

**2006 Development Partners Retreat
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**Session 3 – Working Group 1
Strengthening Government Capacity for Aid Policy Implementation**

ISSUES PAPER

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Brief Background:

The implementation of the Aid Policy will require different types of capacity building for the External Finance Unit and line ministries.

- (i) The upcoming policy will require the development of **tools** to ensure smooth implementation. Some tools already exist but links to the Aid Policy need to be clarified; the development of new tools may also prove to be very useful.
- (ii) One of the core foci of the policy is the importance of **alignment** of donors' programs to the government strategies. This is clearly stipulated under the "alignment" heading of Chapter 1 and in Chapter 2 as part of the key objectives of the Aid Policy. To achieve this, GoR will need to have technically sound strong sector strategies, policies which are the result of a comprehensive planning process. Some sectors already have some good policies and strategies while others are lagging behind.
- (iii) All donors represented in Rwanda have committed at the highest level to the 2005 Paris Declaration on aid effectiveness. The successful implementation of the Aid Policy will depend to some extent on their level of **commitment** at a **local** level. It is therefore important to identify the key ingredients needed from donors to allow successful implementation of the Aid Policy as mentioned in Chapter 3 under the heading "mechanisms for dialogue and coordination."

Proposed Discussion Points

(i) Capacity to develop appropriate tools

- ✓ What are the tools currently available in (a) screening for conformity of proposed assistance, (b) budgeting and expenditures tracking and (c) Monitoring and Evaluation?
- ✓ What are the new tools needed to improve implementation of the Aid Policy by MINECOFIN and line ministries?
- ✓ How should these tools relate to one another?

(ii) Strategic planning capacity for line ministries

- ✓ How can we better institutionalize the development of the PRSP Matrix in line with the upcoming EDPRS and existing sector strategies?
- ✓ How can we ensure that sectoral MTEFs and budgets are more results-oriented and reflect strategic choices of the sectors?
- ✓ How can we ensure that the information produced by the M&E framework is used to inform policy choices?

(iii) Implementation of the 2005 Paris Declaration by donors at a local level

- ✓ What are the commitments and constraints of donors at a local level?
- ✓ What kind of capacity building is needed to ensure that GoR national systems (especially procurement and financial management) are up to required standards?
- ✓ What can be recommended to reduce the number of Project Implementation Units.?
- ✓ How can Joint Sector Reviews fulfill all M&E needs of donors and GoR?

(iv) Implementation Plan

- ✓ What are potential areas to be included in the implementation plan?

Anticipated Output(s):

A general agreement and shared understanding on the required capacity building for effective implementation of the Aid Policy Document.