

**2007 Government of Rwanda and Development Partners Retreat (DPR)
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**Session 5 – Working Group 2
How do we ensure that external assistance is aligned to the EDPRS?**

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Background - Why is it important?

The importance of strong partnerships between the Government of Rwanda and its Development Partners – comprising official donors, local and international NGOs, civil society and the private sector – cannot be underestimated. The successful implementation of the EDPRS will depend to a great extent on the Development Partners' continued support. In recent years, donors have financed over half of the Government's budget, and the investments foreseen in the medium-term will require a scaling up of aid aligned with EDPRS priorities.

To what extent are processes in place to do this?

The Government recognises the key role played by dialogue with its various partners, and to this end it continues to support and strengthen a number of fora aimed at enhancing the quality of dialogue, coordination of development activities, and harmonisation of donor assistance.

- The Development Partners Coordination Group (DPCG) is the high level forum comprised of representatives from Government of Rwanda and Development Partner organisations.
- Membership of the Budget Support Harmonisation Group (BSHG) forms the basis of strong partnerships between Rwanda's budget support donors.
- Clusters and Sector Working Groups are designed to facilitate in-depth dialogue between the Government and its Development Partners at the sector and sub-sector level, with a view to ensuring joint planning, coordination of aid, and joint monitoring and evaluation.

In addition, the Government of Rwanda's Aid Policy sets out the vision for aid and its management, in the context of the commitments entered into in the Paris Declaration on Aid Effectiveness. Key areas addressed by the Policy include:

- A statement of the GoR's preferences in terms of aid modalities, with General Budget Support and Sector Budget Support given preference over Projects.
- The requirement that all aid be reported in the GoR budget and that clear alignment with strategic plans is identified.
- The desire on the part of the GoR to see donors making increasing use of its PFM systems, which in turn require further strengthening.

- Pooling of funds and increased use of forms of delegated cooperation between donors are to be encouraged.
- Donors are invited to make greater use of their comparative advantages in the allocation of their assistance to sectors and sub-sectors, with the GoR playing a role in guiding donors here.
- The Government will ensure a clearer division of responsibilities between its Ministries and agencies in the negotiation and management of aid.

Proposal for Discussion

In the past, much donor assistance has been poorly aligned with the Government's priorities, limiting the impact of aid on poverty reduction and economic development. The Aid Policy makes specific reference to EDPRS, requiring that all aid be aligned with the priorities set out in the document. In formulating proposals for assistance, donors are required to set out how their aid relates to the priority areas set out in the EDPRS, and they must show that this assistance fits with the interventions and activities outlined in sector strategic plans and/or district development plans.

Insofar as the EDPRS is the guiding framework within which budget allocations are determined, the Government believes that aid given in the form of budget support will best ensure alignment, whilst reducing the transaction costs associated with project-based aid. Budget Support triggers are taken from the PRSP matrix so as to ensure complete alignment of expenditure undertaken through this route with the EDPRS priorities.

In addition to the current efforts made by some donors to harmonise their assistance, it is anticipated that further use of the Sector-Wide Approach (SWAp) should be made at the sector level. At present, the only sector making full use of such an approach is the education sector. Sectors which could make greater use of SWAps or pooled funds include agriculture, health and social protection.

It is also foreseen that all donors should seek to harmonise their missions and analytical work, with a view to further reducing the transaction costs borne by the government, and in the interests of furthering joint understanding of development issues and approaches. The Government aims to ensure that all sectors adopt a sector-wide approach in their planning and management of donor funds by 2008.

Discussion Points

- 1) Participants are encouraged to discuss the MINECOFIN proposal.
- 2) Are there any other issues relating to alignment of external assistance which Development Partners would like to highlight for discussion?

Anticipated Outputs

By the end of the retreat, it is hoped that consensus is reached on the means for aligning development assistance with the EDPRS. The outcome of the discussion is to be summarized by the rapporteur and reported back to the plenary in the form of **1 or 2** PowerPoint slides.