

Rwanda Decentralization Assessment

Executive Summary

Submitted to:

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EXECUTIVE SUMMARY

General Overview

The Government of Rwanda (GoR) has since 1994 pursued clear goals of establishing a sustainable framework of good governance and prosperity based on equity and participation of all citizens, and a number of political, administrative and economic reforms have, since then, been to achieve this. The current Decentralization policy has been adopted as the main strategy to achieve good governance and sustainable social and economic development.

It is observed that Rwanda's decentralization policy has received enormous support various development partners, including the USAID, which is the lead agency in supporting Rwanda's Democracy and Good governance initiatives. This support, along with the GoR's commitment to implementing the policy, is reflected in the speed and rigour in the implementation process.

It is observed that the decentralization policy was originally conceived and designed to achieve good governance, but with the elaboration of the PRSP, the policy strategy use decentralization to implement the poverty reduction programs under the PRSP.

Rationale for this assessment and methodology used

USAID is one of Rwanda's major development partners that have continued to support the GoR's efforts in achieving good governance and sustainable socioeconomic development.

The underlying rationale for this assessment was to provide the USAID, the GoR (MINALOC) and other actors in the decentralization program, baseline information on the progress and status of implementation, and the problems and challenges associated with the process.

The methodology used in this study, largely followed a participatory approach, embracing: Extensive review of relevant documentation on policy and program design and implementation; in-depth discussions with selected project officials in USAID/ Rwanda and other donors (at national and local project level), central and Local Governments (MINALOC, MINECOFIN, line ministries, Provincial and district staff and elected leaders) and opinion leaders; as well as civil society groups. Focussed group discussions with communities and interest groups in project areas. Field visits were conducted in Butare, Kibungo, Ruhengeri, Cyangugu, Gisenyi, Kigali Ngali, and Gitarama, where a number of interventions in decentralization are on going.

Decentralisation policy

The decentralization policy framework in Rwanda is currently elaborated in four policy instruments: Decentralization policy, adopted (2000), Decentralization Implementation Strategy (2000), Fiscal and Financial Decentralization policy (2001) and Community Development Policy (2001).

The Decentralization policy 's strategic objectives are to:

- *Enable and reactivate local people to participate in initiating, making, implementing and monitoring decisions and plans that concern them taking into consideration their local needs, priorities, capacities and resources from central to local government and lower levels.*

- *Strengthen accountability and transparency in Rwanda by making local leaders directly accountable to the communities they serve and by establishing a clear linkage between the taxes people pay and the services that are financed by these taxes.*
- *Enhance the sensitivity and responsiveness of public administration to the local environment by placing the planning, financing, management and control of service provision at the point where services are provided, and by enabling local leadership develop organizational structures and capabilities that take into consideration the local environment and needs.*
- *Develop sustainable economic planning and management capacity at local levels that will serve as the driving motor for planning, mobilization and implementation of social, political and economic development to alleviate poverty.*
- *Enhance effectiveness and efficiency in the planning, monitoring and delivery of services by reducing the burden from central government officials who are distanced from the centre where needs are felt and services delivered.*

The Decentralization policy was launched more than one year earlier than the Poverty Reduction Strategy Plan (PRSP). The other two related policies on Fiscal and financial decentralization, and Community Development, adopted during the PRSP process, have re-adjusted and complemented the content and strategy of decentralization to facilitate the implementation of the PRSP. The Community Development policy introduces the planning structures within the decentralization framework, while the fiscal and financial decentralization policy provides mechanisms for financing the process. During the consultative process of this study, however, the Consultants noted that despite this complementarity, some critical elements have been insufficiently covered. These aspects relate mainly to the development of the **social capital**¹, which is considered in the PRSP as key in the eradication of structural poverty.

Policy implementation

Less than two years after the decentralization policy was officially approved, the assessment shows that impressive results. The outstanding achievements to-date include the following:

- Organizing successful elections for local leadership at the cellule, the sector and district levels.
- Launching training programs for the elected local government leaders particularly in such new areas as interpretation of government policies; planning techniques and related areas.
- Promotion of participatory culture in community project and program identification, negotiation and subsequently implementation and monitoring
- Transfer of technical staff, certain logistical support and supplies as well as the corresponding budgetary provisions to the provinces.

