Annual Review - Summary Sheet

This Summary Sheet captures the headlines on programme performance, agreed actions and learning over the course of the review period. It should be attached to all subsequent reviews to build a complete picture of actions and learning throughout the life of the programme.

Title: Rwanda's Investment Climate Reform Programme, Phase 3 (RICRP3)		
Programme Value: £4.86 million (over 3 years)		**Review Date: 26-30 October 2015**
Programme Code: 204486	**Start Date:** 15-12-2014	**End Date:** 15-12-2017

Summary of Programme Performance

Year	**2015**							
Programme Score	**B**							
Risk Rating	**MED**							

Summary of progress and lessons learnt since last review

This is the first Annual Review (AR) conducted on this programme. The programme offocial commenced on 15 December 2014 when DFID and the International Finance Corporation (IFC), the programme implementor, signed the Administration Agreement for the programme. However, the full implementation did not begin under IFC management until January 2015, which is understandable given the Christmas and New Year break. The programme has been designed to respond to relevant and important challenges in the Rwanda investment climate and has developed strong partnerships with key ministries, departments and agencies of the Government of Rwanda (GoR). While a distinctly separation programme, RICRP3 has been designed in reponse to the two earlier reform support programmes, which began in 2008.

Currently, the programme is under-performing, with many first-year programme targets (milestones) not being met. There are three main reasons for this. First, the programme logframe contains serious errors, mainly at the Ouput level. Inappropriate or poorly designed Output Indicators do not reflect the true performance of the programme. Second, there have been significant delays in Parliament, Cabinet and the Prime Minister's Office, which have stalled the passing of critical laws and regulations essential for the creation of the institutional framework. While the programme is hoping these problems will be resolved in November 2015, it is difficult to be confident of this. Third, there have been challenges in programme coordination and delivery in some elements of the programme. While the many Outputs have been subject to the problems identified above, others are simply running late.

There have been some changes to the programme's focus on Renewable Energy (RE). In October 2015 the logframe was altered to refocus programme efforts in this Output. As a result, it is understandable that little progress has been made on this topic. However, serious questions remain about how the programme is approaching this work.

Depite the above problems, the programme is well managed and draws from an extensive pool of IFC technical capacities to advise on and guide reform efforts. The IFC Development Outcomes Tracking System (DOTS) is used to monitor and evaluation (M&E) the programme and while this is a sound system, it is not aligned to the programme's logframe.

Summary of recommendations for the next year

Recommendation 1: Revise logframe to address critical concerns identified in the AR.

Recommendation 2: Revise M&E system to more accurately reflect the programme logframe

Recommendation 3: Meet with senior GoR representatives to develop a response to current delays in passing legislation and regulations that are impeding the progress of the programme.

Recommendation 4: Revisit Renewable Energy (RE) component

A. Introduction and Context (1 page)

DevTracker Link to Business Case:	
DevTracker Link to Log frame:	

On December 8, 2014, DFID and the IFC signed Administration Arrangement to provide for the creation of a trust fund (TF072331) to finance a program of advisory services in Rwanda relating to private sector development. The DFID committed is £4,735,000 (US$7,402,423). This is delivered through a World Bank Group (WBG) Trust Fund mechanism. The Government of Rwanda (GoR) has committed to contributing over £900,000 to programme implementation in the form of hardware, staff, and financial contributions towards events, which is outlined in the Cooperation Agreement signed between the WBG and the GoR. The programme will also leverage approximately £5 million in WBG technical assistance programmes for private sector development via the Governance for Competitiveness, Competitive Industries and Innovation Programme, Competition Policy Assessment and East Africa Cross Border Tourism Collaboration.

This third phase of the RICRP builds upon two previous phases. RICRP1 (2008-2010), which DFID funded directly, focused on improving the business environment by using Doing Business reforms as an entry point and supported Rwanda in staying among the top ten reformers since 2008. RICRP2 (2011-2014), which DFID funded indirectly through Trade Mark East Africa (TMEA), focused on addressing specific areas of reform (i.e., business licensing, tax and trade logistics) and bringing in investments (i.e., tea, horticulture and special economic zones).

In its third phase, the programme has been designed to support the deepening of reforms aimed at (a) improving the transparency, predictability and certainty of Rwanda's investment climate, and (b) attracting investment and creating competitiveness in three key sectors: renewable energy, agribusiness and tourism. The expected benefits of the project are improved investment climate, increased export revenues, the creation of new jobs, and improved livelihoods in rural areas.

The RICRP3 is organized into two parts: Rwanda Investment Climate Programme 3A – Government to Business (600783), which aims to support Rwanda's agenda of sustained rapid economic growth and facilitate the process of rural economic transformation by increasing the internal and external connectivity of the Rwandan economy; and the Rwanda Investment Climate Programme 3B – Competitive Sectors (600786), which seeks to help diversify the economy outside of Kigali, thus contributing to the government's rural development programme.

This programme fits well into the overall development directions of the GoR, as expressed by:

- Vision 2020: seeks to move Rwanda from a low to middle-income country in just one generation;
- Second Economic Development and Poverty Reduction Strategy (2013-2018): looks to the private sector to drive growth and job creation over the medium term.
- Private Sector Development Strategy (PSDS): seeks to enhance private sector growth (from 10% of GDP to 15.4% by 2017) and competitiveness by developing an entrepreneurial, innovative and competitive private sector that delivers broad-based and inclusive economic growth resulting in more and better-paid jobs for Rwandans.
- National Export Strategy (NES) looks at maximizing traditional exports but also diversifying to emerging export sectors (i.e., horticulture, logistic services, ICT, BPO, and finance).
- Third Strategic Plan for the Transformation of Agriculture (PSTA 3) in Rwanda (2013-2108): seeks to facilitate the development of Rwanda's agriculture, through a market-based approach and amongst others, a focus on export diversification and private sector driven value chains.

Rwanda has made significant progress in achieving high levels of economic growth (7-8% on average p.a.), reducing poverty (39% in 2014/15, from 45% in 2010/11 and 57% in 2005/06) and reforming the enabling environment (top ten global Doing Business reformer). Despite this, Rwanda faces a significant challenge in meeting its growth and poverty eradication targets. Growth is in part constrained by the investment climate, which limits the flow of foreign and local investment. In response to this, RICRP3 has been designed to promote a more enabling investment climate, through investment climate reform, while also facilitating new investments through investment promotion activities in selected sectors.

B: PERFORMANCE AND CONCLUSIONS (1-2 pages)

Annual outcome assessment

This AR covers the period 15 December 2014 to 15 December 2015. It is the first AR on the programme. Overall, the programme appears to be on track to achieving its Outcome. However, there have been delays, which raise concerns and will require action should they continue.

The design and logic of the programme reflects the current needs and development context found in Rwanda and is largely based on the directions established in the previous two phases and consistent with the national policy and strategy directions. The major exception to this is a new programme focus dealing with renewable energy (RE).

The programme is clearly focused and the government programme partners appear responsive and positively engaged. A wide range of ministries, agencies and programme partners are involved in the programme, working across many sectors and themes. This creates many coordination challenges, spread across 11 Output themes.

The programme logframe was found to contain a number of significant problems. These have been detailed in Annex 1. Chief among these problems is the high number of Outputs and poorly framed Output Indicators.

There have been significant delays in Parliament, Cabinet and the Prime Minister's Office, which have stalled the passing of critical laws and regulations essential for the creation of the institutional framework. While the programme is hoping these problems will be resolved in November 2015, at the time of the AR, it is difficult to be confident of this.

Finally, there have been challenges in programme coordination and delivery in some elements of the programme. While the many Outputs have been subject to the problems identified above, others are simply running late or hampered by problems with other agencies (e.g., Outputs 3, 5, 10).

Overall output score and description — Score B

The problems with the logframe (Annex 1) have affected the performance score of the programme, creating a situation in which the programme would score a C overall if all the Output Indicators were applied as they currently stand (see the Score 1 column in the table below). However, the Review Team (RT) does not believe is an accurate reflection of the programme's performance. Indeed, it is more a reflection of poorly defined indicators. Thus, the RT has scored the programme according to those Output Indicators that are appropriate to the programme's activities and the overall programme Outcome and Impact. Under this assessment, the project scores a B. A discussion on how these scores have been assigned in found in the pages that follow where each Output is reviewed.

Key lessons

- Programme well designed and responsive to reform challenges and aspirations of the GoR.
- Problems with the programme logframe creates problems with activity focus (i.e., not all activity outputs are captured in the logframe) as well as with scoring of programme performance (i.e., poor indicators lead to poor scores).
- Financial and overall programme management is sound — the programme relies on IFC financial and programme management systems, which function well and provide DFID with the information it requires.
- M&E system is sound and robust, but not aligned with the programme logframe, creating problems in terms of which aspects of the programme are measured and the time and effort involved in managing two poorly aligned systems.
- The programme is identifying and documenting successes and lessons learnt, as demonstrated in the *Progress Report January-June 2015*.
- Delays with passing legislation and regulations have had a severe impact on the programme's performance and require close monitoring and, possibly, a redesigned of programme Activities and Outputs should these delays continue — this can also potentially affect the programme's risk profile
- The programme's work on RE has not commenced and questions remain regarding the feasibility of this effort.

