

**Session 4 – Working Group 4
Local Government Coordination Mechanisms**

ISSUES PAPER

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Brief Background:

Since 2005, the Government of Rwanda is in the process of reforming its territorial administration. Increasingly, districts are given more autonomy over their development planning processes, as outlined in the Decentralization Implementation Plan (2004-2008). As part of the GOR's Public Sector Reform, local government capacities are being strengthened. Every five years, districts design Community Development Plans (CDPs) based on both national priorities outlined by Sector Strategic Plans (stemming from national poverty reduction strategies and the Vision 2020) and needs of its population. As such, districts are the interface between national development (goals) and impact on the needs of the population. At the cell level, Rwandans are able to voice their needs to cell leaders, who communicate these to the sector level, that are, in turn, formulated into CDPs by the district governments. Based on these CDPs, three-year MTEFs and annual budgeted action plans are prepared to help local governments achieve their objectives. Financing for local government budgets comes through national budgets, line ministries, the Common Development Fund (CDF) or decentralized budget support by development partners; only a small percentage of the annual budget is actually funded this way, and is often centrally or donor driven decision-making. These processes have been discussed at a few workshops, including the Decentralization Harmonization Workshop (June 2005), the Service Delivery Conference (September 2005), the Decentralization Retreat (October 2005), and the EDPRS launch workshop (February 2006).

The current state of territorial reform warrants a further, comprehensive discussion on the role that local governments can play in the management of development assistance within its territories for more effective poverty alleviation and empowerment of its population for economic growth and stability. Although the Aid Policy prescribes preferences on external financing for central government, it does not do so for local government. Inequity of financing different local governments by development partners has been, in the past, an issue. Financing mechanisms, such as the CDF, have been established to provide a channel through which development partners can equitably finance district plans across the country. Nevertheless, many stakeholders continue to support civil society organizations (such as NGOs) directly working in local administrative territories without aligning with the priorities as defined by districts in their CDPs, or even adequately sharing information to help districts better plan and budget for development programmes within its territories. Some donors also implement activities at the local level without due consideration of the policies adopted by central government with regard to equalization of development budgets.

The main issue to be discussed in this working group is how to strengthen local government ownership over all external financing supporting development in its administrative territories by leading the process of coordination, harmonization and alignment of all partners working for the betterment of its population.

Discussion Points:

- What mechanisms currently exist within local governments for the management of development assistance? Could Joint Action Fora (JAF) within districts play such a role? How would such a forum be organized?
- What is the process by which CDPs are developed and budgeted for? How participative is the process?
- What tools are available to local governments to manage processes of planning and budgeting government and partner resources?
- What role should central government (e.g. CDF, MINALOC, MINECOFIN) play in supporting local government management of external aid?
- What criteria should be established by local government for interventions by development partners (incl. civil society) in local administrative territories? Could partnership principles help in ensuring mutual accountability of development effectiveness?
- How advanced are public financial management (PFM) systems at local government level? Could PFM systems be strengthened to attract preferred funding modalities outlined in the Aid Policy?
- Could a performance monitoring mechanism that may yield increased resources be established for local governments? (e.g. voluntary control and auditing mechanisms?)

Anticipated Outputs:

- A recommendation to establish clear, government-led coordination mechanisms within local governments to improve management of external aid, to define modalities for such a coordination mechanisms to be established, and to include them as part of the new Decentralization Implementation Plan to be adopted by end-June 2006
- A recommendation on mechanisms through which to build capacity of local government to effectively manage development assistance in its administrative territories
- A recommendation to define government preferences on financing modalities at decentralized levels in the implementation plan of the National Aid Policy
- A broad consensus to develop partnership principles within local government as a tool for mutual accountability
- A clear understanding of policy planning and budgeting mechanisms of local governments