# RWANDA'S PUBLIC FINANCIAL MANAGEMENT SYSTEMS AND ACCOUNTABILITY IN THE MINISTRY OF EDUCATION

A Thesis
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In Partial Fulfillment of the Requirements for the Degree
Master of Business Administration

By:

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## DECLARATION A

This thesis report is my original work and has not been presented for a Degree or any other academic award in any University or Institution of Learning.

NIYIBIZI John

Name and Signature of Candidate

Date 12/07/2011

## DECLARATION B

I confirm that the work reported in this thesis was carried out by the candidate under my supervision.

MABONGA ERIC

Name and Signature of Supervisor

Date 16/07/2011

## APPROVAL SHEET

This thesis entitled "Rwanda's Public Financial Management Systems and Accountability", prepared and submitted by **Niyibizi John** in partial fulfillment of the requirements for the award of a Master of Business Administration; has been examined and approved by the panel on oral examination with a grade of **PASSED**

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## DEDICATIONS

To Almighty God who has guided me from birth up to now.

To my father, Bahemukiyiki and my mother, Nyiragahabura, my brothers and sisters who not only funded me but also encouraged me to expand my horizons and be that I am.

To my family, especially my loving wife Uwimana Daphrose for all the moral support and prayers she has rendered to me throughout this course.

I dedicate this research study.

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## ACRONYMS / ABBREVIATIONS

| | | |
|---|---|---|
| CBOs | - | Community Based Organizations |
| CDA | - | Curriculum Development Agency |
| DGs | - | Director Generals |
| DVC | - | Deputy Vice Chancellor |
| EC | - | Examinations Council |
| GIE | - | General Inspectorate of Education |
| GoR | - | Government of Rwanda |
| HEC | - | Higher Education Council |
| IMF | - | International Monetary Fund |
| KIU | - | Kampala International University |
| MDGs | - | Millennium Development Goals |
| NGOs | - | Non Governmental Organizations |
| OBI | - | Open Budget Index |
| PFM | - | Public Financial Management |
| PPOs | - | Public Procurement Officers |
| PS | - | Permanent Secretary |
| RPF | - | Rwanda Patriotic Front |
| SFAR | - | Student Financing Agency in Rwanda |
| SPGSR | - | School of Postgraduate Studies and Research |

## ABSTRACT

This thesis is entitled "Rwanda's Public Financial Management systems and Accountability". It is presented as a result of a research that was carried out in the Ministry of Education of Rwanda. The study was carried out based on three specific objectives, i.e.; to identify the financial management systems used in public institutions in Rwanda, to determine the efforts towards accountability in Rwanda's public institutions, and to identify the relationship between financial management systems and accountability in Rwanda's public institutions.

The study was in form of a descriptive correlation design, to describe and analyze the condition of the areas being studied as it was at the time. The study population comprised of 172 employees of the Ministry of Education and other affiliate agencies, from which a study sample of 120 respondents was chosen, using Purposive sampling method. Questionnaires were used in collecting both primary and secondary data. The collected data was analyzed using both qualitative and quantitative methods.

The findings showed that there was a generally strong agreement on the credibility of the budget, comprehensiveness and transparency, policy based budgeting, predictability and control in budget execution, accounting, recording and reporting as well as external scrutiny and audit being important elements in the financial management systems in public institutions in Rwanda. In addition, the study findings also showed that there is agreement on privatization, contracting out and Granting of concessions to private entities as positive efforts towards accountability in Rwanda's public institutions. The study found out that there is a strong correlation between financial management systems and accountability.

The researcher concluded that weak public financial management systems are highly likely to compromise the ability of a country to uphold accountability by increasing the vulnerability to corruption risks. The researcher recommends the establishment of tools to develop financial management, performance contracting and institutionalization of the whole concept of financial management.

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# CHAPTER ONE

# THE PROBLEM AND ITS SCOPE

## Background of the Study

Financial management can be defined as the process of managing the financial resources, including accounting and financial reporting, budgeting, collecting accounts receivable, risk management, and insurance for an organization. It's a process of implementing and managing financial control systems, collecting financial data, analyzing financial reports, and making sound financial decisions based on the analyses made (Allen, Schiavo-Campo, 2004).

Every financial undertaking requires sound financial management if it's to have a better chance of succeeding. In government or collective organizations, Strong Public Financial Management (PFM) systems are essential to improve service delivery, poverty reduction and to achievement of the millennium development goals (MDGs). Effective public financial management systems maximize financial efficiency, improve transparency and accountability, and in theory will contribute to long-term economic success. (Dorotinsky, 2008).

Activities range from the preparation and fulfillment of the budget cycle, budget oversight and control, taxing and debt management and procurement, to resource allocation and income distribution, and are increasingly seen as a set of inter-related sub-systems (and organizational and political cultures), rather than a stand-alone activity.

A strong Public Financial Management system supports aggregate control of budget resources, prioritization, accountability, and efficiency in the management of public resources and delivery of services. This is critical to the achievement of public policy objectives, including the Millennium Development Goals (MDGs). In the country context and due to Rwanda's recent past, there exist overwhelming challenges to public financial management. A weakness in PFM has high costs in terms of allocative and operational efficiency, and identifies the need for critical public financial management reforms as a key priority. (Allen, Schiavo-Campo, 2004).

Inefficient PFM impose several types of costs on the budget and the economy that reduces long-term potential economic growth rate and poverty reduction. The first type of costs is operational costs through inefficient budget execution, weak internal control and audit systems and weak governance in procurement leading to high cost procurement of goods and services. Inefficient public debt management leads to suboptimal debt composition and tenure leading to higher debt servicing costs. The second is high cost of public service delivery and therefore poor quality services. (Dorotinsky, 2008).

**Statement of the Problem**

Ever since the coming of the Rwanda Patriotic Front (RPF) government came to power after the end of genocide in 1994, the national policy has been steered towards national development. It has for long been realized that the development targets set by the government cannot be achieved without accountability and transparency both in the public and private sectors. (Auditor report, 2008).

Government emphasis though has been focused most on the public sector since it is through this that all public services are delivered. Various efforts have been directed towards ensuring accountability especially in the government ministries, and for this, Public financial management (PFM) systems have been introduced to help with the handling of public funds. Researchers globally agree that Public financial management systems are very crucial in effective management of public funds but there is very little knowledge on how these PFM systems affect accountability. Yet this knowledge would be imperative in making an informed analysis of the performance of the PFM systems.

Despite the government efforts to run an effective PFM system, there are still cases of corruption and misuse of public finances. This can be seen from the amounts that are requested in supplementary budgets as well as the cases of public officials implicated in graft every year. The government continues to loose a lot of money through corruption and misuse of public money. (Auditor report, 2009). Therefore there is need to carry out an analytical study of Rwanda's Public financial management systems and how they affect accountability in order to understand why, despite all government efforts, the PFM system has not yet proved to be effective, and this is what compelled the researcher to carry out this study.

**Purpose of the Study**

It's widely accepted that an effective public financial management system is very vital to the effective management of public funds. Effective PFM systems will help in ensuring proper allocation of resources, equitable distribution and effective service delivery. That is why it is important to understand how PFM affects accountability in public sector operations. The justification for this study is based on the fact that an assessment of Rwanda's Public financial management systems and accountability is necessary so that informed suggestions can be made, and accurate solutions devised to address the problem of loss of public finances.

## Objectives of the Study

### General Objective

The main objective in this study is to make an analytical assessment of how financial management systems affect accountability in Rwanda's public Institutions

### Specific Objectives

This study is geared towards achieving the following objectives:

1. To determine the demographic information of respondents in terms of gender, age, academic level, and position held in office.
2. To determine the level of effectiveness of financial management systems used in public institutions in Rwanda.
3. To determine the extent of accountability in Rwanda's public institutions
4. To determine if there is significant relationship between financial management systems and accountability in Rwanda's public institutions.

### Research Questions

In order to achieve these objectives, the following guiding questions were set:

1. What are the demographic information of respondents in terms of gender, age, academic level, and position held in office?
2. What financial management systems are used in Rwanda's public institutions?
3. What extend is there to ensure accountability in Rwanda's public institutions?
4. What is the relationship between financial management systems and accountability in Rwanda's public institutions?

## Null Hypothesis

There is no significant relationship between financial management systems and accountability in Rwanda's public institutions

## Scope of the Study

### *Geographical Scope*

The study covered the ministry of Education headquarters and its affiliate agencies. It's located in Gasabo District, in Kigali city, near the Embassy of the United States of America in Rwanda, towards the road Kinamba-kanombe, at 300 m from police headquarters office.

### *Content Scope*

The study focused on the assessment of the public financial management systems and their impact on accountability. It was specifically concentrated on how financial management system components such as budget planning, formulation and preparation, execution, accounting, reporting and oversight as well as fiscal transparency in order to determine how they affect accountability in Rwanda's public institutions.

### *Theoretical Scope*

The study was guided by the Bucket theory of financial management, which provides a systematic way to set and reach financial goals and it helps in building sound financial foundations (Hederson, 1990), as well as the decision theory (Hansson, 1994), which describes a body of knowledge and related analytical techniques of formality designed to help a decision maker choose among a set of alternatives in light of their possible consequences.

### *Time scope*

The study covered the ministry of Education headquarters in Rwanda and its affiliate agencies and was limited to the activities of the ministry for 2009-2010 financial years.

## Significance of the Study

The findings of the study are beneficial to many different categories of people and in many different ways:

### *To the Government*

This study is of great priority to the government as a whole given the fact that effective public financial management is the lifeblood of public service provision. The study findings will therefore be beneficial to policy makers as it will act as a tool in formulating the right policies that will enhance financial management transparency in Rwanda's public institutions.