Key actions

The following actions are recommended:

Recommendation 1: Revise logframe

It is recommended that DFID and the IFC revise the logframe to address critical concerns identified in the AR. These issues include:

- Consolidation of Outputs to reduce the overall number of Outputs from 11 to below ten;
- Improvement of Output Indicators to ensure they reflect programme outputs and not outcomes, and to better reflect the actual outputs of programme activities;
- Improvement of the sources of data for programme Outcomes and better linking Outputs to Outcome Indicators;
- Annex 3 and 4 in this report present detailed suggestions with regard to the revision of the logframe.

Recommendation 2: Revise M&E system

The programme's M&E system should be revised to more accurately reflect the programme logframe. While the IFC Development Outcomes Tracking System (DOTS) is good, the indicators it applies are not aligned with the programme's logframe. Thus, when the logframe has been revised (Recommendation 1), the M&E System should also be revised. Once this is completed, the IFC should ensure its programme partners or "clients" are aware of the key targets or milestones contained in the logframe and M&E system that are relevant to their field of engagement (i.e., Output).

Recommendation 3: Meet with senior GoR representatives

It is recommended that the programme meet with senior levels of GoR (e.g., Prime Minister's Office) to discuss the current delays in passing legislation and regulations that are impeding the progress of the programme. It is important to determine if these delays are simply procedural (i.e., due to the slowness of Parliament and its busy workload) or if there are other more significant problems, such as a reluctance or resistance against the proposals. Depending on the findings, actions should be taken to respond. If delays continue into Q2 of 2016, then it would appear necessary to embark on a redesign of programme Activities and Outputs.

Recommendation 4: Implement a revised Renewable Energy Component

While this issue has already been the subject of discussion between IFC and DFID, there are still concerns regarding its relevance and feasibility. Reassess the focus of the RE Output and what is feasible within the programme timeframe and based on previous experience with the GoR when supporting reforms in this sector. (This should be done as logframe is being revised as it will affect the revised logframe.)

Annex 2 contains a Recommendation Action Matrix.

Has the logframe been updated since the last review?

This is the first AR conducted on the programme. However, the logframe has been updated once since the start of the programme. The logframe used for this review was updated and approved by DFID on 12 October 2014. The changes to the log-frame were primarily focused on the re-inclusion of the programme component (Output) dealing with Renewable Energy.
It is recommended that the current logframe be revised to address the concerns outlined in this report.

C: DETAILED OUTPUT SCORING (1 page per output)

Output Title	*Automation of business licenses*		
Output number per LF	1	**Output Score**	***A++***
Risk:	*Medium*	Impact weighting (%):	10%
Risk revised since last AR?	*No*	Impact weighting % revised since last AR?	*No*

Indicator(s)	**Milestones**	**Progress**
1.1 Number of licenses to automate	3	Target exceeded – 5 tourism related licenses have been identified.
1.2 Number of licenses issued	1,114	Target not likely to be achieved by 15 December 2015
1.3 Average cost to obtain a license	$450	Target not likely to be achieved by 15 December 2015
1.4 Average time to obtain licenses in days	7.9	Target not likely to be achieved by 15 December 2015

Key Points: Output Indicator 1.1 refers only to the number of licenses that have been identified for automation, not the actual automation reform. The target of three has been exceeded; five licenses, all in the tourism sector (and related to work in this sector under Output 9) have been identified [Reference: *Business Licenses Proposed for Automation with World Bank Support; Final Report*, October 2015]. These are licenses for the operation of accommodation entities (Output Indicator 1.1.7), tourism information offices or centres (Output Indicator 1.1.8), restaurants, bars and nightclubs (Output Indicator 1.1.9), tour guides (Output Indicator 1.1.10), and tour operators and travel agencies (Output Indicator 1.1.11). These licenses were selected because of their impact and because they are not being addressed by other license reform programmes, such as those run by TMEA and Rwanda Online, and because they are considered to have a significant impact (in terms of the number of licenses issued and savings made from reduced costs and time) on tourism-related businesses and investments. The programme logframe refers to five additional businesses licenses (Output Indicators 1.1.2 to 1.1.6). The RT has not included an assessment of performance on the ten sub-Outputs Indicators (1.1.2 to 1.1.11) because these are captured in the overall Output Indicator (1.1.1). Indeed, the RT is of the view that these indicators are unnecessary in the logframe because they are already captured in 1.1.1 and are indicators of the outcome of the Output.

Indicators 1.2, 1.3 and 1.4 have not been achieved. These are poorly defined indicators for two reasons. First, the identification of a license to automate (Indicator 1.1) is not the same as actually undertaking the reform (i.e., automating the licensing process). The benefit of these reforms in terms of number of licenses issued, costs and time, can only be produced once the reform has been fully completed. Thus, while 5 licenses have been identified for automation, none of these have actually been automated. Second, these indicators are not Outputs, they are Outcomes — they reflect the use of the Output. This is a profound problem that affects many output indicators contained in the logframe.

If all the above Output Indicators were used to score Output performance, then only one in four indicators would be considered achieved. This would lead to a score of C. However, if only Output 1.1 were used, which is indeed the only correct Output Indicator (because the others are indicators or outcome), then the Output would score A++. However, the phrasing of Indicator 1.1 is poor because it only refers to the identification of licenses to automate and not the actually automation of the license, which would be a better indicator.

Summary of responses to issues raised in previous annual reviews (where relevant)

No previous AR conducted.

Recommendations

See Recommendation 1: The logframe should be revised to address the problems identified in this Output. Specifically,

a. The sub-Outputs contained in Output Indicator 1.1 should be removed.
b. Output Indicators 1.2, 1.3 and 1.4 should be removed, as these are indicators of Outcome. They should be treated as data sources for measurement of success in the Outcome section of the logframe.
c. New, additional Outcome indicators should be formulated to better reflect the purpose and targets of this field of work (e.g., Number of tourism-related licenses automated, Number of business-related licenses automated).

Output Title	***Extension of on-line Construction Permitting***		
Output number per LF	2	**Output Score**	***A***
Risk:	*Low*	Impact weighting (%):	10%
Risk revised since last AR?	*No*	Impact weighting % revised since last AR?	*No*

Indicator(s)	**Milestones**	**Progress**
2.1 Number of cities with on-line permitting	2	Not yet achieved. IFC believe a pilot will be established in two cities by 31 December 2015 (Musanze and Rubavu)
2.2 Number of permits issued on-line at secondary cities	100	Target not likely to be achieved by 15 December 2015
2.3 Average time to obtain permits	105 [Baseline 120]	Target not likely to be achieved by 15 December 2015
2.4 Average cost to obtain permits	$82 [Baseline $86]	Target not likely to be achieved by 15 December 2015

Key Points: In RICRP2, IFC supported the City of Kigali in the establishment of an online system for the issuing of construction permits. In the third phase of the programme this system is to be expanded to six secondary cities. At the front-end, the system will be located on the Rwanda Online site. However, the back-end of the system (i.e., where payments, signatures, and approvals are managed) will occur through a programme specific, separately administered system.

The logframe indicates that an on-line construction permit system would be established in two secondary cities each year. However, the Rwanda Housing Authority (RHA), the key partner in this Output, has indicated it prefers one system for all secondary cities and this system should be established simultaneously. IFC have indicated that this may be possible, but establishing this system in pairs (i.e., two at a time) remains a good way to proceed in terms of managing system assessments, piloting the system and introducing changes.

Within these programme activities, further support is provided to the City of Kigali to up-grade the current construction permit system from Version 3 to Version 5. This upgrading is being done while the secondary cities are being identified. In mid-December 2015, it is anticipated that a consulting team will upgrade the City of Kigali's system. Once this is done, the system can then be established for the other secondary cities. A range of activities has to occur before the system can become operational. This includes the introduction of a change management system within in each local authority, the training of municipal staff and the piloting of the system in each city. It is estimated that these activities will take around three months. Thus, it is reasonable to assume that the first secondary cities will have their online permitting systems fully functioning by April 2016. The RHA currently claims it has no funds to begin the piloting of the permit system (i.e., around US$20,000 per city) and that the issue will have to be discussed at an RHA budget review meeting in December 2015, with no certainty that funds will be found. However, the IFC have indicated that this financial commitment was agreed to by GoR and is hopeful that these funds will be found in the coming week. On this basis, it is assumed Indicator 2.1 will be achieved.

