministry of Foreign Affairs* (MINAFFET) is responsible for maintaining the broad policy dialogue with development partners through its foreign missions and represents the Rwandan government in governmental negotiations with development partners. MINAFFET can raise objections to proposals for assistance before officially approaching a development partner. While MINAFFET deals with bilateral donors at a diplomatic level, MINECOFIN is the main negotiating partner when it comes to financing. The Minister of Finance signs the agreement while MINAFFET formally appends its signature to the document only if it is required by development partners (GoR 2006, 11). MINECOFIN negotiates the actual amounts committed by the development partners and signs agreements and memoranda of understanding. However, MINECOFIN is not only the lead ministry in all financial planning it is also in charge of allocating external assistance to the various ministries. MINECOFIN thus plays the "lead role in coordinating external assistance and ensuring its efficient allocation" (GoR 2006, 10, Interview 53).

Within MINECOFIN, the *External Resources Mobilization Unit* (ERMU, formerly the *External Finance Unit*), is particularly involved in aid coordination, being described as the *"key government entry point"* (UNDP Rwanda 2006, 25 f.) for aid to Rwanda; it is the government's main body for overseeing activities in the area of aid coordination, harmonisation and alignment (cf. GoR 2006, 17): *"Every assistance that comes in we are supposed to know about. We are the ones who channel it"* (Interview 53). ERMU's main task is to identify gaps in the national budget for the implementation of the national development plan and to mobilise the necessary resources. According to ministerial staff, ERMU actively contacts development partners and informs them of perceived budget gaps (Interview 53). ERMU is required to register every kind of external aid coming into Rwanda, prior to its allocation in accordance with the national development plan. In this, ERMU is responsible *inter alia* for ensuring the quality of the *Development Assistance Database* (cf. Chiche 2008, 9 f.). According to ministerial staff, ERMU specifically looks for the amount of assistance mentioned in an agreement and tracks that amount to determine how much of it has actually been spent. However, ERMU is having serious difficulty keeping the DAD up to date, since the quality of data updates submitted by the various development partners themselves varies greatly, requiring ERMU to spend a great deal of time cross-checking the data. The problem of data transparency will be discussed further later in this chapter. ERMU is supported by two additional staff members, financed by a basket fund maintained by six development partners to provide technical support and policy advice (UNDP Rwanda 2007, 36).

With the creation of ERMU the role of the *Central Bureau for Public Investments and External Funding* (CEPEX) was narrowed to focus on the monitoring of the implementation of externally funded projects (cf. Hayman 2009a, 590 f.). CEPEX is a special, semi-autonomous unit with a total of 30 staff. It coordinates projects on behalf of MINECOFIN. The department used to have fewer staff, but owing to the massive rise in the number of projects – 187 are currently being implemented in the country – the staff was increased to 25 sector specialists and 5 support staff (Interview 13).

The line ministries and district or sector authorities are also involved in DP coordination. It is their responsibility to initiate talks with interested development partners after identifying a specific need for assistance within their strategic plans. They are also meant to ensure the technical soundness of proposals for assistance and the quality of implementation. The line ministries and district authorities chair their respective sector-specific coordination fora, which complement the general coordination fora at national level. As development partners are active in all Rwandan districts, there are also fora for subnational coordination at district level. The various coordination fora at national and subnational level, with their separate tasks, will be described in the following.

4.1.2 Coordination fora

At national level there are two general fora for DP coordination, one budget support forum and 15 sector-specific working groups, all performing different functions (cf. Figure 4 below):

The *Development Partners Coordination Group* (DPCG) is the highest body overseeing aid coordination in Rwanda. It meets every three months and is co-chaired by its Secretary-General, the Secretary of the Treasury of MINECOFIN and the UN's Resident Coordinator. The meetings are attended by representatives of the Rwandan government, heads of bilateral and multilateral agencies and representatives of civil society and the private sector. The Coordination Group is meant to be the main forum for dialogue between the Government of Rwanda and its development partners on the coordination of aid, harmonisation and overall aid effectiveness. It also assists the Rwandan government with the implementation of the EDPRS. As the highest aid coordination forum, it is responsible for overseeing the other coordination fora (MINECOFIN 2008c). Every fourth meeting of the *Development Partners Coordination Group* takes the form of an annual Development Partners Retreat, where the aforementioned topics are discussed at macro level. The DPCG also regularly uses a *Donor Performance Assessment Framework* (DPAF) to assess the performance of all development partners in terms of the attainment of the collective and individual aid effectiveness targets adopted by the development partners in a joint statement of intent in 2006.

The (now) biennial *Development Partners Meeting* (DPM), which was first held in 2000, is a diplomatic platform. It is attended by high-ranking representatives of the Rwandan government, the legislature and the judiciary and by members of the diplomatic corps of DP countries and their implementation agencies. The heads of international organisations and NGOs also attend. The meetings serve the Rwandan government as a platform for it to outline its development strategy and to review the progress of joint development efforts (cf. Hayman 2006, 65 f.). The more concrete discussions and reviews, however, take place in the DPCG, the Development Partners Meeting best being seen as a forum for building diplomatic relations.

In addition to this general structure, those development partners who give budget support to Rwanda meet with the Rwandan government quarterly within the *Budget Support Harmonisation Group* (BSHG).[142] The group serves as an "accountability mechanism" (MINECOFIN 2008c) to hold the Rwandan government to account for the efficient and transparent use of budget support. Twice a year, the Budget Support Group devotes a meeting to conducting a *Joint Budget Support Review* in collaboration with MINECOFIN. For these reviews, progress in individual sectors is measured against the *Common Performance Assessment Framework* (CPAF). The CPAF lists quantitative development indicators set for each year, each sector and important subsectors, which measure Rwanda's progress towards the achievement of the development goals set out in the EDPRSP[143] (cf. MINECOFIN 2008b). The data for the evaluation are derived from the *Joint Sector Reviews*, which are discussed below. The co-chair – one of the group of budget support donors – changes every six months on a proposal from the development partners represented in the *Budget Support Harmonisation Group.* The co-chair on the Rwandan side is the permanent secretary of MINECOFIN, and during the reviews there is at least one meeting with the Minister of Finance for a debriefing.

To provide specific sector expertise, *Joint Sector Reviews* have been established in addition to the overall *Joint Budget Support Review* at national level.

142 To become a member of the BSHG, a development partner must usually provide at least USD 5 million a year.

143 The CPAF makes it possible to determine whether a goal has been achieved completely, partly, or not at all. A traffic-light system is then used, a green, yellow or red *"grade"* being awarded to the relevant sector or subsector, depending on the progress it has made. If necessary, the policy actions that are meant to contribute to the achievement of goals are debated and revised in the *Joint Budget Support Review*. One review which looks forward to the beginning of the next financial year, 1 July, usually takes place in April, while the other looks back at the previous financial year.

The indicators set out in the *Common Performance Assessment Framework* require each sector to discuss its results, measure how far indicators have been met, and reevaluate its policies twice a year. This work, as well as overall coordination within individual sectors, takes place in the Sector Working Groups, which were established in 2002: all relevant development partners in a sector, including NGOs, bilateral and multilateral development partners and representatives of the private sector, are invited to attend the twice-yearly joint meetings. The *Sector Working Groups* also support the development and implementation of sector strategic plans and in many cases attempt to develop Sector-Wide Approaches (SWAps).[144] The joint meetings are chaired by the permanent secretary of the respective ministry and co-chaired by an important development partner, often the lead donor.

Box 10: Sector Working Groups in Rwanda

Currently, there are 14 Sector Working Groups, which are broadly organised in three clusters: economic, social and governance-related:

Economic cluster
- Transport
- Energy
- Private Sector Development
- Natural Resources and Land/Environment
- Financial Sector
- Agriculture

Social cluster
- Education
- Health
- Social Protection and VUP
- Water and Sanitation

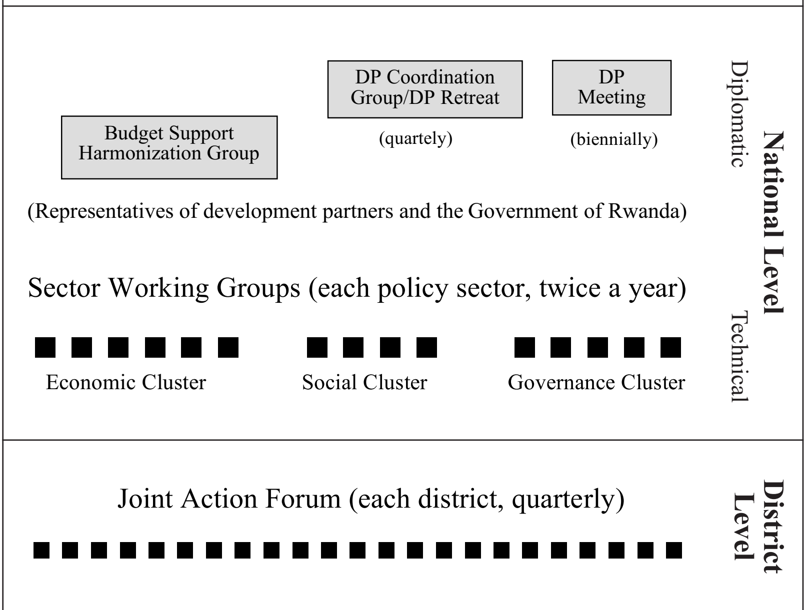
Governance cluster
- Capacity Building and Employment Promotion
- Public Financial Management
- Justice, Reconciliation, Law and Order
- Decentralisation, Citizen Participation, Empowerment, Transparency and Accountability (DCPETA)

144 SWAps have recently become increasingly important in Rwanda. The GoR is very committed to bringing the various DPs within one sector of engagement together and establishing a single policy with goals to be achieved as a joint effort under the leadership of the GoR. In some sectors (e.g. health and education) SWAps have already been set up. For other sectors they are at the planning stage.

Development partners are not only coordinated at national level. As Rwanda is subdivided into provinces, districts and sectors and as development partners are active throughout the country, DP coordination fora also exist at subnational level.

At district level, DP coordination takes place in the quarterly *Joint Action Fora* (JAFs), which stem from an idea put forward by a Dutch NGO and then taken up by MINALOC as a form of best practice that should be extended to all districts and sectors (Interview 52). The district government invites a wide range of participants, not only development partners, but also universities, private-sector actors, commercial actors, hospitals and civil society. Depending on the district's administrative capacities, donor institutions active in that district usually need to register with the district authority if it wants to be invited to the JAF. There they present yearly work plans, designate their target group and partners and announce how much they are planning to spend in the district.

Figure 4: Development partner's coordination fora



Source: Authors

The JAF meetings are intended as an opportunity for discussion and information-sharing on experiences and challenges. The basis for discussion is the *District Development Plan,* which lists development priorities for each district. The plans are written for five-year periods and are revised each year. While the activities decided in the *Joint Action Forum* are meant to be based on the *District Development Plan*, the fora also create relevant input for the development plans themselves and have a say in their annual revision.

This outline of the coordination and dialogue fora shows how complex and elaborate the institutional setting for DP coordination in Rwanda is. It also reveals the extensive institutional entanglement of the development partners in Rwandan policy-making – not only through external advisers in ministries (cf. Whitfield 2009a, 340), but also through the coordination groups that discuss policies. The various coordination fora at the various levels, however, pose a number of challenges to the Rwandan government as well as to the development partners. The following subchapter will therefore elaborate on how DP coordination in Rwanda works in practice.

4.2 Development partner coordination in practice

4.2.1 Overall role of the Rwandan government – perceptions

Despite high aid dependency, the Government of Rwanda sees itself increasingly capable of effectively coordinating external assistance. This is not only evident from the policy documents analysed in Chapters 2 and 3 and from the institutional setting for DP coordination outlined above, but was also referred to explicitly by representatives of the Rwandan government. While donor coordination did not yet exist in the humanitarian aid phase immediately after 1994, everybody willing to spend money had been made welcome. Donor coordination and the formulation of a development strategy first occurred (as analysed in Chapter 2) with the drafting of *Vision 2020* in 2000, but it was only in 2005 that a really systematic approach was adopted by the Rwandan government, mainly under MINECOFIN's aegis (Interview 49). An example of this systematic approach was the assessment of DP activities by the Government of Rwanda through the DPAF and the initiation of a Division of Labour (see section 4.3.1) among development partners with a view to reducing the number engaged in any one sector (Interview 71).

Several statements by representatives of the central government indicate, however, that the potential for coordination is limited. One interviewee said, for example: *"We always go where we think we can grab big"* (Interview 49). With particular respect to non-DAC DPs such as China, he saw limits to the power to coordinate: *"We should not push back on them, otherwise we lose the funds. […] If the Chinese present a project to the government, we take it […] When it comes, you can't deny it and you leave aside your own plans"* (Interview 49).

Development partners have a generally positive perception of Rwandan ownership, despite a number of more cautious or critical statements on how coordination functions. The general conclusion drawn from a number of statements by European development partners on the Rwandan government's coordinating role is that it is being very tough in this respect. All development partners had to follow Rwandan guidelines and were sometimes heavily criticised by the very outspoken president, Paul Kagame, or his ministers: *"The Government of Rwanda is very open for all sorts of questions. But if you do not like their answer you can quit"* (Interview 26). *"The Rwandans have their own ideas and negotiate hard"* (Interview 19). Other experts and development partners interviewed underlined the Rwandan government's exceptionally strong ownership and leadership (Interviews 2, 34 and 30). However, few non-DAC DPs interviewed commented on the Rwandan government's coordinating powers. One member of this group, however, had the impression that the government deals differently with non-DAC DPs, presumably applying pressure to coordinate only on traditional development partners (Interview 68). This impression was shared by another development partner, according to whom a government official had claimed that the bilateral cooperation with China did not form part of development cooperation (Interview 32).

While the strong ownership and coordination efforts on the Rwandan side were largely appreciated and understood as a reaction to the multitude of cooperation partners present in the country (Interviews 4, 26, 32 and 66), a number of critical comments were also made. The Rwandan approach was described by some as *"too rigid"*, *"dirigistic"* and *"narrow"* (Interview 4) or *"too self-confident"* (Interview 32). While an open dialogue on technical issues was possible, political issues were especially difficult to address: *"We think twice how to phrase things"* (Interview 32). In general, more space for dialogue instead of monitoring would be appreciated by a number of development partners (Interviews 4, 26 and 32).

Although the Rwandan government is seen as a strong coordinator, some interviewees also point to the limits of ownership. According to them, serious problems due to a lack of capacity and continuity on the part of the Government of Rwanda persist (cf. Interview 32). As the number of highly educated people was small, the Rwandan government had to rely on external assistance. And internally, at subnational level, ownership was felt to be hindered by strong central control. Government staff, several interlocutors claimed, were afraid to take decisions: *"They would rather not decide for fear of ending up in jail"* (Interview 26). Of 30 mayors, only four were left after three years, which resulted in a loss of efficiency and so slowed down governmental procedures.

4.2.2 Interplay of government actors in development partner coordination

4.2.2.1 The national level

The interviews conducted broadly confirmed the roles of MINAFFET and MINECOFIN outlined in the policy papers and described above. MINAFFET generally seems to play its role in a more diplomatic setting, being the location for general bilateral negotiations.[145] However, it usually invites MINECOFIN and the respective line ministries to attend these negotiations, as government officials explained (Interview 53 and 49). *"Sometimes MINAFFET invites us and we give our input, sometimes donors make their agreements just with MINAFFET, but when it comes to financial support, MINECOFIN signs it"* (Interview 53). As it is responsible for financial support, MINECOFIN is judged to be the most influential actor. The actual roles played by MINAFFET and MINECOFIN in negotiating and coordinating development cooperation, however, seem to depend on the development partners. In the case of China and Japan, for instance, financial support is not directly agreed with MINECOFIN; according to MINECOFIN staff, they insisted on dealing with MINAFFET (Interviews 53 and 49).[146] Yet, if a loan is provided by China, the Chinese ExIm Bank

145 MINAFFET's importance may vary depending on whether a country has an embassy in Rwanda.

146 In practice, when MINAFFET signs agreements with, say, China at a diplomatic level, it feeds back the information to MINECOFIN. After agreeing on a project, the Chinese government announces how much it will cost and signs an agreement with MINAFFET. All the information spelled out in the agreement, including that on finances, is sent to MINECOFIN (Interview 53).

and MINECOFIN are responsible for the transaction. Thereafter no mention is made of MINAFFET in the papers. A member of the MINAFFET staff explained: *"We are only there for coordination and policy and if it comes to misuse of funds"* (Interview 49). From the interviews conducted, it remained unclear whether Rwandan government actors also have an interest in dealing differently with China and Japan, or whether the difference is completely DP-induced.