### *To the Local people*

To the local people the study will act as a yardstick in measuring the effectiveness of government policies towards transparent PFM systems in the country. And to policy implementers, the findings of the study will help in directing the counter measures to be used in addressing the challenges identified in the study in order to foster better transparency and accountability and eliminate corruption in the public sector financial management.

### *To future researchers*

The study will contribute to the available knowledge as well as act as a basis for further research on the same subject.

This study will benefit the researcher by helping him acquire practical research skills and will also serve as a partial requirement for the award of a degree of Master in Finance Accounting from Kampala International University.

## Definition of operational terms

**Financial management** entails planning for the future of a person or an enterprise to ensure a positive cash flow. It includes the administration and maintenance of financial assets. Besides, financial management covers the process of identifying and managing risks.

The primary concern of financial management is the assessment rather than the techniques of financial quantification. A financial manager looks at the available data to judge the performance of an organization. Some experts refer to financial management as the science of money management. The primary usage of this term is in the world of financing organizational activities. However, financial management is important at all levels of human existence because every entity needs to look after its finances. There are three key elements to the process of financial management and these are;

**Financial Planning:** Management need to ensure that enough funding is available at the right time to meet the needs of the business. In the short term, funding may be needed to invest in equipment and stocks, pay employees and fund sales made on credit. In the medium and long term, funding may be required for significant additions to the productive capacity of the business or to make acquisitions.

**Financial Control:** Financial control is a critically important activity to help the business ensure that the business is meeting its objectives.

Financial control addresses issues like efficient use of assets, security of organization assets and also examines whether the management acts in the best interest of shareholders and in accordance with business rules.

**Financial Decision-making:** The key aspects of financial decision-making relate to investment, financing and dividends. Investments must be financed in some way – however there are always financing alternatives that can be considered. For example it is possible to raise finance from selling new shares, borrowing from banks or taking credit from suppliers.

Public finance is a field of financial management concerned with paying for collective or governmental activities, and with the administration and design of those activities. The field is often divided into questions of what the government or collective organizations should do or are doing, and questions of how to pay for those activities.
Public Finance Management basically deals with all aspects of resource mobilization and expenditure management in government. Just as managing finances is a critical function of management in any organization, similarly public finance management is an essential part of the governance process. Public finance management includes resource mobilization, prioritization of programmes, the budgetary process, efficient management of resources and exercising controls. (Westcott, 2008).

**Accountability**: It involves both political justification of decisions and actions, and managerial answerability for implementation of agreed tasks according to agreed criteria of performance. (Day and Klein (1987).

Answerability is the concept of acknowledging one's actions and being ready and willing to respond to all queries or consequences that may arise as a result of those actions.

**Theory and Conceptual framework**

This research was guided by the following theories:

**Bucket theory of financial management:** This is a common sense approach to planning a family's financial future. It provides a systematic way for families to set and reach financial goals and it helps the family build a sound financial foundation. It's based upon the ability to meet all needs and at the same time save for future consumption and security.

**Decision theory:** This describes a body of knowledge and related analytical techniques of formality designed to help a decision maker choose among a set of alternatives in light of their possible consequences. It applies to conditions of certainty, risk, or uncertainty. This means that each alternative leads to one and only one consequence, and a choice among alternatives is equivalent to a choice among consequences.

**The Basic theory:** This theory aims to modify the individual, emphasizing autonomous and self-regulated change. It involves the capacity of the individual to be modified by learning and the ability to use whatever modification has occurred for future adjustments.

The study was carried out based on the interrelationships between the variables in the research problem. The conceptual framework (Raghunandan, 2007) examines how public financial management systems influence accountability in public institutions.

| **Input** | **Process** | **Output** |
|---|---|---|
| 1. Revenue administration<br>2. Accounting, reporting and oversight<br>3. fiscal transparency | 1. Budget plan, formulation execution<br>2. Political will to fight corruption<br>3. Citizen participation | 1. Effective internal controls and regular audits<br>2. Strategic resource allocation and utilization for service delivery<br>3. Fiscal discipline |

Public Financial Management (PFM) systems are built upon the principles of effective revenue administration, accounting, reporting and oversight as well as fiscal transparency in all public entities. This is done through effective budget planning, formulation and execution, with positive political will to fight corruption and maximum citizen participation. All this is aimed at achieving effective internal controls and regular financial audits, strategic resource allocation and utilization for effective service delivery as well as aggregate fiscal discipline.

# CHAPTER TWO

# REVIEW OF RELATED LITERATURE

## Introduction

This chapter includes the views of experts, theoretical perspectives and related studies.

## Concepts, Opinions, Ideas from Authors/Experts

An effective financial management system in any public organization, or of a project or service within an organization, involves such components as:

**A budget planning cycle** that ensures that expenditure is always within available funds, and that the organization is always aware of the effect on its overall financial position, as well as a record keeping system for financial transactions that meets accounting standards, and provides accurate and useful financial reports (Orlander, 2007). The record keeping system feeds directly into the planning and monitoring cycle, providing the information about the organization's financial position at the beginning of each cycle and the information for monitoring and adjusting the budget during the year (Orlander, 2007).

**A control and risk management system** that ensures procedures are in place to protect the organization against fraud or insolvency (Kianporr, 2002). The control of an organization's finances involves delegation of the authority to approve specific financial transactions, the actual signing of transaction documents (such as cheques or receipts) by the people with delegated authority to approve the transaction. Evaluation of evidence is needed that shows the validity of transactions and the appropriate exercise of delegated authority.

**An ongoing monitoring system**, which enables closer examination of the financial records through audits, checks that the evidence exists to show that transactions are occurring appropriately as well as an efficiency review process that assesses the most resource efficient way to do things (Humphrey, Jones and Olson, 2005).

**A financial reporting system** which is essential for monitoring the budget, and provides the most accurate reflection of how the budget is going if 'year to date' figures are shown in monthly or quarterly reports as well as the figures for that month or quarter, the figures for actual amounts are compared with the amounts budgeted for the period and year to date, the amounts budgeted are based on a cash flow chart (Brooke, 2003).

**Responsibility** is the theory which states that an entity, be it an organization or individual, has an obligation to act in a manner that will benefit society at large (Athukorala and Reid, 2003). This responsibility can be passive, by engaging in socially harmful acts, or active, by performing activities that directly advance social goals.

According to Allen and Tommasi, (2001), accountability can only be achieved if the concerned parties are able and willing to be answerable to their actions. Blameworthiness or liability is the concept of accountability which dictates the reproach, punishment or consequence for whatever wrong doing (Diamond, 2002). Someone cannot be accountable unless they can face the reproach if they do not meet their expectations.

**Theoretical Perspectives**

The study was guided by various financial management theories, which included;

**Bucket theory of financial management:** This is a common sense approach to planning a financial future. It provides a systematic way to set and reach financial goals and it helps in building sound financial foundations (Henderson, 1990). It's based upon the ability to meet all needs and at the same time save for future consumption and security.

The Bucket theory imagines five financial buckets, each representing one of the basic financial priorities. The first bucket represents basic needs; the second bucket represents financial security; the third bucket represents insurance needs; the fourth bucket represents quality of life; and the fifth bucket represents investments (Henderson, 1990). To build a sound financial base, each bucket of financial priorities must be filled before resources are diverted to the next one.

First resources are used to provide basic needs. Efficient financial management means that as income increases and resources are left after basic needs are met, the extra resources are used to develop an emergency fund for security. When the emergency fund is complete and security is guaranteed, the next step is to acquire adequate insurance protection. When adequate insurance coverage is provided, extra money is then diverted to building quality of life. Quality of life focuses on acquiring some of the wants, extras, and willing. The last step is to channel the extra money available into investments that will provide a secure future (Henderson, 1990).

**Decision theory:** This describes a body of knowledge and related analytical techniques of formality designed to help a decision maker choose among a set of alternatives in light of their possible consequences

(Hansson, 1994). Decision theory applies to conditions of certainty, risk, or uncertainty;

Decision under certainty means that each alternative leads to one and only one consequence and a choice among alternatives is equivalent to a choice among consequences (Hansson, 1994). In a decision situation under certainty the decision maker's preferences are simulated by a single-attribute or multi-attribute value function that introduces ordering on the set of consequences and thus also ranks the alternatives.

In decision under risk, each alternative will have one of several possible consequences, and the probability of occurrence for each consequence is known. Therefore, each alternative is associated with a probability distribution, and a choice among probability distributions (Hansson, 1994). Decision theory for risk conditions is based on the concept of utility. The decision maker's preferences for the mutually exclusive consequences of an alternative are described by a utility function that permits calculation of the expected utility for each alternative. The alternative with the highest expected utility is considered the most preferable.

When the probability distributions are unknown, one speaks about decision under uncertainty. Decision theory recognizes that the ranking produced by using a criterion has to be consistent with the decision maker's objectives and preferences (Hansson, 1994). For the case of uncertainty, decision theory offers two main approaches. The first exploits criteria of choice developed in a broader context where we choose the alternative such that the worst possible consequence of the chosen alternative is better than (or equal to) the best possible consequence of any other alternative (Hansson, 1994). The second approach is to reduce the uncertainty case to the case of risk by using subjective probabilities, based on expert assessments or on analysis of previous decisions made in similar circumstances.

The theory offers a rich collection of techniques and procedures to reveal preferences and to introduce them into models of decision (Hansson, 1994). It is not concerned with defining objectives, designing the alternatives or assessing the consequences; it usually considers them as given from outside, or previously determined (Hansson, 1994). Given a set of alternatives, a set of consequences, and a correspondence between those sets, decision theory offers conceptually simple procedures for choice.