Output Indicator 2.2 is reliant on the achievement of 2.1 and is an indicator of outcome. Thus, it has not been achieved. The IFC believe it may be possible that some 20 permits are issued in the pilot phase, but this is difficult to establish. Output Indicators 2.3 and 2.4 are similarly reliant on the achievement of Output Indicator 2.1. These indicators suggest that baseline data is drawn from the World Bank's Doing Business reports. In fact, it was reported that these figures were provided by RHA and the City of Kigali. Output Indicators 2.2, 2.3 and 2.4 are actually outcomes: they refer to the use of the programme Output.

If all the above Output Indicators were used to score Output performance, then only one in four indicators would be considered achieved. This would lead to a score of C. However, if only Output 2.1 were used, which is indeed the only correct Output Indicator (because the others are indicators or outcome), then the Output would score A (which indeed assumes the problem with RHA allocating funds and purchasing equipment is resolved very quickly). The IFC suggest the pilots will be operational in two cities by 31 December 2015, not 15 December. While this is late, the RT assess this as achieved.

Summary of responses to issues raised in previous annual reviews (where relevant): No previous AR conducted.

Recommendations: See Recommendation 1: Output Indicators 2.2, 2.3 and 2.4 should be revised so they are not indicators of outcome. The sources of data should be clarified.

Output Title	*Establish a mobile/e-PPD feedback mechanism for G2B services*		
Output number per LF	3	**Output Score**	*C*
Risk:	*Low*	Impact weighting (%):	10%
Risk revised since last AR?	*No*	Impact weighting % revised since last AR?	*No*
Indicator(s)	**Milestones**	**Progress**	
3.1 Number of services rate-able on line	1	Target not likely to be achieved by 15 December 2015	
3.2 Number of hits	1,667	Target not likely to be achieved by 15 December 2015	
3.3 Number of ratings submitted	333	Target not likely to be achieved by 15 December 2015	

Key Points: In February 2015, the IFC produced a concept note on Supporting Development of Mobile-enabled Feedback Applications. This note proposed a feedback platform that primarily used SMS/USSD-based technologies (to start with), was able to run multiple surveys targeting different types of service delivery simultaneously as well as with a web interface, focused on performance management (rather than functioning solely as a complaint management system), and providing information on service standards. It was proposed that RDB and IFC would agree a set of two pilot areas of government service delivery and two business sectors where feedback will be sought. IFC would procure developers in Rwanda or the region to develop the RDB feedback technology platform, using open source tools already available. The RDB and IFC would also cooperate in designing a pilot set of surveys and in developing the promotional and communications effort to encourage participation by the private sector and civil society.

Currently, the programme's work under this Output appears to be at an impasse. During the week of the review, IFC fielded a mission of the IFC PPD Head and a series of meetings with government partners and other stakeholders was held. The programme's efforts in this field have been hampered by a lack of coordination or consistency on the part of the RDB. While the RDB initially requested support from the IFC, which has subsequently been incorporated into RICRP3, support was also requested from the German technical cooperation agency (GIZ). Indeed, the RDB has a MoU with GIZ, which, it is claimed, contains on-going support by GIZ to RDB for an e-PPD platform (among other items) to 2018. It appears that RDB approached more than one agency for support in this area and is now faced with a coordination problem dealing with more than one agency. RDB officials have performance targets that include the establishment of an e-PPD system in the next few years.

The e-PPD proposal from IFC (under RICRP3) presents a comprehensive model. The implementation of this model requires significant groundwork, careful planning and a staged approach. RDB, with GIZ support, appear to be looking for a quick win: they appear more interested in setting up any system as quickly as possible and are less concerned in a staged approach. They indicate they would prefer something quickly that can be built upon (i.e., enhanced) later. They have become aware of the problem with the poor coordination of GIZ and IFC support in this field and informed the RT that their management will make a decision on this soon. In the meantime, RDB indicate that they have a platform established that will be officially launched in mid-November, once final testing and agreements with mobile telephone companies have been completed. RDB staff in all provinces, including Kigali, have been provided with laptops or tablets, and are poised for the system to begin.

Because none of the Output Indicators have been achieved, this Output is scored C. However, Output Indicators 3.2 and 3.3 are indicators of outcome and not output.

Summary of responses to issues raised in previous annual reviews (where relevant)

No previous AR conducted.

Recommendations

See Recommendation 1.

Output Title	*Establishing an effective Inspectorate Board*		
Output number per LF	4	**Output Score**	*B*
Risk:	*Medium*	Impact weighting (%):	10%
Risk revised since last AR?	*No*	Impact weighting % revised since last AR?	*No*
Indicator(s)	**Milestones**	**Progress**	
4.1 Qualitative assessment of agency effectiveness	Organizational framework in place	Target not likely to be achieved by 15 December 2015	
4.2 Joint inspections as a percentage of total inspections that require participation of more than one agency	0%	N/A	

Key Points
The establishment of an effective inspectorate board is one part of a two-part process of improving the regulatory framework within RICRP3. The inspectorate will become a part of the proposed Rwanda Inspectorate and Competition Authority (RICA). Currently, inspection functions are spread across a number of government ministries, departments and agencies. The competition aspects of this work are dealt with in Output 5, on the following page.
The RICRP has worked with MINICOM to prepare draft material for the creation of the RICA. This included commenting on the draft legislation and the preparation of draft ministerial orders (MOs). The national Parliament has received and is considering the draft RICA Bill. However, this discussion has been put on hold as the Parliament considers a framework law on public authorities (known as the Organic Law Governing Public Institutions), which has to be adopted before the RICA Bill can be passed. The Minister is wary of possible resistance from other ministries to transferring certain units and powers prior to this and has requested that no further activities continue until the Law on Public Authorities has passed.
Initial scoping work in June-July 2015 allowed the team to assess the existing issues and challenges with inspections, both at the border and inland, as well as the required needs and priorities for RICA set up and development. On this basis, technical experts have been identified and hired, and preliminary research and drafting work is now starting so as to be fully ready when active engagement can resume.
This research and drafting work includes review of existing legislation covering food, consumer products and drugs inspections, as well as of the existing institutions and capacity, and development of a draft internal structure and regulation for RICA.
It is expected that the required laws will have been adopted by December 2015, and that from January 2016 active engagement can resume. This will focus on establishing the overall structure of RICA, its governance and internal processes, its risk management strategy – and starting work on specific regulatory areas, in particular food safety (inspection practices and tools). Later on in 2016 the project will launch training and capacity building activities, revision/development of specific technical norms, work on designing technical specifications for an MIS system etc.
Thus, Output Indicator 4.1 has not been achieved.
Output Indicator 4.2 was not intended to be achieved by December 2015. However, the RT are concerned that this is an indicator of outcome and not output.

Summary of responses to issues raised in previous annual reviews (where relevant)
No previous AR conducted.

Recommendations
See Recommendation 1.

Output Title	***Establishing an effective Competition agency***		
Output number per LF	5	**Output Score**	***A***
Risk:	*High*	Impact weighting (%):	10%
Risk revised since last AR?	*N*	Impact weighting % revised since last AR?	*N*
Indicator(s)	**Milestones**	**Progress**	
5.1 Qualitative assessment of agency effectiveness	New authority is created, staff and budget is allocated. Comp regs passed	Target not likely to be achieved by 15 December 2015	
5.2 Number of sub-sectors where pro-competitive regulatory changes were suggested	1	Target Exceeded The programme has “suggested” reforms in two sectors (Beverages and Telecoms)	
5.3 Number of competition cases handled	0	N/A	

Key Points

In 2010, Rwanda adopted the Competition and Consumer Protection Policy. This was followed in 2012 by the Competition and Consumer Law and in 2013 by a law creating an authority to enforce this law. However, while these two laws have been enacted, they are yet to be implemented. MINICOM has established the National Standards Inspectorate, Competition and Consumer Protection Authority (NICA), but this institution has never become fully operational. In its place, the GoR is proposing the RICA.

Progress on this Output has been delayed for the same reason as Output 4: the adoption of the new RICA Law is on hold until the Parliament passes the framework Law on Public Authorities. Thus, the milestone (Output Indicator 5.1) of creating the new authority, with a budget and staff allocated has not been achieved.

In August 2015, the programme conducted two training courses for government and other stakeholders on competition law and economics.

The programme has also undertaken an assessment of the competition regime in Rwanda, which has not yet been submitted to the GoR. In additional to reviewing and advising on the policy, legal and institutional framework, this report made comment on possible changes that could be made to improve competition in the following sectors: Beverages (Box 7, pp. 82-83) and Telecoms (Box 10, pp. 86-87). Thus, on this basis, the target for Output Indicator 5.2 has been exceeded: regulatory changes in two sectors were suggested in the above report, while the target was for only one sector.

Output Indicator 5.3 had no target in Year 1. However, this indicator should be revised as it is an indicator of outcome, not output.