Within MINECOFIN, ERMU and CEPEX are especially important for DP coordination. ERMU's work is currently affected by a severe shortage of staff. Of the five posts in the unit, three were vacant in early 2010. As a MINECOFIN official said, at least one additional person was needed, someone to take charge solely of monitoring the DAD (Interview 53). Besides the DAD, MINECOFIN also relies on the CEPEX database in its work (for the DAD and CEPEX databases see Box 1). Apparently, there is some confusion about the role of the two databases used by MINECOFIN. The government officials interviewed disagreed over the necessity of current plans to merge the databases; one said that they had two very distinct functions and should be kept separate, while another emphasised the need to merge them (Interviews 13 and 53).

CEPEX is responsible for monitoring and evaluating donor engagement.[147] Its sector specialists carry out field visits in cooperation with the development partners. A task team leader appointed by each development partner monitors the implementation of projects at least twice a year. This joint (CEPEX and DP) monitoring exercise results in an *Aide Mémoire*, which is submitted to the project coordinators at the line ministries and forms the basis of intergovernmental meetings. CEPEX's monitoring role may give rise to some tension with the line ministries. Institutionally, this is no bad thing, one CEPEX staff member explicitly suggesting that *"it is good that they complain"* (Interview 13). Projects have to report not only to CEPEX, whose database was criticised as being unreliable,[148] but also to the line

147 The process was described as follows. When a donor project is submitted, it is implemented either by a line ministry or at district level. CEPEX contacts the persons in charge of implementation and checks the outcome of the project to see whether it was "worth the money spent". The information is subsequently transferred to MINECOFIN and to the respective donors, "if they ask for it" (Interview 53).

148 The information they? provide was never what had been fed into CEPEX by the project. The DAD is not used by this specific line ministry (Interview 50).

ministries involved, PRIMATURE and MINECOFIN, all these institutions having different reporting formats.

The interplay between CEPEX and line ministries is about to be changed in two ways. Hitherto CEPEX has not been involved in the preparation of the national budget. As a consequence, line ministries could omit small projects from the budget planning process. According to a government official, CEPEX will therefore participate in the process of budget preparation in the future (Interview 13). Another change is the establishment of a single *Project Implementation Unit* (PIU) in each ministry to replace the present fragmented system. Though based in the line ministries, each PIU will be an independent and autonomous unit, its staff including a Chief Budget Manager (Interview 53).[149]

There were also signs of some tension between the line ministries and ERMU. ERMU is criticised in the literature for remaining something of a public relations instrument, rather than a tool for helping other MINECOFIN units or line ministries to deal with problems arising from the lack of alignment among development partners (Chiche 2008, 11). This is somewhat contradicted by the lead ERMU showed in the attempt to press development partners to engage in no more than a small number of sectors (cf. Chapter 4.3.1 on the Division of Labour. The reduction in the number of development partners in each sector is, however, not always welcomed by the line ministries, who, according to several statements, did not seem to be involved in the process and would regret the loss of experienced partners (Interviews 50, 51 and 54).[150]

149 Apparently, one line ministry was pushing the idea. Nor does the GoR expect any opposition from the DPs to the cabinet paper drawn up on the subject, since the PIUs will save time and professionalise the work process.

150 Another difference of opinion between the line ministries and MINECOFIN is evident from the statement of a representative of one line ministry, according to which the line ministries would prefer Sector Budget Support to General Budget Support. The line ministries are thus not fully in line with the Rwanda Aid Policy (Interview 54).

4.2.2.2 The subnational level

The subnational level gained in importance in development policy planning as a result of the decentralisation process initiated in 2000 (cf. Box 1),[151] even though the actual transfer of powers from central to district level was questioned by some interlocutors. They took a particularly critical view of the considerable control exercised by the President over the mayors, who sign explicit performance contracts with him (*imihigos,* cf. Chapter 2) (Interview 21). These *imihigos,* on the other hand, were said to act as a powerful instrument for the mayors to persuade ministries to spend the money that had been negotiated. As one representative of the district authorities put it, *"they are also a platform for negotiation for the districts"* (Interview 52). Although the decentralisation process has not been completed, it has implications for the interplay between national and subnational entities with respect to DP coordination.

The change in relations with the central level is recognised at district level. One member of the district authorities explained that since 2006 the district level had received more funds and more information. There were more opportunities for discussion and negotiation with the central level, at the annual meetings of the *planificateurs* or in the mayors' forum, for example (Interview 7). This posed new challenges relating to the efficiency of communication. Currently, attempts are being undertaken to harmonise the form of reporting from decentralised to central level (Interview 52). All in all, the districts' *"room for manoeuvre"* was felt to have grown, which, it was said, had also led to an increase in the accountability of district government to the people. If a project was not implemented appropriately, the local population would approach the *planificateur,* and the mayor had to react (Interview 7).

The districts nevertheless emphasise that their negotiating power vis-à-vis central government entities and especially MINECOFIN is limited. According to a representative of one district authority, *"the districts are not yet the real decentralised entities"* since they depended on central govern-

151 According to one government representative, the aim of the decentralisation process was to turn round the former "structure of control", in which the decentralised entities were "agents of the higher level, collecting information", and all the resources were spent and allocated at national level. The first phase had started in 2006, when the districts' performance contracting began, and the second phase would start in 2011, the aim being to strengthen the sectoral level (Interview 52).

ment for funding (Interview 7). Decentralisation thus required more financial resources (Interview 41), which is an indication of the value of the CDF to the districts. It provides them with the funds for the implementation of their own *District Development Plans* (Interview 7). In so doing, the CDF also helps overcome a general challenge to project planning at central level, as a central government representative admitted: *"Ideally, the government and development partners should assist the communities in implementing their projects and push them a bit. It should not be like that, that the government is sitting in a room and decides […]. Often the people are not part of the process. That is where we fail"* (Interview 52).

Despite some confidence in the equitable allocation of money among the districts by central government (Interview 8), criticism was levelled at the distribution of funds to the districts. It was felt that some districts were allocated numerous projects, while others were left without support, a problem probably aggravated by donor earmarking of funds for certain provinces.[152] When it comes to the assessment of district performance, however, each district was judged in the same way, no matter how much money it received (Interview 7). Off-budget support for districts was felt to be another challenge to the levelling of differences in district development. While external projects coordinated by the line ministries might intentionally favour some districts, according to the needs and the priorities of the national strategies (cf. Interview 40), off-budget projects in particular might cause problems since they were not coordinated.[153] In the case of MINISANTE, two interviewees said that any development partner wanting to provide assistance for the Rwandan health sector had to approach MINISANTE first, which then shared the various actors among the districts according to their needs

152 Development partners may, however, also seek to offset what they perceive as distortions caused by the government. It was planned to include an additional indicator for the distribution of CDF funds, one that assessed the district's performance (Interview 12). As good performers were more likely to implement projects with the best results for development, they would receive more funds in the future than bad performers. This would also give all districts an incentive to perform better. On the other hand, it would disadvantage the people in badly performing districts even further (Interview 8).

153 Funds that were not channelled through the CDF to the districts – a relatively large sum, it was said – needed harmonisation, as one government official emphasised (Interview 12). The representative of a bilateral DP estimated that some two thirds of all the districts received off-budget aid (Interview 44). These activities should at least be reported to the Rwandan government to facilitate planning.

(Interviews 40 and 6). While the district level was subsequently involved in the formulation of practical activities (Interview 6), its position was not strong: according to an advisor to the central government, *"even if the district does not really like the activity or would prefer another one, they do not say no, they take what they can get"* (Interview 40). This contradicts the policy requirement at national level that aid should be refused where it is not in line with priorities (cf. GoR 2006, 8).[154]

One means of coordination at district level is provided by the aforementioned Joint Action Forum which each district was required to establish in 2006. A problem mentioned in the context of these JAFs was that their performance varied significantly from one district to another depending on their dynamics and structures (Interviews 51 and 52). Nor was there any harmonised way of structuring the JAFs, and a unification of structures would therefore be needed. A government official saw the task of harmonising structures as one of central government's responsibilities: *"You always need to accompany, monitor and correct decentralisation"* (Interview 51). Another problem reported was the limited participation of NGOs, especially international ones (Interview 7). Representatives of non-DAC DPs apparently do not always participate, either. The Chinese medical team in Kibungo, for example, was not informed of the existence of the JAF at all, but expressed some interest in participating, provided that it was not too time-consuming (Interview 17).

Some institutions, such as the *National University of Rwanda*, coordinate their external partners themselves. The university has set up its own aid policy, which applies the substance of the national *Rwanda Aid Policy* to its specific situation. While the university can initiate cooperation, "at the end of the day the government has to sign." The university also has to report to CEPEX on a quarterly basis. But CEPEX was mostly interested in the expenditure, while the planning component was much more important to the university's *Department of Planning and Development*, its aim being to channel DP contributions in accordance with its strategic plan (Interview 58).

154 In the case of one Chinese medical team, no involvement of the district level was reported. The only direct contact the district had with the doctors was, according to the interviewee, when an official delegation picked them up from the airport and saw them off again after they had completed their two-year contract (Interview 62). Interviewees from other DPs working at cell or district level, however, expressed a feeling of obligation to align their engagement with district priorities (Interviews 66 and 21).

4.2.3 Functioning of the coordination fora

The Rwandan aid coordination architecture as a whole was evaluated very positively, and development partners appreciated that the institutionalised coordination structure *"makes things easier"*.[155] However, the proud statement of a senior Rwandan government official that the Rwandan system was *"one of the best coordination mechanisms in the world – everybody has understood it"* (Interview 13) needs to be set against the functioning of the different coordination fora in practice.

It must first be pointed out that the Rwandan aid coordination architecture is quite elaborate and is constantly being restructured.[156] Several development partners felt that the lack of continuity did not allow work processes to become routines, which made the functioning of the coordination fora more difficult.

The Rwandan coordination system may at times be overly regulated and evaluation-focused: monitoring and evaluation in the Rwandan system are time-consuming for both development partners and government representatives – leading one Western development partner to see the danger of procedural questions (monitoring systems, budgeting, etc.) becoming more important than discussions on substance (both Interview 39).

4.2.3.1 Functioning of the Development Partners Coordination Group (DPCG)

As explained above, the *Development Partners Coordination Group* is formally the highest body overseeing aid coordination in Rwanda and the main forum for dialogue between the Rwandan government and its development partners. The results of the DPAF (see Annex 11) are presented in

155 The situation is different with the Division of Labour, which DPs generally welcomed, but debated in practice. As one DP said, no one really wanted to leave a sector in which it saw itself as having comparative advantages or which was important for political reasons. Broadly speaking, it was plausible that the more a DP was affected by the Division of Labour, the less it would appreciate it (cf. Interview 29).

156 For instance, the envisaged implementation working groups had been abandoned, the merging of technical working groups in the health sector continued (cf. Interview 37), the idea of establishing a single Project Implementation Unit (PIU) in every ministry (cf. Interview 13) to improve the M&E system for project implementation was under discussion, and there were plans to establish an Integrated Financial Management System.

this forum, thus providing it with an essential instrument for monitoring development partners' progress in implementing the *Aid Effectiveness Agenda* and respecting the ownership of the Rwandan government (cf. Interview 44). The DPAF is thus a good illustration of the extent to which the Rwandan government uses the leverage it derives from discursive conditions? However, the DPCG faces two key challenges when it comes to using the potential influence of this instrument:

1. The degree of influence the Rwandan government can exercise through the DPAF very much depends on how the development partners respond to the evaluations and proposals forming part of the DPAF, i.e. it relies on their commitment.

2. The DPAF guidelines already indicate that it is less important than the Budget Support Harmonisation Group, since *"more focused discussions [are meant to] take place in the Budget Support Harmonisation Group"* (GoR 2009, 2). Although this may be a specific reference to the problems identified in the case of budget support, the BSHG again appears as the key forum for critical issues and *"hard policy dialogue."*

4.2.3.2 Functioning of the Budget Support Harmonisation Group (BSHG)

The *Budget Support Harmonisation Group* is regarded by several development partners as the most influential institution when it comes to policy dialogue and the main channel of influence on the Rwandan government's policy actions: *"If you are not in, you don't have influence" (*Interviews 44 and 45). The importance of this forum is reflected in the fact that such issues as debt sustainability in the context of the provision of specific loans, e.g. the ExIm Bank's loan for road rehabilitation in Kigali, are debated by the BSHG. Especially large-scale projects, such as the construction of Bugesera Airport, were reported to have been discussed at length by the BSHG in the light of the Rwandan government's limited national budget. The lead in these debates was taken by the World Bank (Interview 44).

Budget support is generally a highly political and sensitive issue – not least due to debates in DP countries about the instrument in general and about how appropriate it is for each individual country. Although political issues that may lead development partners either to suspend budget support or to stop providing it altogether are primarily handled at diplomatic level, the *Budget Support*

Harmonisation Group is also involved in such concerns. As one European development partner put it: *"The Budget Support Harmonisation Group is the place for putting critical questions to the government"* (Interview 25).

An example of political matters affecting development partners' decisions to give Rwanda budget support was a UN report on Rwanda's involvement in recent conflicts in Eastern DRC. After its publication, the Netherlands and then Sweden stopped their sector budget support in December 2008. Half of the budget support committed by the Dutch was suspended, the remaining 50 per cent was earmarked for peace and stability interventions. However, after the coordinated action of the Rwandan and Congolese army in Eastern Congo, which, according to a Dutch interviewee *"had proved that the Rwandan engagement was not hostile"*, the possibility of the Rwandan government receiving budget support from both countries will be reassessed in the second half of 2010 (Interviews 26 and 25). Germany, in turn, delayed its transfer of budget support during political tension between Rwanda and Germany over the arrest of the Rwandan presidential advisor Rose Kabuye in Frankfurt, Germany (for information on the suspension of budget support by Germany, the Netherlands and Sweden see also Bertelsmann Transformation Index, BTI 2010, 22 f.).[157]

How much political influence development partners are able to bring to bear on the Government of Rwanda through the (non-)provision of budget support cannot be answered unequivocally. However, the combination of three donors (Germany, Sweden, the Netherlands) suspending their budget support – with the British DfID beginning to ask critical questions at the same time – was deemed to have had an influence on the Rwandan government (cf. Interview 25). This political influence and, more generally, the imposition of political conditionalities by DAC DPs were criticised by several Rwandan government officials and scientists interviewed (Interviews 52, 53, 57). But at least one of them acknowledged that, to some extent, he personally appreciated conditionalities, if their aim was, for example, a more pluralistic political system or pro-poor growth.

157 Germany, however, did not give any political reasons for its suspension of budget support and was thus able to resume this support after the tension between Germany and Rwanda had been resolved in January 2009. Sweden and the Netherlands, on the other hand, face greater difficulties in resuming budget support. The work of the BSHG was affected by the Rose Kabuye issue since the KfW was unable to take up the position as co-chair of the group as planned and the European Commission therefore had to step in.

The monitoring and evaluation frameworks – core tasks for the BSHG – seem to work well. The existing framework was regarded as a "good beginning", but "far from perfect" by DP members of the group (Interviews 25 and 26). Problems and challenges occur mainly at sector level (and are thus attributable to the Sector Working Groups rather than the BSHG).[158] The reviews were regarded as a powerful instrument for putting pressure on the line ministries by shining the spotlight on their performance. It was felt that, as a consequence, ministries worked hard to avoid being exposed as weak performers. This was regarded as key, since there might otherwise be serious repercussions (Interviews 44 and 45).[159] A perceived problem was the late provision of documents (or failure to provide any documents), as well as the line ministries' lack of a clear understanding of how the assessment works, leading to the confusion of EDPRSP and CPAF indicators[160] (Interviews 44 and 45). The 10th Joint Budget Support Review (JBSR) confirmed that some sectors were *"still struggling with the preparation and implementation of joint sector reviews, and the timely submission of analytical performance reports"* (JBSR X, 4).

The number of policy actions per CPAF indicator was another matter discussed. It was felt that the Rwandan government's ambitions had been set too high and, as they exceeded capacities, they would lead to negative assessments in the CPAF. Yet Rwanda, described as a *"country in a hurry"*, was generally lauded for its high ambitions (Interviews 44 and 45).