**The Basic theory;** This theory aims to modify the individual, emphasizing autonomous and self-regulated change. It involves the capacity of the individual to be modified by learning and the ability to use whatever modification has occurred for future adjustments (JBIC, 2001). Intelligence is viewed as a propensity of the organism to modify itself when confronted with the need to do so. It involves the capacity of the individual to be modified by learning and the ability to use whatever modification has occurred for future adjustments.

Intelligence is defined as a changeable state rather than an immutable trait. Cognition thus plays a central role in human modifiability. Many behavioral and emotional conditions may become modified through cognitive intervention. Mediated Learning Experience is a proximal factor of human modifiability, which can moderate the influence of such factors as genetic predisposition, organic impairment, or educational deprivation (JBIC, 2001).

## Related Studies

### Financial management systems

George Orogun (2009) states that the basic framework for public financial management includes the creation of consolidated revenue fund, capital development fund, various institutional frameworks such as the Auditor General's office, budgeting and budgetary controls, revenue base, tax bases and revenue allocation. Conventionally there are three main objectives of any finance management system. These include:

- Providing macro-economic and fiscal stability
- Promoting strategic allocation of resources by authorities to priorities and
- Promoting technical efficiency of spending.

The various government financial instructions or regulations set out the financial guidelines and procedures for public financial administration. While these are useful, they are prone to setbacks in terms of manual execution – inaccuracy, delay in providing information etc. It is necessary that a modern integrated system is implemented with features of uniform classification of accounts used for budget and expenditure management capabilities across the system. (UN, 1999)

The integration of different functions and entities within a shared data base provide managers with tools to plan, manage, and control public resources. Automation is therefore important in the financial management system whose benefits include;

- Improved transparency of public sector operations
- Rapid expedition of many transaction at once (contrary to manual systems which are cumbersome and slow)

- Improved efficiency of financial controls and other expenditure management procedures
- Rapid compilation of data from many sources for improved financial analysis and decision making and improved checks and balances.

A sound financial management system is able to check and prevent financial irregularities and improves the efficiency of data management, reporting and retrieval. A robust financial management system provides the platform for monitoring Government revenue there by blocking leakages in the system. It enables easy access to all information on government expenditure on the budget; i.e. proposed revenue and expenditure, typically for one year period shown in broad categories by ministries/ departments/ agencies and by expenditure type. (Orogun, 2009).

The reporting framework and official and unofficial review bodies rely on the good functioning of the financial management systems for basic information. Questions such as whether the legislative basis is adequate and whether the financial management systems provide the required information in an accurate and timely manner should be considered (Heidenhof, 2008). Where financial management systems do not function properly, there are severe implications for Governments and any third-party observers (Kianpour, 2007)

One view of weakened systems of public financial management is that they can be exploited, becoming a vehicle for corrupt activity. Any system of public financial management will tend to yield less than the legislated levels accountability when its responsiveness weakens (Rezaian, 2006). Where deferral or non-reporting involves such key references as audit assessments of internal control measures, management statements of the appropriateness and proper functioning of systems and reports required by statute, the process which seeks to monitor whether accountability requirements are being satisfied will at best yield inconclusive results (Daryoush, 2009).

The public financial accountability systems (budgeting planning, budget formulation, execution and management, accounting, auditing and oversight) are designed to give reasonable assurance that resources are targeted to appropriate uses, used efficiently for intended purposes and reported reliably. Neglect of these systems invites poor allocation and inefficient use of resources, gaps in control systems, unreliable and incomplete reports and abuses that grow vigorously when permitted by systemic weaknesses.

Weak public financial management systems are highly likely to compromise the ability of a country to uphold accountability by increasing the vulnerability to corruption risks. There are thus two closely related facets of issues that one needs to consider - how to minimize and address corruption risks and opportunities within the public financial management system and how to use the public financial management institutions and practices as tools for preventing and detecting corruption. (Dorotinsky, 2008).

## Revenue Administration

### Budget planning

This entails identifying the sources of income and taking into account all current and future expenses, with an aim to meet the national financial goals. The primary aim of a budget planner is to ensure that revenues are allocated according to the priority of need (OECD (2001). A budget is an important concept of macroeconomics and can be understood as a national plan stated in monetary terms. Business start-up budget, corporate budget, event management budget, government budget and personal or family budget are some variations of this concept. The budget identifies the sources of all revenue (inflows) and the expenditures or outflows are planned for. The final plan seeks to match the outflows to inflows (Heidenhof, Grandvoinnet, Kanpur, and Rezaian; 2002).

According to Heidenhof, Grandvoinnet, Kianpour, and Rezaian, (2002); Successful budget planning depends on good decisions with accurate and up-to-date information, elimination of repetitive redundant processes; focus on value-adding activities, flexible, fast and accurate analysis, improve data accuracy and availability and shorter planning cycles. The budget office enriches the planning framework with historical reference data, defines the deadlines for the following process steps, and triggers the planning cycle by requesting departments to submit a budget plan.

**Budget Formulation and Preparation**

Budget formulation is an integral part of any financial planning process and its strategy for success. Through budget formulation, government can determine how to allocate scarce resources and assess their impact on achieving its goals. The budget helps government to understand what areas to emphasize (prioritize) and provides a benchmark for measuring its programs' success (Westcott, 2008).

The executive in Rwanda directs the taxation policy and budget policymaking. It has a preponderant role in the formulation of the budget and the drafting of the budget bill.

The budget is built around budget envelopes with no predetermined ceiling. In the first quarter of each year, the planning office sets the basic formal rules and provides reference data in coordination with the central bank. Each spending agency estimates its own budget requirements (World Bank; 2005). These are then negotiated with the planning office, which reconciles the spending demands with the projected available resources. In this bargaining process, the planning office holds the key decision power within the executive branch. The respective envelopes are subsequently consolidated and the budget bill is prepared for consideration by the Cabinet. Once the Cabinet approves the draft budget bill, the Minister of Finance then formally submits the draft budget bill to parliament for debate. (Stevens. 2004).

**Budget execution; management, policies, standards and procedures**

Adequately balancing fiscal prudence with political accountability constitutes the central challenge of public budgeting in Rwanda's economy. In theory, increased legislative budget powers ought to enhance transparency, accountability and integrity in the management of public finances. There nevertheless exist risks, as effective legislative budgeting requires the capacity discharge budgetary functions in an effective and responsible manner (Stevens, M.; 2004)

Finding the most adequate balance between executive and legislative prerogatives in budget policymaking is a critical challenge for transitional democracies struggling to consolidate. The 'second stage of reform' (Sharples; 2008) requires successfully combining credibility and accountability in economic governance, in particular in countries that have experienced recurrent changes of political regimes and frequent swings in economic policy. It reflects a balancing act between economic responsibility and political accountability, a balance that is struck based on the constitutional tradition, the political trajectory and the fiscal pact sustaining a country's institutions of economic governance.

**Budget accounting, reporting and oversight**

According to the Open Budget Index (OBI) 2010, Rwanda's 2010 score is 11 out of 100, which is only about one-fourth of the average score (42). Rwanda's score indicates that the government provides the public with scanty information on the central government's budget and financial activities assessed by the Survey. This makes it virtually impossible for citizens to hold the government accountable for its management of the public's money. There has been progress in Rwanda. Between 2008 and 2010 its score rose from 1 to 11, largely because the government started publishing a Pre-Budget Statement, a Citizens Budget, the Year-End Report, and the Audit Report. These steps can go a long way in ensuring budget accounting and oversight.

An Executive's Budget Proposal is the government's most important policy instrument. It presents the ways the government plans to raise revenues and where these funds are allocated, thus transforming policy goals into action. Rwanda produces an Executive's Budget Proposal but does not make it available to the public. A Pre-Budget Statement sets forth the broad parameters that will define the government's forthcoming budget.

Rwanda publishes a fairly comprehensive Pre-Budget Statement. An Enacted Budget becomes a country's law and provides the baseline information for all budget analyses conducted during the budget year. In general terms, the Enacted Budget should provide data to the public can use to assess the government's stated policy priorities and hold it to account. Rwanda publishes a comprehensive Enacted Budget. (Hunja; 2008).

**Fiscal transparency**

At the macroeconomic level, many economic theorists and practitioners agree that fiscal transparency has large and positive effects on fiscal performance. Hunja (2008) observed that;

> "*Transparency in government operations is an important precondition for macroeconomic fiscal sustainability, good governance, and overall fiscal rectitude.*"

In a complementary study, Santiso (2004) confirmed that fiscal transparency is indeed associated with lower public debt and deficits, even taking into account other explanations for public debts and deficits. A higher degree of transparency increases the probability that '*creative accounting*' practices will be revealed. Fiscal transparency leads to better informed public debate about the design and results of fiscal policy, makes governments more accountable for the implementation of fiscal policy, and thereby strengthens credibility and public understanding of macroeconomic policies and choices. In a globalized environment, fiscal transparency is said to be of considerable importance for achieving macroeconomic stability and high-quality growth.

Transparency helps to strengthen government institutions involved in public service delivery so they function better. Weak institutions result in poor governance, which is regarded as perhaps the major impediment to growth, development and poverty reduction. To be sure, improving governance is complex, but almost everyone agrees that transparency makes institutions function better by rendering them publicly accountable. Accountability improves their service delivery; it will also bolster their functional independence, a virtue that is very important for institutions such as the revenue administrations and procurement agencies. Transparency helps institutions forge broad coalitions with government and civil society in support of their mandates.

