

THE REPUBLIC OF RWANDA



MINISTRY OF LOCAL GOVERNMENT

NATIONAL DECENTRALIZATION POLICY

(Revised)

Consolidating participatory governance and fast-tracking citizen-centered development

June 2012

Acronyms and Abbreviations

CBOs	Community Based Organisations
CDCs	Community Development Committees
CDD	Community Driven Development
CG	Central Government
CSOs	Civil Society Organisations
DCs	District Councils
DDPs	District Development Plans
DIP	Decentralisation Implementation Plan
EDPRS	Economic Development and Poverty Reduction Strategy
FBOs	Faith-based organizations
GoR	Government of Rwanda
ICTs	Information and Communication Technologies
IDP	Integrated Development Plan
JADF	Joint Action Development Forums
LGs	Local Governments
MINALOC	Ministry of Local Government
MINECOFIN	Ministry of Finance and Economic Development
NEC	National Electoral Commission
NISR	National Institute of Statistics of Rwanda
RALGA	Rwandese Association of Local Government Authorities
RGB	Rwanda Governance Board
VUP	Vision 2020 Umurenge Programme

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WORKING DEFINITIONS

Autonomy: Independence in decision-making and in the execution of such decisions within a given framework.

Community: A group of people with shared interests living in one village, cell, sector or district.

Council: A council is a body of democratically elected representatives responsible for policy formulation and delivery of service in a given geographically defined area. Councils are constituted at cell (for all residents), sector and district level.

Decentralisation: Transfer of responsibilities, authority, functions, as well as power and appropriate resources, to district and sub-district levels. This can take three forms:

(a) **Deconcentration** is the transfer of functions and resources to lower level units of the same administrative system while authority over decision-making and use of such resources remains with the centre (i.e. from the headquarters of an institution or administrative system to the lower levels). In the case of government administration, this would entail the transfer of some functions performed at the headquarters of the ministry to provincial, district and/or sub-district offices while power and authority are retained by the centre; (b) **devolution** is the transfer of some powers and authority, functions and resources by legal and constitutional provisions to the lower levels. The transfer is within formal political structures and is institutionalized by constitutional means. For example, when the central government transfers some of its powers and authority to democratically elected councils, local authorities empowering them by law to determine local taxes, raise own revenue and decide on how to use it. Under this form of decentralization leadership is accountable to the local population through a system of elections; (c) **Delegation** is the transfer of functions and resources to a subordinate authority with the capacity to act on the behalf of the superior authority without a formal transfer of authority in the same structure. An example is when an office of lower level is assigned to perform some duties or tasks by the higher office. However, the lower office will still be required to consult the higher office on matters that require decision-making;

District: Specified geographical area in a province declared under the Law governing decentralized administrative entities, 2012 and the National constitution of June 2003.

Empowerment: Enabling people make decisions on issues affecting their welfare.

Local Government: A system of Government at local level through which local people manage their affairs, for example Councils. A Local Government functions as a Central Government for fully devolved functions.

Provincial Administration: Deconcentrated set of administrative functions undertaken at Provincial level.

FOREWORD

Rwanda first adopted the Decentralisation Policy in May 2000, formulated after a series of dialogue sessions with citizens and consultations with experts on how Rwandans could turn their page permanently for the better in terms of good governance and wellbeing in which Rwandans themselves would be in-charge of their destiny. A decade later, we have not only achieved so much, we have also learnt enormous lessons, especially about how much the people can do for themselves if they are given a chance and are pragmatically supported.

During the first phase, decentralization helped us democratize leadership and create platforms for nurturing leaders, mostly women and youth, who had hitherto been excluded from their governance. Women who back then were reluctant to take up leadership positions created by affirmative action, now confidently stand for elective positions and gender is no longer a barrier to leadership. During the second phase, stronger local government structures have been set up through reforms, with performance innovations such as *Imihigo* and platforms for community mobilization, accountability and participation. Because Government has been transferred down to the people, community participation and ownership of development programmes has increased. The biggest change has been in the mindsets of the leaders and the led.

As we implement the third phase of decentralization policy implementation, we need to remember that we have not achieved the level of empowerment we want for citizens as many are still poor and their participation in many areas is still weak. This remains the commitment of the Government. We are also faced with a new set of challenges –sustaining the momentum and creating lasting impact; creating stronger, more autonomous local governments capable of sustaining the democratization process and fast-tracking socioeconomic transformation, by harnessing the people’s creative potential and resource endowments. The objectives and policy actions proposed aim to address these issues and give Rwanda a new future for decentralized governance and service delivery.

I urge all stakeholders to reflect on what we have been able to achieve in just one decade of decentralisation - *a democratic, all-inclusive, united, economically prospering nation* - and imagine what we will achieve in the next decade or hopefully less. Together, we will be there.

James MUSONI
Minister of Local Government

EXECUTIVE SUMMARY

Introduction

Decentralization has, since 2000, been a key policy of the Government of Rwanda (GoR) for promoting good governance, service delivery, and national development. By developing and implementing the decentralization policy, the GoR is not only doing what is right but rather doing what was a result of popular demand by the Rwandan population.

Implemented in phases, along well defined decentralization implementation plans (DIPs), the original decentralization objectives have been achieved albeit to varying degrees. Despite impressive achievements, challenges still stand in the way of effective decentralization. Moreover, new demands have come up as the country takes new long strides into the future. This explains why the Policy has had to be updated to keep it focused and responsive to the new challenges, aspirations, and ambitions of the Government and people of Rwanda.

The Present status

The last decade of decentralisation implementation has resulted in major positive developments in participatory democratization and local accountability but still a lot needs to be done to reach where we want to be in terms of democratic, participatory local governance, and effective citizen-centered service delivery:

Political decentralization: Rwandans now have their vote power and leaders are more sensitive to the people that elect them. Turn up in the 2010 series of elections was very high i.e. 97% for Presidential and 93% for Local elections. The challenge is that in some areas, the distance between the people and their leaders is still wide. Building confidence and trust among citizens and their leaders understandably requires time and sustained effort. Mobilizing citizens to participate in affairs affecting them will take a two pronged approach: one, sensitizing the citizens on their rights to participate, and two, mobilizing and obligating local government leadership to create conducive environment for citizen's participation, dialogue and accepting criticism.

Administrative decentralization: Local Government structures are in place and functioning with institutional systems and staffing levels that are comparable to those in Central Government. The way they deliver services with cost-efficiency is perhaps the most impressive. In every domain, including public financial management, all 30 districts can be regarded as having basic competences. However, they are not yet fully functioning as strong local governments capable of effectively initiating, planning, financing and implementing service delivery programmes and accounting for resources in a timely and accurate manner. A major constraint remains inadequate functional linkages and collaboration between Local Governments and line

Ministries/departments as well as joint planning among Local Governments and between Local and Central Government entities. Local Governments also may not be in position to feel and act as independent and autonomous on some policies and programs. All these, however, are indicators of a change process from which lessons are drawn to better implement the policy.