158 In the words of a European member of the BSHG, the sector reviews are based *"on a hard dialogue on facts, they are not a policy dialogue in the sense of a political dialogue"* (Interview 44).

159 In the line ministries and at subnational level, government staff are afraid to take decisions because of the centralised and rigid system: "They would rather not decide for fear of ending up in jail" (Interview 26). Of 30 mayors, for example, only four were left after three years, which helped slow down procedures (cf. Interview 26). Line ministries expecting bad performance grades would thus be engaged in constant negotiations on why things had turned out the way they had, as one Western member of the BSHG underlined. Sometimes the line ministries try to sidetrack proceedings by emphasising what had been done instead of achieving the CPAF goal.

160 The same development partner mentioned that this is especially true of the decentralisation sector.

4.2.3.3 Functioning of the Sector Working Groups (SWGs)

In line with the generally positive statements, the *Sector Working Groups* (SWGs), the main coordinating bodies in policy sectors, were also viewed very favourably by both development partners, who see them as an *"easy structure"* that was good to work in (Interview 44). A generally enthusiastic government representative, however, admitted that the SWGs worked very differently from one sector to another and did not all perform effectively (Interview 52). The 10th JBSR found that some sectors were *"still struggling with performance issues, as well as with a clear definition of their scope"* (JBSR X, 4). The clear definition of scope was a challenge that development partners, too, mentioned during interviews for this study.[161]

Challenges said to be faced by *Sector Working Groups* were: the constant restructuring in the sector, a lack of focused and defined terms of reference, a high personnel turnover (the decentralisation SWG being described by one interviewee as *"chaotic"* (Interview 39), problems in the respective line ministry (Interview 52) and controversies between development partners and the Government of Rwanda over substance. Another potential obstacle to the effective performance of a *Sector Working Group* is the number and nature of the development partners involved, e.g. the presence of NGOs or the co-existence of development partners using project-based assistance and those providing sector budget support. These challenges to efficient coordination were said to be affecting the health SWG, since numerous NGOs were involved in the sector, often at district level (Interview 24), and the sector budget donors Germany, Belgium and DfID and the project-based USA played an important role in the SWG.[162] However, the health SWG seemed to be performing relatively well and to be coping with these challenges efficiently.

161 Overlaps between decentralisation and the CDF were criticised in this context (Interview 28). The amalgamation of certain issues was criticized in the cases of Forestry, Land & Environment (Interview 4) and Transport & ICT (Interview 28).

162 There is also a SWAp in the health sector, a modality highly favoured by the GoR (and eventually a target for every SWG) since it reduces transaction costs to the GoR and increases the harmonisation and alignment of the development partners' engagement. However, not all DPs engaged in the health sector are included in the SWAp.

The transport SWG, on the other hand, appeared to be coping less well. The challenges it faced illustrate both how the above-mentioned general problems can play out and how the peculiarities of a sector influence the functioning of its SWG. A European development partner linked the reasons for the unsatisfactory performance of the transport SWG to the nature of the sector in general and to problems facing the Rwandan government and the development partners.

1. **Nature of the transport sector:** Initially, the sector very much relied on project aid and so needed less coordination than sectors requiring budget support.[163] It was reported that the transport SWG did not therefore work like other SWGs, but met only when the Rwandan government put forward new proposals. One development partner remarked: *"We meet when we have to meet and discuss a few things"*. However, if it is provided with budget support, as planned, the transport SWG will become more important (Interview 29).
2. **Problems for the Rwandan government:** Transport has only very recently been recognised as an independent sector, having long been treated as a subsector of infrastructure. As such, no clear responsibility that might have posed coordination problems was assigned to transport in the Rwandan government (Interview 29). Another Western development partner complained that there had been difficult times when MININFRA underwent institutional reforms and cuts in bureaucracy? and staff were transferred (Interview 30). In general, MININFRA seemed to be one of the ministries that is performing less well (Interviews 69 and 33).
3. **Problems for development partners:** Only four development partners are involved in the transport SWG: the EU (lead donor), the World Bank, the AfDB and JICA. According to the development partner referred to above, the AfDB and the World Bank do not have a strong culture of coordination owing to their weak presence on the ground (the World Bank's transport specialist, for example. is based in Nairobi, Kenya). The limited presence of these development partners in the SWG has resulted in *"the dynamic of the SWG [being] not good"*, according to one development-partner representative (Interview 29).

163 He also mentioned that engineers heavily involved in the transport-sector projects are not so interested in coordination efforts and the political issues, which poses a challenge for coordination (Interview 29).

One European development partner related the SWG's performance directly to the grades the sector had received in the Joint Sector Review (Interview 39) The 10th JBSR tends to confirm this impression, transport and decentralisation being the sectors with the worst grades; however, the causes remain unclear.

4.2.3.4 Participation of development partners – who attends the fora?

One major challenge that characterises all Rwandan coordination fora is the general or occasional absence of some development partners, although their engagement at least partly overlaps with that of development partners who do participate in the fora (see, for example, the comparison of German and Chinese engagement in Chapter 3). South Africa, India and China, but also Korea and Japan are not integrated, or not sufficiently integrated, into the coordination architecture. These non-Western development partners demonstrate differing degrees of willingness to join the Rwandan government's coordination fora.

Japan was said to be the only Asian development partner actually visible in the fora at both national and sectoral level (Interviews 26 and 50), although it does not seem to be very active. In the harsh terms of one Western development partner: *"They* [the Japanese] *leave* [the coordination meetings] *after a few minutes. JICA is on the same lines as China"* (Interview 4). **(South) Korea**, like Japan a member of the DAC, was invited to the coordination meetings and usually attended the Development Partners Meeting, the Development Partners Retreat and the meetings of the Development Partners Coordination Group (Interview 13), but as the country office currently consists of only one staff member, attending so many meetings may well pose logistical problems for Korea (Interviews 48 and 24). Furthermore, as Korea is, for Rwanda, a very small donor – a *"baby donor"*, in the KOICA's own words (Interview 48) – the Government of Rwanda may not see much benefit in integrating it (yet?). It has not, for example, been included in the Division of Labour exercise, as explained below. As DAC members, both Japan and Korea are committed to the *Aid Effectiveness Agenda* and could therefore be held to account for their implementation efforts by the Rwandan government in the future.

South Africa was not listed as a development partner in any of the documents assessed and had not so far been invited to any meetings. Yet it appeared to be generally willing to participate if invited (Interview 68). South Africa may require a slightly adjusted use of discourse (it is also engaged in South-South cooperation and does not feel bound by the Paris Agenda), but the potential leverage was not used by the Rwandan actors – apparently because South Africa went unnoticed (being too small or not having contacted the right people in the Rwandan government).

The largest two development partners outside the DAC, **India** and **China**, seemed generally reluctant to interact with, let alone integrate into, the Rwandan aid coordination architecture.[164] In China's case, the format and nature of the coordination forum seems to be a factor in the decision whether or not to participate. All those interviewed agreed that China had never attended coordination fora at national, sector or district level. Given the rationale of Chinese cooperation *("not a donor", "South-South-cooperation")*, the national-level *Development Partners Meeting and the Development Partners Retreat,* being diplomatic and *"macro-political"* in nature, appear, however, to be the easiest possible link for Chinese policy actors. As the Chinese Economic Counsellor confirmed, a Chinese representative was sent to the DPM three years ago. But that had been the only time, and the purpose had been to observe rather than participate actively.[165]

Among Western and Rwandan interviewees we found some confusion over whether and where China actually attended the coordination fora. Statements ranged from *"China has not been seen at any development partners' meetings"* (Interview 52, also Interview 39)[166] to the naming of coordination fora other than the DPM where the Chinese had allegedly been seen (Interview 44). Among Western development partners, almost all intervie-

164 While Chinese diplomats did not appear to see any need or point in joining the coordination fora, some Chinese actors in the field showed more willingness to engage in coordination with other development partners (Interview 17).

165 The decision whether or not to participate was apparently also a matter of personal priorities of Chinese representatives. Beijing does not appear to give any clear directions to participate (or not) in political coordination fora at country level. In general, Rwandan aid coordination with its clear reference to *"development partner"* rather than *"donor"* leaves the door wide open to the integration of China, which does not regard itself as a donor.

166 A further cause of the diversity may be the time the interviewee had already been in office, since it was three years since China had attended the DPM.

wees expressed an interest in and the need for the inclusion of China in the Rwandan coordination architecture, since Chinese activities in Rwanda were deemed *"miraculous; we never know what they do"* (Interview 66). As a European development partner put it: *"We want them on board"* (Interview 29). Most development partners acknowledged, however, that it is the Rwandan government's responsibility to initiate and press for China's integration (e.g. Interview 39),[167] despite some (informal) exploratory requests from Western development partners to the Rwandan government in this matter (Interview 28, 29 and 32).[168] A Rwandan interlocutor and member of the government reported that the government had indeed made some attempts to integrate China into the aid architecture by inviting it to attend the DP meetings, but China had not reacted or had even refused to participate (Interview 71, cf. Interview 53). While the recent attempt to incorporate China into the Division of Labour, which will be analysed at the end of this chapter, seems to support this assertion,[169] Chinese diplomatic sources claim not to have been informed of any coordination fora (Interview 16). This may either be an indication of a lack of communication among the Chinese representatives in Rwanda, or it may reflect a completely different way of looking at things, which does not allow the Chinese to see the existing DP coordination fora as structures that might be of interest to China.

The current lack of integration specifically of Asian development partners into the Rwandan aid coordination architecture is obvious. It was perceived as a shortcoming, since it kept other development partners uninformed of those Asian partners' activities, prevented mutual exchanges on good cooperation practice and might lead to duplication. Furthermore, the non-inclusion

167 However, the SWGs' Terms of Reference assign to the SWG co-chair the task of assisting *"the lead ministry [...] to ensure the donor community is fully represented in every SWG meeting"* (MINECOFIN s. a.).

168 These development partners reported the reaction of the GoR as being somewhere between hesitant and reluctant (Interviews28, 4 and 32).

169 There does not, however, seem to be one common view on the possibility of integrating China into the structure,. A third government official expressed his interest in including China in the existing coordination structure, but appeared to be more optimistic about possible success (Interview 13), whereas yet another senior ministerial official expressed the more pragmatic view: *"grasp what you can get"* (Interview 49).

of Asian development partners potentially made planning more difficult for the Rwandan government, increased transaction costs (as different government actors are engaged in coordinating Asian and Western development partners) and might result in unequal information levels within the government, posing the risk of potential disharmony or tension between government institutions/ministries. In this way, Chinese and other Asian development partners add to the Rwandan government's coordination burden.

Nevertheless, it must be pointed out that some DAC DPs and multilateral agencies do not make extensive use of the Rwandan government's coordination fora either, but rather rely on informal direct communication with the government. One representative of a multilateral DP said that the Rwandan government had complained lately that too many missions required immediate meetings, which increased the transaction costs to the government. This apparently had led it to ask for an annual plan for all missions and to suggest that better use be made first and foremost of the opportunity for dialogue in the SWGs (Interviews 73 and 50, cf. also 29).

Altogether, it can therefore be said that, although Rwanda has an elaborate system for DP coordination and its government is highly committed to enhancing development by demonstrating considerable ownership, a range of problems faced by the various fora described above have yet to be addressed. The Government of Rwanda and various development partners are discussing strategies for arriving at better coordination of the development partners and making aid more effective.

4.3 Current debates on how to coordinate development partners

Two current debates on (i) a better division of labour among development partners and (ii) models of cooperation between development partners are taken as the basis for considering how the strategies for (i) reducing the number of development partners in each sector and (ii) harmonising DP engagement through DP cooperation might possibly help to improve the coordination of development partners.

4.3.1 Reducing the number of development partners per sector – Division of Labour

In response to the uneven distribution of development partners among the various sectors and the difficulty of coordinating them in the more "over-crowded" sectors, such as health and education, the Rwandan government published a proposal for a "Division of Labour" among development partners in Rwanda. This proposal picked up on existing commitments by development partners to limit their engagement to a maximum of three sectors each (cf. *EU Code of Conduct on a Division of Labour,* EC 2007, and *Accra Agenda for Action*, High Level Forum 2008). The following two tables present the sectors in which development partners are currently engaged and the three sectors to which they were assigned in the Rwandan government's Division of Labour proposal.

Table 11: Current sectors of development partners' engagement in Rwanda

	Education	Health & Population	Social Protection	Employment and Capacity Building	Youth, Sports and Culture	Transport and ICT	Energy	Water and Sanitation	Agriculture	Forestry, Land and Environment	Manufacturing, Services and off-farm industries	CDF	Justice, Reconciliation, Law and Order	Public Administration	Decentralization
Belgium	X	X					X	X	X				X		X
Canada	X			X					X		X	X			
Germany		X		X								X	X		X
Japan	X							X	X						
NL	X			X			X			X			X		
Sweden	X		X							X			X	X	X
UK	X	X	X	X					X	X					X
USA		X	X	X				X	X					X	X
ADB	X		X			X	X	X	X						
EC						X		X	X				X		
WB	X	X	X			X	X	X	X		X	X			X

Source: MINECOFIN, ppt-Presentation 2010

According to the Rwandan government's analysis, each development partner is currently active in an average of six sectors (as defined by the GoR), posing coordination challenges to both the government and the development partners. The proposal also states that *"key sectors like Transport and ICT, Manufacturing, Services and off-farm industry* **[are]** *currently starved",* creating imbalances which may impede the implementation of the EDPRS.

Table 12: Proposed sectors for future support from development partners in Rwanda

	Education	Health & Population	Social Protection	Employment and Capacity Building	Youth, Sports and Culture	Transport and ICT	Energy	Water and Sanitation	Agriculture	Forestry, Land and Environment	Manufacturing, Services and off-farm industries	CDF	Justice, Reconciliation, Law and Order	Decentralization
Belgium		X					X			X				
Canada									X			X		X
Germany	X			X								X		
Ja pan	X					X			X					
NL							X					X	X	
Sweden	X		X							X				
UK	X	X	X											
USA		X		X					X					
ADB						X		X	X					
EC						X			X				X	
WB						X	X		X					

Source: MINECOFIN, ppt-Presentation 2010

The criteria for the assignment of a sector to an individual development partner included existing gaps in the budget for EDPRS implementation in that sector, its priority and the perceived strength of the development partner: its ability to provide aid in the preferred form (usually sector or general budget support), its performance record in the *Donor Performance Assessment Framework* (DPAF) in the sector concerned and its global expertise and experience. In the preparation of this Division of Labour, 13 development partners[170] were asked to complete a questionnaire on their current engagement, which enabled MINECOFIN to map all relevant development assistance. According to a representative of a multilateral development partner, some development partners were also asked to propose three sectors in which they themselves would like to continue to be engaged (Interview 73). In the subsequent distribution of development partners to the various sectors, the Rwandan government also introduced some of its own priorities, according to administrative staff. For example, the multilateral actors (EU, AfDB, World Bank), with their large financial capacities, were to remain in the infra-

170 This number includes the elevent DPs listed in the spreadsheet above plus China and Switzerland. China did not respond, while Switzerland's response has been delayed. The Division of Labour also omits the UN, Luxembourg, France, Korea and others.

structure sector, whereas bilateral development partners with fewer resources tended to be assigned to the social sectors and governance. Overall, development partners were ideally to invest their resources in the sectors in which the Rwandan government saw they had a comparative advantage (Interview 13).

According to Rwandan government statements, this centralised system of assigning sectors of engagement to development partners was meant to diminish the risk of under-investment in productive, yet less popular sectors, which might prevent the EDPRS from being fully implemented, while reducing transaction costs in more popular and overcrowded sectors.

The Government of Rwanda lists the anticipated benefits as:

- reduced transaction costs as a result of more streamlined donor relations, reduced missions and more closely coordinated policy dialogue;
- better financial management and reporting through the reduction of requirements;
- reduction of donor overheads through the pooling or delegation of specialist advisory staff in country offices;
- improved quality of programme delivery and management through the increased use of delegated cooperation and silent partnerships;
- reduced risk of the duplication of efforts and easier coordination through the easier tracking of aid (MINECOFIN 2010).

These anticipated benefits aside,[171] the Division of Labour also bears certain risks for the Rwandan government: it is in danger of incurring financial losses. Development partners who were asked to withdraw from a given sector might actually reduce their overall financial flows rather than using the additional channels[172] developed by the Rwandan government for further investment (cf. Grimm et al. 2009b).