However, if fiscal transparency is to achieve its aims, it needs proper socio-political, legislative and economic settings. Furthermore, it must be understood clearly that it is a means not an end. In its proper context, fiscal transparency is a prerequisite for effective participation by the legislature and civil society; and it encourages better decision-making by government and provides a check on the behavior of policy-makers, that is, accountability. Fiscal transparency is but one of the essential ingredients in a system for oversight, accountability, participation and sanction in pursuit of good economic management practices, and cannot survive or become effective on its own. Some of the prerequisites for successful fiscal transparency practices are;

- *Political will and commitment.* This includes ownership of the overall development agenda by leadership, rather than waiting for guidance from abroad. The State must create the legal and regulatory environment for fiscal transparency and accountability. Further indicators of will and commitment would be;
    1. Setting the agenda to democratize the formulation of macroeconomic policy frameworks;
    2. Building up the capacity and knowledge base of the citizenry on issues related to budgets; and
    3. Institutionalizing regular access for social groups in decision-making. It is necessary that the leadership itself live by setting an example in how they conduct themselves and abide by the laws.
- *Commitment to fighting corruption and mismanagement.* There must be a strong resolution from the leadership and society at large for fiscal transparency to succeed. In cases where transparency unveils corruption and mismanagement of State resources, but there is

failure to take action, transparency fails to achieve its ultimate objective and fizzles out, replaced by opacity.

- *Strong legal framework and enforcement mechanisms.* Successful fiscal transparency principles need explicit constitutional, legal and regulatory backing. Additionally, enforcement mechanisms need to be in place and applied effectively. Investigative and judicial arms of a government must be independent and capable of prosecuting wrongdoing; otherwise, transparency will fail to counter some of the societal ills that it is called upon to unveil and contain.
- *Citizen participation.* The basic premise for citizen participation is that citizens, NGOs and CBOs have a right to know and determine how public revenues are collected and spent. Participation in decisions regarding budget allocation, spending patterns, and public service delivery is a key entry point for civil society and donor engagement in choosing public actions. Necessarily, participation and transparency lead to, and reinforce each other. In addition, representative institutions such as parliaments or district assemblies also have a role in the budgetary processes through parliamentary debates and oversight.

Rwanda's PFM system had to be reconstructed from a low base, following the devastating events of 1994. Since then, the authorities have taken a number of actions to enhance fiscal transparency. The Government's role in the economy has been clarified by the privatization process and improvements to the regulatory framework. The new Constitution specifies the roles of the Legislative and Executive branches of government.

Budget preparation has been significantly strengthened: the budget is presented to Parliament in a timely manner, the classification was revised in line with international standards, planning takes place in the context of a medium-term expenditure framework, and a comprehensive background document is being prepared. More fiscal data are being published. Now that the new Constitution has been adopted (by referendum in May 2003), the Government is planning to update its legal framework, including introducing a new Organic Budget Law and revising the External Audit Act. (IMF Country Report No. 03/223) July 2003

The accomplishments of Rwanda since 1994, including the programme-oriented budget framework now in use are a significant start. However, a number of improvements are necessary to achieve good practices in all basic fiscal transparency requirements. The coverage of government budget activities is restricted to central government excluding the pension fund, the budgets of the 106 districts, the Fund for the Victims of the Genocide, among a number of other exclusions. Partial ownership of several commercial banks by the Government of Rwanda poses significant fiscal risks, which are also not reported in the budget documents.

**Accountability**

The level of accountability a society requires of its public financial management system is usually defined by the constitution and/or the legislation governing management of public monies. Essentially therefore the essence of enhancing financial management systems as an avenue for increased transparency, accountability and revenue is aimed at attaining good financial management and accountability (Orogun, 2009)

Accountability involves either the expectation or assumption of account-giving behavior. The study of account giving as a sociological act was articulated by Marvin Scott and Stanford Lyman (1968), although it can be traced as well to J. L. Austin (1956) in which he used excuse-making as an example of acts. Communications scholars have extended this work through the examination of strategic uses of excuses, justifications, rationalizations, apologies and other forms of account giving behavior by individuals and corporations, and applied experimental design techniques to explore how individuals behave under various scenarios and situations that demand accountability (Roberts, 1982).

Recently, accountability has become an important topic in the discussion about the legitimacy of public institutions (Grant, 2005). Because there is no global democratically elected body to which organizations must account, global organizations from all sectors bodies are often criticized as having large accountability gaps. The Charter 99 for Global Democracy, spearheaded by the One World Trust, first proposed that cross-sector principles of accountability be researched and observed by institutions that affect people, independent of their legal status. One paradigmatic problem arising in the global context is that of institutions such as the World Bank and the International Monetary Fund who are founded and supported by wealthy nations and provide aid, in the form of grants and loans, to developing nations. Debate on these institutions' accountability is whether they should be accountable to their founders and investors or to the persons and nations they help (One World Trust Global Accountability Report, 2006-2008). Accountability takes on various categories;

**Political accountability**

Political accountability is the accountability of the government, civil servants and politicians to the public and to legislative bodies such as a congress or a parliament. In parliamentary systems, the government relies on the support or parliament, which gives parliament power to hold the government to account. For example, some parliaments can pass a vote of no confidence in the government.

### Ethical accountability

Ethical accountability is the practice of improving overall personal and organizational performance by developing and promoting responsible tools and professional expertise, and by advocating an effective enabling environment for people and organizations to embrace a culture of sustainable development. Ethical accountability may include the individual, as well as small and large businesses, not-for-profit organizations, research institutions and academics, and government. One scholarly paper has posited that "it is unethical to plan an action for social change without excavating the knowledge and wisdom of the people who are responsible for implementing the plans of action and the people whose lives will be affected" (Roberts, 1982).

### Administrative accountability

Internal rules and norms as well as some independent commission are mechanisms to hold civil servant within the administration of government accountable. Within department or ministry, firstly, behavior is bounded by rules and regulations; secondly, civil servants are subordinates in a hierarchy and accountable to superiors. Nonetheless, there are independent "watchdog" units to scrutinize and hold departments accountable; legitimacy of these commissions is built upon their independence, as it avoids any conflicts of interest. Apart from internal checks, some "watchdog" units accept complaints from citizens, bridging government and society to hold civil servants accountable to citizens, but not merely governmental departments (Roberts, 1982).

# CHAPTER THREE

# METHODOLOGY

## Research Design

The research took the form of a descriptive correlation design, and the reason for this is because it was aimed at describing the current situation so that it can be understood clearly so that the gaps identified in it can be addressed in order to foster effective financial management systems in public institutions. Since it would be impossible to carry out research in all government institutions, the research used a case study of one government sector, particularly the ministry of Education, and the information obtained from there is hereby treated as representative of the entire public sector and country at large. The design was appropriate because it involves drawing small samples in order for in depth analysis to be made.

The study was both qualitative and quantitative. The quantitative data was obtained using structured questionnaires from different officials of the ministry of education at the headquarters and officials from other affiliate departments, while the qualitative data was obtained from key informants, and observations.

## Research Population

The population of the study in this research was comprised of 172 people. These included officials of the ministry of education at the headquarters, such as the Permanent Secretary (PS), Director Generals (DG), Directors, Coordinators, Accountants, Auditors, Budget officers, Public Procurement Officers (PPOs), Financial Advisors and officials from other affiliate departments such as the Examinations Council (EC), the Student Financing Agency in Rwanda (SFAR), Curriculum Development Agency

(CDA), General Inspectorate of Education (GIE) and the Higher Education Council (HEC).

### *Sample Size*

The sample for this study consisted of 120 respondents chosen from the ministry of education headquarters and from its affiliate departments such as the Examinations Council (EC), the Student Financing Agency in Rwanda (SFAR), Curriculum Development Agency (CDA), General Inspectorate of Education (GIE) and the Higher Education Council (HEC).

**Table 1: Sample size and Sampling procedure**

| Category of respondents | Target Population | Sample size |
|---|---|---|
| Accountants | 20 | 20 |
| Auditors | 15 | 15 |
| Departmental directors | 11 | 11 |
| Others | 126 | 74 |
| Total | 172 | 120 |

***Source:*** *Primary data Researcher Computation, 2011*

To determine the sample size the researcher was guided by the formula of sloven which is:

$$n = \frac{N}{1 + N \times (e)^2}$$

Where

**n** = number of sample, **N** = total population, **e** = level of significance 0.05

### *Sampling procedure*

To get the respondents size to participate in the study, purposive sampling method was used, and a sample of 120 respondents was selected. These were selected using purposive sampling technique in order to attract respondents who are capable of providing the most appropriate information on the subject matter.

### Research instruments

The main method of data collection the researcher used in the field included questionnaires. The researcher designed the questionnaire in such format where there were closed and open-ended questions. For closed questions, respondents were supposed to pick responses from a list, category of questions. For open-ended, respondents were requested to give their own opinions. In most cases the researcher used the questionnaires as to collect relevant information from relevant respondents in a shortest time possible.

### *Validity and Reliability*

The research instruments that the researcher used were questionnaire and observations. The researcher carried out a pre-test of the questionnaire before using it in the research. Questionnaires were cross examined for approval by a research expert, to ensure that the information they would generate is appropriate and consistent. Before going out to carry out the study, the researcher first consulted his supervisor, to make sure that these instruments would generate relevant information during the study. To improve the validity of the data collection instruments, (mainly the questionnaire), the number of relevant questions were divided by the total number of questions, and the outcome was above optimal.