Fiscal decentralization: Financial resources channeled through the local governments have increased to 33% of the previous year's domestic revenue in 2011 from 1.4% in 2002. The legal framework for fiscal decentralization is coherent and clearly articulates the rights and obligations of central and local governments. The fiscal transfer mechanisms have evolved to increasingly support local autonomy and there will be no more inter-entity transfers beginning 2012/13 financial year. What remains to be done is to ensure that local governments have sufficient leeway over the resources they receive and mobilize locally, in order to plan and spend prudently, and be confident that they are in charge. But they will have to develop sufficient capacity to convince Central Government and other development partners that they can be fully entrusted to deliver value for money. Consolidating these impressive achievements and removing the roadblocks to full autonomy will be the hallmark of the revised decentralized policy.

The Policy Objectives

The overall goal of the revised Decentralisation Policy is to deepen and sustain grassroots-based democratic governance and promote equitable local development by enhancing citizen participation and strengthening the local government system, while maintaining effective functional and mutually accountable linkages between Central and Local Governments entities.

In order to realize this goal, the following specific objectives-keeping in line with the initial objectives but re-energized, will be pursued:

- (i) To enhance and sustain citizens' ***participation*** in initiating, making, implementing, monitoring and evaluating decisions and plans that affect them by transferring power, authority and resources from central to local government and lower levels, and ensuring that all levels have adequate capacities and motivations to promote genuine participation.
- (ii) To promote and entrench a culture of ***accountability and transparency*** in governance and service delivery by strengthening national and local accountability mechanisms to make them more relevant, credible, conducive, supportive/attractive to all citizens, leaders and non state entities.
- (iii) To ***fast-track and sustain equitable local economic development*** as a basis for enhancing local fiscal autonomy, employment and poverty reduction, by empowering local communities and local governments to explore and utilize local potentials, prioritise and proactively engage in economic transformation activities at local, national and regional levels, and ensure fiscal discipline.
- (iv) To enhance ***effectiveness and efficiency*** in the planning, monitoring, and delivery of services by promoting joint development planning between central and local governments

and ensuring that service delivery responsibilities and corresponding public expenditure are undertaken at the lowest levels possible.

- (v) To ***consolidate national unity and identity (ubunyarwanda)*** -by fostering, enhancing and sustaining the spirit of reconciliation, social cohesion and common belonging as a nation hence ensuring lasting peace and security as well as community of purpose for sustainable national development.
- (vi) To build and consolidate volunteerism, community work and self-reliance based on cultural and other values of collective responsibility, personal worth and productive involvement.
- (vii) To fast-track and ***translate the regional integration agenda*** into politically meaningful, economically fruitful venture for Rwandans in all corners of the country, and as a strong anchor for national stability, peace and unity.

To achieve the above objectives, a number of policy actions will be undertaken within the following broad policy priorities:

- *Local government structures with clear roles, responsibilities and function.*
- *Local autonomy and stronger inter-governmental fiscal relations*
- *Supportive legal and regulatory framework for decentralized governance and service delivery*
- *Promoting integrated citizen-centred local and national development planning*
- *Effective mechanisms for stakeholder engagement and coordination*
- *Management of data, information and knowledge for rational, effective decision making*
- *Local economic development and the role of the private sector*
- *Promoting planned and sustainable urbanization and urban authorities*
- *Comprehensive integrated civic education as a long-term citizen-centred empowerment mechanism*
- *Communication as a tool for empowerment and change management*
- *Decentralization for fast-tracking and making regional integration meaningful for local Rwandans*
- *Enhancing and sustaining community-based innovations and voluntary initiatives*
- *Capacity development for sustainable local governance and decentralized service delivery*
- *Use of ICTs for enhanced efficiency and effectiveness in service delivery*

The implementation framework will put emphasis on measurable results. Ultimately, the key performance measure for effective policy implementation will be the capacity of the Local Governments to plan, finance and deliver services to the citizens, and the citizens' ability to own their local governments (partly by way of paying taxes) and to hold their leaders accountable. Implementation structures that are effective will have to be designed. Emphasis will be put on institutional collaboration and ensuring that every actor has all they require to actively play their roles.

1. INTRODUCTION

1.1 Background, Tenets and Initial Policy Objectives

Rwanda's Decentralisation Policy was inspired by the fundamental principles of human rights, dignity, freedom and development that had been violated until 1994. These are enshrined in various provisions of the National constitution of 2003 (as amended)¹ and operationalised through several national legislations and policies. These, inter alia, entail: respect for and upholding of human rights and equality; strengthening and promotion of national unity and reconciliation, and elimination of all forms of discrimination; upholding the individual right to participate in government and development through work and through democratic, free and fair elections; rule of law; constant quest for solutions to all problems through dialogue and consensus; and the necessity to draw from, uphold and promote the positive traditional values of the Rwandan society, among others. The desire and resolve to restore, promote and uphold these tenets led to the conceptualization and formulation of the Decentralization policy.

The initial Decentralization Policy for Rwanda was adopted and approved in May 2000, following a long consultative process with all stakeholders that had started in 1996 in a quest for good governance. Decentralization was considered to be the main mechanism to promote good governance (through improved participation, promotion of transparency and accountability, and setting up responsive and sensitive decentralized structures), enhance local economic development (through efficient and effective implementation of development programs) and bringing quality and accessible services closer to the citizens. These areas of focus were embedded in the strategic objectives of the Decentralization Policy of 2000 as follows:

- (i) To enable and reactivate *local people's participation* in initiating, making, implementing and monitoring decisions and plans that concern them taking into consideration their local needs, priorities, capacities and resources by transferring power, authority and resources from central to local government and lower levels.
- (ii) To strengthen *accountability and transparency* in Rwanda by making local leaders directly accountable to the communities they serve.
- (iii) To 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 organization structures and capacities that take into consideration the local environment and needs.

¹ See Preamble of the National Constitution of June 2000.

- (iv) To *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.
- (v) To 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 point where needs are felt and services delivered.

The GoR adopted a phased implementation approach. The phased approach enabled the GoR to better define targets, manage the process with existing capacities, focus resources, and coordinate actors. In this respect, the GoR takes decentralization as an effective mechanism for economic, political, and social empowerment of its citizens, a platform for sustainable democratization, a structural arrangement for mobilizing resources for economic development; and a weapon for restoring cohesion of Rwandans through reconciliation, social integration and well being.

1.2 Re-energizing the Decentralization Policy

It is acknowledged that further progress in decentralization requires a strategic pause, take stock of progress, scan the environment and update the policy to keep it focused and responsive to the new challenges, aspirations, and ambitions of the Government and people of Rwanda. In this respect, a situation analysis was conducted aimed at identifying key policy issues on which to base the revised Decentralization Policy. The analysis of results and lessons learnt over a decade of implementing decentralization coupled with the Government's renewed focus and ambitions for decentralization made significant inputs for the revised policy-the instrument that will now guide decentralized governance and service delivery processes for years to come.