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171 These expectations were apparently not universally shared within the GoR. One representative of a line ministry expressed doubts about the benefit of too much control (accompanying the reduction in the number of DPs) in non-sensitive sectors, such as drinking water, which are not highly politicised (Interview 52).

172 Such additional channels or exceptions, which allow the continuation of assistance for a sector to which a development partner has not been assigned, may be silent partnerships; large infrastructure projects; emergency relief and humanitarian aid; highly political engagement such as support for elections; vertical funds and dedicated funds, e.g. the Global Fund and CDF, and all types of pool funding (for the national bureau for statistics, for example); and cross-cutting issues.

As the Rwandan proposal was based on existing donor commitments, the development partners generally welcomed the Division of Labour exercise. As was to be expected, however, the devil was in the detail and the choice of assigned sectors was criticised. European development partners decided to formulate a joint European response to the Rwandan government's proposal, to which all bilateral member states as well as the EU subscribed; the EU planned to present a European counterproposal (some development partners preferred to call it *"additional suggestions"*) (Interview 32). An agreement was to be reached by May and ratified by June 2010.[173]

The European suggestions focused mostly on the allocation of individual sectors; it did not question the exercise as such. In general, it was felt that the Rwandan government was "too dirigistic and narrow" (Interview 4) and that more scope for dialogue should have been provided: according to a DAC DP representative *"they could have played more with the grey areas and left more room for interpretation"* (Interview 4). The criticism seems to focus mainly on situations where an experienced development partner is required to leave a certain sector, making room for another who has little or no experience in that sector or uses aid modalities that do not match the stated preferences of the Rwandan government. This point was also referred to by the line ministries, which were sometimes concerned about losing some of their main development partners.[174] At the *Development Partners' Retreat* in late March 2010, another question raised was why other development partners such as China, but also the UN, Luxembourg, France, Korea and major NGOs were not included.

MINECOFIN did send the questionnaire to China, asking for relevant information, but did not receive a reply. According to MINECOFIN staff, the legitimacy of the Division of Labour is largely based on international agreements, and *"the non-DAC countries do not feel bound by such agreements or the* **Aid Effectiveness Agenda***"* When China did not participate in the Division of Labour exercise, there was little the Rwandan government could do about it (Interview 53). This harks back to one of the

173 This approach can be linked to the broader context of the joint post-Lisbon EU Foreign Policy and the task of streamlining European policies in general. According to participants, the EU and its member countries had already achieved a 95 per cent consensus by mid-March 2010, with some "bilateral fine-tuning" still to be done (Interview 28).

174 Development partners were therefore expected to lobby the line ministries responsible for the sectors they were to leave.

hypotheses of this study, that Rwanda applies different strategies in aligning China and Germany with its development plans. Indeed, a clear desire to *"get every donor on board"* was expressed: *"We want them all to be part of it, but it is still a process, and we contacted those first who give us their input and engage in discussions with us"* (Interview 53).

Another development partner pointed out that while the Division of Labour would soon be officially adopted, the *"real Division of Labour"*, meaning its implementation, would take time and "energy to translate the political agreements into projects in the field" (Interview 28).

4.3.2 Models of cooperation between development partners

As the previous chapters have shown, the Government of Rwanda has made considerable efforts to coordinate its development partners and so to make development cooperation more effective. Various measures have been taken in this respect. Apart from the proposal for a new Division of Labour explained above, two other strategies for better coordination are being pursued in Rwanda. Their aim is coordination through cooperation among development partners: silent partnerships and trilateral cooperation.

Rwanda gives various examples of both silent partnerships and trilateral cooperation. Although they overlap in terms of functions and definition, they are not identical. In the following, the two models are explained and discussed, with current examples given as an overview.

4.3.2.1 Silent partnerships in Rwanda

The model of silent partnerships was introduced by the Government of Rwanda in order to harmonise those development partners active in the Rwandan aid architecture with the aim of reducing the number of development partners actively engaging in a sector and so reducing transaction costs and making aid more effective. As only traditional development partners are currently affected by the model, it can be called a model of North-North-South cooperation at this stage.

The silent partnerships that currently exist in Rwanda are similar in structure: two development partners engaged in the same sector cooperate, one implementing programmes and/or projects and providing funds (hereinafter known as the lead partner), the other acting as the *"silent"* partner, who provides funding but is not actively involved. The lead partner is required to report to the silent partner at regular intervals. Examples of current silent partnerships in Rwanda are listed in the table below.

Table 13: Current silent partnerships in Rwanda

Lead Partner	Silent Partner	Project/Programme
1. DfID	Netherlands	Education
2. DfID	Belgium	Education
3. DfID	CIDA	Education
4. DfID	SIDA	Education
5. Germany	Netherlands	Education (TVET)
6. Netherlands	Belgium	Justice Reconciliation, Law & order
7. Netherlands	Belgium	Reforestation Project
8. Netherlands	CIDA	Agriculture

Source: Authors

Silent partnerships also play a role in the discussion on the new Division of Labour, presented in the previous section. The proposal submitted by the Government of Rwanda not only concerns ongoing partnerships, but also makes four proposals for silent partnerships between various development partners.[175] A representative of the Rwandan government saw silent partnerships as an *"add-on only"*, meaning a situation in which a development partner wanted to engage in other than its core fields of engagement (Interview 49).

While the definition of the term *"silent partnership"* has been clearly determined by the Government of Rwanda in the way described above, the understanding of how to implement such a scheme did not seem to be the same for all development partners. The development partners' interpretation of the word *"silent"* appeared to vary. The representative of one development partner said that his organisation did not yet know what it meant to be a silent partner and that the Rwandan government should lay down appropriate rules (Interview 73). Another interviewee involved in a silent partnership said that, although his country was the silent partner, it did not intend to be entirely silent. Only implementation was the lead partner's responsibility, but, as this interlocutor saw it, the silent partner would continue to be represented in the SWGs and at any policy and field meetings. This procedure was said to work well and to safeguard the silent partner's influence (Interview 4). There were obviously different *"degrees of silence"*. Silent partners were expected to remain silent vis-à-vis the Rwandan government, but not necessarily vis-à-vis the lead donor (Interview 28). A representative of a DAC DP (Interview 31) said that relations with its silent partner were good precisely *because* the partner was *"not very silent"*. Whether development partners were ready to *"give up"* their engagement in a sector was said to be an important issue because of the need to remain ? visible. Nevertheless, it was said that in practice there was no such thing as a truly *"silent"* partner in a silent partnership (Interview 50). In sum, most development partners engaged in silent partnership did not confine themselves to providing funds and waiting for reports from the lead partner. Most silent partners were careful not to lose influence.

Statements by development partners on silent partnerships, however, revealed a number of constraints and challenges. One development partner reported that the costs incurred in a silent partnership were slightly lower for the silent partner (compared to previous bilateral cooperation). For the lead partner, on the other hand, it meant *"much more work"* since the two partners had to agree on modes of operation before the silent partner transferred its funds. In one case the preparations were said to have taken six to eight months before the silent partnership finally came into being (Interview 4). The same development partner also saw a disadvantage for the Rwandan government: silent partnerships were said to expose the government to the risk of losing funds. For example, one development partner was reported as announcing that it would reduce its engagement overall and withdraw from a large agricultural programme if it was pushed into a silent partnership (Interview 4). While the concept of silent partnership was said to lead to a reduction in transaction costs for the Rwandan government (Interview 4), the political interest of development partners in maintaining close relations with both the Government of Rwanda and other development actors is limiting the success of the *"silent partnership"* model.

4.3.2.2 Trilateral cooperation in Rwanda

Trilateral cooperation is mentioned in and recommended by the *Accra Agenda*, which explicitly encourages South-South cooperation and the further enhancement of trilateral cooperation (cf. High Level Forum 2008, 4).

It is a model aimed at enhancing South-South cooperation by involving non-DAC DPs, as the current examples in Rwanda illustrate. It is worth noting that all three examples of trilateral cooperation in Rwanda involve South Africa, which apparently has a policy preference for these trilateral arrangements (see Box 11; cf. Grimm 2010).

Apart from the existing arrangements, Chinese and Dutch interviewees reported that interest in establishing trilateral cooperation with the Chinese bamboo project had been shown by the Dutch head of an international organisation, which saw planting bamboo as a good means of protecting the soil. It remains unclear, however, whether this cooperation was in fact established, since the information obtained from Chinese, Dutch and Rwandan actors varied (Interviews 14, 25 and 56).

Box 11: Examples of trilateral cooperation in Rwanda

"Programme for democratic policing" (Rwanda – South Africa – Sweden):

The three partners are implementing a *"Programme for democratic policing"*, which consists in the joint training of police staff. The programme has been running since 2003 on the basis of existing cooperation between Sweden and South Africa in South Africa (since 1999). In 2005 the three countries signed the agreement on trilateral cooperation for the training of police staff in Rwanda; cooperation began in 2006. The cooperating institutions are the South African Police Service (SAPS), the Swedish National Police Board (SNPB) and the Rwandan Police Service (RPS). Under the programme Rwandan police staff are trained in different fields. Training is mainly carried out in Rwanda but on some occasions in South Africa, Rwandan trainees being taken there for courses and seminars. The cooperation was said to adopt a holistic approach, focusing on the general improvement of police capacity. The Swedish Embassy and Swedish International Development Agency (SIDA) are not very involved in the coordination of the programme, since technical cooperation is mainly a matter for the police authorities of the three countries. Each country has a coordinator in Rwanda (Interview 27). According to SIDA's 2009 evaluation report, the trilateral cooperation is based on a cost-sharing principle which is specified in agreements between the three countries: the three parties finance their own salaries (there thus being no topping up of salaries). The Rwandan Police pays for study halls, accommodation and local transport for its own staff in connection with activities carried out in Rwanda. SIDA finances the cost of training activities (SIDA 2009, 26).[176]

176 For more information on the programme see SIDA Evaluation Report 2009 and SIDA Evaluation Report 2005.

"Public Sector Training and Development Project"
(Rwanda – South Africa – Canada):
This cooperation takes the form of a leadership training project, the "Public Sector Training and Development Project in Countries Emerging from Conflict". The training course has been ongoing for several years and is also attended by nationals from Burundi and Southern Sudan. The training methodology covers four areas: *"project management", "financial management", "human resource planning" and "monitoring and evaluation"*.[177] For reasons of cost effectiveness people are trained mainly in Rwanda (at the Rwanda Institute of Administration and Management (RIAM) near Gitarama) by South African staff. The training also comprises English-language courses, which were said to be much appreciated (Interview 68). The programme is entirely funded by CIDA (2008–2013 USD 10.9m)[178] and run entirely by the South African Leadership and Management Academy.

"Cuban doctors" (Rwanda – South Africa – Cuba):
These three partners run a project in which Cuban medical staff financed by South Africa work in Rwandan hospitals. The trilateral cooperation was initiated in March 2005, when the first group of 25 medical professionals from Cuba came to Rwanda. As the medical personnel stay in the country for three years, the third group is currently working in seven hospitals in four cities. The number of professionals from Cuba has increased over the years to currently 36. They are specialised in various medical fields, such as neurology and gynaecology. The cooperation was said to be entirely funded by South Africa, whereas Cuba provides all the staff (MINISANTE s. a. a, Interviews 10, 9 and 55).

The Rwandan examples of trilateral cooperation described in Box 11 show that models for such cooperation can be formed in quite different ways. Firstly, the cooperation between Rwanda, South Africa and Cuba is an example of South-South-South cooperation – in contrast to the other two examples mentioned, which both involve one Northern and two Southern partners. Secondly, a feature of two of the models (the cooperation with Canada's CIDA and that with Cuba) is that only one partner, South Africa in Cuba's case and CIDA in the other, is responsible for funding the project, while the other partner (Cuba, South Africa) provides only technical

177 See: http://www.palama.gov.za/pebble.asp?relid=1089.
178 See:
http://www.acdicida.gc.ca/cidaweb/cpo.nsf/vLUWebProjEn/8A691D425F0F0EE38525741E00372750? OpenDocument (accessed 16 June 2010), and http://www.oecd.org/dataoecd/61/18/43878540.pdf (accessed 16 June 2010).

assistance (Interviews 68 and 47). In contrast, all partners (including Rwanda) participating in the cooperation with the Swedish SIDA were involved in the funding and also in the coordination of the programmes (cf. SIDA 2009, SIDA 2005). From the various examples it is thus clear that there is no single concept evidently predetermined by the Rwandan government of the key features of trilateral cooperation.[179] It may vary as to both the type of partner involved and the manner in which it is involved.

All donors involved in trilateral cooperation generally claimed that their cooperation in Rwanda was effective and functioning well (Interviews 68 and 27), their views being substantiated by an evaluation of one trilateral cooperation programme (SIDA 2009). A number of benefits were highlighted in all the interviews. Above all, trilateral cooperation was considered not only useful for the recipient country but also to help to strengthen bilateral relations between the cooperating countries at a diplomatic level (Interviews 68 and 27). Furthermore, it facilitated development cooperation, since in many cases one donor had either the funds or the capacity, and the partner could provide the missing element. Thus trilateral cooperation created more possibilities for providing aid. Moreover, each partner could provide what it was best at, whether technical facilities or financial resources. This use of individual strengths was also advantageous for the composition of the respective programmes, as the Swedish-South African cooperation has demonstrated. South Africa was said to be closer to the Rwandan police system with regard to community policing since both countries traditionally have the same structure. Sweden, on the other hand, was very advanced in traffic policing. As a result, each of the two partners focused on the specific areas in which it performed best. However, there were also areas in which a joint approach was adopted precisely because neither partner was especially qualified in those areas. In the case of South Africa and Sweden this was the field of accountability, where joint efforts were made to achieve results. In addition to these general benefits derived

179 The existing Rwandan examples are far from a phenotypical definition of trilateral cooperation as discussed in the current academic debate: North-South-South cooperation in which all three partners are involved in planning and implementing the project, while financing is shared equally by the DAC country and the cooperation country? (Altenburg / Weikert 2006, 2). When the issue of trilateral cooperation was raised in interviews in Rwanda, other, completely different understandings of the term *"trilateral cooperation"* were put forward. In one case, it was understood to be a concept of South-South cooperation including one donor and two recipient countries, e.g. Rwanda and Burundi, where each developing country might benefit from the other's experience (Interview 49).

from the trilateral cooperation model as such, each type of cooperation was also said to have unique advantages. In this respect, SIDA and CIDA were said to benefit from the similarities between South Africa and Rwanda, since it was much easier to send Rwandan people for training to South Africa, for example, than to Sweden (Interview 68).

Coordination among the partners engaged in trilateral cooperation was said to work well in general, although in some cases it could become complicated owing to language difficulties (Interview 68). Swedish-South African cooperation was also said to have had many problems in the beginning because the partners were not used to each other and goals that had been set were too ambitious. According to the interlocutor, they had tried to do too much at once, and targets could not be met. However, around the end of 2007 (after almost two years of cooperation) things began to become *"smoother"*. The partners adjusted to one another, and everyone became aware of their concrete tasks. Today, the cooperation has become very efficient and enjoys a good reputation. The Rwandan government, which was said to have been very sceptical at the beginning (not knowing how exactly the cooperation worked and who took the decisions), was now very pleased with the three partners' work. According to one of the DAC DPs, the Rwandan police, too, were very grateful and often invited representatives of the trilateral cooperation programme to celebrations and meetings (Interview 27).

4.3.2.3 Tools for integrating development partners into the Rwandan aid architecture?

From the above description of two Rwandan cooperation concepts it becomes clear that they differ from each other in definition and constitution and that neither concept is sharply defined in a mode of operation or any other policy document. It can be argued that the trilateral cooperation embracing Cuba and South Africa or CIDA and South Africa, in which one partner provides funding while the other supplies the technical assistance comes much closer to the definition of a silent partnership than some *"silent"* partnerships bearing that label?. Yet, while one country provides all the funding in trilateral cooperation, a silent partnership requires shared funding. Although similar, the two models thus embody distinctive features which may lead to different perceptions and attitudes on the part of the two donors and the Government of Rwanda. The key distinction, however, appears to be the goals pursued. Silent partnerships are established in the context of the Rwandan aid coordination architecture with a view to harmonising DAC donors, while trilateral cooperation does not form part of that debate and focuses mainly on the involvement of Southern actors.

