

Memorandum of Understanding on Rwanda CAADP renewed commitment

To support the Strategic Plan for Agricultural Transformation through a Sector-Wide Approach

Section 1: Preamble

1. This Memorandum of Understanding, hereinafter referred to as “MoU”, is entered into by and between the Government of Rwanda, NEPAD, AU, COMESA, Development Partners (DPs), the private sector, Civil Society Organizations (CSOs) and Farmers’ Organizations, to coordinate and solidify their support and involvement in the development of the Rwandan agricultural sector in accordance with the principles set out in this memorandum.
2. Rwanda has demonstrated high-level political commitment to Africa-wide initiatives such as the Comprehensive Africa Agriculture Development Programme (CAADP) by signing a CAADP compact in 2007.¹ A Sector-wide Approach (SWAp) MoU signed thereafter in 2008, detailed the principles of partnership and shared commitments to the development of the agriculture sector in Rwanda. A review of the first phase of CAADP implemented through the Strategic Plan for the Transformation of Agriculture in Rwanda – Phase II (PSTA II) suggested the provision of clear pathways to achieve clearly benchmarked increased performance of the Rwandan agriculture sector (effectiveness, efficiency and competitiveness) and increased production and productivity and thereby increased impact (wealth and job creation, poverty alleviation and food-nutrition security) as well as strengthened and aligned capacity (technical and political) to champion transformation objectives in agriculture.
3. Based on the achievements realized during implementation of EDPRS I and PSTA II, where at least one million people were lifted out of poverty, and based on the commitment of the Government to accelerate the momentum with the objective of lifting an additional three million Rwandans out of poverty in the next five years (2013-2018), Parties have agreed to renew their commitments to support the agricultural sector to fulfil its role in the country’s economic development and poverty reduction.
4. The continued development of the Rwandan agriculture sector is set out in the Strategic Plan for the Transformation of Agriculture – Phase III (PSTA III), the aim of which is to facilitate the development of Rwandan agriculture through a knowledge based approach focused on resource management, human capacity, exploitation of key food,

¹ The first CAADP Compact to be signed and completed on the continent.

export and livestock value chains, and increased involvement of the private sector. It is this overall guiding strategic document that defines sectoral priorities and the sector's contribution in the effort to eliminate poverty in Rwanda. Any significant changes to PSTA III and its Result Framework, once endorsed by all the stakeholders, will only be adopted with the agreement of all signatories to this MoU.

5. The Government of Rwanda has developed the Agricultural Sector Investment Plan (ASIP)² as a framework for public and private investment in agriculture which will serve as the guiding document for investment in the sector. The ASIP quantifies the amount of potential private investment expected to support agricultural development over the medium term (2013-2018).
6. Rwanda has embraced Grow Africa as an African initiative aimed at private investment mobilization in the agricultural sector. This MoU is also in concert with the Grow Africa initiative which seeks to increase private-sector investment in African agriculture through providing support for participating countries to develop investment blueprints, build a pipeline of investments, and strengthen cross-sector (Sector-Wide) collaboration.

Objective of this Memorandum of Understanding

7. This MoU's primary objective is to set out common principles to support the Second Rwandan CAADP process using national policies, strategies and investment plans as well as existing funding modalities through a Sector-Wide Approach.

Section 2: Introduction

CAADP as an African initiative

8. The Comprehensive Africa Agriculture Development Programme (CAADP) is an initiative by African governments under the African Union/New Partnership for Africa's Development (AU/NEPAD) to accelerate growth and eliminate poverty and hunger among African countries. The main goal of CAADP is to help African countries reach a higher path of economic growth and achieve Millennium Development Goals (MDGs) through agriculture-led development which eliminates hunger, reduces poverty and food and nutrition insecurity, and enables expansion of agricultural exports. Agricultural sector growth of 6% was envisaged to bring about this change, which was anticipated to be supported by at least a 10% annual national budgetary allocation to the sector. As a framework of the AU, it emanates from and is fully owned and led by African governments. The Common Market for Eastern and Southern Africa (COMESA) has been mandated to coordinate and harmonize implementation in its region as a partner with

² Referred to by NEPAD and CAADP as the National Agriculture Investment Plan (NAIP).

national authorities, Development Partners (DPs), the private sector, Farmer Organization and Civil Society Organizations (CSOs) as a part of the NEPAD Initiative, fully reflecting the broader principles of mutual review and dialogue, accountability, and partnership.