2.0 CURRENT STATUS OF DECENTRALISATION IN RWANDA

2.1 All Forms of Decentralization Implemented Concurrently

Over the last decade, Rwanda has concurrently implemented all forms of decentralization, from deconcentration, to delegation and devolution of responsibilities depending on the nature, sensitivity and complexity of the function, and progressively as Local Government entities became stronger. Given the country's history of long highly centralized and dictatorial rule prior to 1994, it is laudable that in a period of just 11 years of decentralization, Rwanda has developed a fairly strong local governance system with capable local leadership, functioning District Councils, and equipped administrative structures.

2.2 Political decentralization

Political decentralization in Rwanda is implemented along two related perspectives: 1) the power of citizens to elect their leaders (vote power); and on the other side of the spectrum 2) the right of citizens to participate, either directly or indirectly through representation, in decision making (voice). These rights are entrenched in the supreme law, the Constitution of the Republic of Rwanda, June 2003.

Increasing vote power: Prior to decentralisation, leadership from the lowest to the highest level were appointed and therefore accounted only to the appointing authority. In 2003, Rwandans passed the new Constitution through a national referendum, elected the President and legislature, and all local leaders from cell to district level were elected. Local Government elections were first piloted in 1999, and since 2003, free, fair and democratic elections at all levels have been a regular occurrence and are becoming a culture that Rwandans associate with. National unity, poverty elimination and community development take precedence in political programmes. In 2010, voter turnout in Presidential elections was at 97%, while turnout for local government elections in early 2011 was 93%². This means people are exercising their voting rights.

Enhancing voice through active participation: Citizen's participation aspect of political decentralization empowers the local communities and enables them to receive and utilize the powers that are transferred to them especially in problem analysis, priority setting, planning, budgeting and constantly demanding accountability from their local and national leadership or any governance actor at the local level. This aspect of political decentralization is more complex and takes more time to manifest itself. Local governments have the obligation to facilitate and

² National Electoral Commission Records. www.comelena.gov.rw

promote the participation of citizens in setting priorities, planning, budgeting and making implementation decisions regarding the services they provide³.

Local Governments have won the confidence and trust of citizens as democratic institutions and effective deliverers of services. The proportion of citizens that expressed satisfaction and confidence with decentralized governance increased from 65% in 2006 to 74.2% in 2010/11, well above the EDPRS target of 70% by 2012/13 (MINECOFIN, 2012a). This trust and confidence is slowly translating into citizen’s active participation in critical aspects of their communities’ lives. The GoR recognizes however, that whereas participation is very high in many aspects, it remains a challenge in others as illustrated by the 2010 Citizen Report Card in table 1 below.

Table 1: Level of Participation in different domains

No.	Area of Participation	Ranking
1.	Community work	93.2%
2.	Election of leaders	92.2%
3.	Financial contribution	84.8%
4.	Expression of views in different fora	82.2%
5.	Voluntary acceptance of responsibilities in leadership	66.4%
6.	Monitoring of services and holding leadership accountable	26.4%
7.	Formulation of performance contracts (Imihigo)	23.6%
8.	Formulation of District Development Plans	11.7%
9.	Participatory budgeting processes at District level	11.2%
10.	Formulating of District Council agenda	10.8%

Source: Rwanda Governance Board (2011). Citizen Report Card, 2010

As indicated in table 1, areas which involve accountability by leaders and citizen participation in prioritizing, planning, and budgeting rank lowest, yet these are the kingpins for participation. Part of the reason is that participation in these aspects depend more on the leaders’ initiative and yet some leaders may have no adequate confidence to subject themselves to public scrutiny by their electorate even when they are not corrupt. Moreover, participation in these aspects requires sufficient mobilization and preparation time and a well elaborate process.

2.3 Administrative Decentralization

Administrative decentralization relates to transfer functions, authority, responsibility and financial resources for providing public services to Local Governments. Political decisions can only be translated into concrete actions and results by subjecting them to technical processes

³ John Mary Kauzya, Political Decentralization in Africa: Experiences of Uganda, Rwanda, and South Africa, December 2007

which are managed by administrative and management machinery. So, political decentralization goes with administrative decentralization in terms of structures, systems and functions⁴. The present status can be summed up as follows:

Clear policy intentions but actual practices are sometimes divergent: The departure point for administrative decentralization is a clear allocation of functions and responsibilities laid down in policy and operational documents⁵ for which basic administrative structures have been established. A broad allocation of functions and responsibilities between central government and local governments is clear. The single most important issue to address is to clarify the sectoral assignment of functions across different levels of government, and ensure that each level is not only aware but has the technical competences and requisite tools to effectively execute the assigned functions. Whereas the Government recognizes that a one size fit all approach to sectoral decentralization is not feasible, it is important to document and continuously update a roster of assignments and functions, clearly showing what is decentralized to which level and what is retained by the central government across all sectors.

The functions assigned to the Province are still unclear to some stakeholders even though there is clear justification for their existence: Providing them with Adequate facilitation and provision of requisite tools for effective performance is a priority: Different local governments perceive the provincial administration's roles differently. The premise for lessening this friction is to ensure their functions and responsibilities are understood in a uniform way, as well as clearly defining their relationship with the local governments. The Provincial administration has limited human resources, budget or institutional tools to effectively perform its functions of coordinating, supporting, advising and advocating for Local Governments. The functions to be performed by the Province and its relationships and linkages with local governments and central level entities will be further clarified with matching facilitation.

Line between political, administrative and technical roles at local government level is sometimes distorted: Incidences are frequently reported where District Councils, which are highest political organs of the districts more often than not, cross the political line of their functions and step in the technical sphere. Such incidences include Councilors or Council Chairpersons directly involving themselves in issues of personnel management, or procurement. These are noted to interfere with better functioning of the different organs and have to be addressed.

⁴ World Bank Decentralization Briefing Notes, 1999

⁵ Rwanda Decentralisation Strategic Framework, August 2007; p 31.

More responsibilities are devolved to LGs with limited adjustments in organizational structures or staff numbers; sector ministries are increasingly becoming aware that if sectoral policy objectives are to be achieved, LGs are the most appropriate channel for implementing the policies. Subsequently, there has been an enormous increase in operations and responsibilities of LGs. The main issues relate to the fact that the increased responsibilities are not yet matched with adjustments in LGs organizational structures and staff numbers, and functional linkages between CG and LGs.

Lower level structures (sectors, cells, and Umudugudu structures) are under-staffed and under-facilitated. Despite putting in place structures with personnel positions that are deemed appropriate, hardly any sector has adequate staff. Staffing levels have to take into consideration the services provided and affordability of the wage bill. The cell and *Umudugudu* structures are highly appreciated throughout the country for providing essential services closer to the population but they are still technically weak and inadequately facilitated to effectively fulfill their service delivery responsibilities. The Government appreciates that it would be unrealistic to leave lower level structures on their own and expect effective results, and therefore ought to support them in terms of human resources, logistics and other needs, especially those that demonstrate internal inability to meet their institutional capacity needs.