The RT has scored this Output with an A because while only one of two Output Indicators was achieved, this indicator target was exceeded. This score is not affected by Output Indicator 5.3 because there were no targets assigned to this indicator in Year 1.

Summary of responses to issues raised in previous annual reviews (where relevant)

No previous AR conducted.

Recommendations

None.

Output Title	*Building GoR capacity to attract private sector investment into small scale renewable energy*		
Output number per LF	6	**Output Score**	*C*
Risk:	*High*	Impact weighting (%):	
Risk revised since last AR?	*N*	Impact weighting % revised since last AR?	*N*
Indicator(s)	**Milestones**	**Progress**	
6.1 Number of days it takes investors for an investor from proposal to contract signing	?	No work has commenced on this item.	
6.2 Average cost to get a license	$500	Target not likely to be achieved by 15 December 2015	

Key Points

This Output has been the subject of some concern for the IFC and DFID, which has led to a number of changes. The programme's Business Case document refers to the extremely high cost and limited coverage of electricity outside Kigali and the major towns. Renewable energy (RE), in particular solar and biomass, was identified as critical to meeting the country's 100 per cent access to electricity target given that only 45 per cent of households were targeted by GoR for direct connection to the grid. In the original programme design, support was to be given to the development of Power Purchasing Agreements (PPAs) and feed in tariffs (FITs) in two subsectors to attract private sector investment. However, the IFC has expressed serious reservations regarding this approach. Under RICRP2, support was given to GoR to develop PPAs and FITs for hydropower (this included FITs for small hydro, interconnection rules, simplified framework for off-grid electrification, Universal Access Fund for rural electrification, a Concession Agreement, as well as PPAs for methane, mini-hydroelectric, peat and solar). In April 2014, the IFC provided the Rwanda Utilities Regulatory Authority (RURA) with draft regulations for the power sector and in July 2015 the RURA Board approved the Simplified Framework for Small Scale Power Producers. Three other regulations are still waiting to be approved by the RURA Board, but process is slow. The WBG energy team that worked on this has advised the programme team that the additional work under this programme that would extend the PPAs and FITs to solar and biomass should be dropped as there had been no uptake of the previous work and the capacity building has seen no results. On 20 July 2015, IFC wrote to DFID indicating that, as discussed at the beginning of implementation, it had decided to drop the planned RE activity (valued at £300,000). The IFC proposed that, instead, the funds be reallocated toward supporting the GoR with improving its Doing Business rankings (£100,000) and topping up the RICA budget allocation for institutional building (£200,000). However, at a meeting between IFC and DFID on 24 August 2015, DFID reiterated its desire to ensure the programme continued to include RE in its scope of work and requested IFC to explore ways to assist the government in moving forward in this field. This might include engaging with the energy coordination donor group led by Belgium Technical Cooperation to improve coordination among Ministry of Infrastructure (MININFRA), RDB, Rwanda Energy Group, and RURA, exploring ways IFC could develop an online platform similar to the Electronic Single Window for use by potential energy investors, and encouraging the Rwanda Energy Group to submit a formal proposal to IFC to establish FITs and PPAs for various forms of renewable energy. Eventually, the IFC proposed the above two Output Indicators (6.1 and 6.2) and the logframe was formally amended accordingly.

IFC indicated during the review that they were still sceptical about the relevance of this Output: It argues that reform should not focus on promoting investment into small-scale RE, but on improving the overall delivery of electricity to industry (i.e., on-grid energy production and distribution). However, DFID do not share this view. To-date, work has not begun on either of these items. Indicator 6.1 has no milestone for Year 1 and the first-year milestone for Indicator 6.2 has not been achieved.

Summary of responses to issues raised in previous annual reviews (where relevant)

No previous AR conducted.

Recommendations

Recommendation 4: While this issue has already been the subject of discussion between IFC and DFID, there are still concerns regarding its relevance and feasibility. Reassess the focus of the RE Output and what is feasible within the programme timeframe and based on previous experience with the GoR when supporting reforms in this sector. (This should be done as logframe is being revised as it will affect the revised logframe.)

Output Title	***Pro-poor policy and regulatory framework to attract private sector into agriculture inputs markets***		
Output number per LF	7	**Output Score**	***B***
Risk:	*Medium*	Impact weighting (%):	10%
Risk revised since last AR?	*N*	Impact weighting % revised since last AR?	*N*

Indicator(s)	**Milestones**	**Progress**
7.1 Number of sectors where policies/laws/regulations are improved	0	N/A
7.2 Private participation in seed input markets (% of market size) [Baseline: 73.50%]	78%	Target not likely to be achieved by 15 December 2015
7.3 Private participation in pesticides input markets (% of market size)	3%	Target not likely to be achieved by 15 December 2015. This work has only recently begun.
7.4 Private participation in mechanization input markets (% of market size)	14%	Target not likely to be achieved by 15 December 2015. This work has not yet begun.

Key Points

This Output focuses on three agriculture input markets: seeds, pesticides and mechanisation. To-date, the bulk of programme activities have focused on seeds. The Rwanda Seed Law was drafted and is aligned with the Common Market for Eastern and Southern Africa (COMESA) harmonized seed regulations and with the African Regional Intellectual Property Organization (ARIPO) protocol on plant variety protection. This is based on a revision of the 2003 Seed Law. The Minister of Agriculture has presented this to Parliament's Agriculture Commission in mid-April 2015 and it will be submitted to the entire lower house for adoption once a related law on institutions has been adopted (as discussed under Output 4 and 5). It is hoped this will occur in November 2015. A new Seed Policy, based on a revision of the 2007 Seed Policy, has also been prepared by the programme. This is awaiting the finalization of the amended law, at which time it will also be presented to Parliament by the Minister of Agriculture. More than ten draft MOs have also been prepared and amalgamated into four main areas: seed certification, plant variety protection, variety testing and release, and phytosanitary measures.

There appear to be a number of valuable programme activities within the Output that are not captured in the logframe, such as support for the establishment of a National Seed Association of Rwanda (this may have been a good Output Indicator).

There are no milestones for the first two years of the programme under Output Indicator 7.1. Thus, the delays in the adoption of the seed law, policy and MOs have not affected the scoring of this indictor. However, Output Indicator 7.2 does refer to reforms in the seed market and there is no evidence the first-year milestone has been achieved. Indeed, this applies to the other first-year milestones in this Output.

Output Indicators 7.2, 7.3 and 7.4, have been developed based on baseline data that is unclear. The RT was unable to obtain the report from which this baseline data was obtained – the figures were provided to IFC based on a single hard-copy report produced by an NGO for the Rwanda Agriculture Board and IFC could only view this report and do not have a copy. As the sources of this data are unknown it makes tracking these targets/milestone difficult. However, it should also be noted that Indicators 7.2, 7.3 and 7.4 are indicators of outcome.

Since none of the three first-year milestone targets have been achieved, this Output would score C. However, if Indicators 7.2, 7.3 and 7.4 were not considered, because they are Outcome Indicators rather than Output Indicators, a score of A would have been assigned.

Summary of responses to issues raised in previous annual reviews (where relevant)

No previous AR conducted.

Recommendations

See Recommendation 1: Revise indicators 7.2, 7.3 and 7.4.

Output Title	*Creating an enabling environment for private sector investment in export value chains (Horticulture and Tea)*		
Output number per LF	8	**Output Score**	*B*
Risk:	*Low*	Impact weighting (%):	10%
Risk revised since last AR?	*N*	Impact weighting % revised since last AR?	*N*

Indicator(s)	Milestones	Progress
8.1 Number of value chains where policies, laws, regulations are improved	1	Likely to be Achieved
8.2 Number of farmers linked to tea and horticulture through contract farming	65,000 [Baseline: 60,000]	Not Achieved – Target not likely to be achieved by 15 December 2015
8.3 Amount of new investment committed along value chains (USD million) - cumulative	$2.98 million	One firm planning an initial investment of US$315,000. Target not likely to be achieved by 15 December 2015