V= RQ/TQ= 32/39 = 0.82

Where:

V= Validity

RQ= Relevant questions

TQ= Total number of questions

The above expression indicates that the number of questions on the questionnaire, were above the required 0.5 scores. Hence, the instrument used was valid.

## Data gathering procedures

The researcher collected both primary and secondary data relevant to the study using questionnaires. The data collection process was organized and conducted in three stages:

### *Before the administration of the questionnaires*

1. An introduction letter was obtained from the School of Post Graduate Studies and Research at Kampala International University, for the researcher to solicit approval to conduct the study from respective officials of the ministry of Education and its affiliate departments.
2. When approved, the researcher secured a list of the qualified respondents. This involved seeking permission by the researcher from the senior officials of the ministry to protect qualified respondents from harm or harassment and their confidentiality and superiors' sensitive information.
3. The respondents were explained about the research study and enough questionnaires were reproduced for distribution.
4. The researcher selected assistants who would assist in the data collection; brief and orient them in order to be consistent in administering the questionnaires.

***During the administration of the questionnaires***

1. The respondents were requested to answer completely and not to leave any part of the questionnaires unanswered.
2. The researcher and assistants emphasized retrieval of the questionnaires within ten days from the date of distribution.
3. On retrieval, all returned questionnaires were checked if all are answered.

***After the administration of the questionnaires***

The data gathered was colleted, encoded into the computer and statistically treated using the Statistical Package for Social Sciences (SPSS).

**Data Analysis**

The data was obtained through questionnaires and observations. And in analyzing the data, frequency counts, percentages and means were used to answer the research questions 1 and 2 whereas the Pearson product moment correlation was used to answer research question 3.

To interpret the response of respondents, on Financial management used and the extend of accountability in public institutions; the following quantification and value were used:

| Mean | Interpretations |
|---|---|
| 3.26 - 4.00 | Very Good |
| 2.51 - 3.25 | Good |
| 1.76 - 2.50 | Fair |
| 1.00 - 1.75 | Poor |

### Ethical considerations

To ensure that the ethics is practiced in this study as well as utmost confidentiality for the respondents and data provided by them, the following was done: (1) coding of all questionnaires; (2) the respondents was requested to sign the informed consent; (3) authors mentioned in this study were acknowledged within the text; (4) findings were presented in a generalized manner.

### Limitations to the study

The anticipated threats to validity in this study were as follows:

1. Intervening or confounding variables which were beyond the researchers control such as honesty of the respondents and personnel biases. To minimize such conditions, the researcher requested the respondents to be as honest as possible and to be impartial/unbiased when answering the questionnaires.

2. The research environments are classified as uncontrolled settings where extraneous variables may influence on the data gathered such as comments from other respondents, anxiety, stress, motivation on part of the respondents while on the process of answering the questionnaires. Although these are beyond the researcher's control, efforts were made to request the respondents to be as objective as possible in answering the questionnaires.

3. **Testing:** the use of research assistants may render inconsistencies such as differences in conditions and time when the data were obtained from respondents. This was minimized by orienting and briefing the research assistants on the data gathering procedures.

4. **Instrumentation:** the research tools are no standardized hence a validity and reliability test were done to arrive at a reasonable measuring tool.

5. **Attrition:** a representative sample may not be reached as computed due to circumstances within the respondents and beyond the control of the researcher. Exceeding beyond the minimum sample size was done by the researcher to avoid this situation.

# CHAPTER FOUR

## PRESENTATION, INTERPRETATION AND DISCUSSION OF FINDINGS

### Demographic information of respondents

The study used a sample of 120 respondents from various departments of the ministry of education and its affiliate agencies. Table **2** below shows the background information of the respondents;

**Table 2 :** Demographic information of the respondents

| Background information | Category | Frequency | Percentage |
|---|---|---|---|
| Gender | Male | 74 | 61.7 |
| | Female | 46 | 38.3 |
| | **Total** | **120** | **100** |
| Age | 20 – 24 | 24 | 20 |
| | 25 – 29 | 29 | 24.2 |
| | 30 – 34 | 36 | 30 |
| | 35 – 39 | 19 | 15.8 |
| | 40 – above | 12 | 10 |
| | **Total** | **120** | **100** |
| Academic level | Masters degree | 23 | 19.2 |
| | Bachelors degree | 58 | 48.3 |
| | Diploma | 27 | 22.5 |
| | Certificate | 12 | 10 |
| | **Total** | **120** | **100** |
| Position in office | Permanent Secretary | 1 | 0.8 |
| | Director Generals | 10 | 8 |
| | Depart. Directors | 12 | 10 |
| | Coordinators | 27 | 22.5 |
| | Accountants | 20 | 17 |
| | Auditors | 15 | 12.5 |
| | Budget officers | 15 | 12.5 |
| | Procurement Officers | 15 | 12.5 |
| | Financial Advisors | 5 | 4.2 |
| | **Total** | **120** | **100** |

***Source:*** *Primary data Researcher Computation, 2011*

From the information obtained from the field as shown in table **2** above, out of the 120 respondents chosen for the study, 74 of them were male (representing 61.7%) and 46 were female (representing 38.3%). These figures show compliance with Rwanda's minimum gender employment requirement of at least 30% female in every organization.

As indicated in Table 2, the ages of respondents were divided into four categories; 24 respondents were aged between 20 – 24 years (representing 20%), 29 respondents were aged between 25 – 29 years (representing 24.2%), 36 respondents were aged between 30 – 34 years (representing 30%), 19 respondents were aged between 35 – 39 years (representing 15.8%), and 12 respondents were aged between 40 and above (representing 10%). These figures show that all age groups are considered when hiring employees, and also that most respondents are in their youthful ages where they are most effective at work.

The results in Table 2 also show the perspective of education levels, where 23 respondents were Masters Degree holders (representing 19.2%), 58 respondents had Bachelors degrees (representing 48.3%), 27 respondents (representing 22.5%) were diploma holders and 12 respondents were certificate holders (representing 10%). These figures indicate that all respondents had the minimum qualification to hold positions of authority.

The information in Table 2 also considers the positions of responsibility held by respondents, where 1 respondent (0.8%) was the permanent secretary of the ministry of Education, 10 respondents (8%) were Director Generals, 12 respondents (10%) were Departmental Directors, 27 respondents (22.5%) were Coordinators, 20 respondents (17%) were accountants, 15 respondents (12.5%) were auditors, 15 respondents (12.5%) were Budget officers, 15 respondents (12.5%) were Procurement Officers, and 5 respondents (4.2%) were Financial Advisors. This shows that all respondents were best suited to provide relevant information since they were in positions of authority in the various departments.

The demographic composition of respondents, as indicated in Table 2 above shows that generally, all respondents were legally mature, educated and held significant positions of leadership in their respective departments. Therefore, the respondents used were capable of providing relevant information for the study.

**Public Financial management systems in Rwanda's public institutions**

The independent variable in this study was Public financial management systems. And the second objective was to identify the financial management systems used in public institutions in Rwanda. In meeting this objective, the respondents were asked whether the various PFM systems existed in Rwanda's public institutions by rating their responses to the level of efficiency and effectiveness of the PFM system. Responses were scaled ranging from 1 – 4 where 4 = strongly agree, 3 = Agree, 2 = Disagree and 1 = strongly disagree. The key of the ratings is: Poor (1.00-1.75), Fair (1.76-2.50), Good (2.51-3.25), Very Good (3.26-4.00).

Their responses were analyzed using means computed through the SPSS program and are shown in Table 3 below;

**Table 3 :** Responses on the existence of PFM systems in Rwanda's Public institutions

| **Public Financial Management systems** | **Mean** | **Interpretation** | **Rank** |
|---|---|---|---|
| Comprehensiveness and transparency | 3.6417 | Very Good | 1 |
| Accounting, recording and reporting | 3.3917 | Very Good | 2 |
| Policy-based Budgeting | 3.0583 | Good | 3 |
| Budget credibility | 2.9167 | Good | 4 |
| Predictability and control | 2.8667 | Good | 5 |
| External scrutiny and audit | 2.8167 | Good | 6 |
| **Average Mean** | **3.112** | Good | |
| **Budget Planning** | **Mean** | | |
| A budget is an important concept of macroeconomics and can be understood as a national plan stated in monetary terms | 3.5750 | Very Good | 1 |
| Successful budget planning depends on good decisions with accurate and up-to-date information | 3.2250 | Very Good | 2 |
| The budget identifies the sources of all revenue (inflows) and the expenditures or outflows are planned for | 3.1917 | Good | 3 |
| Business start-up budget, corporate budget, event management budget, government budget and personal or family budget are some variations of this concept | 2.8583 | Good | 4 |
| **Average Mean** | **3.213** | Very Good | |
| **Budget Formulation and Preparation** | **Mean** | | |
| Budget formulation is an integral part of any financial planning process and its strategy for success | 3.2667 | Very Good | 1 |
| The budget is built around budget envelopes with no predetermined ceiling. In the first quarter of each year, the planning office sets the basic formal rules and provides reference data in coordination with the central bank | 3.2333 | Very Good | 2 |
| The budget helps government to understand what areas to emphasize (prioritize) and provides a benchmark for measuring its programs' success | 3.2250 | Very Good | 3 |
| **Average Mean** | **3.242** | Very Good | |
| **Budget Execution** | **Mean** | | |
| Adequate balance between executive and legislative prerogatives in budget policymaking is a critical challenge for transitional democracies struggling to consolidate | 3.2750 | Very Good | 1 |
| The reforms require successful combination of credibility and accountability in economic governance | 3.2500 | Very Good | 2 |
| Adequately balancing fiscal prudence with political accountability constitutes the central challenge of public budgeting in Rwanda's economy | 3.0667 | Good | 3 |
| **Average Mean** | **3.197** | Good | |
| **Accounting, Reporting and Oversight** | **Mean** | | |
| Transparency helps to strengthen government institutions involved in public service delivery so they function better | 3.5917 | Very Good | 1 |
| An Executive's Budget Proposal presents the ways the government plans to raise revenues and where these funds are allocated, thus transforming policy goals into action. | 3.5750 | Very Good | 2 |

| | | | |
|---|---|---|---|
| A Pre-Budget Statement sets forth the broad parameters that will define the government's forthcoming budget | 3.0833 | Good | 3 |
| **Average Mean** | **3.417** | Very Good | |
| **Fiscal Transparency** | **Mean** | | |
| Transparency helps to strengthen government institutions involved in public service delivery so they function better | 3.7083 | Very Good | 1 |
| Fiscal transparency is one of the essential ingredients for oversight, accountability, participation and sanction in pursuit of good economic management practices | 3.6417 | Very Good | 2 |
| Fiscal transparency is indeed associated with lower public debt and deficits, even taking into account other explanations for public debts and deficits | 3.4250 | Very Good | 3 |
| **Average Mean** | **3.597** | Very Good | |
| **Overall Total** | **3.297** | Very Good | |