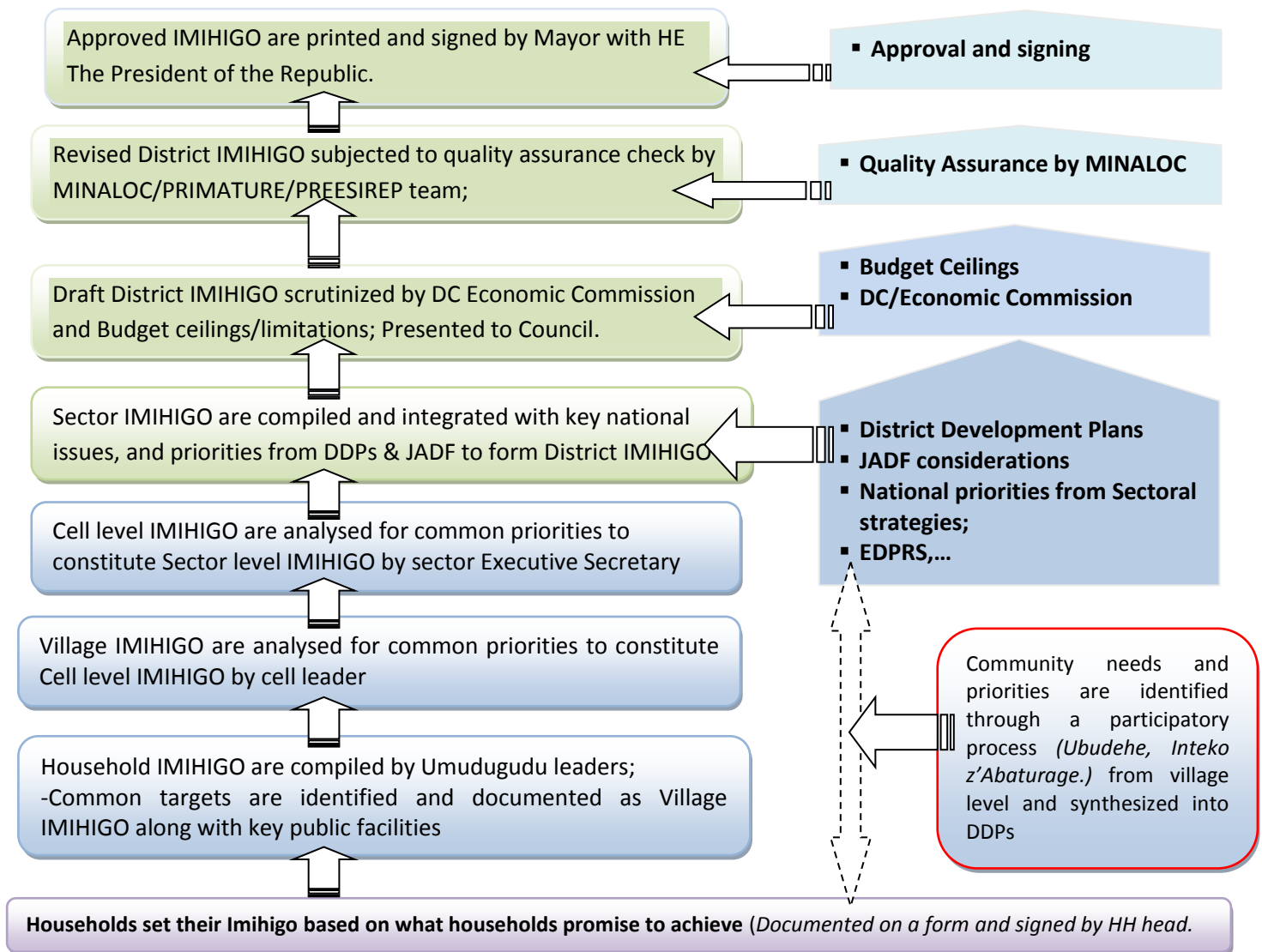
LGs have fair management control of the staff but issues arise with seconded staff; LGs have the authority to hire and fire staff and undertake performance supervision responsibilities. However, LGs still have limited leeway in establishing staffing ceilings, norms and priorities. Complaints that line ministries continue to influence staffing at district level through deploying and earmarking staff salaries have been noted, and there are concerns that this tends to create pay and work differentials that may affect performance in the district. Understandably, it would be difficult for highly paid personnel that are not under the authority of district authorities to be effectively supervised or freely deployed by them. The appropriate arrangement is for all human resource functions to be devolved to districts. This will be pursued as a priority.

Institutional capacity in the LG system has improved considerably especially at district level. Districts are handling complex operations in Public Financial Management (PFM) and service delivery. However, coordination of capacity building interventions for LGs has a lot of room for improvement – in particular, increasing clarity of roles and responsibilities, providing adequate tools, resources and incentives for institutions with a mandate to build LG capacities to effectively deliver, and transit from discrete short-term capacity building measures to holistic long-term programmes that are fully owned by LGs. Many actors equate capacity building with training and office logistics, giving little attention to organizational systems and work environment aspects. As the sector level continues to prove a capable and suitable entity for delivering services, the role of district needs to be redefined to increase focus on planning,

strategic oversight and coordination of the Sectors. This requires that district's capacity building also focus on strengthening planning and coordination aspects.

LGs' planning, budgeting and formulation of performance contracts-Imihigo have seen significant improvements in the quality of the product and process, but there still exists weaknesses in planning, budgeting and ~~and~~ some stakeholders have not yet understood how Imihigo approach functions and their role. The most important initiative about Imihigo is the understanding that the concept must shift base to households. The process and linkages in the design of Imihigo are summarized in figure 1. This new arrangement has been hailed as realistic and all-involving.

Figure 1: IMIHIGO: A Bottom-up Planning and Performance Management framework



As a result of this understanding and re-structuring, Imihigo are helping to inspire all development actors to set and realize targets; generate internal motivation to perform; re-align resources towards key priorities; and act as an effective mechanism to coordinate institutional efforts.

Despite this positive understanding, challenges still exist: Evaluation and feedback – reporting is still missing a continuous role of citizens except on Open days and other platforms. The Government realizes that some citizens are not yet clear about such accountability mechanisms. Joint planning between central and local governments will be strengthened and improve accountability mechanisms.

2.4 Fiscal Decentralization

Financial responsibility is a core component of decentralization. If LGs are to carry out decentralized functions effectively, they must have adequate and predictable flow of income. LG incomes will normally comprise of locally raised revenues (tax and non tax revenue); and Central Government grants (presently comprising of earmarked and block grants)⁶. As the local revenue performance is still low and incomes from local sources still too little, the focus of fiscal decentralisation is mostly around managing Central Government grants. The status of fiscal decentralisation can be summarized as follows:

Financial resources channeled through the district have increased from 47.9 billion Rwfs in 2006 to 179.2 billion in 2012/13. In 2012/13, about 33% of the previous year's domestic revenue is transferred directly to Districts (see table 2).

⁶ Block grants are generally non-conditional while earmarked funds are conditional i.e. allocated to specific activities such as teachers' salaries.

Table 2: Financial Transfers to Districts in Millions of Francs.

