

**Session 3 – Working Group 5
Intra-Government Division of Labour in the Negotiation & Management
of External Assistance**

ISSUES PAPER

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Background

Whilst the government has become increasingly involved in the negotiation and management of aid to Rwanda over the last decade, it has not always done so in an organized manner. Lack of guidelines and procedures means that responsibilities within the government are not clear. Donors do not always know to whom offers of assistance should be addressed, and government departments do not liaise with each other in a systematic manner. This may result in unnecessarily high transaction costs for the government, and in assistance being accepted in a manner that does not necessarily meet Rwanda's needs and priorities.

The current draft of the government's forthcoming Aid Policy includes a section which seeks to spell out how the tasks of negotiating and managing aid should be divided between government bodies, with a view to increasing the efficiency with which assistance is received. (See paragraphs 3.21 to 3.40 of *Rwanda Aid Policy: Draft for Discussion, rev3.0*). The table (overleaf) summarises the division of responsibilities envisaged in the draft Aid Policy.

Areas for Discussion

Principles

- 1) Is it felt that there is a clear need for the division of responsibilities to be formalized in the Aid Policy?
- 2) Is the proposed division of responsibilities adequate, and how does this fit with the needs of development partners?
- 3) Will the proposed division of labour increase or decrease transaction costs?

Capacity Issues

- 4) Does the GoR have the capacities needed to implement the proposed division of labour?
- 5) Does the enlarged role envisaged for MINECOFIN pose problems in terms of capacity?
- 6) Not all sectors have strong strategic plans yet. What are the implications of this?

Implementation

- 7) Might "back door" deals hinder the implementation of the proposal? (e.g. ambassadors negotiating directly with line ministries).
- 8) What are the implications of the proposal for donor agencies? Would they need to change their practices? How can they be encouraged to do so?
- 9) How might disputes and disagreements be avoided/resolved (e.g. on MINECOFIN's decisions relating to fit with priorities and policies)?

Anticipated Outputs

The group should use the points above as starting points for discussion, but should by means be restricted to them. It should seek to summarise discussions to the Meeting under the following headings:

- a) Advantages and disadvantages of proposed division of labour
- b) Potential bottlenecks in implementing the proposal
- c) Recommended changes to the proposal

Proposed Division of Responsibilities in the Negotiation and Management of Aid

(Based on GoR Draft Aid Policy rev. 3.0)

	Initial Conception	Proposals	Negotiation	Agreement	Implementation	Evaluation
Line Ministry / GoR Agency →	<ul style="list-style-type: none"> Initial discussion of idea with donors. Scoping and development of idea in line with sector strategic plan. 	<ul style="list-style-type: none"> Inform MINECOFIN of proposed package of assistance. Responsibility for technical aspects of quality assurance retained. 	<ul style="list-style-type: none"> Meets with MINECOFIN to discuss proposal and agree GoR position. Participates in negotiations with donor, with responsibility for technical detail. 	<ul style="list-style-type: none"> Scrutinises agreement documents prior to MINECOFIN signing. 	<ul style="list-style-type: none"> Responsibility for overseeing implementation. Communicate with MINECOFIN on issues requiring attention (e.g. delays to disbursement). 	<ul style="list-style-type: none"> Project support: work with CEPEX to ensure follow-up and communication of appropriate info to donor. Budget support: collect, aggregate and disseminate appropriate performance data to donors, and provide to MINECOFIN for APR.
MINECOFIN →	<ul style="list-style-type: none"> Advice provided regarding potential development partners. 	<ul style="list-style-type: none"> Proposal assessed for fit with national policies and priorities (including Aid Policy). Proposal invited from donor. 	<ul style="list-style-type: none"> Discuss and agree GoR position with line ministry and MINAFFET. Provide skilled negotiators for meetings with donors. 	<ul style="list-style-type: none"> Signs written agreement with donor (unless MINAFFET required to do so). Ensures fulfilment of loan effectiveness. 	<ul style="list-style-type: none"> Maintain dialogue with line ministry. Liaise with donor on financial matters where necessary. 	<ul style="list-style-type: none"> Responsible for APR process.
MINAFFET →		<ul style="list-style-type: none"> Informed of developments if bilateral donor is concerned. Opportunity to raise objections at this stage. 	<ul style="list-style-type: none"> Desk officer participates in meetings with MINECOFIN, line ministry and donor. 	<ul style="list-style-type: none"> Copy of agreement where bilateral donor concerned. Signing of documents where donor requires this. 	<ul style="list-style-type: none"> Consulted on issues arising requiring specialist input. 	<ul style="list-style-type: none"> Consulted on issues arising requiring specialist input.