



**XXVI DEVELOPMENT PARTNERS COORDINATION GROUP MEETING**

**Thursday, 9<sup>th</sup> February 2006, at 10h00**

**MINECOFIN Basement Conference Room**

**Kigali, Rwanda**

**MEETING MINUTES**

**ANNEX 1: FOLLOW-UP MATRIX**

**ANNEX 2: LIST OF ATTENDEES**

**ANNEX 3: PFM PRESENTATION**

**1. Agenda Item #1: Review and Adoption of the January 12<sup>th</sup> DPCG Minutes**

1.1. The chair, Secretary General MINECOFIN, and the co-chair, UNDP DRR, reviewed the January 12<sup>th</sup> minutes which were adopted with no change.

1.2. The chair reviewed the Agenda for the DPCG meeting.

**2. Agenda Item #2: Update on APRM (Francis Gatare, NEPAD Special Advisor to the President)**

2.1. Reports of both Rwanda and Ghana were finished in November and were circulated to APRM council. When the Rwandan delegation arrived in Khartoum for the peer-review forum, it became clear that the peer review component had not yet been thought through completely. The first phase of the meeting was to determine how the peer review mechanism was to be conducted. Peer Review meant “head of state to head of state” candid talk on outcomes of the external reviews. It should probably be a closed session as well, in order to elaborate concrete actions on how to remedy identified shortcomings and share best practices. If any other person than the head of state was to be present, the credibility and importance of the peer review could be undermined.

2.2. Mr. Gatare said that the APRM agreed to postpone the review of the Rwanda report to the next session of heads of state, since H.E. President Kagame could not be present. Only Ghana was peer reviewed. There is an important breakthrough in ensuring that heads of state participate in the peer review mechanism of the APRM. This trend should continue in future APRM processes.

The report has three components:

- Issues that external reviewers feel Rwanda is doing well on;
- Gaps that exist in the Governance and four areas of APRM;
- Program of Action (elaborated plan of action to fix the gaps) which is the most critical part of the report as a country being reviewed).

He said there will be a review on this Programme of Action before all stakeholders in the country. Stakeholders (government implementing agencies, private enterprises, civil society organizations, and development partners) are invited to comment.

2.3. He informed participants that the cost of postponing the Rwanda report peer-review meant that the report could only be published after the peer review. Rwanda is constrained in distributing this report and therefore making the programme of action public. We could disseminate the programme of action without the report and start discussion around its implementation. Many recommendations have already been planned for implementation in Rwanda. Some activities are already underway, and some even completed. As we are in a stage of elaboration of the EDPRS, it is important that this programme of action be integrated within the EDPRS. Lastly, we want to continue keeping track of activities of other stakeholders under the programme of action. We think that the next heads of states session will take place in the next 4-5 months (possibly May or June).

2.4. Mr. Gatare also touched upon the Africa Governance Forum. For the last year or so, Rwanda has been planning to host the AGF to discuss issues related to implementation of APRM on the continent. Rwanda wished to wait for one or two sessions of the peer-review to occur. Now that Ghana has been reviewed, Rwanda is ready to host the AGF. It is believed that within the first half of 2006, the AGF will be held. 26 countries acceded and 3 countries have expressed interest.

#### 2.5. Discussion on the Presentation:

2.5.1. A Development Partner (DP) said the GoR may have important information regarding the EDPRS. The DPR will cover some issues of PRS; and, the DPCG needs to be able to overcome this gap of information. He asked whether partners can have an informal copy in order to incorporate the information in discussions at the retreat.

- Gatare answered that the report on Rwanda is not owned by the country. The forum of Heads of State discusses the outcome of the exercise and is presented by one of the seven eminent persons to oversee the exercise. He said that we are given a copy of the report as an APRM country, but the ownership remains with them. For purposes of implementing the national governance programme, we need to be able to tap into it to fill this

information gap without violating the principles of the peer-review mechanism. He said that it is not in our interest to keep this internal, but in fact it is better to disseminate. On the question of how to integrate it into the EDPRS, he said the programme of action (3<sup>rd</sup> part of report) can be taken out and neutralized as a programming instrument. Rwanda has a strong case for circulating parts of the programme of action, but may not have a strong case to utilize and distribute the whole report.

2.5.2. A DP said it is a good idea to have this programme of action distributed. The DP said that it could not be in a vacuum; the action plan should be put into context with the main summary of the issues raised in the report.

- Gatere said it may be possible as it is important to have the programme of action contextualized.