Financial Year	CDF	Block grants	Earmarked funds	Total	Domestic Resources	% of Domestic Revenue
2002	1,300	100	0	1,400	101,700	1.4
2003	4,000	1,500	0	5,500	117,900	4.7
2004	5,500	3,300	0	8,800	133,700	6.6
2005	3,500	3,300	0	6,800	169,600	4.0
2006	4,000	5,000	38,900	47,900	190,300	25.2
2007	6,000	8,400	57,100	71,500	242,000	29.5
2008	8,800	11,300	64,700	84,800	297,800	28.5
2009/10	48,000	16,500	78,200	142,700	385,100	37.1
2010/11	48,200	20,400	87,600	156,200	471,200	33.1
2011/12	11,400	25,000	142,800	179,200	538,400	33.3
	140,700	94,800	469,300	704,800		

Source: MINECOFIN 2012. Directorate of Budget

Local revenue generation is very low: Districts generate only between 5-20% of their budgets. MINECOFIN is in the process of commissioning a revenue potential study for districts to determine the potential of districts after which baselines will be determined and targets set for revenue improvement. This should form the basis for supporting Local Governments to improve their internal revenue generation and management. It is anticipated that with effective tax administration, within the first year of implementing the LG tax law, local government revenues will increase from the present Rwf 16 billion to as much as Rwf 90 billion⁷.

The new legal framework for fiscal decentralization is coherent and articulates clearly rights and obligations of CG and LG: Revenue and expenditures are clearly assigned. A new law on LG taxation is expected to address the major loopholes in the local government revenue mobilisation. The main challenge, however, remains in ensuring effective tax administration especially given that Local Governments' capacity in tax administration is very low, and Local Governments generally tend to be inefficient in tax administration. The Government will enlist the good experience of the Rwanda Revenue Authority (RRA) to help develop Local Government capacity in local revenue mobilisation and management.

Fiscal transfer mechanisms have evolved and developed: effective financial year 2012/13, no more inter-entity transfers are allowed and all funds for activities to be spent in districts will be

⁷ Interview with the Director General for National Budget, MINECOFIN

transferred directly to districts. This decision is already helping to streamline inter-governmental relations and bring local governments and sectoral ministries to the same planning and budgeting table.

2.5 Sectoral decentralization

Sectoral decentralization is being undertaken differently depending on the sector and specific service or function. Some sectoral agencies, notably education, health, agriculture and infrastructure, have established direct presence at provincial and district levels, but many of the sectoral service functions are parallel and have not integrated with LG systems. Nonetheless, they recognize the importance and ability of the LG system to deliver – through IMIHIGO and a well networked LG structure. Sector ministries have to be provided with sufficient guidance on decentralisation and how they can effectively integrate into the LG system for more cost-effective service delivery.

2.6 Institutional Framework and Inter-Governmental Relations

Rwanda Decentralization Framework provides for a range of institutional mechanisms including National Decentralization Stakeholders Forum, Program Steering Committee, National Decentralization Implementation Secretariat (now incorporated in Rwanda Governance Board), and Decentralization Cluster. There are also Decentralization Focal Points in Ministries and Provinces, as well as Local Government Consultative Forum. These arrangements are expected to complement the efforts of MINALOC and RGB by bringing together other ministries, agencies and non state entities. This mechanism will need to be strengthened.

2.7 Legal framework

The legal framework for decentralization in Rwanda has evolved progressively to empower local governments although there are still some challenges. The constitution provides clear principles for decentralization; specific governance and sectoral laws define the parameters of the institutional details including key structures, procedures (including elections), accountabilities, and remedies, as well as a series of regulations, guidelines and other operational tools to guide and support decentralization implementation at all levels. Decentralisation has been implemented in a complex web of successive pieces of legislation that often create difficulties to implement. This is compounded by the challenges of coordinating evolving legislations in different sectors which sometimes conflict when it comes to implementation. A new law – Law governing decentralized administrative entities has been drafted and is expected to consolidate and simplify all laws on decentralisation and Local Governance into one. Nonetheless, the entire legal framework and legislation processes will have to be reviewed to address all contradictions in order for decentralisation to be effectively deepened. More attention

will also need to be put on legal education, sensitization and support tools to ensure that actors are clearly knowledgeable about the laws they are implementing.

2.8 Local Economic Development

Local economic development has gained adequate attention since the second phase of decentralisation implementation. Productive sectors have been mobilized and enhanced through such initiatives as: *Girinka, VUP, ubudehe, mituelle de sante*, crop intensification and land consolidation programmes as well as Integrated Development Program (IDP). These initiatives have helped reduce poverty and improve people's livelihoods by directly providing basic needs, creating jobs and increasing incomes of poor people. However, there are still inadequate practical tools and options for different actors (public, private, and non-governmental actors) as well as limited capacities to undertake LED systematically. This includes tools to support local governments in participatory diagnosis of their economies, identify opportunities for private and public investment, formulate plans of action to take up these opportunities and help establish mechanisms to link investors to financial institutions and business development services.

2.9 Urbanisation and Urban Development

The GoR considers urbanization a strategic driver of economic development and a panacea for demographic pressures, sustainable land use and employment. However, the process of urbanization and urban development should be planned, controlled and well directed. Urbanisation promotes modernization, creates markets and makes service delivery easier and more cost-effective to provide. It is, therefore a key strategy to realize Vision 2020. Decentralisation is an important mechanism for promoting urbanization, and has already done so by taking economic and public administration activities to and beyond the 30 district headquarters in Rwanda. The Government, however, realizes that since 2006, limited effort has been put in developing local capacity for urban development. This is partly because urban local authorities were diffused into largely rural entities and the local government structures have constrained the ability to develop capacities for urban planning and urban service delivery. The earlier focus on creating and classifying urban centers as cities, municipalities, towns and trading centers, has not received sufficient attention. With active guidance from the Ministry of Local Government, Ministry of Infrastructure and agencies responsible for urban development, this will be effectively addressed under decentralisation.

2.10 Key Lessons Learnt from a decade of implementing the decentralization policy

Rwanda has learnt some interesting lessons from implementing the Decentralisation Policy, which will be useful as the country encounters more complex challenges of taking decentralisation to the next level. Some of the key lessons that have informed a new policy dispensation are:

- ✓ ***Leadership is critical***- despite the odds that Rwanda encountered, the Government remained firmly focused on devolving power, responsibilities and resources to empower its citizens. It is the consistency of the Government and its firm and credible leadership of the decentralisation process that has made most of the difference. Having a long-term perspective defined in the Vision 2020 that was approved around the same time as the Decentralisation Policy, helped the leadership to clearly articulate the roadmap that was easily supported by citizens and development partners;
- ✓ ***Flexibility is important***: Participatory democratic governance, let alone decentralisation, was a new and almost strange principle in Rwanda for several generations before 1994. So the rollout of decentralisation even as the country was still in a post-genocide transition, meant that every step was a learning curve. The phased implementation enabled the Government and partners to adjust, review, reform and improve as new challenges came up, new experiences and knowledge became available, and more capacities were developed;
- ✓ ***Capacity development is a critical ingredient but must be holistic and system-wide*** to provide visible results and lasting impact. Capacity development efforts were helpful to install and get the local government systems operational, but because they have not been well coordinated despite being a high priority agenda of the Government, it becomes difficult to measure the outcomes of capacity building initiatives already undertaken;
- ✓ ***Empowerment is a process and doesn't happen uniformly***: A lot of effort has been put in citizen empowerment and participation, change of mindsets, and embracing decentralization as the most effective mechanisms to promote good governance and sustainable service delivery. Nonetheless, there are still challenges, and communities and local governments have different levels of empowerment. Government now realizes that a long-term empowerment agenda through decentralization must be developed and impact will happen after a long time and must target both the leaders and the led (citizens).