9. The implementation of CAADP entails various complementary roles for different players — the Government, DPs, private sector, NGOs, community-based organizations, research institutions, producers and civil society. Financing the CAADP framework calls for commitment from all players.
10. In Rwanda, the agriculture sector accounted for 33% of GDP in 2013, generated 70% of export revenues and employed 80% of the population. Increased productivity and commercialisation of the agricultural sector was directly responsible for 45%³ of the 12 point poverty reduction under EDPRS I, 2008-2012.⁴ The agricultural sector has already made significant progress in the key areas of productivity, exports, commercialisation and food and nutrition security. According to the third Integrated Household Living Conditions Survey (EICV 3) data, the share of agricultural production marketed nationally increased from 22% to 27% from 2006 to 2012.
11. The overarching objective of the National Agricultural Policy is to create conditions favourable to sustainable development and promotion of agricultural and livestock production and national food security. This entails integrating agricultural and livestock production into a market-oriented economy that generates increased incomes for producers. Creating an enabling environment that facilitates increased private sector investment in agriculture is a key principle that underpins policymaking, planning and public sector interventions.

PSTA as a Common and Strategic Framework

12. The Strategic Plan for Agricultural Transformation III (PSTA III), its Results Framework and investment plan (ASIP) are the main framework for agriculture development in Rwanda. The PSTA III (2013-2018) takes into consideration significant changes that took place over the last 5 years and the evolving priorities in the sector aligned to Rwanda's rapidly growing economy. PSTA III recognizes the need to involve private sector investment in the development of agricultural sector and emphasizes the involvement all stakeholders for its implementation.
13. PSTA III also incorporates more recent national plans and strategies, mainly the *EDPRS II*, and changing development cooperation policies. It also specifies the means by which

³ *Rwanda Economic Update, Maintaining Momentum with a special focus on Rwanda's pathway out of poverty*, World Bank, May 2013, Edition No. 4.

⁴ Thirteen (13) percent of the poverty reduction over the same period was due to off-farm self employment for which it is estimated that at least 50 percent of this was related to farming activities and value chains.

the strategic objectives will be achieved mainly through a program for results approach, in order to facilitate the process of resource allocation and implementation.

14. The goal of PSTA III is to intensify and commercialise the Rwandan agricultural sector to reduce poverty and drive economic growth over the next five years. This will be realised through both increased production of staple crops and livestock products, and greater involvement of the private sector to increase agricultural exports, processing and value addition. Investing in high-value crops while also increasing staple crops is essential to facilitate both increased domestic food security and nutrition, in addition to higher and more diversified rural incomes.
15. PSTA III is divided into four programs which are interlinked and implemented by MINAGRI, its agencies the Rwanda Agriculture Board (RAB), the National Agriculture Export Board (NAEB), Single Project Implementation Units (SPIUs), Districts and other institutions involved in rural development, often with the financial support of DPs, involvement of private sector and engagement with CSOs. The four Programs are:
 - i) Sustainable agriculture and animal resource intensification;
 - ii) Research, technology transfer and professionalisation of farmers;
 - iii) Value chain development, private sector investment and export promotion; and
 - iv) Institutional strengthening and cross cutting issues.

Section 3: Partnership Principles for parties to this MoU to support Rwanda's Agricultural Sector

Introduction

16. This MoU is neither a binding legal arrangement, nor does it constitute an international treaty or create rights and obligations under international law. Rather, it is a set of commonly agreed principles and provisions from which bilateral arrangements are drawn.
17. The Government will enter into arrangements with all interested parties on a bilateral basis. In the spirit of the principles set out in this MoU, signatories will not introduce conditions that contradict or diverge from this MoU in their respective bilateral arrangements.

Government commitments

18. The Government confirms its commitment to promoting long term economic and social development to reduce poverty and achieve food and nutrition security, as identified in

its Vision 2020 document and set out in the EDPRS II. Within this, the Government reaffirms its commitment to allocate 10% of the national budget to the agricultural sector, according to the CAADP compact.

19. The Government confirms that PSTA III, its Results Framework and ASIP are the authoritative framework for achieving the objectives highlighted above through an enabling environment for the private sector, supported by appropriate state intervention, trade openness, and continued maintenance of macroeconomic stability.
20. In this regard, the Government will work to ensure maximum efficiency and effectiveness in the utilization of resources in the sector, in line with its broader efforts to strengthen public financial management.
21. The Government also commits to the dialogue, coordination, mutual review, and accountability mechanisms and modalities specified in its aid policy, as well as the Monitoring and Evaluation arrangements agreed in connection with PSTA III Result Framework (see Annex 1).
22. The Government commits to set up a forum for public and private sector dialogue in the agriculture sector. The forum meetings will be organized every year to evaluate progress and the level of private sector involvement in agricultural development. This forum will also be an opportunity to discuss opportunities available in the sector such as Public-Private Partnership (PPP) projects.