2.5.3. A DP supported previous comments and said that this information is important due to the EDPRS elaboration process. He said that DPs should attempt to get as much information from this report as possible. The external evaluators with the peers can possibly discuss ways of overcoming strict rules. He commented on the fact that the report may be out-of-date if the information is not disseminated until the end of 2006, due to the speed of progress in Rwanda.

2.5.4. A DP said that it is important for the GoR to stick to the APRM process as has been agreed as nothing in the APRM process discusses a transitional plan for Rwanda. He suggested that Francis prepare a “transitional governance action programme for Rwanda” and that we utilize this programme as an internal document for planning.

### **3. Agenda Item #3: Update on PFM (Emmanuel Gatabazi, Accountant General)**

3.1. The AG made a PowerPoint presentation (Annex III) that covered:

- Accounting procedures & manuals
- 2006 accounts consolidation
- Government Fixed Assets Inventory
- Training of accountants & int. auditors
- Cash flow planning
- Bank reconciliation
- PFM reforms steering committee
- PFM reforms facilitator

3.2. Discussion on the Presentation:

3.2.1. A DP asked who comprises the PFM steering committee. The chair answered that the steering committee is composed of the Accountant General (as the chair), MINECOFIN Directors, Rwanda Revenue Authority (RRA), two representatives of the National Bank of Rwanda (BNR), and MINALOC.

3.2.2. EC representative intervened with three main points:

3.2.2.1. EC raised the issue of the Organic Budget Law (OBL) as the big bottleneck, in addition to Public Accounting, which has been awaiting approval by Parliament for 2 years and is a legal framework that is needed to achieve progress in PFM. The OBL fundamentally changes the way public finances will be handled in Rwanda. The chair was informed by parliament that the OBL will be out by the end of February. He clarified that it took time in Parliament because it was technical which needed to be discussed in Kinyarwanda (was to be done by November 2005). He added that the territorial reforms have taken over as a priority. The remaining issue is to finalize the two commissions through the lower chamber. It might be out by next DPCG meeting.

3.2.3. The EC also referred to the PFM trust fund which will support all PFM actions. He clarified that it will be managed by the WB through HIDA; and, contributions to date are only from the EC and DFID. There are great needs for these reforms and for the subsequent training of public accountants and public auditors. The EC invited and urged donors to participate through the trust fund in a harmonized manner. Sida & the Netherlands expressed their interest in supporting the trust fund as they are in the last stage of jointly supporting the OAG. Sida views this issue as necessary for providing budget support to Rwanda. Sida also informed participants that funds to support the OAG stem from the AG in Sweden, not Sida; but, discussions could be initiated in order to convince the AG in Sweden to provide financing through the trust fund. The Chair added that it is important not to duplicate support to PFM by financing OAG and the trust fund separately. Belgium added that the GOR has put forward a firm recommendation to support PFM, especially now that Belgium is in the process of reviewing their programme of support to Rwanda.

3.2.3.1. The EC added that, in the past, partners conducted several different studies to assess progress in PFM. Starting this year, the Public Expenditure and Financial Assessment (PEFA) methodology will be used, and has been agreed upon by 15 donors at headquarters level. The first exercise will take place in June / July. Information on this can be shared with DPs.

#### **4. Agenda Item #4 Report Backs: GoR Vehicle Policy (Dominique Rurangirwa, MININFRA)**

4.1. MININFRA presented a short historical account of the vehicle policy in Rwanda: Vehicles were causing problems because of their use for services. The GOR therefore took a decision on the management of these vehicles in 2005. At least 80% of the vehicles were not used for service; and after a control, it was found that usage was for non-professional reasons. Therefore, the GoR took the decision to stop using the vehicles which were expensive for the state. This decision was taken to assure proper management of public goods. The current policy also includes project vehicles. It was agreed that Government services must adopt an efficient management system which is more economical with regard to vehicle usage. It was noted that there were luxury vehicles used by different services and smaller vehicles were not utilized efficiently.

4.2. The GoR decided to adopt a system of vehicle rental, especially in Kigali Ville and urban centers. All vehicles that were previously being used by government services have thus been sold. The revenues from sales were left to the public treasury; and, this has signified huge revenue gains for the GoR. Renting vehicles is more cost effective; MINECOFIN can distribute figures that can support this fact. There are vehicles that remain in operation; for instance, districts, police, and army services have not been affected by the vehicle policy since they require vehicles more frequently and rental would become burdensome.

4.3. Regarding project vehicles, talks with diplomatic missions are underway to reach a compromise on the management of project vehicles. If field projects can prove that they require an operational vehicle, the GoR will consider its activities and decide whether or not a vehicle is required. The idea is not to get rid of vehicles, but to minimize costs in order to find a long term solution. As of now, a committee is evaluating its policy with regard to project vehicles.