Silent partnerships are intended to reduce the number of actors per sector and so to minimise the cost of coordinating development partners within the Rwandan aid coordination architecture. While trilateral cooperation could be seen as a tool for integrating development partners who have not hitherto participated in the Rwandan aid coordination fora through targeted cooperation between a participating Western development partner, a non-participating development partner and Rwanda, it has not so far been used to this end by the Rwandan government. From an examination of existing trilateral cooperation it cannot be inferred that the countries concerned have become integrated into the Rwandan aid coordination architecture. A representative of South Africa stated that his country was not regarded as a donor by the Rwandan government and never received invitations to coordination meetings. There was said to be no obvious reason for this treatment, since South Africa felt it played a considerable role as a donor in Rwanda. It was assumed that the Rwandan government applied the *"traditional concept"* only to traditional donors (Interview 68).

Another reason for the lack of integration through trilateral cooperation may be that that the Rwandan government is not really aware of the benefits trilateral cooperation can bring. This argument is supported by interviewees engaged in trilateral cooperation. Although the Government of Rwanda accepted the model of trilateral cooperation, it did nothing to enhance such forms of cooperation or to encourage donors to engage in them. Silent partnerships, on the other hand, were actively and resolutely fostered by the Government of Rwanda. This was also linked to the argument that knowledge of trilateral cooperation was not so widespread in Rwanda. Those who know of it appreciated it, but it is not seen as an instrument that could be generally extended (Interview 27).

Interviews with government actors, however, showed that there is, to some extent at least, an awareness of the benefits and challenges of trilateral cooperation. For one representative of the Government of Rwanda, trilateral cooperation was an attractive model for Rwanda, which could overcome the weaknesses of the various development partners. To achieve this, however, Asian and Western development partners had to come to an understanding on each other's interests. This process was considered important and necessary

(Interview 13). Another government official saw DP harmonisation as a challenge in which all development partners could learn from each other (Interview 51). While government officials usually said that China's integration into the existing coordination architecture would be a good idea (Interview 49), none said explicitly whether silent partnerships or trilateral cooperation were used to integrate non-DAC DPs into the aid coordination structure.

Representatives of DAC DPs, who would unanimously welcome Chinese participation in the coordination fora (e.g. Interviews 73 and 29), were often unaware of the concept of trilateral cooperation. Two of them thought it was the same as the concept of silent partnerships (Interviews 39 and 28). Another interviewee acknowledged that both DAC and non-DAC DPs could learn from each other, but thought that strong cultural differences and differences in outlook between the development partners would make collaboration in the context of the Rwandan development strategy difficult[180](Interview 50). Referring to the possibility of a silent partnership with China, another interviewee said that he could not imagine China as a lead donor in a silent partnership since it believed in tied aid (of which he disapproved); China could only be accepted as the silent partner and only if it did not expect the interviewee's country to fund Chinese experts or products (Interview 25), which obviously rules out the win-win-approach of Chinese cooperation. Yet another interviewee considered it important to strengthen the Rwandan coordination fora rather than initiating trilateral cooperation outside this framework. At best, he regarded trilateral cooperation as possibly a *"pragmatic way"* of integrating China, but not as an aim in itself (Interview 29).

Non-DAC DPs who engaged in trilateral cooperation viewed the model very favourably. While Chinese officials refused to say anything about the possibility of cooperation or of being integrated into the Rwandan aid structure, individual Chinese staff on the ground showed an interest in the idea of cooperation with other development partners and even made concrete proposals about the form such cooperation might take[181] (Interview 17).

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180 A quotation to demonstrate the differences mentioned is: "USAID thinks that DfID are a bunch of hippies, while DfID thinks that USAID are only right-winged Americans" (Interview 50).

181 Proposed cooperation in the provision of clean water was said to be useful since many Rwandans suffer from a dental disease caused by contaminated water. Cooperation in the training of Rwandan doctors in acupuncture was also regarded as useful, since it could help in the treatment of female patients, who often suffer from backaches caused by carrying heavy loads on their heads (Interview 17).

Altogether, it can be concluded that trilateral cooperation has not attracted much attention from the Rwandan government and does not yet serve as a model for the integration of non-DAC donors. Silent partnerships, on the other hand, have hitherto concerned only the integration of DAC donors into the Rwandan aid architecture and have not included any non-DAC donors at all. Although they reduce coordination costs to the Rwandan government, they may not, depending on the silent partner, increase the overall effectiveness of the assistance, since the coordination burden for the lead partner increases. Despite the risk of a loss of funds from development partners who do not want to accept the role of silent partner, silent partnerships are a credible tool that complements the Rwandan government's efforts to achieve a new Division of Labour. Current trilateral cooperation in Rwanda seems to work efficiently and is appreciated by the parties involved and by the beneficiaries. In other words, actors who are aware of such cooperation like it. However, limited awareness, or a deliberate decision by the Rwandan government to deal with DAC and non-DAC development partners differently , apparently limited interest on the part of some non-DAC DPs (e.g. China) and critical views of DAC-DPs on cooperation with at least some non-DAC DPs lead to generally poor recognition of the model. It can therefore be assumed that trilateral cooperation may serve as a model for integrating non-DAC donors into the Rwandan coordination system only if interest increases on all sides.

4.4 Chapter conclusion: challenges to development partner coordination

The ownership and coordination efforts of the Rwandan government are praised by almost all development partners. They frequently emphasised that they had a constructive dialogue with the Rwandan government on substance and appreciated that it had a clear and long-term vision for the country's development, although some of the envisaged goals were seen as partly overambitious. In addition, the Government of Rwanda is generally regarded as being determined to eliminate corruption. Its strong ownership and drive for development may also be the reason for Rwanda's popularity as a pilot country for new concepts and methods. Strong country ownership, however, also comes with trade-offs in the Rwandan system. This study identifies at least seven key challenges inherent in the existing practice of aid coordination.

Firstly, the government was perceived as *"stubborn"* by many development partners interviewed. There were many complaints that it did not listen enough and was easily annoyed by critical statements. While this perception is not surprising and possibly not negative as such with regard to Rwanda's ownership aspiration, it nonetheless indicates a challenge for communication between the Rwandan government and its development partners.

Secondly, the Rwandan government's strict anti-corruption policy has the side-effect of causing a high personnel turnover and therefore the rapid loss of institutional knowledge. This poses a challenge in a country with a relatively small pool of highly skilled personnel. The shortage of capacities and lack of continuity on the part of the Government of Rwanda also imposes limits on Rwandan ownership, a challenge the Rwandan government will have to tackle in the future.

Thirdly, strong coordinative power also comes with high levels of evaluation and the potential trade-off of procedural burdens. Although the extensive monitoring and evaluation system the Rwandan government has established enhances the mutual accountability of the government and its development partners and ensures the delivery of performance, it is time-consuming and ties up capacities and energies.

Fourthly, constant restructuring with the aim of improving the aid architecture's functioning was described as a constraint on coordination processes. The structure will need some time to settle and establish working processes if it is to develop into a coordination system that generally functions well.

Fifthly, additional tension with strong country ownership may occur in the area of decentralisation. The national government sometimes wants to initiate reforms and to achieve development so quickly and ambitiously that the Rwandan people and administration – especially its local levels – are unable to keep pace. Rwanda thus appears to be decentralising and strengthening local governance to only a limited degree. As most transfers from national to district level (accounting for about 90 per cent of the districts' budgets) are earmarked, there is little local discretion (GoR 2008, 59). The decentralisation process as a whole thus represents a major challenge for the Government of Rwanda and the difficult balance it strikes between strengthening local governance and ensuring performance delivery at local level.

Sixthly, relations among government agencies are a broader issue. The tensions that naturally exist between line ministries and MINECOFIN are joined by a controversy over aid modalities between some line ministries and MINECOFIN, with the former expressing the need for capacity-building measures, while MINECOFIN pushes for more budget support. This is not necessarily a contradiction. Yet it is a challenge to the Rwandan government, since it means that the clear preference for budget support is becoming less universal. Furthermore, the role of? monitoring remains unclear and divided between line ministries and CEPEX. The resulting lack of coordination among the various databases used to monitor aid leads to confusion among development partners about what to report to whom and when. This is not to speak of the weighty burden of reporting that rests on them (cf. Chiche 2008, 11 f.; Hayman 2009a, 590 f.).

And last but not least, the differing negotiation formats of Asian and Western development partners and the differing degrees of willingness among development partners to integrate into the Rwandan aid coordination architecture constitute a challenge to information-sharing, coordination and the distribution of competencies among government institutions. China, like other Asian development partners, insists on dealing exclusively with MINAFFET on a bilateral basis. Nor does it show any interest in participating in the coordination fora. It seems that leading actors in the Rwandan aid coordination architecture, such as MINECOFIN, are indeed interested in strengthening the aid architecture and therefore want to see China integrated into it as a non-DAC development partner through its inclusion in the group of addressees for the Division of Labour questionnaire, for instance. However, they do not seem to resist when China insists on its own formats (as in its failure to respond to the Division of Labour exercise), which entails a sacrifice of a significant degree of control over development assistance. Germany, on the other hand, shows a certain commitment to the Rwandan aid architecture by participating in the relevant coordination fora and accepting Rwandan leadership (e.g. in the assignment of sectors in the Division of Labour). Nevertheless, German aid coordination still has various challenges to overcome. The DPAF 2009, for example, highlights shortcomings in the *"use of national systems and institutions for strengthened ownership, sustainability and reduced transaction costs" and in the "reduction of transaction costs and strengthening of partnerships through the adoption of harmonised approaches"* (cf. GoR 2009).

These challenges often call for the striking of delicate balances in the future. Overall, however, the Rwandan coordination architecture should be commended as an efficient tool for harmonising and aligning development partners' activities.

5 Conclusions and recommendations

5.1 Challenges to the Rwandan aid architecture

With the help of its strategic roadmap, Rwanda has made remarkable progress in its development in recent years. Despite this, it remains a highly aid-dependent country with a diverse and fragmented DP landscape. At several points in this study it has become clear that, despite its aid dependency, the Rwandan government is not in any way a passive player in development cooperation, but demonstrates strong ownership and has established a clear aid architecture at country level. As Rwanda skilfully takes up the DAC DPs' rhetoric to exert leverage and bring its negotiating capital into play, ownership has proved to be quite effective in coordinating its development partners and aligning them with its development strategy. The Division of Labour is an example of the Rwandan government's exhaustive use of its discursive leverage on DAC DPs.

The high level of ownership and centralised planning (i.e. its development orientation) were commended by the majority of development partners in Rwanda. This and Rwanda's reputation as a good performer potentially increase the coordinating power that the Rwandan government owes to the resulting high degree of political legitimacy. However, strong country ownership at central level also has some unfavourable effects.

Several development partners felt that Rwanda's development goals were overambitious in certain respects and not therefore realistic. It seemed to individual development partners that Rwanda, often described as a *"country in a hurry"*, was trying to achieve too many things at once and so not giving its own bureaucracy the time it needed to get used to new programmes and processes. An outstanding example of this is that, in its laudable attempt to raise the level of basic education in Rwanda and its understandable desire to switch from Francophone to Anglophone education, the Rwandan government did not set any priorities but undertook all the reforms involved at once, thus taking the serious risk of overburdening its own education system (cf. Chapter 3).

The same applies to aid coordination. The discussion of the institutional setting of the Rwandan aid architecture in Chapter 4 has shown that the aid coordination fora are generally regarded as efficient. However, the Rwandan government's goal of increasing their efficiency by constantly restructuring them may eventually be counterproductive. Many development partners felt that the aid coordination architecture needed to be given time to *"settle"* and processes needed to be established and internalised. In addition, the evaluation system, with its various reviews and assessments, costs both development partners and government representatives a great deal of time, despite its undeniable contribution to the mutual accountability of the government and its development partners and to ensuring that performance is delivered.

The decisive implementation of development policies and the control of the coordination system call for – if not demand – a top-down regime, as indeed is to be found in Rwanda. The historical experience of the genocide and the post-genocide conflict, marked by insecurity and turmoil and by the challenges of reconciling a torn society and rebuilding a devastated country may explain – at least partly – the Rwandan central government's determination to keep the country under tight control and its desire to make development partners toe the nationally defined line and align themselves with national policies. This study has shown the high degree of unity in the Rwandan government, with its strong references to the *Aid Policy* as a common base of all government bodies. Rwanda's clearly structured and hierarchical political system and its unity have a positive influence on the Rwandan government's leverage and form a vital force in its negotiations with development partners. Yet there is also an internal downside to the tight (central) government control. Despite a general understanding of the specific Rwandan setting, the Rwandan government's decentralisation policy, for instance, has been criticised by development partners. As illustrated in Chapter 4, it is perceived to lack the competence at district level needed to shape local development policies and coordinate local development partners accordingly, owing to the strong control exercised by central government over district government. As a result, local authorities often failed to use even the relatively narrow scope for decision-making at district level for fear of acting contrary to the strict government line and therefore being replaced. Furthermore, the strict anti-corruption policy combined with the ambitious performance contracts led to rapid personnel turnover in local and central administrations, as discussed in Chapter 4. When staff turnover is high, much time and energy goes into finding and training adequate new staff. The rapid replacement of ministers, ministerial staff and local authorities was, moreover, a threat to the maintenance of a certain level of institutional memory.

If the aid transparency and mutual accountability required by the Paris Declaration are to be achieved, it certainly makes sense for development partners to adhere to the policy of no longer signing agreements outside the MINECOFIN-controlled budget framework. However, and as a challenge within the Rwandan government, MINECOFIN's macro perspective may not at times match the specific sectoral needs and challenges, which were felt to be best identified by the respective line ministries. Otherwise, particular policy sector needs may continue to be ignored. Thus, as this study has demonstrated, the aforementioned unity of the Rwandan government is not boundless, and institutional differences can be detected both vertically and horizontally. This certainly has implications for the various actors' attitudes towards development partners, ranging from interest in technical cooperation (expressed in line ministries) to the position of MINECOFIN, which has established and is monitoring the Rwandan aid policy and is thus rather interested in making development partners toe the line that it has defined.

Furthermore, the challenge of data availability and accuracy is a general issue in Rwanda. Ensuring the transparency of data on project-based aid flows is a major challenge to the aid coordination architecture in Rwanda. Any lack of transparency compromises Rwandan policy and planning capacities since it keeps certain information from government, thus adversely affecting its ability to exercise ownership (cf. also Tew 2009, 17). Rwandan statistics differ significantly from OECD-DAC statistics; they cover different development partners, and the amounts of aid reported by the same development partner vary. Furthermore, the two main Rwandan aid databases, DAD and CEPEX, were found to defy comparison and, at times, to be inaccurate and incomplete. Many of the difficulties are due to development partners, since they are meant to provide data for the DAD themselves. Yet this is not the full story where shortcomings are concerned. The lack of data transparency can be ascribed to the Rwandan government as well as DAC DPs and non-DAC DPs. First, the unclear division of labour between MINECOFIN's DAD, CEPEX and the line ministries contributes to the confusion about the roles of the two Rwandan databases, as does the imprecise definition of key terms. Second, as indicated above, the data which DAC development partners feed into the DAD are often incomplete and sometimes incorrect. This can be put down to the different ideas development partners have on how the data should be entered, and to their different levels of willingness and ability to do so. Furthermore, off-budget aid is still estimated at 25 to 50 per cent of overall aid flows to Rwanda, making the total volume of development assistance to Rwanda less transparent. Thirdly, non-DAC DPs are not included in the databases at all. Asian development partners, like some Western development partners, do not, as a rule, channel money through Rwandan systems and are not transparent in the reporting of their activities in monetary terms, which further complicates the overview of activities. Planning processes consequently become more difficult for the Rwandan government, another factor being China's *"supply-driven"* approach to aid delivery. As FOCAC pledges are made only in respect of the whole of Africa and the allocation of these pledges to individual African countries does not seem to be predictable, long-term planning that includes Chinese engagement is barely possible. Currently, this may not be a key challenge, given the generally limited scale of Chinese funding, but it adds to the complications for the Rwandan government and is potentially a more substantial challenge if funds are to increase further.