Key Points: The programme has identified agriculture, and specifically horticulture, as a sector with potential for increased investment and job creation. This Output contains investment reform and promotion activities. Under its investment climate reform activities, RICRP3 supported the development of a revamped Rwanda Horticulture Working Group, which has met twice (the RT attended the second meeting); supported the establishment of the Fresh Produce Export Association and an industry code of practice; and conducted a survey to understand exporters' constraints. The programme has also prepared a Rwanda Farming Contract Model document and drafted revisions to the Rwanda Land Leasing Charter to make it more attractive to investors. A separate IFC programme involving Heineken is piloting a contract farming approach with existing cooperatives and has developed a business readiness assessment toolkit, which will be tested. The programme has undertaken various investment promotion activities in horticulture. It attended the International Flower Trade Exhibition in Nairobi to help the government market Rwanda as a new opportunity for floriculture investment in the region, and to gather contacts for suppliers of inputs. Advice has also been given to the Rwanda National Agriculture Export Board (NAEB) on ways to increase export potential for existing investors. Under Output Indicator 8.3, the programme has updated its investor tracker to include three new investments plans (names of investing firms withheld for confidentiality) all of which visited Rwanda as RICRP2 was ending. The programme has supported another potential investor that met with outgrowers and made efforts to identify land on which to grow summer cut flowers for export.
The GoR views the tea sector as central to the country's economic development. In line with the first Tea Sector Strategy, the GoR reformed the pricing mechanism for green leaf from factory-cost basis to a more transparent pricing mechanism that directly links the prices paid to farmers to the international market price for "made tea". In October 2013, the WBG conducted an evaluation study with the Ministry of Agriculture and Animal Resources (MINAGRI), NAEB, with the assistance of the National Institute of Statistics to evaluate the effects of the reform of the green leaf team pricing mechanism on tea production, tea quality, and living standards. The report of this baseline (published in November 2014) has provided a useful reference for the third phase of the RICRP. In 2012, Cabinet approved a new greenleaf pricing mechanism that would increase quarterly average auction prices from 30% to up to 50% by 2017, instead of a fixed yearly price, which had previously been negotiated of about 28% of the auction prices. While farmers immediately benefited from this, the full reforms were never implemented. Thus, GoR requested support to complete this reform, which involved the drafting of a revised pricing formula recommendation document. The IFC anticipates that Cabinet will adopt the new pricing system by the end of November 2015 and claim that this will immediately lead to the benefits described in Output Indicators 8.2 and 8.3.
At this stage, it is unclear whether the milestone for Output Indicator 8.1 has been achieved since there are no clear instances where a policy, law or regulation have been adopted, despite the draft documents that have been prepared. Output Indicator 8.2 (actually an indicator of outcome) appears poised to be achieved, but is not likely before the programme year's end (i.e., 15 December 2015). Even if the revised tea pricing formula is approved in November 2015, it is unlikely this will create an instant benefit to 65,000 tea farmers. Output Indicator 8.3 (also an indicator of outcome) refers to the amount of investments committed and it appears that the current levels of investment commitment fall short of the first year target/milestone. On this basis, the Output would score a C. However, if Indicators 8.2 and 8.3 are removed because they are in fact outcome indicators, then it may be fairer to assign a score of B to this Output.

Summary of responses to issues raised in previous annual reviews (where relevant):
No previous AR conducted.

Recommendations:
See Recommendation 1: add better Output Indicators (e.g., establishment of association), remove indicators of outcome and ensure these are treated as sources of data for programme Outcome Indicators.

Output Title	***Establishing an effective tourism regulatory body***		
Output number per LF	9	**Output Score**	***B***
Risk:	*Low*	Impact weighting (%):	10%
Risk revised since last AR?	*N*	Impact weighting % revised since last AR?	*N*
Indicator(s)	**Milestones**	**Progress**	
9.1 Qualitative assessment of agency effectiveness	Organizational structure defined, staff and budget allocated	Awaiting adoption of Ministerial Orders by PMO and subsequent implementation – Target not likely to be achieved by 15 December 2015	
9.2 Number of regulations adopted - cumulative	2	Target not likely to be achieved by 15 December 2015	

Key Points

The programme's work in the tourism sector spans two Outputs. This Output is concerned with enhancing the regulatory framework for tourism, while Output 10 facilities private investment into tourism in secondary cities.

In 2009, GoR adopted the Rwanda Tourism Policy and in 2014, the Tourism Law was adopted. MINICOM has responsibility for the regulation of the tourism sector and, now that the new law has been passed, wishes to enhance its capacity to regulate this sector effectively. (Note: this activity is connected to Output 1, where five tourism licenses have been selected for automation.) RICRP3 has supported MINICOM in drafting MOs that will enable MINICOM to expand its activities. However, there have been delays in the approval of these MOs, which have delayed progress in this Output. It appears that these delays are associated with the delays experienced in other outputs (i.e., everything is on hold until Parliament passes the Organic Law Governing Public Institutions). However, although there may be a link, it is understood that the Cabinet approves MOs. In any case, this approval has not yet occurred, although the IFC have expressed confidence in this being passed in November 2015 (i.e., within the first year of the programme, as targeted).

Once the MO is passed, MINICOM will be required to submit an organizational structure, proposals for new staff positions and budget to the Public Service Commission. These documents have already been drafted. However, this process may take three months. Thus, Output Indicator 9.1 will not be achieved in the first year, but may be achieved by March 2016.

Output Indicator 9.2 refers to the adoption of regulations in the tourism sector. The programme has engaged a consultant to review draft MOs, which include regulations for hotel grading and a Tourism Development Levy. It is anticipated that in November 2015, the consultant will review the current draft MOs and make recommendations to RDB. The RDB would then decide which recommendations to adopted and submit revised MOs to the Prime Minister's Office. While the programme is confident this work will be completed in November and the new regulations will be adopted in the same month, this does not appear likely.

Summary of responses to issues raised in previous annual reviews (where relevant)

No previous AR.

Recommendations

See Recommendation 1: Output title should read: "An effective tourism regulatory body established"; revise Output Indicators.

Output Title	***Supporting RDB tourism attract private sector investment around secondary cities in accordance with the tourism master plan***		
Output number per LF	10	**Output Score**	***A***
Risk:	*Medium*	Impact weighting (%):	10%
Risk revised since last AR?	*N*	Impact weighting % revised since last AR?	*N*

Indicator(s)	**Milestones**	**Progress**
10.1 Number of secondary cities around which investment opportunities are identified	1	Target Achieved
10.2 Amount of investment committed around secondary cities (USD million, cumulative)	No target provided	No infrastructure yet and is key to the investment

Key Points

This Output focuses on the facilitation of private investment into secondary cities. It appears well positioned to support the GOR in its investment promotion efforts and tourism is a strategic sector. The Tourism Master Plan has been revised and identifies a number of tourism products that can be developed to expand the number of days tourist spend in the country, for example by developing tourism trails. This is supported by EDPRS2 and is centred on developments around selected secondary cities.

The programme has engaged consultants who have prepared an assessment of tourism products and investment opportunities. It is understood this focuses on Kivu Lake and what is known as the "Kivu Belt". The consultant's draft report is currently being validated and in November will be submitted to the RDB. On this basis, Output Indicator 1 has been achieved. The RT was not provided with the report, which has been delayed due to illness, but it is understood that three secondary cities are identified.

Output Indicator 10.2 refers to the amount of investment committed. There are no Year 1 targets for this.

While Output Indicator 10.1 is a valid indicator of output, the logframe could be revised to represent a better set of indicators that reflect the programme's activities in this Output (e.g., number of investment opportunities identified, number of investment promotion products produced.

Output Indicator 10.2 is an indicator of outcome, not output, and should be revised.

Summary of responses to issues raised in previous annual reviews (where relevant)

No previous AR conducted.

Recommendations

None.

Output Title	*Supporting RDB in the Doing Business reforms*		
Output number per LF	11	**Output Score**	*C*
Risk:	*Not rated in LF*	Impact weighting (%):	10%
Risk revised since last AR?	*No*	Impact weighting % revised since last AR?	*No*

Indicator(s)	Milestones	Progress
11.1 Number laws/regulations changed through program intervention	6	Supported 8 reforms but only one (Building Code) through RICRP3 Target not likely to be achieved by 15 December 2015
11.2 Number of reforms passed	3	1 reform passed Target not likely to be achieved by 15 December 2015

Key Points

This Output was added to the logframe in the revision that DFID adopted in October 2015. As indicated in the discussion of Output 6 (RE). However, there is some confusion about the current inclusion of the Output. Earlier in 2015, IFC recommended the removal of the Output on RE and the reallocation of funds to other programme activities, including general advisory services that supported the GoR in its Doing Business reforms. Thus, the Output on RE was (unofficially) removed and this new Output added. However, when the logframe was revised in October, the RE Output was returned to the logframe (with different indicators) and Output 11 remained.

The IFC has provided advice to GoR in a number of fields in 2015. Indeed, the IFC claims it has supported eight reforms. However, only one of these — reforms to the Building Code — was based on expert advice funded through RICRP3. Thus, in terms of Output Indicator 10.1, the target/milestone of six in the first year has not been achieved.

Output Indicator 11.2 refers to “reforms passed” and here, again, only one programme-supported reform can be counted.

The two Output Indicators are, indeed, indicators of output. However, it is unclear how they differ: the number of laws/regulations “changed” appears to be the same as the number of reforms “passed”. Thus, there appear to be two indicators of the same activity.

Summary of responses to issues raised in previous annual reviews (where relevant)

No previous AR conducted.

Recommendations

A decision should be taken to determine whether this Output remains in the logframe. If this Output remains, then the indicators should be changed to reflect other outputs that are likely to emerge from these advisory services.