These achievements have impacted greatly Rwanda's progress in:

- Democratization, through elections;
- Participatory development, manifested in increased bottom-up planning through CDCs; mainstreaming gender in decision making;
- Reconciliation of the Rwandans
- Poverty Reduction
- Strengthening Collaboration and Cooperation

¹ Social capital has been variously defined as a set of social and cultural values in a society that constitute its strengths, weaknesses, potentials and values.

There is also noticeable improvement in enhancing the participation of women and civil society in local governance and socioeconomic activities through the decentralization process. The recent local government elections indicated increasing numbers of women in local councils and executive committees.

In the area of services delivery, however, little progress has been made. Indeed, the process is just beginning and different sectors, through expanded focal point units in line ministries, are working out modalities on services to be decentralized and what strategies to follow. The major limitation, though, appears to be financial and human resources at local government levels.

In all, the main progress observed in decentralizing services delivery is the deconcentration of basic government functions to the province. This has impacted greatly on reducing the distances between service centers and beneficiaries, as well as delays associated with bureaucracies. The Consultants have, however, noted that certain basic services are critical to local communities, and could be decentralized further to sector and cell levels.

This study has identified five major problems and difficulties in the decentralization implementation process. These are:

- Limited human resource capacity in management and planning;
- Inadequate coordination at national and local level;
- Insufficient financial resources;
- Resistance to change at administrative level (both central and local governments) as well as community levels, and among donors;
- Absence of appropriate management systems.

The human and financial capacity problems are interlinked and influence each other. Government of Rwanda and the donor community have already committed themselves to mobilize financial resources in order to finance decentralization

As far as the resistance to change is concerned, the study reveals that it has a negative impact on the process of decentralization implementation, in general, and on the involvement of women in local leadership, in particular. This is reflected in the outcome of recent local elections where elected women represent only 25% at cells level and only 14% of all the elected leaders at sector level, while women represent 60% of the population.

The problem of resistance will be solved through a long process of sensitisation and consultations between all the actors in the whole process of decentralization policy implementation. This sensitisation has already achieved interesting results. But a lot more needs to be done

Donor intervention strategies and funding mechanisms

There is a growing interest on the part of donors to support the GoR efforts in implementing the Decentralization policy. However, this support is increasingly dependant on the availability of appropriate systems for ensuring transparency and accountability. The assessment has indicated that currently the main partners in the decentralization process are USAID, the Netherlands, World Bank, UNDP, Germany, European Union, ADB/ADF and IFAD. New donor support from the Swiss and Swedish Governments, also currently underway, are expected to boost Rwanda's Decentralization program.

It is observed that donor interventions in Rwanda tend to be implemented in two main approaches:

- **Direct donor execution (DEX)**, where there is limited involvement of the Government in the planning and execution of the project/ program, for reasons of management capacity in Government to ensure efficiency and effectiveness in the project implementation.
- **National execution (NEX)**, implementation of donor programs usually involves coordination by a relevant Government agency.

In view of these scenarios, the consultants have analyzed the advantages and disadvantages of the two approaches. There is, therefore, need to balance the approaches, the trade-off being the need for continuous capacity building and strengthening accountability systems at national and local government levels².

As governance systems improve, along with local management skills, there is increasing involvement of local beneficiary communities in the planning and management of project activities and therefore building local ownership. The new IRC/ USAID project in Kibungo is a clear indication that the positive trend of transferring project identification and management responsibilities to the local communities. This is, of course, synchronized with continued development of financial management and reporting skills that will bring about greater efficiency.

The current institutional framework for planning and funding decentralization activities is the CDFs. Indeed during discussions with local government officials, they expressed the strong desire to have donor funds channelled through district CDF so that the districts CDCs have a base to plan and manage resources. The situation, however, is that many donor interventions, are directly managed through technical assistance, without providing funds directly.

Under the decentralization law, local authorities are empowered to mobilize resources locally and externally. It is, however, necessary that for coordination purposes, the donor should consult, as much as possible, the relevant national coordinating body (MINALOC, MINECOFIN, line ministry, etc) throughout the entire process of project conception, and implementation. This is to ensure that that the project activities under consideration are harmonized with other projects and programs, as well as consistency with overall national policy objectives.