#### **4.4. Discussion on Presentation:**

4.4.1. Cost Effectiveness - A DP illustrated how highly development projects are affected by this policy. The DP made a quick calculation and found that renting a vehicle for 1 year for a technician going on the field 3 weeks per month equals 15 million RWF, which is equal to the cost of buying a vehicle. Services constantly on the field must have access to vehicles as renting is not always cost effective. Consequences are felt in that projects must use more funds to rent vehicles. The argument was made that this policy not only affects control of projects, but also quality of projects. Some donors have disseminated to the GOR detailed documents to prove that cars that were used are necessary to run projects properly.

MININFRA agreed that these points require follow-up. However, the problem is that certain services do not comprehend the concept of renting vehicles. He provided an example that if a technician must leave Kigali to go to Butare to go in the field, and is in Butare town for 3 weeks, he should not leave Kigali with a vehicle that will remain unused for 3 weeks in Butare. The Chair made it clear that when this policy was taken, GoR had in mind to save money in a global manner. If we evaluate certain cases, then the policy might not be beneficial. However, the policy ultimately has saved GoR money. A team is to evaluate vehicle needs for projects. The conclusion of that team was presented to Cabinet, which is still looking at it. Final solutions for project vehicles are to be available soon. The Chair said the idea was cost effective, and where it is not the case, the policy implications on a case-by-case basis can be reconsidered.

**4.4.2. Revenues from Sale of Vehicles** – A DP stated that loans granted to the GOR were used to purchase vehicles; and, the revenues made from the sale of the vehicles have been kept in the Government public treasury. Another DP stated that the sale of vehicles means that there will be new requests to pay for transportation, and wanted to ensure that revenues received in the treasury from the sale of vehicles will be allocated properly to cover these costs. MININFRA agreed that DPs should consult the Ministry regarding monies gained from selling vehicles purchased through loans. The Chair added that the GoR must work with DPs to see how this money is to be used as the GoR is flexible on this issue. The money allocated for fuel and maintenance, when vehicles still remained with projects, must be realigned to support public transport, and should even be used for long distance travel.

**4.4.3. Legal Dimensions** – A DP stated that forcing all cars out of projects was problematic, because it went against bilateral agreements and renting is much more expensive. For donors, there is already much control on usage of vehicles (external and internal audits) as they are responsible to their taxpayers.

**4.4.4. Social Impact** - A DP asked if any measures are being taken to address the loss of jobs for staff that were drivers or working on GOR vehicles. The Chair said there are plans and measures to address this issue and to reintegrate these people who have lost government jobs. He added that this was in line with public service reform.

## **5. Agenda Item #5: Announcements**

### **5.1. Tripartite Consultations on Harmonization, Alignment and Aid Management with Malawi and Zambia Delegations**

**5.1.1.** The Chair announced that visitors from Zambia and Malawi are in Rwanda for 2 days in order to share experiences in terms of aid harmonization and alignment. All three countries

are in somewhat similar stages in the implementation harmonization and alignment policies (APD, PRS, Databases, etc.). This is an opportunity to discuss these issues in the context of South-South cooperation.

5.1.2. The Malawi delegate acknowledged the warm reception received from the GoR. Suffice to say that Malawi values this meeting very highly. He said, as Africans, it is only by addressing utilization of resources that we can attain our goals.

5.1.3. The Zambia delegate noted that all three countries are all in relatively similar stages. Zambia has a forum to talk about experiences. Forums are obviously a reflection of historical contexts of countries. We have a situation where, post-Rome, a number of partners took it upon themselves to develop harmonization and alignment processes. This has expanded in 2004 to wider forums where most DPs now sit together to establish methods; but, the structure in Zambia is relatively loose. In PFM, forums are more formal. Processes now converge with national planning cycles. The PRS is in an advanced phase of implementation, the Aid Policy has been drafted, and the JASZ is already in process. Negotiations are underway on the JASZ, such as identifying the cooperating partners who will lead and focus financing in certain sectors. Zambia thanked the GoR for the invitation to these tripartite consultations.

## 5.2. Upcoming IMF Mission

5.2.1. The Chair announced that an invitation from the EU for a briefing session on the IMF mission was sent out. The mission is coming to finalize outstanding issues from last year (see minutes from September 30<sup>th</sup> DPCG). The mission is also coming to negotiate the new programme, as the current one will expire in June. More information on discussions will be provided after the mission has concluded.

