

EU to Support Rwanda with a Major Increase in Budget Support

On Tuesday, March 10, 2009, Louis Michel, the European Commissioner for Development and Humanitarian Aid, signed a financing agreement with Hon. James MUSONI, Minister of Finance, which will see a major increase in the level of budgetary support Rwanda receives from the EU. A grant of € 175 million, the equivalent of some FRW 140 billion, will be provided over the next six years 2009 to 2013/14 in the form of general budgetary support.

Speaking at a special ceremony held at the Ministry of Foreign Affairs, where the financing agreement was signed in the presence of the Finance Minister and Foreign Minister, Hon Rosemary MUSEMINALI, Commissioner Michel explained that Rwanda was the very first country to benefit from this improved form of aid known as the MDG-Contract. "This support is for countries which have demonstrated good performance and sound economic management over an extended period of time. It provides budgetary support within a predictable long-term framework. Rwanda is among seven ACP countries to first benefit from MDG-Contract. The aid is aligned with Rwanda's Economic Development and Poverty Reduction Strategy (EDPRS) and will contribute to the Government's effort to achieve the Millennium Development Goals. The MDG-Contract provides direct financial support to the Government's treasury and envisages a gradual scaling up of aid from the European Commission from a current level of around € 39 million (RWF 30 billion approx) a year in 2013/14. The Commissioner added: "Our concern is to help Rwanda achieve the goals of the new millennium in terms of better health, education and other social services, to improve the investment climate and reduce poverty".