3. STRATEGIC FOCUS AND PRIORITIES FOR THE DECENTRALISATION POLICY

The Government of Rwanda remains firmly focused on empowering its citizens, and decentralisation has so far proved to be the most effective mechanism for realizing the empowerment. The Government believes that decentralisation is an appropriate platform for mobilizing citizens, nurturing leadership and eradicating poverty. The Government will use decentralisation to transform Rwanda into a wealthier, healthier and happier nation; maintain the unity and social cohesion that has been achieved, and fast-track the process of realizing the socio-economic transformation envisaged in the Vision 2020 and beyond by mobilizing the people to use their own human potentials, the natural and socio-cultural resources they are endowed with.

Beyond 2020, Rwanda sees decentralisation as the framework and guiding tool for achieving sustainable integrated development; optimizing the use of scarce national resources to achieve common national goals; and translating the regional integration agenda into meaningful, economically fruitful venture for Rwandans in all corners of the country, and as a strong anchor for the stability, peace, unity and prosperity. The focus must shift from short-term outputs to establishing resilient governance systems and long term impact.

The Government seeks, through this policy, to empower its citizens as much as possible, and to create autonomous local entities capable of initiating, planning, financing and executing devolved functions independently, and as reliable partners with the Central Government in the delivery of delegated and deconcentrated functions. This, the Government very strongly believes, is the only cost-effective way to realize its ambitious agenda of good governance and sustainable development.

In order to serve as an effective tool for Rwandans to fully realize, consolidate, and sustain their aspirations of good governance and equitable economic transformation, the decentralization policy will focus on the following strategic areas:

- (i) Building fiscally stronger and autonomous Local Governments and empowering the population through well articulated and locally owned Local Economic Development (LED) strategies;
- (ii) Deepening participatory, democratic and accountable local governance systems;
- (iii) Building capacity for effective local service delivery and ensuring efficient services delivery through further sectoral decentralisation
- (iv) Leveraging regional integration to scale-up opportunities for youth employment creation, local economic empowerment, cross-border trade and security;
- (v) Consolidating national unity, cohesion and peace through resilient, synergetic local systems;
- (vi) Reviewing administrative structures and territorial entities to enhance planned urban development in line with the long-term national vision;
- (vii) Using ICTs to efficiently and effectively deliver services, increasing citizen's empowerment through participation, as well as promoting transparency and accountability.

4. STRATEGIC VISION, MISSION AND OBJECTIVES OF THE POLICY

4.1 Vision and Mission

The Vision of the Government of Rwanda is “*empowered citizens that determine how they are governed, feel responsible for and are active participants in their personal wellbeing and sustainable local and national development.*”

The Mission of the Government of Rwanda for decentralization is “*to promote and ensure participatory, democratic, all-inclusive and accountable governance and effective citizen-centered quality service delivery in Rwanda*”

4.2 Objectives

The overall objective of the Decentralisation Policy is to deepen and sustain grassroots-based democratic governance and promote equitable local development by enhancing citizen participation and strengthening the local government system, while maintaining effective functional and mutually accountable linkages between central and Local Governments entities.

The Government envisages that certain functions relating to service delivery to citizens will be devolved to Local Governments to the fullest extent possible. The Government aims to make the District, Municipalities and City of Kigali autonomous Local Governments with devolved functions, in accordance with Article 167 of the Constitution, while ensuring that as much as possible, functions are delegated to or otherwise undertaken at the lowest administrative levels possible.

In order to realize this overall objective, the following specific objectives will be pursued:

- (i) To enhance and sustain citizens’ **participation** in initiating, making, implementing, monitoring and evaluating decisions and plans that affect them by transferring power, authority and resources from central to local government and lower levels, and ensuring that all levels have adequate capacities and motivations to promote genuine participation.
- (ii) To promote and entrench a culture of **accountability and transparency** in governance and service delivery by strengthening national and local accountability mechanisms to make them more relevant, credible, conducive, supportive/attractive to all citizens, leaders and non state entities.
- (iii) To **fast-track and sustain equitable local economic development** as a basis for enhancing local fiscal autonomy, employment and poverty reduction, by empowering local communities and local governments to explore and utilize local potentials, prioritize and proactively engage in economic transformation activities at local, national and regional levels, and ensure fiscal discipline.

- (iv) To enhance *effectiveness and efficiency* in the planning, monitoring, and delivery of services by promoting joint development planning between central and local governments and ensuring that service delivery responsibilities and corresponding public expenditure are undertaken at the lowest levels possible.
- (v) To *consolidate national unity and identity (ubunyarwanda)* by fostering, enhancing and sustaining the spirit of reconciliation, social cohesion and common belonging as a nation hence ensuring lasting peace and security as well as community of purpose for sustainable national development.
- (vi) To build and consolidate volunteerism, community work and self-reliance based on cultural and other values of collective responsibility, personal worth and productive involvement.
- (vii) To *fast-track and translate the regional integration agenda into* politically meaningful, economically fruitful venture for Rwandans in all corners of the country, and as a strong anchor for national stability, peace and unity.

4.3 Fundamental Principles

The Decentralisation Policy was conceptualized and remains hinged on the following principles which the Government shall work tirelessly and ensure that they are progressively entrenched in all actions that promote good governance and service delivery in the country:

- (i) ***The Subsidiarity Principle:*** The Central Government shall have a subsidiary function, performing only those tasks which cannot be undertaken effectively at the Local Government level. Within Local Governments, the same principle shall apply right up to *the lowest* level. Accordingly, lower levels of Government shall be strengthened to ensure that they have sufficient capacities to respond to the service delivery needs of citizens entrusted at each of those levels.
- (ii) ***Respecting, preserving and upholding the principle of national unity*** and indivisibility and equitable development will make sure that decentralization is not used as an excuse – either deliberately or accidentally- for national disintegration and discriminative development. Where inequalities in territorial entities exist either due to natural barriers or historical distortions, Government will ensure that these are clearly identified and addressed in the process of implementing the Policy.
- (iii) ***Promote, adhere to and ensure respect for the principle of separation of power*** between political and administrative/technical authority. In order to enhance, maximize and sustain

efficiency, effectiveness and accountability gains that decentralisation has brought about, there must be clear separation of powers, roles and responsibilities between political, administrative and technical entities, each with its functions but clearly fulfilling and complementing each other. This must be reflected in the structures and functional linkages, and in the tools, behaviors and practices of actors. Without this separation, accountability will be undermined, and Local Governments might not grow. Clear separation of powers, roles and responsibilities will help avoid duplication, overlaps and conflicts that undermine good governance and development.