***Source:** Primary data Researcher Computation, 2011*

The results in table 3 show that Respondents strongly agreed with the level of comprehensiveness and transparency of PFM systems was very high (mean = 3.6417). The same respondents agreed that the level of Accounting, recording and reporting was high (mean = 3.3917). They also agreed that the level of policy-based budgeting was high (mean = 3.0583). Respondents also agreed that the level of budget credibility was high (mean = 2.9167). The same respondents agreed that the level of predictability and control was high (mean = 2.8667). They also agreed that the level of external scrutiny and audit was high (mean = 2.8167). Overall, there is an efficient level of existence (Total mean = 3.112) of PFM systems in Rwanda's public institutions.

Table 3 also shows respondents' responses on the variables of PFM systems (the independent variable in the study). On the concept of budget planning, respondents strongly agreed that a budget is an important concept of macroeconomics and can be understood as a national plan stated in monetary terms (mean = 3.5750). The respondents also agreed that successful budget planning depends on good decisions with accurate and up-to-date information (mean = 3.2250). They also agreed that the budget identifies the sources of all revenue (inflows) and the expenditures or outflows are planned for (mean = 3.1917). The same respondents also agreed that business start-up budget, corporate budget, event management budget, government budget and personal or family budget are some variations of this concept (mean = 2.8583). On the overall, respondents agreed that the concept of budget planning (and all its various aspects) is efficient (average mean = 3.213) in managing public finances in Rwanda's public institutions.

The same Table 3 also indicates responses on the concept of Budget formulation and preparation. Respondents agreed that budget formulation is an integral part of any financial planning process and its strategy for success (mean = 3.2667). They also agreed that the budget is built around budget envelopes with no predetermined ceiling. In the first quarter of each year, the planning office sets the basic formal rules and provides reference data in coordination with the central bank (mean = 3.2333). The respondents also agreed that the budget helps government to understand what areas to emphasize (prioritize) and provides a benchmark for measuring its programs' success (mean = 3.2250). Overall, respondents agreed that the concept of Budget formulation and preparation is efficient (average mean = 3.242) in managing public finances in Rwanda's public institutions.

On the concept of Budget execution, respondents agreed that adequate balance between executive and legislative prerogatives in budget policymaking is a critical challenge for transitional democracies struggling to consolidate (Mean = 3.2750). They also agreed that the reforms require successful combination of credibility and accountability in economic governance (mean = 3.2500). Respondents also agreed that adequate balancing of fiscal prudence with political accountability constitutes the central challenge of public budgeting in Rwanda's economy (mean = 3.0667). Overall, respondents agreed the concept of Budget execution is efficient (average mean = 3.197) in managing public finances in Rwanda's public institutions.

On the concept of accounting, recording and reporting, respondents strongly agreed that transparency helps to strengthen government institutions involved in public service delivery so they function better (mean = 3.5917). They also strongly agreed that the Executive's Budget Proposal presents the ways the government plans to raise revenues and where these funds are allocated, thus transforming policy goals into action (mean = 3.5750). The respondents also agreed that a Pre-Budget Statement sets forth the broad parameters that will define the government's forthcoming budget (mean = 3.0833, ranked as efficient). Overall, respondents agreed that the concept of accounting, recording and reporting is efficient (average mean = 3.417) in managing public finances in Rwanda's public institutions.

On the concept of Fiscal transparency, the respondents strongly agreed that Transparency helps to strengthen government institutions involved in public service delivery so they function better (mean = 3.7083, ranked as very efficient). They also strongly agreed that fiscal transparency is one of the essential ingredients for oversight, accountability, participation and sanction in pursuit of good economic management practices (mean = 3.6417). Respondents also agreed that Fiscal transparency is associated with lower public debt and deficits, even taking into account other explanations for public debts and deficits (mean = 3.4250). Overall, the respondents strongly agreed that the concept of fiscal transparency is very efficient (average mean = 3.597) in managing public finances in Rwanda's public institutions.

Overall, the various concepts of Public financial management systems are efficient (with an overall mean = 3.297) in managing public finances in Rwanda's public institutions.

**The extent of efforts to ensure accountability in Rwanda's public institutions**

The dependent variable in this study was accountability in Rwanda's public institutions. And the third objective of the study was to determine the efforts towards accountability in Rwanda's public institutions. in meeting this objective, respondents were asked to rate the extent to which the following mechanisms ensure accountability in Rwanda' public institutions. Responses were scaled ranging from 1 – 4 where 4 = strongly agree, 3 = Agree, 2 = Disagree and 1 = strongly disagree. The key of the ratings is: Poor (1.00-1.75), Fair (1.76-2.50), Good (2.51-3.25), Very Good (3.26-4.00).

Their responses were also analyzed using means computed through the SPSS program and are shown in Table 4 below:

**Table 4:** The extent of efforts to ensure accountability in Rwanda's Public institutions

| Mechanisms of ensuring Accountability | Mean | Interpretation | Rank |
|---|---|---|---|
| Contracting private firms | 2.7833 | Good | 1 |
| Granting concessions to private entities | 2.7667 | Good | 2 |
| Privatization | 2.7250 | Good | 3 |
| **Average Mean** | **2.758** | Good | |
| **Overall Total** | **2.758** | Good | |

***Source:*** *Primary data Researcher Computation, 2011*

The results in table 4 indicate that respondents agreed with the mechanism of contracting private firms (mean = 2.7833) as one of the efforts aimed at ensuring accountability in Rwanda's public institutions. The respondents also agreed that providing concessions to private entities (mean = 2.7667) is one of the efforts aimed at ensuring accountability in Rwanda's public institutions. They also agreed that privatization (mean = 2.7250) is one of the efforts aimed at ensuring accountability in Rwanda's public institutions. Overall, the various mechanisms are efficient (with overall mean = 2.758) in ensuring accountability in Rwanda's public institutions.

The above findings are consistent with a report by Hope (2002), who argued that 'for public parastatals to be more accountable, they contract out a number of services to private firms, keeping mainly a supervisory and oversight role'. Hope (2002) adds that in Botswana, Parastatals have contracted out a number of services, including those related to maintenance and security. She says that the responsibility of the public organization is to specify what is wanted and let the private or voluntary sector provide it. Contracting out leads to cost savings from inefficient public bureaucracies that are more intent on satisfying the wishes of producer groups than of consumers. Moreover, private contractors can be penalized for poor quality, delays and lack of reliability (Hope, 2002). Similarly, Russell (1997) said that in Zimbabwe, non-clinical health services such as cleaning, laundry, catering, security, maintenance and billing are contracted out, while clinical services are contracted out on a limited scale (Russell et al, 1997).

The findings on privatizations are also in agreement with studies from elsewhere. Hope (2002) writes that Privatization can contribute to fiscal stability in a number of ways. Hope (2002) argues that 'gains can be made on the expenditure side by withdrawing subsidies to loss-making companies and imposing hard budget constraints on the economic decisions of managers'. Also, the revenue derived from selling state enterprises to the public can help governments close their fiscal gaps. She gives the example of Guinea, where such sales resulted in a reduction of government-owned assets by more than 50 per cent during the period 1980-1991 (Hope, 2002).

**Relationship between public financial management systems and accountability in Rwanda's public institutions**

The forth and last objective in the study was to determine the relationship between PFM systems and accountability in Rwanda's public institutions. The study took a null hypothesis that there was no significant relationship between PFM systems and accountability in Rwanda's public institutions. To test this hypothesis, Pearson's Linear Correlation Coefficient (PLCC) was used. The summary of r-value of those variables is presented in table 5.

**Table 5:** Pearson's Correlations between PFM systems and accountability in Rwanda's public institutions

| **Variables Correlated** | **r-value** | **Sig-value** | **Interpretation Of Correlation** | **Decision on HO** |
|---|---|---|---|---|
| Accountability Vs | | | | |
| Budget Credibility | .243 | .007 | Significant | Rejected |
| Comprehensiveness and transparency | .226 | .013 | Significant | Rejected |
| Policy-based budgeting Vs Accountability | .200 | .028 | Significant | Rejected |
| Predictability and control in budget execution | .061 | .008 | Significant | Rejected |
| Accounting, recording and reporting | .009 | .026 | Significant | Rejected |
| External scrutiny and audit | .275 | .002 | Significant | Rejected |
| External scrutiny and audit | .275 | .002 | Significant | Rejected |

***Source:*** *Primary data Researcher Computation, 2011*

The table 5 shows that PFM systems are positively and significantly correlated with accountability. For instance Budget Credibility is positively and significantly correlated with Accountability (r=0.243, significant=0.007).

