

**Session 4 – Working Group 3
Role of civil society and private sector in the aid effectiveness and policy dialogue**

ISSUES PAPER

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Brief Background:

Civil Society and Private Sector are partners to the Government in national development programmes. These stakeholders not only offer additional capacity for implementation of national development programmes, such as the Vision 2020 and EDPRS, but also account for a significant amount of external financing. In the Paris Declaration on Aid Effectiveness, partner countries (i.e. Rwanda) commit to “Take the lead in coordinating aid at all levels in conjunction with other development resources in dialogue with donors and encouraging the participation of civil society and the private sector.” Improving aid effectiveness, therefore, necessitates full participation by civil society and the private sector in coordination mechanisms established by the Government. The Vision 2020 identifies “Development of entrepreneurship and the Private Sector” as one of the six core pillars for achieving its goals by the year 2020.

Rwanda is a country with undeniable challenges in absorbing external aid for maximum effectiveness. Civil Society, in particular, offers an alternative to many development partners channeling development resources to Rwanda. Unfortunately, these funds are not often reflected in national figures or delivered in line with national priorities. This fact necessitates that civil society should participate more in the policy planning and aid management discourse in order to be more aware of Rwanda’s national priorities and help in the elaboration of new policies, to ensure that future assistance can be in support of Rwanda’s national development goals, as defined by Vision 2020, the EDPRS, Community Development Plans and the MDGs.

When discussing civil society and private sector, it is helpful to think of the different types of organizations involved in each. Civil society is primarily composed of: faith-based organizations as well as national and international NGOs. The private sector comprises many types of organizations, including: national businesses, micro-enterprise, international investors, and the media.

The GoR is keen to work hand in hand with civil society and private sector towards sustainable development through improvement of aid effectiveness and participation in policy dialogue. Both the Private Sector and Civil Society are as accountable to Rwanda achieving its development goals as the Government and its other Development Partners.

Discussion Points:

- What should be the role of civil society and private sector in cluster working groups? How can their participation improve coordination in sectors?
- Does the Government provide an enabling environment for private sector development and participation in development programmes? How can this be improved?
- Does the Government have the capacity to ensure that private sector investments (especially international investments) fall in line with national priorities?
- How should the role of civil society and the private sector in improving aid effectiveness be incorporated in the Aid Policy implementation plan?
- Given the importance of civil society in the promotion of good governance and accountability, does civil society have an enabling environment for participation in development programmes?
- Since a large amount of resources of civil society are received from other development partners, does the Government preference for direct budget support hinder civil society capacity to function? Where does civil society have a comparative advantage as compared to Government? Can partners agree to channel international assistance through civil society only when it has a comparative advantage over Government?
- Do development partners set conditionalities for aid channeled through civil society organizations?

Anticipated Output(s):

- Agreement on a framework for participation of civil society and private sector in cluster working groups
- Assessment of the comparative advantages of civil society
- Recommendation for the private sector cluster to take on the role of improving the environment for private sector investment and participation in policy and aid management dialogue