- (iv) ***The Local autonomy principle***: Respecting the principle of local autonomy, identity, interests and diversity will make sure that decentralization champions people’s participation in identifying local needs and interests, making plans for satisfying them, mobilizing resources and committing their energies to the implementation of the plans. The Government will pursue devolution of certain functions to Local Governments to the highest extent possible for citizens to feel they are sufficiently empowered and Local Governments’ autonomy is upheld within the context defined by the Constitution;
- (v) ***Maintaining the Government system as a single entity***: Decentralisation in any form, at any level, and most of all in a unitary state that Rwanda is, does not in any way imply that the State of Rwanda will be fragmented but rather the different Local Governments should work together as one Government system. Rwandans know and must continue to perceive, relate and deal with Government as an entity where central and Local Governments mutually reinforce each other, each with clearly defined roles. This means that in the process of decentralisation, all Government entities should try to work together, search for common ground with a focus on uplifting the wellbeing of the citizens.
- (vi) ***Recognising that “one size does not fit all”***, that is to say, decentralization shall be undertaken in different ways by different sectors depending on the nature of the sector and services to be provided. However, the essence of ensuring that services are delivered by entities closest to the population, that citizens are actively involved and are able to hold service providers accountable, and that Local Governments have full authority over and are accountable for all devolved functions, must be maintained. It also means that Local Governments must be treated differently because of their unique needs, strengths and challenges, and shall thus be given autonomy and supported to develop their own priorities and take decisions, as long as such decisions are consistent with the national ideals and within the law.
- (vii) ***Gender equality and social inclusiveness***: The Rwandan society is demographically constituted of men and women whose gender-differentiated interests and needs must be

recognized, and they are given equal opportunities to participate in governance and development activities at all levels. This is consistent with the provisions of the National Constitution, national laws on gender quality and equity, and international conventions⁸ to which Rwanda is signatory.

In Rwanda, Local Governments have proven to be effective political apprenticeship arena for women and other historically marginalized groups. Women participate in governance and community development both as elected councilors, local administrators, civic leaders, community mobilizers. As clients of local government services, they vote, articulate their needs in different citizens' forums and they hold leadership and service providers accountable. The voices of women, the poor, and other marginalized groups must continue to be amplified through decentralization.

5.0 POLICY STATEMENTS AND STRATEGIC ACTIONS

In order to realize the objectives of the Decentralisation Policy, the following will be pursued.

5.1 Local Government structures with clear roles, responsibilities and functions

The cornerstone of decentralisation in Rwanda has been establishment of local government structures and building their capacity to deliver on devolved functions. The policy and legal frameworks have been progressively reviewed to ensure clarity of roles and responsibilities. Presently however, there is still some unclear division of roles and responsibilities, with some levels being over-loaded with responsibilities yet under-funded and under-staffed.

The Government shall ensure that the decentralized functions are clarified, even as they are progressively devolved, and the roles and responsibilities assigned to each level are clear, and that all actors have a common understanding of what is expected to be performed by each level. The Government also realizes that the autonomy of decentralized entities and sufficiency of relevant capacity to execute such functions must be guaranteed, if they are to be held accountable.

The creation and review of administrative entities and demarcation of boundaries for provinces, districts, and lower level entities shall be based on the need to increase efficiency, effectiveness of governance and proximity and ease of access to services by the population.

⁸ These include the convention on elimination of all forms of discrimination against women, the universal declaration of human rights, and the African Charter and people's rights.

Policy and strategic Actions

The key policy actions will include:

- (i) Put in place mechanisms to ensure that organizational structures and functions of LGs are continuously reviewed to ensure that all administrative levels (including sector, cell and *Umudugudu*) have adequate qualified personnel, financial and logistical resources to provide services as appropriate, while the district authorities concentrate on planning, coordination and monitoring of local development activities. The roles and responsibilities of local administrations up to the village levels will be clarified and costed so that devolved functions have their appropriate budget;
- (ii) Put in place appropriate legal and institutional support, as well as adequate infrastructures at sector, cell and Umudugudu levels including communication facilities to deliver services to the expectation of citizens and stakeholders;
- (iii) Ensure that all delegated and de-concentrated functions from the central to local governments are clearly articulated and that the delegating entity has provided the required resources, commits to supervising such activities, and is held accountable.
- (iv) Strengthen the human resources development function to ensure that the districts can be able to attract, develop and retain competent staff through appropriate working conditions and motivation schemes.
- (v) Strengthen the planning and performance management mechanisms by making them more participatory, better managed and technically and financially supported;
- (vi) Build systems at central level that guide and support decentralisation, and robust administrative systems in Local Governments that are capable of attracting and managing resources effectively and efficiently in accordance with public financial management procedures;

5.2 Local Autonomy and stronger Inter-governmental fiscal relations

The Government recognizes fiscal and financial management as the heart of decentralisation, as ultimate power to decide how and what services are delivered depends on the available means. The commitment of the Government to devolve to local Governments as much as possible is perhaps nowhere manifested than in the fast pace at which fiscal decentralisation has been implemented. To-date, direct transfers to decentralized entities amount to one-third of total previous year's annual domestic revenue from zero only 10 years ago. No inter-entity transfers are now allowed and Local Governments have to budget for and receive funds directly from Treasury.

Entrusting huge public funds to Local Governments presents enormous challenges – it calls for strengthening local and national institutional structures for public financial management; local capacity to increase and sustain local government revenue mobilization. Local revenue collection presently does not exceed 20% of the estimated potential.

The Government will ensure that all Local Governments are effective and efficient in planning, budgeting, disbursing and accounting for public funds, while enhancing or maintaining their fiscal autonomy. Central Government entities will be strengthened to decentralize and fully integrate their activities within the Local Government system.

All LGs shall work towards increasing their ability to finance their own programmes by exploring and effectively utilizing their fiscal potentials.

Policy actions are:

- (i) Put in place legal, policy and institutional mechanisms to enhance the capacity of Local Governments to generate and efficiently utilize local revenues.
- (ii) Put in place mechanisms to address inequalities and differences between districts and localities in socio-economic challenges, economic infrastructure, biophysical environment, endowment of natural resources, and economic and social institutions.
- (iii) Ensure that transfers of Central Government grants are reliable and flexible, to promote effective budgeting and accountability
- (iv) Put in place mechanisms to promote local autonomy, including providing discretionary powers to decentralized accounting entities in the allocation and utilization of funds;
- (v) Promote transparency and accountability in the management of Central Government transfers by ensuring that information regarding transferred funds to Local Governments is accessible to the public and the beneficiary communities, on a timely basis, within the legal framework of public access to information;
- (vi) Put in place mechanisms to ensure that all decentralized accounting entities have adequate public financial management capacity to budget and allocate public resources efficiently and account for public expenditure in timely and professional manner;
- (vii) Put in place mechanisms to ensure that the decentralized public expenditure is based on prudent, participatory planning and budgeting processes, in order to ensure that public resources are utilized on priorities that reflect local community needs and national development priorities;
- (viii) Develop tools and incentive systems to encourage decentralized accounting entities, promote efficiency, effectiveness and empowerment by decentralizing further down to the smallest entities where service providers interface with service recipients;
- (ix) Put in place mechanisms to ensure effective coordination and engagement between central Government line ministries and agencies and local governments in the process of planning, budgeting, public expenditure management and accountability, to enhance supervision and value for money;

5.3 Supportive, Legal and Regulatory Framework for decentralized governance and Service Delivery

The overarching legal framework for the implementation of this policy is the National Constitution which guarantees the democratic and other human rights and freedoms of Rwandans, and the roles and responsibilities that they have in their governance. But this only provides the principles. There are on-going efforts to consolidate and harmonize different pieces of legislation on decentralisation but gaps still exist. Smooth implementation of the Decentralisation Policy will require a clear comprehensive legal framework that is adequate, coherent and easy to implement by all actors.