Comprehensiveness and transparency Vs Accountability is positively and significantly correlated with Accountability (r=0.226, significant=0.013); Policy-based budgeting is positively and significantly correlated with Accountability (r=0.200, significant=0.028); Predictability and control in budget execution is positively and significantly correlated with Accountability (r=0.061, significant=0.008); Accounting, recording and reporting is positively and significantly correlated with Accountability (r=0.009, significant=0.026). External scrutiny and audit is positively and significantly correlated with Accountability (r=0.275, significant=0.002). These means that when there is an increase in one component of PFM, there is also an increase in accountability.

The r-values in the table 5 indicates a positive relationship between financial management systems and accountability (r-values>0), suggesting that the better the public financial management systems are designed, the more the accountability on public finances and vice versa. Considering all the sig. values in the table 5 indicate a significant correlation between the two variables (sig.-values< 0.05). Besides on these results, the null hypothesis is rejected, leading to the conclusion that Rwanda's Public Financial Management Systems affect Accountability..

Accountability involves both the political justification of decisions and actions, and managerial answerability for implementation of agreed tasks according to agreed criteria of performance (Day and Klein, 1987). Political accountability is about those with authority being answerable for their actions to the citizens, whether directly or indirectly, and managerial accountability is about making those with delegated authority answerable for carrying out agreed tasks according to agreed criteria of performance. The interest in accountability within public sector reform is a desire to make public sector staff more accountable for their decisions and actions.

# CHAPTER FIVE

# SUMMARY OF THE MAJOR FINDINGS, RECOMMENDATIONS AND CONCLUSIONS

## Introduction

In this chapter, the conclusions from the study and the recommendations made are presented. The study used both qualitative and quantitative methods of analysis.

## Summary of findings on the financial management systems used in public institutions in Rwanda

The findings of the study discovered that the financial management systems used in public institutions included credibility of the budget, Comprehensiveness and transparency, Policy-based budgeting, Predictability and control in budget execution, Accounting, external scrutiny and audit, recording and reporting among others.

According to Arnald (1999) the focus of the financial management systems performance indicator set is the public financial management at central government level, including the related institutions of oversight. Central government comprises a central group of ministries and departments (and in some cases deconcentrated units such as provincial administrations), that make up a single institutional unit. In many countries, other units are operating under the authority of the central government with a separate legal entity and substantial autonomy in its operations and also constitute a part of central government operations. Such units would be used for the purpose of implementing central government policy and may include non-profit institutions, which are controlled and mainly financed by central government.

**Summary of findings on the efforts towards accountability in Rwanda's public institutions**

It was revealed from the findings of the study that Contracting out and Privatization can contribute to fiscal stability in a number of ways. Gains can be made on the expenditure side by withdrawing subsidies to loss-making companies and imposing hard budget constraints on the economic decisions of managers. Allwright (1990) argues that contracting out leads to cost savings from inefficient public bureaucracies that are more intent on satisfying the wishes of producer groups than of consumers. Moreover, private contractors can be penalized for poor quality, delays and lack of reliability. The study also comes to the conclusion that one of the major developments in the provision of public services has been the introduction of user fees or charges. Charges to consumers for public utilities represent an attempt to diversify financing for public services and reshape public spending.

**Summary of findings on the relationship between financial management systems and accountability in Rwanda's public institutions**

The findings of the study concluded that there is a correlation between financial management systems and accountability in Rwanda's public institutions where political participation, strong legal framework and citizen participation had a strong correlation to accountability in public institutions. Accountability involves both the political justification of decisions and actions, and managerial answerability for implementation of agreed tasks according to agreed criteria of performance (Day and Klein, 1987). Political accountability is about those with authority being answerable for their actions to the citizens, whether directly or indirectly, and managerial accountability is about making those with delegated authority answerable for carrying out agreed tasks according to agreed criteria of performance.

**Conclusion**

The purpose of the study was to assessment of the public financial management systems and their impact on accountability. The findings showed that the public financial accountability systems (budgeting planning, budget formulation, execution and management, accounting, auditing and oversight) are designed to give reasonable assurance that resources are targeted to appropriate uses, used efficiently for intended purposes and reported reliably. And that weak public financial management system is highly likely to compromise the ability of a country to uphold accountability by increasing the vulnerability to corruption risks.

**Recommendations**

The establishment of tools that will help to develop the financial management of the local authorities is a key element, as are analytical tools to backstop appropriate appraisal. Sound management and transparency in local financial systems should also be encouraged

Establishing a civil service and the training of municipal management personnel, particularly municipal tax collectors, should become a priority. This must be centered on local accounting, local budgeting, financial analysis and local tax systems; and

It is recommended to establish a regional institution of credits to local authorities that will serve as interface between financial markets and local authorities

Performance contracting out technique could be recommended for the management of public enterprises that are not privatized

Fundamental changes in the accounting system should be introduced, to accommodate cash accounting as well as accrual and capital charging. The concern for probity should be matched with government officials acting as public sector entrepreneurs who can fully utilize financial and material resources

Governments should institutionalize a competent, efficient and accountable system of governance that ensures an enabling environment for private investors. The regulatory and law enforcement functions of government need to be performed strictly to protect consumers and citizen from unscrupulous investors

African governments should establish Work Improvements Teams (WITs) as a means of enhancing the quality of services, through increased productivity and teamwork. Governments need to emphasize reforms that enhance efficiency in the public service, value for money, financial and managerial activity.

## Suggestions for Further Research

Research should extensively be done on the public financial management systems and their impact on accountability in public institutions in the whole of East Africa in order to come up with recommendations that can help all East African Countries in their drive to ensuring transparency and accountability of government resources.

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## APPENDIX I

### Questionnaires for selected Accountants, Auditors, Departmental Directors and other officials of the Ministry of Education in Rwanda.

Dear Respondent

This questionnaire is designed to seek information from you on the assessment of Public financial management systems towards accountability in Rwanda. It is carried as a partial fulfillment of the requirements for the award of a Masters of Business Administration of Kampala International University. Your contribution, opinions and experience will be highly appreciated.

Thank you very much for your assistance.

**Please tick the appropriate box or elaborate where applicable.**

**A. <u>DEMOGRAPHIC INFORMATION</u>**

1) Gender

( ) Male

( ) Female

2) Age

( ) 20 - 24

( ) 25 – 29

( ) 30 – 34

( ) 35 – 39

( ) 40 - above

3) Highest academic level

( ) Masters degree

( ) Bachelors degree

( ) Diploma

( ) Certificate

4) Position in office

( ) Accountant

( ) Auditor

( ) Departmental director

( ) Other

**B. <u>PUBLIC FINANCIAL MANAGEMENT SYSTEMS</u>**

5) Do you understand the term Public financial management?

( ) Yes

( ) No

6) Do you have financial management systems in your ministry?

( ) Yes

( ) No

Direction : Please write your rating on the space before each option which corresponds to your best choice. Kindly use the scoring system below:

| Score | Response Mode | Description | Interpretation |
|---|---|---|---|
| 4 | Strongly agree | You agree with no doubt at all | Very satisfactory |
| 3 | Agree | You agree with some doubt | Satisfactory |
| 2 | Disagree | You disagree with some doubt | Fair |
| 1 | Strongly agree | You disagree with no doubt at all | Poor |

7) The following financial management system procedures exist in Rwanda's public institutions. Please tick the appropriate

| PFM systems | Respondents' responses | | | |
|---|---|---|---|---|
| | SA | A | D | SD |
| Budget credibility | | | | |
| Comprehensiveness and transparency | | | | |
| Policy-based budgeting | | | | |
| Predictability and control | | | | |
| Accounting, recording and reporting | | | | |
| External scrutiny and audit | | | | |

8) These mechanisms are able to ensure accountability in Rwanda's public institutions. Please tick the appropriate.

| Mechanism | Respondents' responses | | | |
|---|---|---|---|---|
| | SA | A | D | SD |
| Privatization | | | | |
| Contracting private firms | | | | |
| Concessions to private entities | | | | |