Pressuring partners with regard to their cooperation modalities seems to be carefully measured by the Rwandan actors according to the partners' general political will. How partners are treated thus differs, which may be understood as political realism and pragmatism. In general, development partners in Rwanda use different modalities in their cooperation, despite Rwanda's explicit preference for budget support, as evident from its policy papers. Germany uses a *"mix of methods"*, namely financial and technical assistance, ranging from budget support to project support and the deployment of personnel. As Rwanda is classified as a least developed country, German aid is provided in the form of grants. China's aid to Rwanda, on the other hand, consists of concessional loans and project support, and it does not, as a rule, provide budget support. China's expressed willingness to grant Rwanda more commercial loans was welcomed by the Rwandan government, but led to concern on the part of Germany and other *"traditional"* donors about debt sustainability. Eventually, even though modalities differ in most respects, similarities can be found at the level of such classic projects as those in the healthcare sector: at first glance, the assistance provided by the Chinese government in sending medical teams somewhat resembles the German posting of medical experts. The latter was, however, firmly embedded in a sector-wide approach and had the explicit task of training Rwandan staff.

A particularly stark difference in engagement in Rwanda is to be found in the case of the politically highlighted aid modality of budget support in the form of both general and sector budget support. Although it is the aid modality favoured by the Rwandan government, according to the *Aid Policy*, budget support is a challenge to the Government of Rwanda in itself. Budget support DPs are permitted to exercise considerable influence on policy-making in Rwanda. It remains a challenge to the Rwandan government to retain its independence while engaging in a constructive dialogue that does not reject expertise, know-how and positive advice. Budget support donors also need to balance their home constituencies' call for a degree of conditionality (to ensure accountability) with the goal of not burdening the Rwandan government with excessive requirements. In China's case, development assistance is not yet subject to (explicit) political conditionalities (other than strict adherence to the One-China policy), although some Rwandan actors expected conditionalities to be introduced once the amounts of Chinese assistance increased.

One reason for the difference in engagement with Germany and China is to be found in their narratives. While Germany saw alignment with Rwandan policies and harmonisation among development partners as the undisputed main official rationale, the Chinese *"story"* was different. The Chinese development assistance narrative differs significantly from the Western discourse on development assistance, as described in Chapter 3, in that it emphasises *"mutual benefit"*, *"win-win situations"* and the non-conditionality of aid. However, there is also flexibility in this general framework. A particularly striking finding of this research was that, in some cases, China seemed to have adopted the language of international development assistance, as in the case of the Agriculture Demonstration Centre. As regards possible business rationales the picture is not, moreover, so clear in Rwanda: while the purpose of some engagements may be to creating business opportunities for Chinese companies, there are also clearly assistance-only activities, such as the team of doctors in Kibungo (although the hospital under construction in Masaka will adopt a *"newer"* approach, in that it will include a malaria treatment centre, which will apparently also serve to promote Chinese anti-malaria drugs). As factors from which Chinese companies derive direct benefit, however, the issues of tied aid and economic conditionality of Chinese (and other Asian DPs') aid remain, despite the clear preference for untied aid stated in the Rwandan *Aid Policy*.

If we take the *Aid Policy* as a benchmark, neither Germany nor China fully and unreservedly meets all the Rwandan government's expectations. – Nor does any other development partner. The *Aid Policy* sets out a spectrum of preferences, not absolute ones. Germany has moved on the spectrum in terms of Rwandan priorities. It is providing some funds as general budget support and widely adopting programme-based approaches, and so integrating into the DP coordination system established by the Rwandan government. The budget support modality accounts for about half of German assistance. Technical assistance is provided by German implementing agencies, this being regarded by some interlocutors as *"tied aid"* (with Germany criticised by some Rwandan government actors for not revealing the amount of aid spent on its own staff). China, on the other hand, neither engages in programme support nor channels its assistance through Rwandan systems; its assistance is clearly *"tied"* was perceived as supply-driven and is often mentioned in a business (rather than aid) context.

The authors of this study see the lack of integration of non-DAC DPs into the Rwandan aid architecture as a major challenge to the country – at least in the medium to long term. On closer examination this problem seems mainly to concern China and India, since they are the most substantial development partners in funding terms; the Government of Rwanda itself is not apparently pushing for the inclusion of smaller development partners, such as South Africa. Development partners with a very small number of local staff, such as South Korea, also face the practical problem of not being able to participate fully owing to a lack of personnel on the ground. The failure of China (the largest of the actors not included) to integrate was felt to be a drawback, since it kept other development partners in ignorance of China's activities, prevented mutual exchanges on good cooperation practice and opened the door to duplication. The non-inclusion of China may also make planning more difficult for the Rwandan government, it increases transaction costs (as different governmental actors are engaged in coordinating Asian and Western DPs) and may result in unequal information levels within the Rwandan government and in greater potential for disharmony or tension among government institutions/ministries.

The Rwandan government is obviously not being very successful in integrating China into its aid coordination architecture. China is absent from coordination processes in all the sectors examined (health, education, agriculture and transport). There is presumably no fundamental reason for this situation to persist: the participation of a Chinese representative in one of the DP meetings three years ago may be regarded as an opportunity for Rwandan actors, if they really insist on the participation of *all* development partners. While it appears that the decision whether or not to participate was also a matter of the Chinese representatives' personal priorities, the format and nature of the coordination forum seem to be vital factors in that decision. The coordination fora at national level (DPM), Development Partners Retreat (DPR), DPCG), which are of a rather *"diplomatic"* or *"macro-political nature"*, appear to come closest to conforming to the Chinese rationale for cooperation. However, while China's diplomatic level may be more hesitant (and have language difficulties, for example), some Chinese actors in the field seemed to be willing to engage in information-sharing (and possibly coordination) with other development partners at a technical level.

This difference in the treatment of development partners does not necessarily indicate that the Rwandan government is pursuing an absolute *"low-profile"* or *"low-risk"* strategy of. Rather, the research team's impression was that there was not yet one clear strategy across the Rwandan government with regard to China. The Division of Labour described in Chapter 4 could serve as an illustration. As mentioned above, the Rwandan government deliberately takes the risk of losing a certain amount of funding by restricting development partners to three sectors only. In so doing, it is potentially decliningfunds offered by members of the DAC group where they do not align themselves with the Rwandan development strategy set out in the *Aid Policy*. However, while China was also asked to complete the questionnaire for the Division of Labour, no further action was taken when China chose to ignore it. Furthermore, statements by government officials on funds offered by non-DAC development partners, most prominent among them China, indicate that they would *"take what they get"*, regardless of modalities and alignment and without trying to exert pressure for more favourable conditions to be attached. Acceptance of China's apparent preference to stay outside the Rwandan aid coordination architecture appears to tell a similar story: it is inconsistent with the *Aid Policy* and fundamentally different from the policy towards traditional development partners.

Why, then, does Rwanda treat its partners differently? If the Rwandan government wants to improve coordination among all development partners and their alignment with its policies, it seems plausible to use the leverage of the *Aid Effectiveness Agenda* as the main channel for bringing pressure to bear on Germany, as on other DAC DPs. However, the same cannot be said of non-DAC DPs, since they do not feel bound by the *Aid Effectiveness Agenda* and generally claim to be engaging in a different sort of partnership. Different rationales of the partners would thus lead to different strategies for aligning them and for engaging with China separately. It may also be that the leverage vis-à-vis China was considered limited. This may, in fact, also be for tactical rather than practical reasons: the Rwandan government may be trying not to offend Chinese sensibilities (even if those sensibilities are not easy for Rwanda to handle), because it may be expecting Chinese aid flows to Rwanda to increase substantially in the future. As Rwanda's financial needs are indeed substantial, it has a considerable interest in business linkages with China. Following this rationale, the Rwandan government might accept higher transaction costs for the moment even if China's engagement was still at a relatively low level, it might not turn down a new development partner in order not to offend it. While securing undisturbed relations with China, the Rwandan government might hope that China would become *"accustomed"* to Rwandan preferences little by little once its contributions increased. Choosing the right time for making a *"serious"* start on getting Chinese actors used to Rwanda's coordinating role and setting – and deciding how to go about it – would, however, remain a challenge.

The Rwandan government appears to use its leverage pragmatically on a case-by-case basis. Integrating China into the national coordination architecture will not in any case be a smooth ride for Rwanda, even if it acts vigorously. One high-ranking Chinese official even went so far as to deny there was any institutional setting for engaging in coordination. Different explanations are possible. Firstly, the Rwandan government may not have done enough to inform Chinese representatives about the Rwandan aid coordination architecture. Rwandan actors, however, claimed that Chinese officials had been invited to all major coordination meetings, but had failed to respond. Secondly, levels of information may differ among the various Chinese actors, as between the Economic Counsellor and the Chinese Ambassador, for example, which would indicate a communication problem within the Chinese institutions. Thirdly, China may be aware of the Rwandan coordination fora but, in line with its self-perception as not being a donor in Rwanda, it may not consider it to be an appropriate institutional setting for its involvement in coordination processes. Obviously, overcoming these three possible obstacles would require different actions (by different actors); drawing an unequivocal conclusion on what was the real reason was, however, beyond the scope of this study.

Rwanda was selected for the analysis of the coordination of development partners under best-case conditions. Nevertheless, a whole range of challenges to coordination was discernible on all sides. The differing degrees of alignment and harmonisation of the development partners reflect different rationales of cooperation, interests and political opinions as well as leverage of the Rwandan government. In Rwanda, unlike other African countries, where large investments and competition for resources may have affected relations between DAC and non-DAC DPs and the government, the DAC DPs at least would appreciate better exchanges of information, coordination and, to a certain degree, cooperation with non-DAC DPs. In any case, China will first need to recognise its role as a development partner (or, in traditional terms, as a donor) if it is to realise the importance of better coordination and to avoid repeating the mistakes of DAC DPs.

5.2 Recommendations

The seven broad recommendations made by this study will be addressed not only to the Government of Rwanda, as the core actor in organising and steering the Rwandan aid coordination architecture, but also to Germany, as an example of a DAC DP, and China, as an example of a non-DAC DP, building on the findings of Chapter 3. In general, the following recommendations are based on the goals set out in the *Aid Effectiveness Debate*, which thus define the *"lens"* of this study's recommendations: what measures can the three countries (or, more specifically, their governments) take to improve the implementation of the Paris Declaration and Accra Agenda? What focal points should they promote more intensively?

Recommendation 1: In any actions, do not lose sight of the overarching goal of reducing aid dependency.

The *Rwandan government* should stick to the objective of reducing aid dependency in the future. For the moment joint ownership is a fact. The Rwandan government should make the best of it and use the dialogue with development partners and their expertise to formulate suitable development policies, which, in the long run, will serve to reduce dependency.

On the *German side*, there appears to be a high degree of respect for Rwandan ownership. This has, for example, become visible in the discussion on the Division of Labour, where Germany – despite being asked to leave a sector – accepted the Rwandan proposal. The German actors should retain this level of respect the Rwandan ownership in accordance with the relevant principle laid down in the Paris Declaration.

Aid dependency includes dependency not only on financial flows, but also on other forms of assistance. A country providing assistance for another country must be aware that, in so doing, it may be contributing to its partner's aid dependency if capacity-building is neglected. China does not regard itself as a *"donor"* or a development partner in the same way as Western development partners. Rather than development assistance, Chinese actors use the keywords *"South-South"* cooperation, *"partnership at eye level"* and *"win-win situations"*, as indicated. However, Chinese cooperation with Rwanda does not escape existing power relations. This study has shown that at least a substantial part of Chinese engagement in Rwanda can be classified as *"aid"*, which can indeed be compared to the engagement of Western partners. Consequently, China is perceived as a development partner in the same way as other donors in Rwanda. China will need to recognise this fact.

Recommendation 2: Continue to strengthen the harmonisation of development partners in order to reduce fragmentation.

The efforts of the *Rwandan government* to coordinate its development partners have proved to be a successful way to move forward on the aid effectiveness agenda. The Rwandan government should continue to take the *Paris Declaration* and the *Accra Agenda for Action* as the baseline for coordinating development partners' engagement and exerting pressure on them for further harmonisation and alignment. The Government of Rwanda should also attempt to include smaller development partners in the coordination architecture to avoid future duplication and to streamline their engagement from the very outset; it will become a broader issue with any further scaling-up of emerging partners. South Africa, for example, has so far been neglected by the Rwandan government, despite its general openness to participation in the coordination fora.

Germany has become more aligned with Rwandan priorities (increase in budget support, reduction in project aid). It also plays an active part in the various coordination fora. Germany should thus continue to adhere to the Aid Policy, enhance the alignment of its development assistance with the Rwandan priorities set out in it and so help to increase the effectiveness of its aid. One of the first steps might be to evaluate the negative grades Germany received in the last DPAF (concerning *inter alia* the use of national systems and institutions and the adoption of harmonised approaches) in order to analyse in detail where Germany might optimise its cooperation with Rwanda. Germany should also remain active in the various coordination fora and promote and participate in SWAps in its sectors of engagement.

On the basis of the aforementioned recommendation, *China* – having accepted that it is a development partner in Rwanda – should move to become more closely integrated into the community of development partners in Rwanda. Remaining outside the system is accompanied by political costs, as even in this relatively unproblematical case the lack of transparency of Chinese interactions is denounced by both Western development partners and by actors within the Rwandan administration. As they did three years ago, Chinese representatives should participate inthe highest-ranking fora for development partner coordination, the DPM and the DPR, possibly as observers to begin with.

Recommendation 3: Give the institutional setting of the aid architecture time to be internalised by the relevant actors.

By and large, the Rwandan aid coordination system works well enough, but will need some time to settle down and establish routine work processes. Although a centralised institution for planning and coordinating external aid flows is needed in the Rwandan context, MINECOFIN should also consider ways to enhance the integration of the Rwandan line ministries into processes of planning and negotiating with external partners in order better to integrate sectoral expertise. In addition, the extensive monitoring and evaluation system the Government of Rwanda has established is time-consuming and ties up capacities and energies. Combining reports or eliminating less effective evaluations might therefore be considered.

Germany should bear in mind that the administrative burden on the Government of Rwanda remains high, owing to the different reporting formats and standards required by development partners. Initiatives for harmonising such standards and formats should be extended and broadened. One good example is the establishment of a common audit system of the CDF, commonly used by the KfW and the Netherlands.

China should, as mentioned above, support the Rwandan government's coordination efforts by actively participating in the aid coordination architecture. This would be a good sign of South-South solidarity, given the weaker African partner's capacities.

Recommendation 4: Do not neglect the local level in the aid architecture.

In general, the *Rwandan government's* efforts to secure performance delivery through performance contracts and a strong anti-corruption policy are to be commended. However, the Rwandan government should rethink the intensity of these policies and identify ways of retaining institutional memory in government institutions, since harsh penalties may lead to inertia and too rapid a turnover of personnel. Generally speaking, decentralisation is a vital tool for Rwanda's socio-economic development. The implementation of the National Decentralisation Policy should be promoted further.

Germany should step up its efforts to support the Rwandan decentralisation process. One way of doing so within the Rwandan system is to channel more funds through the CDF. As the lack of capacities in the Rwandan civil service, especially at subnational level, is a major challenge to the implementation of the Rwandan development strategies, Germany should not neglect its engagement in capacity-building in the civil service. This must take place in close collaboration with the Government of Rwanda if it is not to conflict with the latter's coordination activities.

For *China*, this recommendation appears to be currently of no relevance since it is not active in support of governance. However, current interventions should continue to seek to buildRwandan capacities at all levels and might improve information-sharing with the local level of government (which forges a link to the next recommendation). This might at least improve China's image.

Recommendation 5: Improve the transparency of development assistance and aid flows.

The *Rwandan government* should foster the harmonisation of data and intensify its efforts to merge the existing databases into one integrated database. Its idea of creating an Integrated Financial Management System that combines the DAD and the CEPEX databases could be an important milestone in this context. The clarification of key terms is a crucial step that the Government of Rwanda must take in order to lighten the reporting burden on development partners and facilitate the comprehensive, concise, complete and correct reporting of aid flows to the Rwandan government.

Germany should enter data in the DAD comprehensively and regularly, as required by the Rwandan government. The underlying challenges posed by German reporting to the Rwandan government are constraints that also stem from the diverse German development assistance landscape. Germany should thus enhance coordination and information-sharing between the various German implementing agencies. The current internal debate on reforming German technical cooperation is a major step towards a more transparent and homogeneous German aid system.

China's failure to report consistently and continuously to the Government of Rwanda contributes to the lack of transparency of development assistance. China should therefore reconsider its decision not to enter information in the DAD database as required by the Government of Rwanda. It should provide the Rwandan government with disaggregated data on all transfers, whether loans or project aid in kind. At the pan-African level, China's partnership through FOCAC does not provide country-specific assistance but rather an offer to Africa as a whole. This makes planning processes more difficult for Rwanda owing to the unpredictability of Chinese aid, while the competition for the various projects consumes scarce Rwandan administrative resources. Chinese actors in Beijing should consider making it clearer which African country will obtain what resources pledged by FOCAC – offering, in other words, country-specific assistance.