Validity of USAID assumptions

The first major USAID interventions i.e. LGI and LGSA were developed during the immediate post-war era, when the overall GoR policy focus was on democratization and good governance; peace and security for all; promotion of national reconciliation and human rights; reconstructing social and economic infrastructure; rural economic transformation; human resources development; transparency and accountability; popular participation in governance and development. Strategic actions to achieve these broad objectives, a number public sector reforms and policy formulation, have been were aimed at achieving these broad goals.

These formed the basis for USAID and other donors' interventions in Rwanda. Despite the evolution of governance systems and policy framework in the last 5 years, the GoR remain firmly focussed on building democratic and accountable governance based on popular participation of communities, as

² This recommendation/ suggestion by Consultants concurs with the planned strategic actions by the GoR to improve Public Expenditure & Aid Coordination that include *strengthening audit & accounting systems at national and local levels* (MINALOC, 2001. Draft National Governance Framework).

well as improving the livelihoods of the population. The decentralization policy currently being implemented and the recently formulated PRSP demonstrate this. Thus, the basic assumptions of USAID in its interventions, aimed at supporting the GoR in effort to build good governance and accountability as well as eradicate poverty, are still valid. As such, the objectives pursued in the ongoing projects (ARD and IRC implemented) appear to be strongly supportive of the PRSP.

Therefore, the current interventions of USAID i.e. USAID/ IRC in Kibungo and the USAID/ ARD, are clearly in line with the PRSP objectives. The policy and project documents reviewed as well as discussions with various stakeholders in the project areas and at national level, seemed to confirm this.

Current challenges and new programme Opportunities

The analysis of findings of this study seems to suggest that the current challenges of the decentralization process are mainly threefold: sustainable financing of decentralization; co-ordinating the process; coherence in the planning process; and building human and institutional capacities.

In the planning process within the framework of decentralization and PRSP, emerging challenges include:

- Collecting accurate and reliable statistical data to monitor poverty indicators at all levels and other development activities.
- Harmonising the local government planning activities with national planning strategies and priorities.
- Integrating crosscutting concerns of gender and environment and their implications.

Given these enormous challenges, the new areas where new interventions could be focused include:

- *Developing the institutional and human resource capacities in central government for the formulation of appropriate sector policies and plans to facilitate service delivery under decentralization.*
- *Strengthening the civil society*
- *Strengthening the Coordination capacity of the GoR*
- *Standardisation and harmonisation of training programmes and activities*
- *Training the CDCs in critical areas as planning and public procurements;*
- *Developing the statistical capacity at national and local levels, to facilitate the planning process, including the development and monitoring of poverty indicators.*
- *Assisting the GoR to consolidate, publish and disseminate laws, regulations and standing orders on decentralisation.*
- *Strengthening the capacity of local councils and committees at all levels to make informed decisions and nurture consensus-based decision-making.*
- *Assisting in the design and implementation of appropriate civic education programmes to sensitise the population.*
- Increasing opportunities for non-farm employment in the rural areas to free the already overstretched exploitation of land.

RECOMMENDATIONS

On the basis of the findings of this assessment, the consultants have a number of recommendations, discussed under the following :