DPs' Commitments

23. The DPs acknowledge that achieving the MDGs and meeting Rwanda's Vision 2020 requires an increase in the volume and quality of development assistance and shared responsibility.
24. DPs therefore commit to align assistance to the sector with the programs and priorities identified in PSTA III and to scale up assistance to help meet investment costs of the programs defined in the Strategy.
25. DPs further commit to provide indications, where possible, of future development assistance to the sector on a rolling basis to cover at least three years ahead in order to improve predictability and allow better planning, budgeting, and implementation. DPs unable to commit to this will provide such information on a "best endeavours" basis. DPs will report to MINAGRI at the beginning of each fiscal year on their ongoing and planned contributions to implementation of PSTA III.



26. DPs also commit to provide such support and related technical assistance in line with preferred modalities and principles set out in the Aid Policy including the principles and mechanisms for dialogue, coordination, mutual review, predictability, and accountability.

Commitments of the African Union, NEPAD and RECs;

27. The African Union through NEPAD, EAC, COMESA and its partners are committed to support The Government of Rwanda in its endeavors to define priority programs that will allow the country to meet the objectives of CAADP and be on the road to attaining MDG 1.⁵ In this regard the African Union, COMESA and other regional partners will support Rwanda's CAADP implementation towards the achievement of EDPRS II and PSTA III through advocacy, mobilizing of financial and technical support and peer reviews.

Commitments of the Private Sector, Farmers' Organizations and Civil Society

28. The private sector, including: producers, traders, input suppliers, financial institutions and civil society commit themselves to effectively partner with the Government of Rwanda in establishing enterprises and initiatives that are profitable and will have a measurable impact in reducing poverty levels in the country and increasing economic growth. These actors will ensure increased participation in investment projects and accountability in the investment opportunities identified under PSTA III.
29. The private sector commits to participate in Public-Private sector forum meetings and commits to share information on investments in the agriculture sector.

Alignment and Harmonisation of Planning and Resource Allocation at national level

30. The adoption of a Sector-Wide Approach by the Government and its partners reflects the desire of both parties to ensure that all resources – whether domestically financed or provided by DPs – are utilised in a manner that is coherent with the objectives set out in the relevant vision, policy and strategy documents, and that this alignment thus maximises development outcomes.
31. The Government and DPs, consistent with International Aid Effectiveness Agreements and Rwanda's Aid Policy, will seek to adopt approaches and modalities that will promote national ownership (including by civil society and the private sector), management for results, mutual accountability, and a reduction of transaction costs through improved alignment and harmonisation of DP interventions across the sector.

⁵ Eradicate extreme poverty and hunger.

32. The Government and its DPs recognise the importance of ensuring the continued strengthening of national implementation capacities, including further improvements to planning, Public Financial Management (PFM), procurement, monitoring and evaluation. In the interests of ownership and sustainability, it is agreed that the continued strengthening of – and increased reliance on – national capacities underpins development efforts in the sector.
33. Consistent with the desire to strengthen linkages between planning, budgeting and the Medium Term Expenditure Framework (MTEF) process, and in accordance with Rwanda's Aid Policy, all resources provided to Rwanda for agricultural development are to be aligned to the programs and sub-programs set out in PSTA III. Assistance is considered to be on-plan when it directly supports the implementation of costed and clearly defined activities identified in the PSTA III.

National Stakeholder Dialogue and Coordination

34. The structure for stakeholder dialogue comprises of the Agricultural Sector Working Group (ASWG) and the SWAp Group. The key processes for consultation are the meetings of the ASWG, the annual Joint Agricultural Sector Review, and NEPAD Peer Review Mechanism. However, the ASWG is the principal forum for dialogue, consultation, monitoring and evaluation in the agricultural sector at national level.
35. The ASWG is composed of representatives from the Ministry of Agriculture and Animal Resources (MINAGRI), its agencies, DPs, Civil Society Groups and the private sector working in the agricultural sector. It shall be chaired by the Permanent Secretary of MINAGRI (or his/her authorised representative) and co- chaired by the Lead DP (or his/her authorised representative).
36. The objective of the consultation, undertaken by the ASWG, is to reach consensus among stakeholders on agricultural policy, strategy, and programme priorities and targets.
37. MINAGRI will lead and chair all joint consultative mechanisms, except where issues for discussion relate primarily to external financing in which case an authorised representative of the Ministry of Finance and Economic Planning (MINECOFIN) shall chair.
38. Government and DPs shall seek the active participation of the private sector and civil society in the consultation processes.