D: VALUE FOR MONEY & FINANCIAL PERFORMANCE (1 page)

Key cost drivers and performance

No change. However, delays in achieving Outputs may eventually affect VFM unless revisions are made. The Business Case for VfM still holds for the programme: the economy of resource inputs continues to rely favourably on inputs and tools already developed by the WBG, which provides good, robust reporting and management processes. The WBG experience in supporting reforms in Rwanda over several years continues to be drawn upon and, along with its technical capacity, the decision to use the IFC to manage the programme remains efficient. Indeed, the focus of the programme is compatible and aligned with government's own reform agenda. The use of the trust fund is efficient and remains appropriate.

The programme is measured at Impact and Outcome levels according to:

- Value of reduction in costs of compliance among businesses as measured by Standard Cost Model (see Business Case).
- Value of private finance leveraged into agribusiness and tourism.
- Compile data on the number of jobs created and the amount of investment received.
- Poverty and social impact assessments undertaken for major reforms likely to impact on poor people

These measures remain appropriate. However, greater attention should be given to how data from the Outputs contribute to Outcome Indicators. This has been discussed elsewhere in this report (under concerns regarding the logframe).

The programme has been designed to promote sustainability and durability of reforms. By working alongside GoR it is building capacity and skills.

Assessment of whether the programme continues to represent value for money

The programme continues to represent value for money, but delays in adopting new laws and regulations present a challenge to this if they continue into 2016.

Quality of financial management

The under-performance of the programme, in terms of meeting its first-year targets/milestones, appears to have affected the financial performance. The programme is currently under-spent. After six months (i.e., one-sixth of the programme timeframe) the programme has spent just 10.6 per cent of the budget, where the figure should be around 16.7 per cent.

Financial management is of a high quality. DFID provides funds directly to the Trust Fund. Financial expenditure reports of the Trust Fund are prepared every six months and DFID is able to view the current financial status at any time online.

The programme's Progress Report for January-June 2015 contains an unaudited financial report. This indicates that, as of 30 June 2015, IFC has received US$3,889,450 of which US$412,309.72 was disbursed and a further US$467,596.42 has been committed.

The next financial report is due in February 2016, covering the period July-December 2015. Audit annual accounts are due six months from the end of IFC's fiscal year (according to the Administration Arrangement). Thus, this will be expected on or before June 2016.

Date of last narrative financial report	July 2015
Date of last audited annual statement	None

E: RISK (½ page)

Overall risk rating: Medium
The programme's Business Case, considers the overall (i.e., probability and impact) risk of the programme is Medium. This has not changed since the programme began in January 2015 and, at this stage, there is no need to alter the Risk assessment. The The RT considers that the programme will become increasingly vulnerability to the adoption of legislation, regulations, and institutional establishment on time. Thus, further delays in GoR adoption of these reforms will increase risk.
The Business Case considered the programme's risks were acceptable given the risk mitigation measures that will be in place. In addition, the Investment Climate unit of the WBG has had previous successful engagement in this area and will be implementing the programme itself, making it accountable and allowing it to tap into expert World Bank Group resources and will build capacity of various GoR agencies involved in various programme activities. The delays created by the GoR failure to pass the required legislation and regulations are likely to increase the risk of the programme.

Overview of programme risk
The programme has established and updated a risk matrix ("Delivery Plan", 14 July 2015), which rates the risk of Government delays in implementation as Medium. The mitigation strategy for this is to form an agreement between GoR and the WBG, which would reduce the risk to Low. However, to date, it would appear that this strategy has not worked and the risk remains high.
Other significant (High and Medium) risks (and mitigations) noted are:

- Lack of capacity within the GoR to implement the programme (High) – mitigation: the programme brings in technical expertise and does capacity building where necessary;
- Reform fatigue across government and private sector, particularly to reflect the growing concern that the reform program has not yet yielded expected investments (Medium) – mitigation: Building consensus and support across private and public players in key sectors and the programme will use the PPD mechanism described in the activities;
- GoR fails to invest adequate resources in private sector development (Medium) – mitigation: as an active participant in the Private Sector Working Group, RICRP3 will continue to use Joint Sector Reviews and policy dialogue to advocate for adequate resources for private sector development;
- Adequate DFID oversight (Medium) – mitigation: a private sector development specialist will supervise the program which will also provide bi-annual reports as agreed in the administrative agreement;
- Political stability and security – insecurity in the region could potentially affect execution of the program economy (Medium) — mitigation: the programme is designed as several projects with deliverables along the way so there is an opportunity to put things on hold if necessary; and
- Political election in 2017 and possible uncertainties in the political environment could emerge (Medium) – mitigation: most of program implementation will be completed by June 2017.

DFID Rwanda has appointed a private sector development adviser to supervise the programme and monitor and provide quarterly updates on risks. In addition, the risks are monitored using the using the project's delivery plan, which includes a risk register.
Outstanding actions from risk assessment
There are no outstanding issues.

F: COMMERCIAL CONSIDERATIONS (½ page)

Delivery against planned timeframe: Programme is running late in terms of performance. At present, this should not affect costs, but need to monitor.
Performance of partnership: An Administration Arrangement between the United Kingdom, via DFID, and the IFC was agreed to on 15 December 2015. The terms of this Agreement appear to be working well and no problems were identified during the AR. Programme funds have been used for WBG consultants, programme activities, and other associated costs. IFC can only use grant funds for the payment of salaries and benefits to WBG staff and consultants only to the extent that their work is dedicated to the implementation of programme activities. IFC have established a contract with the GoR regarding the programme, which includes a 15% in-kind contribution from the government toward programme costs.
Asset monitoring and control: There are no concerns with the monitoring and control of programme assets.

G: CONDITIONALITY (½ page)

Update on partnership principles (if relevant)
Not applicable. The programme is delivered through a WB trust fund. WB/IFC do not provide funds directly to government departments, which would fall under the Partnership Principles Assessments (PPA). Rather, the programme works with various GoR institutions and the private sector to implement Investment climate reforms. As such, it should not be affected by ongoing discussions on the PPA.

H: MONITORING & EVALUATION (½ page)

Evidence and evaluation
DFID conducts monthly meetings with the WBG to monitor outputs against the logframe, and receives progress reports from the IFC on a six-monthly basis. Implementation is monitored through DFID's regular field visits to government agencies as well as through DFID and WBG participation in Private Sector Development and Youth Employment sub-sector working group meetings, one of which the WBG co-chairs with RDB. These meetings provide opportunities to discuss implementation issues as they arise and agree on actions that will improve delivery. In addition, plans and progress are formally reviewed at the bi-yearly Joint Sector Reviews.
Monitoring and evaluation of the programme is based on IFC Development Outcomes Tracking System (DOTS) approach. This is a sound and robust system containing a process of verification and auditing of claims made. All supporting documentation is accessible through the online system. The only problem identified by the RT is that the indicators used for M&E within the DOTS are not the same as the DFID programme logframe. Thus, there are two set of indicators used to monitor the programme's progress, requiring programme staff to report on two different systems.
The DOTS system is more detailed than the DFID programme logframe (i.e., it contains more Output and Outcome indicators) and there would be value in DFID adopting DOTS for M&E and AR and Programme Closure Review purposes. However, it is not possible to do this at presented because DOTS is not aligned enough to the programme logframe.
Thus, with the recommendation that the programme logframe be revised to address the problems identified in the AR (Recommendation 1), it is also recommended that once this is done, the M&E system should be revised so that DOTS incorporates the full range of indicators identified in the revised programme logframe.

Monitoring progress throughout the review period
The AR involved a wide range of direct consultations with WBG personnel and consultants, as well as with GoR programme partners. These consultations were undertaken from 26 to 31 October 2015. Programme documents, the programme Business Case, programme progress reports, consultants' reports, work plans, programme roadmaps, DOTS reports, draft policies, laws and regulations, and a wide range of notes and memos were reviewed for the AR.
It was often difficult to obtain the views of GoR partners on the programme in general because they were unaware of the full scope of the programme or, indeed, of the specific set of programme Activities and Outputs that affected their work. This was because the IFC has established its own contract agreements with GoR ministries, departments and agencies, which do not specific refers to the programme's logframe. However, the feedback provided by these respondents suggests that the programme support is well regarded and consistent with the overall direction of government reform efforts. Any departures from this have been noted in the discussions under specific Outputs. Where possible, the IFC should ensure that its programme partners, or "clients" as the IFC refers to them, are aware of the key targets or milestone for the programme so far as they relate to their engagement with the programme. This issue is incorporated into Recommendation 2.