## 5.3. Second Annual Development Partners Retreat

5.3.1. Jean-Jacques Nyirubutama, EFU Director, announced that the Second Annual Development Partners Retreat (DPR) will take place on March 9<sup>th</sup> and 10<sup>th</sup>, 2006. Since the last DPCG, at which the retreat was first announced, the EFU has drafted a concept note and agenda for the retreat. Any comments on the retreat and areas that felt should be covered in such a forum are welcome by Wednesday, next week, to the DPCG secretariat. The EFU has attempted to make this agenda reflective of a retreat, rather than a two day DPCG. There will be at least two sessions which will break up the participants into smaller working groups to discuss key issues with ample time to report back and discuss outputs of the working groups. The DPCG agenda items that were postponed from this meeting, report backs on Civil Service Salary Reform and the EDPRS workshop, will be included in the agenda.

5.3.2. The main objectives, as outlined in the concept note, are:

- To review 2005 milestones, progress, and lessons learnt;
- To build upon recommendations of Paris Declaration Workshop and Baseline Survey;
- To review draft Aid Policy and capacity for implementation;
- To link the EDPRS process and aid effectiveness;
- To review coordination mechanisms and enhance their effectiveness;
- To review priority actions and identify deliverables for 2006.

5.3.3. Logistics: Due to limited accommodation space at the Kivu Sun and increased participation by Government officials at this year's retreat, the organizers will only be able to accommodate heads of donor agencies. If, at any point, invited participants can no longer attend the retreat due to prior commitments, the EFU will consider requests by secondary representatives of the DPCG to participate. Invitations will be sent next week; and, the EFU looks forward to your confirmation. The Aid Coordination Unit basket fund will cover the accommodation costs for all Government participants; it is requested that donor agencies cover their own accommodation costs. All other costs part of the retreat program will be covered by the ACU basket fund.

**Secretary General and Secretary to the Treasury  
Ministry of Finance and Economic Planning  
Government of the Republic of Rwanda  
Co-Chair of the Development Partners Coordination Group**

**Deputy Resident Representative / Programme Director  
United Nations Development Programme  
Kigali, Rwanda  
Co-Chair of the Development Partners Coordination Group**



## ANNEX 1: FOLLOW-UP MATRIX

<b>Follow-Up Actions</b>	<b>Responsibility</b>	<b>Required Coordination</b>	<b>Action to be complete by:</b>
<i>Distribute CFAA to DPCG</i>	<i>MINECOFIN</i>	<i>BSHG</i>	<i>Feb DPCG</i>
<i>Prepare draft APD for review and discussion with DPs</i>	<i>EFU (MINECOFIN)</i>	<i>All GOR</i>	<i>March DP Retreat</i>
Update Development Partners Retreat Agenda to include EDPRS and Civil Service Salary Reform	EFU (MINECOFIN)	MINECOFIN UNRCO	March DP Retreat
Provide feedback on draft DPR agenda	Development Partners	EFU (MINECOFIN)	Feb 15
OBL to be ratified by parliament	Parliament	MINECOFIN	March – April
Disseminate results of Cabinet discussion on Vehicle Policy as regards development projects	Cabinet	MININFRA	April DPCG
Distribute figures on cost-effectiveness of GOR vehicle policy to DPs	MINECOFIN	MININFRA	April DPCG
Rwanda to host the AGF	President's Office	MINAFFET UNDP	May – June
Develop “Transitional Governance Action Programme for Rwanda” based on APRM Programme of Action for review and use in elaboration of EDPRS	Francis Gatare (NEPAD Advisor)	NEPAD Secretariat	TBD
Report back to DPCG on allocation of revenues gained from vehicle sales	MINECOFIN	MININFRA – DPs	TBD