Recommendation 6: Continue to improve the alignment of DP engagement with Rwandan development strategies and preferences.

The *Rwandan government* should continue to refine its convincing and consistent cascade of development strategy papers and regularly check the progress made towards their implementation. Goals that prove to be unrealistic should be adapted in order to avoid counterproductive precipitancy.

Germany should continue to shift its development assistance towards the Rwandan government's preferred aid modalities, as set out in the *Rwanda Aid Policy* – without neglecting the needs of Rwandan line ministries that still depend on technical support and capacity-building. An inevitable concomitant of the rise in influence accompanying increasing amounts of budget support is responsible partnership, in which criticism is discussed openly, but the Rwandan government's ownership continues to be respected.

While Chinese project assistance seems to meet Rwandan requirements very well in some sectors, *China* should be aware that its projects need to be embedded in Rwandan policies if they are to promote Rwandan development effectively. The impression that Chinese cooperation is supply-driven and tied may reflect the Chinese rationale of win-win cooperation. In the spirit of South-South partnership, however, a fresh balance must always be struck between the benefit derived by China and that derived by Rwanda so that the capacities of the Rwandan administration are not tied up by projects of minimal benefit.

Recommendation 7: The aid architecture should include all development partners since its legitimacy hinges on the application of the same standards to Asian and Western development partners

The *Government of Rwanda* should design different strategies for countries that do not feel bound by *Paris* and *Accra* as development partners. Picking up on discursive patterns and rationales prominent in the countries concerned (e.g. *"win-win situations"*, *"South-South* partnership," etc. in China's case) seems to be one possible option in this context. Furthermore, the Government of Rwanda should make sure that Chinese actors are informed about the Rwandan coordination fora and emphasise the need for exchanges of information among all development partners, including China. In general, the technical working groups can be regarded as good *"entrance gates"* for non-DAC DPs and smaller development partners to become involved in the Rwandan aid coordination architecture, since they tend to address such non-political questions as *"how"* to engage, align and coordinate in Rwanda. In China's case this strategy may have limited results, because its actors at country level will have little freedom to participate until the central Chinese government actively seeks coordination with DAC DPs. Here, participation in coordination fora at the diplomatic level (DPM, DPR) mayht prove more promising as a first step towards sharing information and giving China the opportunity to clarify its role within the development partner community.

Trilateral cooperation is not an end in itself since it potentially increases transaction costs –in the short run at least. Existing trilateral cooperation in Rwanda seeks to create synergies at the technical level by using the complementary strengths of two development partners. Besides this, trilateral cooperation may be used for an additional goal in the future: integrating hesitant non-DAC development partners into the Rwandan aid architecture and getting them used to existing good practices. The Rwandan government should take this additional benefit into account if an opportunity for such trilateral cooperation arises, in order to improve DAC/non-DAC DP coordination in the long run.

Germany and other DAC members should take on the role of supporting the integration of smaller and/or Asian development partners by regularly reminding the Government of Rwanda to bring them on board. It should make the effort to contact Chinese actors and open up (informal) channels of communication (and possibly cooperation) in its sectors of engagement, which may be regarded as part of a co-chair's responsibility.

China should seriously consider participating in the Rwandan aid coordination architecture. Participation in the fora would, firstly, reduce Western criticism of China, since it would increase the transparency of China's engagement in Rwanda. Positive effects that are expected can thus be showcased even more effectively and so result in a more substantial, eye-level exchange on good practice with Western development partners. Secondly, China could also benefit by obtaining information from other development partners attending the fora.

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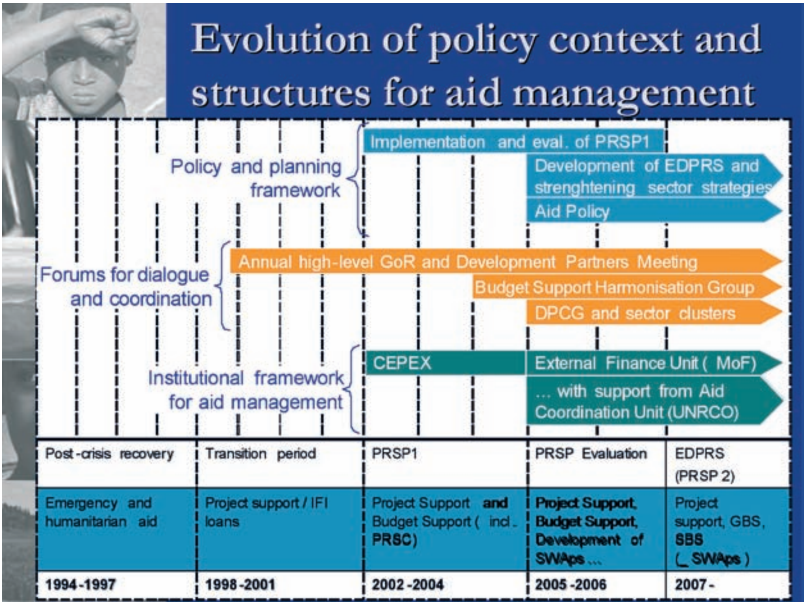
Annexes

Annex 1: Evolution of the policy context and structures for aid management



Source: http://www.cabrisbo.org/uploads/Aid%20on%20Budget%20Work%20Presentation%20Christian EFU.ppt#3 (accessed 20 May 2010).

Annex 2: CRS: ODA for Rwanda, in USD million, report created on 15 April 2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008
AfDF	0.95	11.91	8.32	5.26	12.8	33.83	53.5	69.83	64.55
Arab Agencies	-1.03	-2.81	3.9	6.45	-0.54	-2.66	5.33	8.29	11.18
Australia	0.02						0.07	0.46	0.25
Austria	1.19	0.08	1.52	2.6	0.79	4.6	0.42	1.45	1.55
Belgium	15.92	11.44	21.49	20.67	18.81	27.25	36.08	42.52	65.24
Canada	6.67	6.68	5.58	10.82	6.05	10.03	6.24	9.65	14.26
Denmark	1.2	2.68	0.49	1.78	1.81		1.53	1.26	2.46
EC/EU	49.31	44.8	41.25	54	65.9	90.99	65.02	78.52	103.16
Finland	0.56	0.41	0.87	0.89	0.76	1.72	0.42	1.32	1.07
France	7.53	6.11	6.61	7.86	7.31	9.39	10.58	5.43	3.99
Germany	13.77	14.59	10.75	13.87	16.6	18.5	19.39	23.08	24.51
Global Fund				2.11	21	29.98	52.28	37.41	81.56
Greece	0.01	0.01			0.01	0.02	0.03	0.05	0.08
IDA	30.9	57.14	76.85	28.24	143.86	114.99	58.77	100.97	140.18
IFAD	3.25	4.45	2.91	3.33	5.12	5.87	11.61	8.38	28.96
Ireland	1.79	1.05	1.39	1.95	2.89	2.63	3.74	3.47	3.33
Italy	0.81	1.18	1	0.19	1.3	0.19	0.58	2.52	2.74
Japan	3.35	1.04	0.4	0.66	0.86	2.85	12.74	19.53	17.75
Korea	0.03	0.02	0.08	0.04	0.06	0.1	0.34	0.84	1.35
Luxembourg	2.26	1.79	3.99	3.87	3.6	1.38	2.81	5.52	7.9
NDF							0.42	0.99	10.89
Netherlands	20.42	19.16	19.61	23.05	25.5	28.41	24.65	27.84	38.77
New Zealand	0.04	0.11	0.09	0.12	0.1	0.11	0.06	0.03	
Norway	4.27	2.03	6.09	7.97	6.24	4.5	3.98	7.43	3.76
Portugal				0.98	0.53	0.61	0.61	0.7	0.62
Spain	0.3	0.77	0.73	0.68	0.35	0.85	2	8.42	24.86
Sweden	14.63	8.43	15.58	13.14	8.47	23.4	17.48	21.8	14.4
Switzerland	5.04	3.49	3.9	6.86	6.39	5.82	4.71	5.68	5.41
UK	52.67	36.76	52.63	42.88	58.18	81.95	95.4	94.94	99.88
US	22.93	31.08	46.37	52.58	50.32	57.13	77.59	90.76	117.38
All	321.46	304.79	362.83	335.13	489.59	577.05	588.95	722.22	930.6

Source: Cf. OECD homepage: http://stats.oecd.org/qwids/ (accessed 15 Apr. 2010).

Annex 3: DAD – donor support by sector (04 to 08), report created on 19 March 2010

disbursements in USD million		2004	2005	2006	2007	2008
	AfDB					
Legislative and executive organs			0.19	0.27	0.69	
Public order and safety		0.89	1.33		0.73	0.05
Environmental protection		2.24	7.01		2.3	0.57
Agriculture		4.14	7.28	0.16	3.23	16
Industry and commerce		2.15	2.9	3.64		
Fuel and energy			4.94	0.38	0.69	3.67
Transport and communication			7.37	2.63	5.14	22.1
Water and sanitation			0.11	2.77	4.27	11.02
Education		4.14	6.13	2.38	9.66	12.3
Social protection		5.46	3.76	0.74	4.42	12.04
Total		**19.02**	**41.02**	**12.97**	**31.13**	**77.75**
	Belgium					
Legislative and executive organs		0.29	2.13	2.3	1.72	1.09
Public order and safety		2.88	3.87	5.47	3.05	5.37
Environmental protection					0.04	0.29
Agriculture		0.25	0.21	1.61	1.89	3.75
Fuel and energy		0.53		0.07	0.35	3.4
Land housing and community amenities			0.3	0.8	1.58	1.75
Water and sanitation				0.05	0.35	0.6
Health		5.94	10.44	9.94	11.07	17.85
Education		2.18	2.65	5.48	10.17	6.29
All sectors		0.06	0.15	0.27	3.67	1.59
Unspecified		0.33	0.49	0.26		
Total		**12.46**	**20.24**	**26.25**	**33.89**	**41.98**
	Canada					
Legislative and executive organs		0.19	0.17	0.35	1.08	0.97
Environmental protection		0.19	0.17	0.35	1.36	1.83
Agriculture		0.19	0.17	0.18	1.29	3.52
Education						
Social protection					0.4	0.96
All sectors		1.53	2.72	4.61	5.69	2.75
Unallocated					0.01	0.03
Total		**2.1**	**3.23**	**5.49**	**9.83**	**10.06**
	EU					
Legislative and executive organs				0.29	1.37	
Agriculture			7.26	4.62	3.58	3.61
Transport and communication		2.81	51.08	7.78	1.19	0.11
Water and sanitation			4.81	11.76	8	2.48
Health			0.67	0.98		

disbursements in USD million		2004	2005	2006	2007	2008
Social protection		1.21				
All sectors						0.17
Total		**4.02**	**63.82**	**25.43**	**14.14**	**6.37**
	Germany					
Legislative and executive organs		0.91	0.61	0.51	1.3	2.96
Public order and safety		2	1.3	2.49	9.35	3.58
Environmental protection		0.1	0.03			
Industry and commerce		0.35	0.14	0.07	0.7	
Land housing and community amenities					3.33	
Water and sanitation		4.91	2.36	1.95	0.16	0.24
Youth, culture and sports		0.98	0.85	0.45	0.67	
Health		8.42	2.45	1.5	3.83	1.24
Education		0.86	0.4	0.19	2.79	
Social protection		1.73	2.57	0.15	0.23	
All sectors					1.79	
Unallocated					1.95	
Unspecified						2.65
Total		**20.26**	**10.71**	**7.31**	**26.1**	**10.67**
	Japan					
Agriculture				1.56	1.1	
Fuel and energy			6.2	7.86		
Transport and communication			5.55	3.29		
Water and Sanitation				5.33		
Education				0.08		
Social protection			0.07			
Total		**0**	**11.82**	**18.12**	**1.1**	**0**
	NDF					
Legislative and executive organs				0.54		
Public order and safety			0.48	0.52		
Environmental protection				0.32		
Total		**0**	**0.48**	**1.38**	**0**	**0**
	Netherlands					
Legislative and executive organs		0.4		0.1		0.15
Public order and safety		2.2	4.99	3.88	4.29	4.18
Environmental protection		0.97		0.83	2.02	0.59
Agriculture		3.15	5.97	5.53	11.55	8.84
Industry and commerce						1.35
Fuel and energy		3.75	1.34	0.01		
Transport and communication						0.6
Water and sanitation				2.37		
Youth, culture and sports		0.07				
Health		0.75	0.15	0.23		0.02
Education			0.44	0.71	2.27	12.07

disbursements in USD million		2004	2005	2006	2007	2008
Social protection		0.44	0.7	0.01	0.42	0.79
All sectors					5.06	3.95
Unspecified			0.18	0.51		
Total		**11.73**	**13.77**	**14.18**	**25.61**	**32.54**
	Sweden					
Legislative and executive organs				0.62		
Public order and safety			1.46		1.34	0.25
Transport and communication						
Land housing and community amenities				5.61		
Health				5.71		
Education				5.71	2.04	
All sectors					13.33	
Total		**0**	**1.46**	**17.65**	**16.71**	**0.25**
	Switzerland					
Transport and communication			0.1			
Land housing and community amenities		0.16	0.19			
Health		0.82	0.88	1.44	0.8	
Social protection		1.09	0.16	0.81		
Total		**2.07**	**1.33**	**2.25**	**0.8**	**0**
	Global Fund					
Health		21	21.78	46.6	36.96	68.62
Unspecified			8.2	5.67	0.45	12.93
Total		**21**	**29.98**	**52.27**	**37.41**	**81.55**
	US					
Legislative and executive organs		3.59	2.89	3.41	2.7	27
Agriculture		18.68	18.3	22.79	17.91	16.32
Health		44.44	60.86	82.96	131.93	151.5
Total		**66.71**	**82.05**	**109.16**	**152.54**	**194.82**
	UK					
Legislative and executive organs			0.16	2.8	3	1.72
Agriculture			0.01	1.53	3.54	1.34
Water and sanitation					0.57	
Health		0.85	0.82	1.32	0.39	8.62
Education		7.42	4.14	12.83	5	3.76
Social protection		0.02	0.05			
All sectors				46.5	63.51	70.26
Total		**8.29**	**5.18**	**64.98**	**76.01**	**85.7**
	World Bank					
Legislative and executive organs		7.5	14	1.73	2.15	2.85
Defense		0.39	8.24	1.7	6.93	2.02
Environmental protection				0.35	0.7	0.95
Agriculture		3.62	14.6	6.3	5.14	16.03

disbursements in USD million	2004	2005	2006	2007	2008
Industry and commerce	14.04	12.58	10.68	4.75	8.71
Fuel and energy	7.5	15.25		17.26	15.8
Transport and communication	3.62	3.6	7.33	8.15	8.98
Land housing and community amenities			1.99	2.92	5.56
Water and sanitation	9.04	8.28	7.01	17.16	3.94
Health	16.42	23.92	16.81	23.86	5.28
Education	15.28	20.81	4.38	14.79	3.3
Social protection	0.84	0.05	1.69	3.14	2.62
All sectors					72.45
Total	**78.25**	**121.33**	**59.97**	**106.95**	**148.49**

Source: DAD Donor ODA by Modality (08 and 09); online: http://dad.synisys.com/dadrwanda (accessed 19 Mar. 2010).