Annex 1: Detailed comments on programme logframe

The programme logframe has many problems that require urgent attention:

- The Impact and two Impact Indicators clear and appear appropriate. However, there are a number of inconsistencies dealing with currencies (it can be very difficult to know if a USD or GBP is used, e.g., Impact Indicator 1). While it is understood that both USD and GBP figures are required (and an exchange rate has been agreed upon by DFID and IFC), the figures cited in the logframe should be clearly marked;
- The Outcome and four Outcome Indicators are clear and appropriate. However, the annual targets for Outcomes (e.g., Outcome Indicator 4) appear unrealistic — it is likely to take more time before reforms achieved in the first year of RICRP3 will translate into new investment commitments. There is also a confusion regarding the currencies used in Outcome Indicators (i.e., USD or GBP?). There are no gender dimensions to any of the indicators applied at Outcome or Impact levels.
- The logframe contains 11 outputs, with one output containing ten sub-outputs. The DFID (2011) "Guidance on Using the Revised Logical Framework" indicates there should be no more than ten Outputs and recommends that best practice is no more than six outputs.
- Output 1 contains 11 sub-outputs (i.e., 1.1 to 1.11), ten of which refer to specific business licenses identified by the programme in recent months.
- IFC indicate Output 11 was only formulated when the renewable energy output was removed at the beginning of the programme (discussed later in this report). In October 2015, the renewable energy Output was returned to the logframe, but Output 11 remained. Thus, it is unclear if this remains an Output.
- Many Output Indicators are, in fact, indictors of Outcome: they indicate how the Output will be used by the beneficiaries and how this may contribute to the broader impact of the programme, usually in terms of savings in time and costs. In most of the Outputs contained in the logframe, the first Output Indicator is the actual Output and the others are indicators of this Output's outcome. Thus, if the first Output Indicator is not achieved, then the other indicators are not attainable. This creates a precarious situation for the programme when scoring programme performance. This is discussed further below.
- There appear to be a number of important programme Outputs that the programme is in the process of producing, which are not captured in the logframe. This includes, for example, support to the City of Kigali to upgrade its online construction permit system, support for the establishment of the Fresh Produce Export Association and an industry code of practice.
- The Impact Weighting does not appear correct: all Outputs have been assigned the same weight (i.e., 10%), creating a total of 110% (although Output 1 is not weighted at all). Annex 4 provides a suggested re-design of the logframe for consideration. This reduces the overall number of Outputs and provides a distribution of Impact Weighting based upon the extent to which the Output contributes to Impact.
- Some data sources for indicators are unclear and will be difficult to obtain. These are discussed under the relevant Output discussion in the pages that follow.
- In the logframe provided to the Review Team, there are no Risks assigned to the Outputs (the original programme logframe contained Risks, but the revised logframe does not).

The problems with the logframe listed above have affected the performance score of the programme. This has created a situation in which the programme would score a C overall if all the Output Indicators were applied as they currently stand (see the Score 1 column in the table on the following page). However, the Review Team (RT) does not believe is an accurate reflection of the programme's performance. Indeed, it is more a reflection of poorly defined indicators. Thus, the RT has scored the programme according to those Output Indicators that appropriate to the programme's activities and the overall programme Outcome and Impact. Under this assessment, the project scores a B (see Score 2 column in the table below). A discussion on how these scores have been assigned is found under each Output.

Output scores

TITLE	SCORE 1	SCORE 2
Output 1: Licenses automated 1 of 4 Output Indicators Achieved Impacting Weighting: 10% Risk: Not assigned	C	A++
Output 2: Extension of on-line Construction Permitting 1 of 4 Output Indicators Milestones Likely to be Achieved Impacting Weighting: 10% Risk: Not assigned	C	A
Output 3: Establish a mobile/e-PPD feedback mechanism for G2B services 0 of 3 Output Indicators Milestones Achieved Impacting Weighting: 10% Risk: Not assigned	C	C
Output 4: Establishing an effective inspectorate board 1 of 2 Output Indicators Milestones Achieved Impacting Weighting: 10% Risk: Not assigned	B	B
Output 5: Establishing an effective competition agency 1 of 3 Output Indicators Milestones Achieved Impacting Weighting: 10% Risk: Not assigned	A	A
Output 6: Building GoR capacity to attract private sector investment into small scale renewable energy (RE) 0 of 2 Output Indicators Milestones Achieved Impacting Weighting: 10% Risk: Not assigned	C	C
Output 7: Pro-poor policy and regulatory framework to attract private sector into agriculture inputs markets 0 of 3 Output Indicators Milestones Achieved Impacting Weighting: 10% Risk: Not assigned	C	B
Output 8: Creating an enabling environment for private sector investment in export value chains (Horticulture and Tea) 1 of 3 Output Indicators Milestones Likely to be Achieved (unclear) Impacting Weighting: 10% Risk: Not assigned	C	B
Output 9: Establishing an effective tourism regulatory body 0 of 3 Output Indicators Milestones Achieved Impacting Weighting: 10% Risk: Not assigned	B	B
Output 10: Supporting RDB tourism attract private sector investment around secondary cities in accordance with the tourism master plan 1 of 1 Output Indicators Milestones Achieved Impacting Weighting: 10% Risk: Not assigned	A	A
Output 11: Supporting RDB in the Doing Business reforms 0 of 2 Output Indicators Milestones Achieved Impacting Weighting: 10% Risk: Not assigned	C	C
Overall Programme Output Score	C	**B**

[Scores are based on: A++ = 5, A+ = 4, A = C, B = 2, C = 1]

Annex 2: Recommendation Action Matrix

#	Recommendation	Accept / Reject	Action already taken as of:	Action to be taken	Owner of Action	Target Date
1	Revise logframe			Consolidation of Outputs to reduce the overall number of Outputs from 11 to below ten; Improvement of Output Indicators to ensure they reflect programme outputs and not outcomes, and to better reflect the actual outputs of programme activities; Improvement of the sources of data for programme Outcomes and better linking Outputs to Outcome Indicators; Annex 2 and 3 in this report present detailed suggestions with regard to the revision of the logframe.	Programme (IFC)	By end-Dec 2015
2	Revise M&E System			The programme's M&E system should be revised to more accurately reflect the programme logframe. While the IFC Development Outcomes Tracking System (DOTS) is good, the indicators it applies are not fully aligned with the programme's logframe. Thus, when the logframe has been revised (Recommendation 1), the M&E System should also be revised. Once this is completed, the IFC should ensure its programme partners or "clients" are aware of the key targets or milestones contained in the logframe and M&E system that are relevant to their field of engagement (i.e., Output).	Programme (IFC)	By end-Feb 2016
3	Meet with senior GoR representatives to develop a response to current delays			Meet with senior levels of GoR (e.g., Prime Minister's Office) to discuss the current delays in passing legislation and regulations that are impeding the progress of the programme. It is important to determine if these delays are simply procedural (i.e., due to the slowness of Parliament and its busy workload) or if there are other more significant problems, such as a reluctance or resistance against the proposals. Depending on the findings, actions should be taken to respond. If delays continue into Q2 of 2016, then it would appear necessary to embark on a redesign of programme Activities and Outputs.	Programme (IFC)	By end-Dec 2015
4	Implement a revised Renewable Energy Component			Reassess the focus of the RE Output and what is feasible within the programme timeframe and based on previous experience with the GoR when supporting reforms in this sector. (This should be done as logframe is being revised as it will affect the revised logframe.)	Programme (IFC)	By end-Dec 2015

Annex 3: Suggestions for redesign of programme log-frame

OUTPUT 1: Licenses automated	
Output Indicator 1.1: Total Number of licences to automate	A better indicator would be: Total number of licenses automated
Output Indicator 1.2: Number of licenses Issued	Remove as an Output Indicator
Output Indicator 1.3: Average cost to obtain licenses	Remove as an Output Indicator This indicator would be better as a source for measuring Outcome 1
Output Indicator 1.4: Average time to obtain licenses in days	Remove as an Output Indicator This indicator would be better as a source for measuring Outcome 1
OUTPUT 2	
Output Indicator 2.1: Number of cities with on-line permitting	Keep this indicator Targets may need to be changed depending on agreements reached with RHA
Output Indicator 2.2: Number of permits issued on-line at secondary cities	Remove as an Output Indicator because it represents an Outcome (i.e., use of an Output)
Output Indicator 2.3: Average time to obtain permits days [Baseline 120 days]	Remove as an Output Indicator This indicator would be better as a source for measuring Outcome 1 Baseline source is not Doing Business report (as indicated), but in fact derived from data provided by RHA and City of Kigali
Output Indicator 2.4: Average cost to obtain permits [Baseline $86]	Remove as an Output Indicator This indicator would be better as a source for measuring Outcome 1 Baseline source is not Doing Business report (as indicated), but in fact derived from data provided by RHA and City of Kigali
Other possible indicators	Number of infrastructure and capability assessments conducted
OUTPUT 3: *Establish a mobile/e-PPD feedback mechanism for G2B services* ***Rephrase: A national mobile/e-PPD feedback mechanism is established***	
Output Indicator 3.1: Number of services rate-able on line	Keep this indicator
Output Indicator 3.2: Number of hits	Remove as an Output Indicator because it represents an Outcome (i.e., use of an Output)
Output Indicator 3.3: Number of ratings submitted	Remove as an Output Indicator because it represents an Outcome (i.e., use of an Output)
Other possible indicators	• E-PPD system designed and agreed by RDB • Number of provinces/districts in which the e-PPD system established The choice of indicators should reflect the concept. Currently these indicators are framed as a feedback (G2B) service. However, the discussions around this concept are much broader.
OUTPUT 4: Establishing an effective Inspectorate Board **Re-phrase: An effective inspectorate board is established**	
Output Indicator 4.1: Qualitative assessment of agency effectiveness	Keep this indicator
Output Indicator 4.2: Joint inspections as a percentage of total inspections that require participation of more than one agency	Remove as an Output Indicator because it represents an Outcome (i.e., use of an Output)