## ANNEX 2: LIST OF ATTENDEES

*(sorted by organization)*

	<b>Full Name</b>	<b>Job Title</b>	<b>Organization</b>
1	Mr. A. Kader Guèye	Resident Representative	ADB - African Development Bank
2	Mr. Mohamed El-Azizi	Operations Officer	ADB - African Development Bank
3	Mr. Dirk Brems	Cooperation Attaché	Belgian Embassy
4	Mr. Dirk Heuts	Cooperation Counsellor	Belgian Embassy
5	Ms. Julie Fournier	Second Secretary, Development Cooperation	Canadian Embassy
6	Mr. Vijay Pillai	Deputy Head (Programmes)	DFID - UK Department for International Development
7	Mr. Thomas Leeming	Economist	EC - European Commission Delegation
8	Mr. Alessandro Villa	Counsellor	EC - European Commission Delegation
9	Mr. Jean-Baptiste Luciani	Cooperation Attaché	French Embassy
10	Mr. Hans von Schroeder	Deputy Chief of Mission and Head of Development Cooperation	German Cooperation
11	Dr. Petra Windisch	Country Director, GTZ	German Cooperation
12	Mr. Lars Engstrom	Resident Representative	IMF - International Monetary Fund
13	Mr. John Kayemba	Economist	IMF - International Monetary Fund
14	Mr. Masayoshi Ono	Japanese ODA Advisor	JICA - Japan International Cooperation Agency
15	Dr. Alfred Nyasulu	Assistant Director	Malawi Ministry of Finance
16	Mr. Francis Zhuwao	Principal Economist	Malawi Ministry of Finance
17	Mr. John Rwangombwa	Secretary General	MINECOFIN - Ministry of Finance and Economic Planning
18	Mr. George Katureebe	Director General of CEPEX	MINECOFIN - Ministry of Finance and Economic Planning
19	Mr. Jean Jacques Nyirubutama	Director, External Finance Unit	MINECOFIN - Ministry of Finance and Economic Planning
20	Mrs. Kampeta Sayinzoga	Budget Support Specialist, External Finance Unit	MINECOFIN - Ministry of Finance and Economic Planning
21	Mr. Vincent de Boer	Co-Director BTCCTB Project	MINECOFIN - Ministry of Finance and Economic Planning
22	Mr. Didier Gakuba	ICT Specialist, External Finance Unit	MINECOFIN - Ministry of Finance and Economic Planning
23	Mr. Emmanuel Gatabazi	Accountant General	MINECOFIN - Ministry of Finance and Economic Planning
24	Mr. Alex Karangwa	Economist in charge of Bilateral Organizations, EFU	MINECOFIN - Ministry of Finance and Economic Planning
25	Mr. Robin Ogilvy	ODI Fellow, External Finance Unit	MINECOFIN - Ministry of Finance and Economic Planning
26	Ms. Odette Mbabazi	Personal Assistant to the	MINECOFIN - Ministry of Finance and

	<b>Full Name</b>	<b>Job Title</b>	<b>Organization</b>
		Minister of Finance	Economic Planning
27	Mr. Dominique Rurangirwa	In charge of Land Transport	MININFRA - Ministry of Infrastructure
28	Mr. Hugo Jombwe	Co-Chair and ASF Country Director	NINGO - Network of International Non-Governmental Organizations in Rwanda
29	Mr. Francis Gatare	Special Adviser to the President on NEPAD	Office of the President
30	Mr. Robert-Jan Siegert	Deputy Head of Development Cooperation	Royal Netherlands Embassy
31	Mr. Gertjan Tempelman	Deputy Chief of Mission and Head of Development Cooperation	Royal Netherlands Embassy
32	Mr. Didier Douziech	Deputy Director	SDC - Swiss Agency for Development and Cooperation
33	Mr. Matthias Weingart	Country Director	SDC - Swiss Agency for Development and Cooperation
34	Mr. Arne Ström	Head of Mission	Sida - Swedish International Development Co-operation Agency
35	Ms. Kate Spring	Monitoring and Evaluation Adviser	UNAIDS - Joint United Nations Programme on HIV/AIDS
36	Mr. Alain Noudehou	Deputy Resident Representative and Programme Director	UNDP - United Nations Development Programme
37	Dr. Sebastian Silva Leander	SPEMU Programme Specialist, JPO	UNDP - United Nations Development Programme
38	Mr. Augustine Bobe	Assistant Resident Representative	UNDP - Malawi
39	Mr. Abdul Hannan	Deputy Resident Representative and Programme Director	UNDP - Zambia
40	Mr. Mbaye Diouf	Regional Director	UNECA - United Nations Economic Commission for Africa
41	Mr. John Bosco Ruzibuka	Assistant Representative	UNFPA - United Nations Population Fund
42	Ms. Danila Boneva	Programme Specialist, Aid Coordination Unit	UNRCO - United Nations Resident Coordinator's Office
43	Mr. Paul Farran	Junior Professional Consultant	UNRCO - United Nations Resident Coordinator's Office
44	Mr. Kareem I. Oweiss	Aid Coordination Associate	UNRCO - United Nations Resident Coordinator's Office
45	Mr. Gianluca Rampolla	Head of Aid Coordination Unit	UNRCO - United Nations Resident Coordinator's Office
46	Mr. Kevin Mullally	Mission Director	USAID - United States Agency for International Development
47	Mr. Christophe Tocco	Supervisory Program Officer	USAID - United States Agency for International Development
48	Ms. Liz Drake	Rural Sector Anchor	WB - World Bank
49	Ms. Maarit Hirvonen	Country Representative	WFP - World Food Programme
50	Ms. Jeanne d'Arc Kabagema	Family Health Advisor	WHO - World Health Organization