Annex 4: ODA flows to Rwanda, sorted by total disbursements in 2009, in USD million, report created on 14 April 2010

	Total committed	total disbursed
USA	184.82	184.82
World Bank	241.70	114.39
UK	90.23	90.56
EU	13.62	81.05
Netherlands	91.91	56.83
Belgium	34.3	54.44
Global Fund	52.83	46,04
Sweden	7.20	28.77
Germany	98.48	25.80
AfDB		19.11
Canada	10.71	10.75

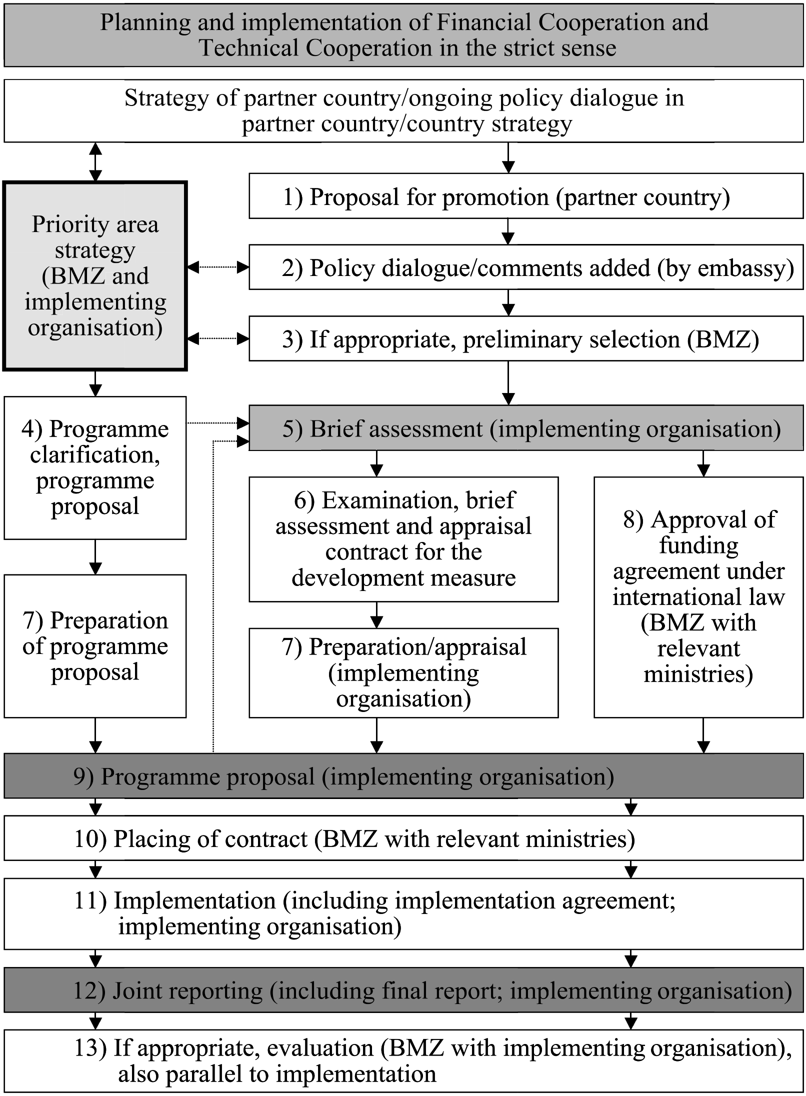
Source: DAD Donor ODA by Modality (08 and 09); online: http:// dad.synisys.com/dadrwanda (homepage accessed 14 Apr. 2010).

Annex 5: Budget support in USD million in 2009, report created on 14 April 2010

	general budget support		sector budget support		total	
	committed	disbursed	committed	disbursed	committed	disbursed
AfDB						
Belgium			9.13	9.61	9.13	9.61
EU	10th EDF (2008–2013) 208.33	54.10				54.10
Germany	22.62	11.90	20.30	8.33	42.92	20.23
Netherlands			13.69	10.71	13.69	10.71
UK	56.90	56.90	9.79	9.79	66.69	66.69
World Bank	80.00	78.72	45.00	6.41	125.00	85.13

Source: DAD Donor ODA by Modality (08 and 09); online: http://dad.synisys.com/dadrwanda (accessed 14 April 2010).

Annex 6: Planning and implementation of German Financial Cooperation and Technical Cooperation in the strict sense



Source: BMZ homepage; online: http://www.bmz.de/en/approaches/bilateral_development_cooperation/approaches/index.html (accessed 5 Feb. 2010).

Annex 7: Priority lines of action by sub-programme (preliminary)

Programme 1: Intensification and development of sustainable production systems	
SP 1.1. Sustainable management of natural resources and water and soil preservation	1.1a. Construct 50 valley dams and reservoirs with conveyance structures 1.1b Participatory watershed management plans and protection of 20 percent of the land against erosion
SP 1.2. Integrated systems of crops and livestock	
SP 1.2.1 Crop diversification and intensification	1.2.1.a. Replicate the systems of integrated livestock and cropping 1.2.1.c. Scale up the One Cow programme
SP 1.2.2 Livestock development	1.2.2.a Animal disease control operations: control posts and monitoring; vaccinations 1.2.2.c Artificial insemination and training 1.2.2.d Breed improvement programme for all species 1.2.2.e Livestock watering facilities 1.2.2f Farmer training in intensive animal husbandry, incl. fodder supply 1.2.2.g Management of internal lakes & aquaculture development
SP 1.3. Marshland development	1.3a Complete the marshland development plan and feasibility studies for 3,975 ha.
SP1.4. Irrigation Development	1.4a Complete development of irrigation master plan 14b hillside irrigation on 13 000 ha 1.4b. Formulate regulations and/or legislation that defines farmers' water use rights and defines tenure rights over the irrigation systems, and finish legally structuring water user associations (WUAs)
SP 1.5. Supply and use of agricultural inputs	
SP 1.5.1 Fertiliser and agrochemical supply and use	1.5.1a Establish long-term approach for fertilizer imports 1.5.1b Continuation of voucher programme with wider coverage 1.5.1c Fertiliser demonstration plots on farmer fields, participatory fertilisation trials 1.5.1d Sustainable agrochemicals distribution network
SP 1.5.2 Certified seeds and other inputs	1.5.2a Legal and institutional framework for certified seeds 1.5.2b Expanded production of basic seeds 1.5.2c Seed multiplication and distribution
SP 1.6: Food security and vulnerability management	1.6b Wider coverage of hermetic storage facilities + training 1.6c Strengthen household nutrition, health training, programmes 1.6d Gender-friendly crops and livestock 1.6f Potable water sources for households
Programme 2: Support to the professionalisatio	
SP2.1. Promotion of farmers' organisations and capacity building for producers	2.1a Strategy and programme for capacity building in farmer and village organisations 2.1d Train farmers in agronomic and quality issues for coffee
SP2.2 Restructuring proximity services	2.2a Develop and promote a system through which farmers contract with the farm advisors or extension agents 2.2b Establish permanent training service for extension agents 2.2c Implement on farms participatory research-cum-extension approaches such as farm field schools
SP2.3. Research for transforming agriculture	2.3a Programme of participatory research with farmers on their plots 2.3c Mechanism for

Programme 2: Support to the professionalisatio	
	competitive award of research funding 2.3e Programmes of international cooperation and staff exchange and capacity building for senior research scientists 2.3g Maintain and operate ISAR's in vitro laboratories
Programme 3: Promotion of commodity chains and agribusiness development	
SP3.1 Creating a conducive environment for business and entrepreneurship development and market access	3.1a Young Entrepreneurs Training Programme 3.1c Strengthen the sanitary, phytosanitary and food safety (SPS) system 3.1d Improve the laboratories and capacity used for sanitary, phytosanitary and food safety analyses (to ISO 17025 certification) 3.1g Configure Kigali Airport as an effective horticulture hub 3.1i Government guarantee for air cargo space
SP3.2 Development of traditional exports	
SP3.2.1 Coffee	3.2.1a System to improve input distribution for coffee, and monitoring that distribution (chemical inputs, seedlings), introducing private modalities, and to increase use of organic fertiliser and shade trees. 3.2.1a Identify causes of and solution for the "*potato taste*" problem that is reducing market acceptance of Rwanda's specialty coffee. 3.2.1d Control of coffee leaf rust and other diseases and adaptive research on coffee varieties 3.2.1e Improve international marketing of coffee including initiating toll roasting and partnerships with major buyers abroad
SP3.2.2 Tea	3.2.2a Privatise tea estates with farmer shareholdings 3.2.2c Research programme on high-quality clones of tea varieties
SP3.2.3 Pyrethrum	3.2.3a Install solar dryers 3.2.3b Develop export markets for high value distillates
SP3.3 Development of non-traditional high-value export products	3.3a Specialised technical assistance for horticulture farmers and for marketing, including organic production 3.3c Continued development of sericulture
SP3.4 Production and value addition for domestic staple products	3.4a Integrated programme for cassava development 3.4b Integrated programme for cereal development 3.4d Development of the fish commodity chain in Lake Kivu
SP3.5 Market-oriented rural infrastructure	3.5a Technical assistance for feasibility studies of new agro-processing facilities and government cost-sharing for investment in the facilities 3.5c Improved collection and hygienic transport of raw milk 3.5d Cold storage and transport facilities including ice-making capacities at all fisheries sites 3.5e Plan for rural electrification with agricultural priorities 3.5f All-weather agricultural marketing roads
SP3.6 Strengthening rural financial systems	3.6b Loan guarantees 3.6c Risk mitigation products, incl. pilot for a weather insurance programme for crops 3.6d Value chain finance including warehouse receipts, factoring regulations 3.6e Finance for productive investment, incl. grants-loan programme, credit lines, leasing, venture capital 3.6f Financial literacy and preparing the demand side for agricultural credit

Programme 4: Institutional development	
SP4.1 Institutional strengthening and capacity building	4.1a Create mechanism for venture capital investments in agriculture and agro-processing 4.1b Create an autonomous service responsible for monitoring, controls and international communications for sanitary, phytosanitary and food safety
SP4.2 The policy and regulatory framework for the sector	phytosanitary and food safety issues 4.1c Create independent seed certification service 4.1e Develop a sector-wide gender strategy 4.1h Consolidate and implement the Management Information System
SP4.3 Agricultural statistics and ICT	4.3b Develop procedures for and train staff in timely analysis of survey data for policy makers plus collection and analysis of crop budgets 4.3c Establish a sector-wide ICT system with real-time market information and network of local meteorological stations
SP4.4 M&E systems and coordination of the agricultural sector	4.4a Put in place a SWAp structure 4.4b PSTA II monitoring system 4.4d Put in place an evaluation system with baselines
SP4.5 The decentralisation programme in agriculture	4.5a Implement the recent recommendations for improving fiscal decentralisation in agriculture

Source: MINAGRI (2009, 90–92)

Annex 8: OECD DAC Creditor reporting system: ODA to Rwanda, agriculture sector; current USD (report created on 15 April 2010)

DP	2004		2005		2006		2007		2008	
	Committed (USD)	Disbursed (USD)	Committed (USD)	Disbursed (USD)	Committed (USD)	Disbursed (USD)	Committed (USD)	Disbursed (USD)	Committed (USD)	Disbursed (USD)
AfDB										
AfDF					14,700,000	2,000,000		2,000,000		7,200,000
Belgium					2,900,000	4,300,000	8,400,000	2,900,000	20,200,000	10,800,000
Germany					200,000	200,000	300,000	200,000	400,000	300,000
Canada						0		0		0
EU						300,000		600,000		400,000
France								0		0
IDA (WB)						10,100,000		7,100,000	43,400,000	16,400,000
IFAD (UN)									18,600,000	
Italy					1,900,000	200,000	900,000	1,800,000	400,000	1,400,000
Japan					1,100,000	1,100,000	2,600,000	2,600,000	1,500,000	1,500,000
Korea									100,000	100,000
Luxembourg					600,000	600,000	2,500,000	2,500,000	3,500,000	3,500,000
Spain					200,000	200,000				
Netherlands					1,600,000	3,100,000	500,000	2,300,000	100,000	100,000
UN										
UK					100,000	1,800,000	3,900,000	3,800,000		2,000,000
USA					4,600,000	2,600,000	1,000,000	2,600,000	1,300,000	2,700,000
WB										

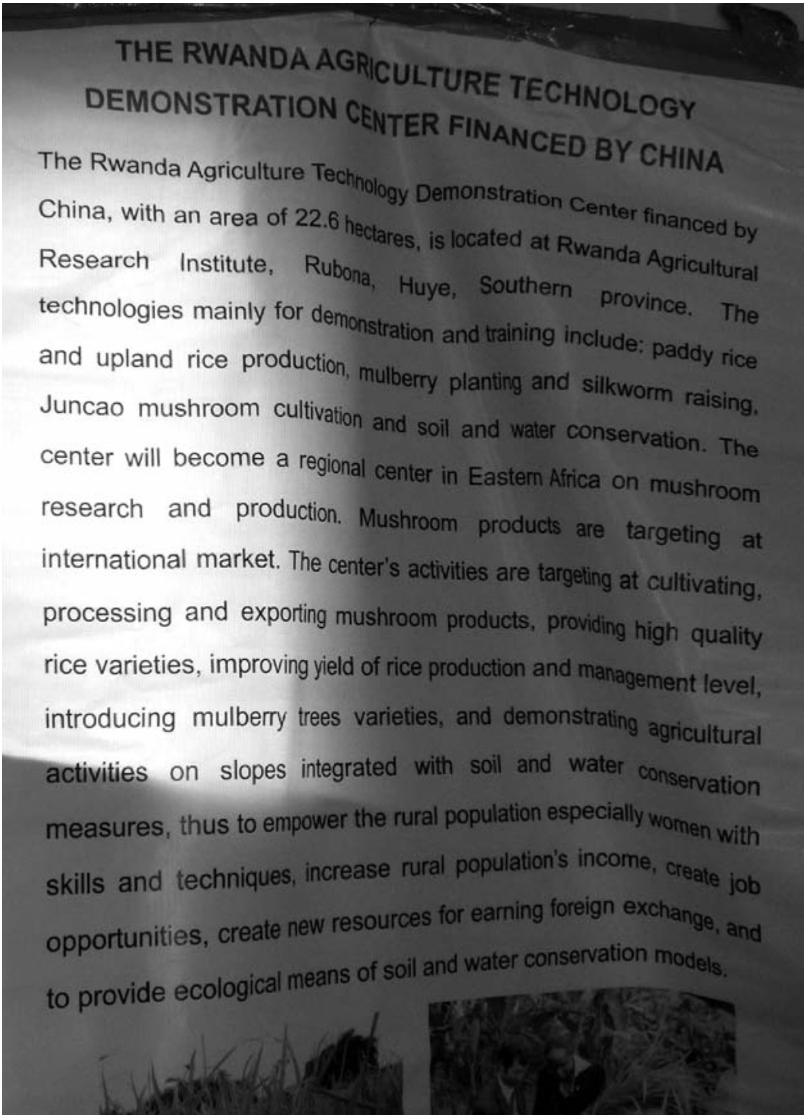
Source: OECD homepage: http://stats.oecd.org/qwids/ (accessed 15 Apr. 2010).

Annex 9: DAD: Development partner support to the agriculture sector (19 March 2010)

DP	2004		2005		2006		2007		2008	
	Committed (USD)	Disbursed (USD)	Committed (USD)	Disbursed (USD)	Committed (USD)	Disbursed (USD)	Committed (USD)	Disbursed (USD)	Committed (USD)	Disbursed (USD)
AfDB	19,578,915	4,144,276	26,308,260	7,276,352	1,450,290	159,642		3,232,518		16,002,385
Belgium	8,897,923	245,879		211,257	44,460	1,605,449	231,159	1,891,956	1,764,732	3,759,396
Canada		194,074		170,253		184,123	1,177,340	1,291,499	3,085,591	3,523,936
EC				7,260,503		4,623,928		3,582,910	257,100	3,608,656
France										
Japan					3,875,969	1,560,458	1,100,000	1,100,000		
Netherlands	7,979,541	3,145,140	3,866,579	5,972,709		5,531,927	32,429,657	11,552,812	11,857,143	8,844,348
UN	836,214	2,041,387	1,030,658	3,201,008	8,274,223	6,519,333		3,661,559		4,198,893
USA	18,675,689	18,675,689	18,304,118	18,304,118	22,785,000	22,785,000	17,913,000	17,913,000	16,315,000	16,315,000
UK				13,762	2,038,461	1,526,667	3,448,274	3,543,346	1,724,137	1,339,774
WB		3,623,222	11,000,000	14,600,412		6,300,000		5,139,354	44,500,000	16,028,656

Source: http://dad.synisys.com/dadrwanda (accessed 19 Mar. 2010).

Annex 10: Description of the Chinese Agriculture Technology Demonstration Centre



Source: Photograph taken by the authors.

Annex 11: DPAF results for 2009

		Number of targets	Number of targets met
Budget support donors	UK	18	10
	World Bank		10
	EU		8
	Netherlands		8
	Belgium		8
	Sweden		6
	Germany		5
	AfDB		4
	Canada	15	7
	Japan		6
	UN		5
	USA		4

Source: Authors' own compilation from Rwanda Donor Performance Assessment Framework (DPAF) 2009 Results, downloadable from http://aideffective-nesskenya.org/index.php?option=com_docman&task=doc_details&Itemid=254&gid=6171 (accessed 20 May 2010).

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