- (i) ***Adjusting policy formulation and implementation strategy:*** The Decentralization policy and associated Implementation Action Plan should be well articulated to reflect the financial and human capacities at national and local government levels, and integrate new elements of the PRSP, i.e. defining the content and strategies for enhancing social capital development; as well as taking into consideration priority areas of the PRSP.
- (ii) ***Consolidate the legal instruments to make them more accessible and easily understandable*** by the users. In this respect, MINALOC together with other relevant GoR bodies should urgently compile all the laws and regulations on decentralization into one volume, and harmonize them for consistency.
- (iii) ***Training:*** This study recommends that the various training programs, modules and activities should be harmonized. This would involve integration of approaches and modules into standard manuals and curricula for use by all decentralization related training providers. As part of capacity- building, there should be continuous training needs assessment to make the training more tailor-made and responsive to the actual needs, and training done continuously through training of trainers (ToT) programs to ensure continuity.
- (iv) ***Coordination of decentralization activities:*** Having noted the current inadequacies in the coordination system in the implementation of decentralization programs, and, recognizing the leading role and responsibility of the GoR, this study recommends that the institutional structures, systems and strategies for coordination, be strengthened to bring more rigor into the decentralization process. Indeed there is need for increased donor support to MINALOC to develop its logistical, skills, and systems' capacity for coordination. Increased dialogue among donors on the one hand, and between donors, the GoR and other actors, on the other hand, is necessary for increased rigour in the current decentralization coordination system.
- (v) ***DMU (Decentralization Management Unit)*** which is undergoing restructuring should play the role for which it has been established, that is assisting the Minaloc in its role of coordinating the process of coordination by developing instruments of coordination. Donors support to DMU by providing expertise and logistics is a valuable contribution to strengthening the role of decentralization coordination by the GOR through Minaloc.
- (vi) ***Financing decentralization activities:*** In view of the need to develop administrative capacities as a prerequisite for sustainable local governance and development, considering that the perspective of raising sufficient local revenues through fiscal Decentralization is

uncertain in the interim, this study recommends that the central government allocations to the district recurrent budgets be swapped with the proposed allocations to the CDF, to enable the districts develop the urgently needed administrative capacities.

- (vii) ***Participating in CDF activities:*** *Now that the CDF is established, it is recommended to all partners in support of decentralization, to participate actively in the Fund's activities for the purpose of coordination, in order to make the maximum use of resources*
- (viii) ***Local government staff salaries:*** *Further imaginative solutions need to be devised so that districts can be in a position to pay the staff salaries on a regular and sustainable basis, taking into account the provisions of the Law and using for example **overdraft or short term borrowing mechanisms** within the limits of the financial situation of each district. Indeed, there is a need to establish an administrative capacity based on a minimum core staff that receives a salary or any other form of remuneration rather than relying entirely on unmotivated voluntary grass-roots administration*
- (ix) ***Appropriate restructuring of the public administration system*** is needed to forestall the anticipated risk of duplication of activities at central and decentralized levels. In view of the budgetary constraints at national level, it is recommended that the restructuring of Ministries and central services following the transfer of some responsibilities from the Central to decentralized levels, be accelerated.
- (x) ***The role of women*** in decentralization implementation should be better appreciated and the need to design specific assistance programs to assist income-generating activities under decentralization should be articulated and appropriately supported. There is also need to sensitize women to break cultural inhibition to exercise their rights and play an active role in the socio-economic development, at household and community level. The women's contribution in community development should be reflected in the Budgeting process by allocating resources to various Women's programs.
- (xi) ***There is need for enhancing the participation of the civil society*** by integrating the various local CSOs in project design and implementation to increase options for their capacity building support. *There is also need to find the right balance in the relations between some civil society members and the Government. These relations should be based on mutual trust and not on confrontation. Permanent dialogue and clear guidelines issued by the Government will facilitate building a positive climate of cooperation*
- (xii) ***Strategies for devolution of responsibilities to local Governments:*** Recalling that the *Community Development Policy adopted in 2001 states that only national infrastructures projects (trunk roads, airports, etc) shall be managed by the Central Government while all other projects shall be managed , supervised and controlled at the level of local government, It is recommended to progressively transfer responsibilities of financial and project management as a way to build accountability, ownership and sustainability and to develop local management skills. **The Line Ministries and the newly restructured***

CEPEX will have to develop consultations with local governments and the Donors in order to find ways of collaboration, and develop appropriate guidelines for use by local governments in initiating, designing and executing development projects.

- (xiii) ***Regular Supervision, Monitoring and Evaluation:*** It is recommended that there should be regular monitoring and periodic evaluation of the decentralization implementation activities based on well defined and mutually agreed indicators to measure progress in various activities such as training, performance of local leadership in terms of planning, evolution of donor support, involvement of women and civil society, etc. Besides, there should be an intensified inspection of the day-to-day decentralization activities and ensure that they receive reports of all intervention activities, as they have overall responsibility for coordination and reporting to higher levels of the Government.