Section 4: Final Provisions

Representation, Effect and Duration

39. The Government is represented by:
- The Minister of Agriculture and Animal Resources as the guarantor of the establishment of agricultural policy and strategies; and
 - The Minister of Finance and Economic planning as the guarantor of national economic and fiscal policies.
40. The DPs are each represented by their authorised representatives as per Annex 2.
41. Civil Society Organizations and Farmers Organizations are each represented by their legal representatives as per Annex 3.
42. Private sector companies are represented collectively by the Rwanda Private Sector Federation (PSF) Chairman, but individual companies and chambers could adhere to this MoU by the signing of Annex 4 by the company's manager.
43. The MoU will come into effect when the Government, AU, NEPAD, RECs, PSF and at least two DPs have signed it.
44. This MoU will terminate five years after it comes into effect unless unanimously extended by all the signatories.

Monitoring and Evaluation (M&E) and information exchange

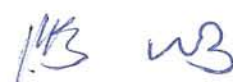
45. Signatories agree to use existing M&E frameworks for monitoring progress in the agricultural sector. M&E will be operationalised by a strong Management Information System (MIS) to be established within MINAGRI to support the on-going debates and decisions that have to be made to give a better orientation to agreed commitments.
46. The establishment of a Management Information System will provide a framework within which objective research, analysis, and information in the agricultural sector will be made available and used during the policy making processes related to the design and implementation of PSTA III. The information system will consist of data analysis, data management, library functions and a data collection network from all sources of information to monitor progress made during the implementation of PSTA III activities.
47. Activities implemented within the CAADP framework will be linked to this information system. This will be achieved through provision of regular information from the various

stakeholders. At the continental level, the process will be linked to the African Peer Review Mechanism.

Endorsement

48. This renewed commitment is hereby endorsed as a:


- **Commitment** by the Government of Rwanda to fulfil the goals and aspirations of the Rwandan population as outlined in Vision 2020, EDPRS II and PSTAIII and its ASIP.
- **Pledge** by Development Partners in the agricultural sector to fulfill their development support within the framework of the Aid policy and the Paris Declaration.
- **Statement** from the African Union, COMESA and other regional bodies to fulfill their commitment to the Maputo Declaration and overall principles of CAADP implementation.
- **Pledge** by the private sector, Civil Society and Farmers' Organizations to collectively support the realization of the aspirations enshrined in national policies and strategies.



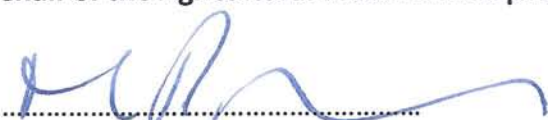
SIGNED in Kigali, Rwanda, on this tenth day of June 2014

On behalf of the Government of the Republic of Rwanda:


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Amb. Claver Gatete
Minister of Finance and
Economic Planning


.....
Dr. Agnes Mathilda Kalibata
Minister for Agriculture and
Animal Resources

On behalf of the Agricultural Sector Development Partners:


.....
Head of the EU Delegation in Rwanda
MICHAEL RYAN

On behalf of the Private Sector:


.....
Chairman of the Private sector Federation

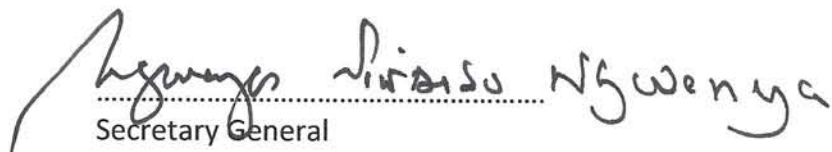
On behalf of the African Union Commission:


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Commissioner, Department of
Rural Economy and Agriculture

On behalf of NEPAD:


.....
Head, NEPAD CAADP

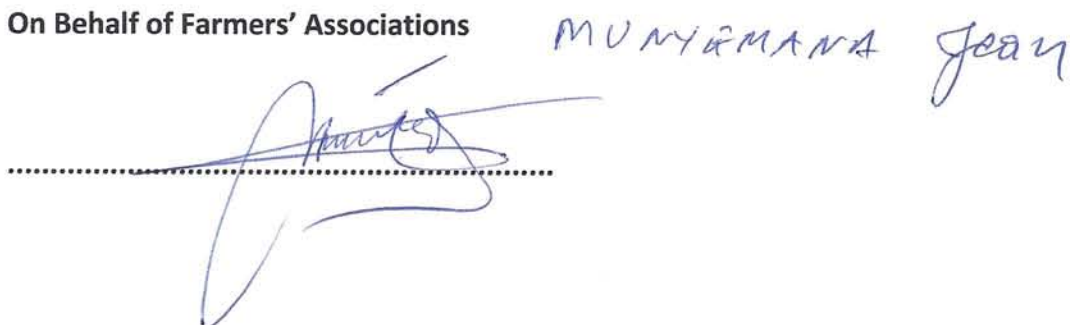
On behalf of COMESA:


Secretary General

On Behalf of Civil Society


Eugene

On Behalf of Farmers' Associations


MUNYAMANA Jean