Other possible indicators	• Number of agencies in partnership agreements (joint inspections)
OUTPUT 5: Establishing an effective Competition agency **Re-phrase: An effective competition agency is established**	
Output Indicator 5.1: Qualitative assessment of agency effectiveness	Keep this indicator
Output Indicator 5.2: Number of sub-sectors where pro-competitive regulatory changes were suggested	Keep this indicator
Output Indicator 5.3 Number of competition cases handled	Remove as an Output Indicator because it represents an Outcome (i.e., use of an Output)
OUTPUT 6: Building GoR capacity to attract private sector investment into small scale renewable energy **Re-phrase (based on final design decisions): Capacity of government to attract private sector investment into small scale renewable energy improved**	
Output Indicator 6.1: Number of days it takes investors for an investor from proposal to contract signing [Baseline not yet defined]	Remove as an Output Indicator This indicator would be better as a source for measuring Outcome 1 (also relates to Impact Indicator 2)
Output Indicator 6.2: Average cost to get a license [Baseline: $500; source unclear]	Remove as an Output Indicator This indicator would be better as a source for measuring Outcome 1 (also relates to Impact Indicator 2)
OUTPUT 7: Pro-poor policy and regulatory framework to attract private sector into agriculture inputs markets **Re-phrase: A pro-poor policy and regulatory framework to attract private sector into agriculture inputs markets is established**	
Output Indicator 7.1: Number of sectors where policies/laws/regulations are improved	Keep this indicator This may be better phrased: Number of reforms to policies, laws and regulations in selected agriculture sectors
Output Indicator 7.2: Private participation in seed input markets (% of market size) [Baseline: 73.50%]	Remove as an Output Indicator This indicator would be better as a source for measuring Outcome 4 and Impact Indicator 2
Output Indicator 7.3: Private participation in pesticides input markets (% of market size)	Remove as an Output Indicator This indicator would be better as a source for measuring Outcome 4 and Impact Indicator 2
Output Indicator 7.4: Private participation in mechanization input markets (% of market size)	Remove as an Output Indicator This indicator would be better as a source for measuring Outcome 4 and Impact Indicator 2
OUTPUT 8: Creating an enabling environment for private sector investment in export value chains (Horticulture and Tea) **Re-phrase: An enabling environment for private sector investment in export value chains (Horticulture and Tea) is created**	
Output Indicator 8.1 Number of value chains where policies/laws/regulations are improved	Keep This may be better phrased: Number of reforms to policies, laws and regulations in selected agriculture value chains
Output Indicator 8.2 Number of farmers linked to tea and horticulture through contract farming	
Output Indicator 8.3 Amount of new investment committed along value chains (USD million) -	Remove as an Output Indicator This indicator would be better as a source for measuring Outcome 4 and Impact Indicator 2

cumulative	
OUTPUT 9: Establishing an effective tourism regulatory body	
Output Indicator 9.1: Qualitative assessment of agency effectiveness	
Output Indicator 9.2: Number of regulations adopted - cumulative	Re-phrase: Number of tourism regulations reformed (an annual target may be better than a cumulative one) [Note: It could be argued that actual reforms are more than an Output because they involve the actions of the partner (i.e., the programme can't, on it's own, implement a reform). However, this discrepancy is often tolerated in investment climate reform programme log-frames.]
OUTPUT 10: Supporting RDB tourism attract private sector investment around secondary cities in accordance with the tourism master plan **Re-phrase:**	
Output Indicator 10.1: Number of secondary cities around which investment opportunities are identified	Keep
Output Indicator 10.2: Amount of investment committed around secondary cities (USD million, cumulative)	Remove as an Output Indicator This indicator would be better as a source for measuring Outcome 4 and Impact Indicator 2
OUTPUT 11: Supporting RDB in the Doing Business reforms **Re-phrase:**	
Output Indicator 11.1: Number laws/regulations changed through program intervention	As it stands, this is a good Output Indicator
Output Indicator 11.2: Number of reforms passed	As it stands, this is a good Output Indicator

Annex 4: Log-frame (Output) Restructure

This annex provides some suggestions to guide the restructure of the programme to reduce the total number of Output. While the redesign of the logframe is beyond the scope of the AR, the Review Team is making these “suggestions” to contribute to discussions between DFID and the IFC.

Output No.	Title, Indicator, Targets, Verification, and Source	
1	**Mechanisms to improve and extend government to business services are established (on-line permitting, license automation and e-PPD)**	
Impact Weighting: 15% **Risk: Low**	**Indicator 1.1:**	**Number of secondary cities with an on-line construction permitting system in place** Target: Annual number each year Verification: Count of number of cities where online permit is fully operational Source: Programme Reports; Municipalities’ and RHA documentation; Online observation
	Indicator 1.2:	**Number of business license application and approval mechanisms automated and online nationally** Target: Annual number of new licenses automated online Verification: Count of number of new licenses automated online each year Source: Programme Reports; Online observation
	Indicator 1:3:	**Number of province (districts) with access to an e-PPD mechanism** Target: Annual number of provinces or districts where e-PPD is operating Verification: Count of number of provinces or districts Source: Programme Reports; RDB documentation; Online observation
2	**More effective competition and inspections mechanisms established**	
Impact Weighting: 25% **Risk: Medium (requires adoption by Govt. Parl…)**	**Indicator 2.1:**	**An effective Inspectorate Board established** Target: Programme year of establishment specified Verification: Board has an allocated budget and assigned staff Source: RDB organogram and budget
	Indicator 2.2:	**Number of inspections procedures and protocols (for joint inspection) in place** Target: Annual number of procedures reformed or protocols established Verification: Count of procedures and protocols Source: Approved/Draft Legal/Regulatory documents (e.g., Ministerial Orders)
	Indicator 2.3:	**An effective competitions authority established** Target: Programme year of establishment specified Verification: Authority has an allocated budget and assigned staff Source: RDB organogram and budget
	Indicator 2.4:	**Number of changes to competition enhancing legal or regulatory reforms made (or submitted to government/Parliament to final adoption)** Target: Annual number of reforms Verification: Count of reforms Source: Approved/Draft Legal/Regulatory documents (e.g., Ministerial Orders)

3 **Impact Weighting: 20%** **Risk: Low**	**A pro-poor policy and regulatory framework to attract private sector into agriculture inputs markets is established** **Indicator 3.1:** **Number of reforms to policies, laws and regulations in selected agriculture sectors** Target: Annual number of reforms Verification: Count of reforms Source: Approved/Draft Legal/Regulatory documents (e.g., Ministerial Orders) Note: Tea pricing reforms would be included here **Indicator 3.2:** **Number of reforms to policies, laws and regulations in selected agriculture/horticulture value chains** Target: Annual number of reforms Verification: Count of reforms Source: Approved/Draft Legal/Regulatory documents (e.g., Ministerial Orders)
4 **Impact Weighting: 20%** **Risk: Low**	**A more competitive and investor-friendly institutional framework for tourism development established** **Indicator 4.1:** **Tourism Regulatory Agency (RDB) is enlarged** Target: Annual number of reforms Verification: Count of reforms Source: Approved/Draft Legal/Regulatory documents (e.g., Ministerial Orders) **Indicator 4.2:** **Number of tourism regulations reformed** Target: Annual number of reforms Verification: Count of reforms Source: Approved/Draft Legal/Regulatory documents (e.g., Ministerial Orders) **Indicator 4.2:** **Number of local/regional tourism investment strategies adopted** Target: Annual number of strategies adopted; annual number of tourism investment opportunities identified in strategies Verification: Strategy documents Source: RDB, Municipalities
5 **Impact Weighting: 10%** **Risk: Medium**	**Capacity of government to attract private sector investment into small scale renewable energy improved** **Indicator 5.1:** **Indicator 5.2:**
6 **Impact Weighting: 10%** **Risk:**	**Business and investor policy, legal and regulatory framework improved** **Indicator 6.1:** **Number of pro-business and investor policy, legal and regulatory reforms made** Target: Annual number of reforms Verification: Count of reforms Source: Approved/Draft Legal/Regulatory documents (e.g., Ministerial Orders)