9) There is a significant relationship between the following financial management system concepts and accountability in Rwanda's public institutions. Please tick the appropriate

| | Variables Measured | SCORE | | | |
|---|---|---|---|---|---|
| | | Strongly Agree | Agree | Disagree | Strongly Disagree |
| | **I. Public Financial Management (Independent)** | | | | |
| | **A. Budget Planning** | **4** | **3** | **2** | **1** |
| 1 | A budget is an important concept of macroeconomics and can be understood as a national plan stated in monetary terms. | | | | |
| 2 | The budget identifies the sources of all revenue (inflows) and the expenditures or outflows are planned for. | | | | |
| 3 | Business start-up budget, corporate budget, event management budget, government budget and personal or family budget are some variations of this concept. | | | | |
| | Successful budget planning depends on good decisions with accurate and up-to-date information. | | | | |

| | B. Budget Formulation and Preparation | 4 | 3 | 2 | 1 |
|---|---|---|---|---|---|
| 1 | Budget formulation is an integral part of any financial planning process and its strategy for success. | | | | |
| 2 | The budget helps government to understand what areas to emphasize (prioritize) and provides a benchmark for measuring its programs' success | | | | |
| 3 | The budget is built around budget envelopes with no predetermined ceiling. In the first quarter of each year, the planning office sets the basic formal rules and provides reference data in coordination with the central bank. | | | | |
| | **C. Budget Execution** | **4** | **3** | **2** | **1** |
| 1 | Adequately balancing fiscal prudence with political accountability constitutes the central challenge of public budgeting in Rwanda's economy. | | | | |
| 2 | Adequate balance between executive and legislative prerogatives in budget policymaking is a critical challenge for transitional democracies struggling to consolidate. | | | | |
| 3 | The reforms require successful combination of credibility and accountability in economic governance. | | | | |

| | | | | | |
|---|---|---|---|---|---|
| | **D. Accounting, Reporting and Oversight** | **4** | **3** | **2** | **1** |
| 1 | Transparency helps to strengthen government institutions involved in public service delivery so they function better. | | | | |
| 2 | An Executive's Budget Proposal presents the ways the government plans to raise revenues and where these funds are allocated, thus transforming policy goals into action. | | | | |
| 3 | A Pre-Budget Statement sets forth the broad parameters that will define the government's forthcoming budget. | | | | |
| | **E. Fiscal transparency** | **4** | **3** | **2** | **1** |
| 1 | Fiscal transparency is indeed associated with lower public debt and deficits, even taking into account other explanations for public debts and deficits. | | | | |
| 2 | Transparency helps to strengthen government institutions involved in public service delivery so they function better. | | | | |
| 3 | Fiscal transparency is one of the essential ingredients for oversight, accountability, participation and sanction in pursuit of good economic management practices. | | | | |
| **II. Accountability in public institutions (Dependent)** | | **4** | **3** | **2** | **1** |
| 1 | In your opinion do you think that public financial management systems have any effect on accountability | | | | |

10) What efforts or strategies are there to ensure accountability in Rwanda's Public institutions?

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11) What is the way forward or recommendations for overcoming the above challenges in order to ensure the effectiveness of the PFM systems in Rwanda's public institutions?

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## APPENDIX II

## RESEARCHER'S CURRICULUM VITAE

### I. PERSONAL DETAILS

**Mr. NIYIBIZI John** is a son of BAHEMUKIYIKI and NYIRAGAHABURA Félicitée, married, born on $15^{th}$ August 1974 at Jomba, Northern Kivu in Democratic Republic of Congo. He is Rwandan by Nationality. His address is: Gasabo District, Po. BoX: 3353 KIGAL-Rwanda, available on the following phone numbers: **+25 07 88 35 75 11 / +25 67 18 40 07 26**, E-mail address: niyijo@yahoo.fr

### II. EDUCATION BACKGROUND

| **Period** | **Institution** | **Award** | **Course** |
|---|---|---|---|
| **From January 2010-Dec 2010** | Kampala International University/Uganda | Masters in Business Administration (MBA in progress) | Finance and Accounting |
| **From $10^{th}$ July-$10^{th}$ August 2010** | Centre for Basic Research/Uganda | Postgraduate Diploma | Research Methods and Writing Skills |
| **2001-2006** | National University of Rwanda | Bachelor's degree | Accounting Sciences |
| **1998-2000** | Islamic Secondary School/Gisenyi | Secondary School Certificate | Accounting and Commence |
| **1990-1994** | Lycée Virunga/Jomba-RDC | $S_4$ Transcript | - |
| **1988-1991** | Kasebeya Secondary/Jomba-RDC | Ordinary level Certificate of Education | - |
| **1982-1989** | Kasebeya Primary School/Jomba-RDC | Primary leaving Certificate | - |

## III. WORKING EXPERIENCE AND TRAININGS

### a) Working Experience:

**January 1999 – October 2000: Procurement specialist of Credit and saving scheme ZIGAMA CSS**

**Major tasks and responsibilities:**

- *Bids preparation and evaluation*
- *Contract management*
- *Disposal management*

**2007: Accountant of Grands Lacs Printing Company (A Private Printing Company located in Nyarugenge District).**

**Major tasks and responsibilities:**

- *To Prepare financial statements including :*
  - ✓ *Balance Sheet,*
  - ✓ *Income statement, and*
  - ✓ *Cash flow statement*
- *To prepare Financial Reporting*
- *To prepare Financial Reporting*

**From January 2008 up to December 2010: Procurement Officer of the Ministry of Education.**

**Major tasks and responsibilities:**

- *Procurement Planning,*
- *Development of technical specifications*
- *Preparation of Bidding Documents,*
- *Publication and Distribution of invitations to Bids,*
- *Receipt and Safe keeping of bids,*

- *Bids Evaluation,*
- *Preparations of Notifications of Tender award,*
- *Ensuring Adequate Contract Execution in Collaboration with the Beneficiary Department,*
- *Providing Information and Documents Requested by Public Procurement Authority (RPPA),*

**b) Trainings and Seminars Attended**

| **Period** | **Course** | **Organised by** | **Content** |
|---|---|---|---|
| **23-27 June 2008** | Public Procurement Procedures | RPPA and RIAM | • Types of tenders,<br>• Procurement methods<br>• Preparation of specifications,<br>• Invitation to tender;<br>• Rules concerning description of good; works, and consultant services,<br>• Standard bidding documents, |
| **April –August 2008** | Purchase Management | Maastricht School of Management Netherlands and RIAM (Rwanda Institute of Administration Management) | • Tendering process,<br>• Specifications,<br>• Bids preparation and evaluation,<br>• Difference between the public and private sector,<br>• Application law for the public sector,<br>• Administration and reporting,<br>• Supplier management,<br>• Performance management,<br>• Needs assessment,<br>• Market research,<br>• E-procurement,<br>• Negotiation process, |

| | | | |
|---|---|---|---|
| **16-19 September 2008** | E-Procurement | RDG and NTB | • Electronic tendering publishing system |
| **13-14 November 2008** | Public procurement reform | RPPA, ,COMESA, World Bank and Civil Society | • Integrity and transparency in Public Procurement,<br>• Professionalisation of procurement function,<br>• Integration of Public Procurement system,<br>• Performance of procuring entities,<br>• Reform of Public Procurement in Rwanda,<br>• Collaboration between procurement staff and managers of procuring entities |
| **11-15 October 2010** | Research methods and consultancy | Kampala International University/Uganda | • Problem identification and clarification,<br>• Formulation of hypothesis,<br>• Setting of objectives,<br>• Choosing appropriate research design,<br>• Data collection,<br>• Data analysis,<br>• Preparation of research proposal,<br>• Writing the scientific paper,<br>• Examples of research planning,<br>• How to review literature, and<br>• Abstracting and Bibliographic citations |

## IV. LANGUAGE PROFICIENCY

| Language | Speaking | Writing | Reading | Comprehension |
|---|---|---|---|---|
| Kinyarwanda | Very Good | Very Good | Very Good | Very Good |
| Français | Very Good | Very Good | Very Good | Very Good |
| English | Good | Good | Good | Good |
| Swahili | Good | Good | Good | Good |

## V. OTHER KNOWLEDGE AND SKILLS

**Computer literate in:**

- Microsoft Word;
- Microsoft Excel;
- Microsoft Power Point;
- Microsoft Internet,
- SPSS (Stastical Package)

## VI. REFERRES.

1. **Sharon HABA**: Permanent Secretary of the Ministry of Education

***Phone number: +25 07 88 30 48 04***

## VII. CERTIFICATION

I hereby certify that to the best of my knowledge and belief, the above information is valid and correctly describes my qualifications, my experience and me.

# APPENDIX III

## INTRODUCTORY LETTER

KAMPALA
INTERNATIONAL
UNIVERSITY
EXPLORING THE HEIGHTS

Ggaba Road - Kansanga
P.O. Box 20000, Kampala, Uganda
Tel: +256- 41- 266813 / +256- 41-267634
Fax: +256- 41- 501974
E- mail: admin@kiu.ac.ug,
Website: www.kiu.ac.ug

**OFFICE OF THE COORDINATOR, BUSINESS AND MANAGEMENT**
**SCHOOL OF POSTGRADUATE STUDIES AND RESEARCH (SPGSR)**

December 17.2010

Dear Sir/Madam,

RE: REQUEST FOR NIYIBIZI JOHN MBA/ 42678/92/DF
TO CONDUCT RESEARCH IN YOUR ORGANIZATION

The above mentioned is a bonafide student of Kampala International University pursuing a Masters of Business Administration (Finance and Accounting) he is currently conducting a field research of which the title is **"Public Financial Management and Accountability in Ministry of Education, Rwanda."** As part of his research work, he has to collect relevant information through questionnaires, interviews and other relevant reading materials.

Your organization has been identified as a valuable source of information pertaining to his research project. The purpose of this letter is to request you to avail him with the pertinent information he may need.

Any information shared with him will be used for academic purposes only and we promise to share our findings with your organization. Rest assured the data you provide shall be treated with utmost confidentiality.

Any assistance rendered to him will be highly appreciated.

Yours truly,

Mr. Malinga Ramadhan
**Coordinator-Business and Management (SPGSR)**

## APPENDIX IV

## APPOINTMENT LETTER

**REPUBLIC OF RWANDA**

**MINISTRY OF EDUCATION**
**P.O.BOX 622 KIGALI**

Kigali on 16/01/2011

**TO WHOM IT MAY CONCERN**

I hereby confirm that, **Mr. NIYIBIZI John** is a student of Kampala International University pursuing a Masters of Business Administration (Finance and Accounting) and he is allowed to conduct his academic research on **Rwanda's Public Financial** Management with the case study of the **Ministry of Education**.

Any assistance rendered to him related to his field research would be highly appreciated.

Sincerely Yours

**Sharon HABA**
Permanent Secretary
Ministry of Education