The Government shall develop a comprehensive legal framework to provide guidance in the implementation of decentralisation, and ensure that all actors have basic knowledge and understanding of the relevant legal instruments important for their day to day work.

Policy actions

- (i) Take stock of and review all legislation relating to decentralisation, streamline and put in place a comprehensive legal framework on decentralized governance and service delivery.
- (ii) Review and ensure that all national laws and policies are consistent with decentralisation
- (iii) Develop and avail simplified legal tools to all decentralisation and local governance actors to guide them in their respective roles;
- (iv) Ensure that District and lower level councils have adequate capacities and legal powers to effectively provide accountability and related oversight to local government processes;
- (v) Put in place mechanisms to ensure that all public sector officers – from central Government politicians and technocrats to local Government operational staff are regularly trained;
- (vi) Put in place mechanisms to ensure that the legal framework for decentralisation is regularly reviewed and updated as various provisions are operationalised;

5.4 Promoting Integrated Citizen-centred Local and National Development Planning

The Government emphasizes the wellbeing of the Rwandan citizens as the focal point for all actions related to development. All planning whether they are village plans or district and national plans; regardless of the sector or development domain, and no matter whether its short-term annual plans or long-term visions, must focus on transforming the citizens. This means that there must be inter-connectedness in all planning processes and outcomes.

The decade of implementing programmes such as Ubudehe and Vision 2020 Umurenge Programme (VUP), has demonstrated the need and possibility of development domains to singly focus on the citizens' welfare. There are, however, still some disconnect between Local Government planning and Central Government's strategic planning. The Government will have

to ensure that Local and national planning become more integrated, and the inter-governmental planning processes have strong, legally-backed linkages, through *Imihigo* and other performance management systems. Inadequate linkages between central and local government planning processes undermines efforts to set priorities and efficiently utilize the scarce budgetary and human resources to deliver services to citizens. It also may limit the ability of Central Government entities to transfer the required capacities to Local Government levels as envisaged in the decentralized governance framework.

Development planning shall be integrated, participatory, evidence-based, and focused on addressing the priority needs of citizens, taking into consideration, the overall national development Vision and constraints of the resource envelope. As much as possible, national plans shall be composites of local development plans that are regularly prepared, the timelines of which shall be prescribed by responsible agencies in consultation with the Ministry responsible for Planning.

Secondly, the GoR recognises Area-based Planning as an effective way of identifying and responding to unique local development challenges, and initiatives to explore unique development potentials of different localities shall be encouraged, promoted and supported.

The policy actions are:

- (i) Put in place mechanisms to strengthen the planning function in the local government *system* to enhance evidence-based planning, bottom-up needs identification, especially through *Imihigo*, *Umuganda*, and *Inteko z'Abaturage*, and priority setting. At district and sector level, the technical and managerial aspects of planning shall be strengthened by ensuring that competent personnel with appropriate tools are recruited and retained;
- (ii) Community Development Committees (CDCs) and other related structures at all levels shall be revitalized, strengthened and adequately facilitated to be effective vessels for bottom-up planning, monitoring and evaluation.
- (iii) Develop tools for area-based planning, to enable each district or locality to have its own baseline; understand its strengths and weaknesses, and develop its own local vision within the wider national vision;
- (iv) Restructure the local and national planning processes to encourage joint, participatory planning, monitoring and review/evaluation processes, using platforms that are conducive for all key stakeholders, taking into consideration the nature of services;
- (v) Put in place mechanisms to ensure that the special differences between rural and urban areas in terms of development needs and challenges are recognized and addressed in the organizational structure and staffing, planning and financing;
- (vi) Put in place evidence based monitoring system in all districts through the implementation of the Local Governance Monitoring System to adequately gauge and monitor local

governance and local economic development for more coherent local and national planning for development.

5.5. Effective Mechanisms for Stakeholder engagement and Coordination

Decentralisation is a multi-sectoral policy that most people in Rwanda now associate with efficiency, effectiveness and stakeholder ownership across all service delivery domains. Stakeholder coordination, however, remains a challenge even though many stakeholders acknowledge the need for coordinated efforts, and notwithstanding the many platforms established for coordination at national and local levels. In decentralisation, coordination is particularly challenging because of the multiple stakeholders and the fact that sector delineation is still somewhat fuzzy.

The Government will work with stakeholders to put in place effective functional coordination and partnership development mechanisms for all actors working to promote or strengthen local governance, decentralized service delivery and/ or participatory community development.

The Provincial Administration will be supported to effectively coordinate, guide, facilitate, advocate for Local Governments, in all spheres of governance and service delivery while ensuring that the autonomy of local governments is respected and enhanced.

Policy actions which will be undertaken include:

- (i) Put in place mechanisms to improve coordination of stakeholders involved in the implementation of decentralisation, taking into consideration the differences between actors at local and national levels;
- (ii) Review and re-define the Decentralisation sector, and clarify elements of sectoral and cross-cutting nature to ensure that decentralisation principles are diffused in other sector coordination frameworks, including sector-wide approaches (SWAs) of social sectors (e.g. health, education), economic sectors (agriculture, infrastructure, trade) and governance sectors (e.g. Justice, Law and Order, Security);
- (iii) Re-define the structure, functions and responsibilities of the Provincial Administration and ensure that they have adequate capacity and clarity to effectively undertake their roles in deepening decentralisation;
- (iv) Strengthen the national leadership of the decentralisation activities at sectoral and cross-sectoral level by creating robust and active Secretariat and ensuring pro-active engagement of stakeholders.

5.6 Management of data, information and knowledge for decision making

Over the last 10 years, Local Governments and lower levels have become de-facto information hubs where all Government agencies, civil society and private sector source information. While this is now a clear recognition that districts are important partners in planning and service delivery, there are concerns that need to be addressed. Information requests from districts, however, tend to exert pressure on the Local Government personnel and systems, which could compromise their ability to deliver on their mandate in addition to concerns for quality of data..

The Government will ensure that districts have capacity to generate, analyse and utilize comprehensive, scientifically credible data for decision making in respect to their planning and performance measurement, as well as the capacity to store and share such data and information with other stakeholders in ways that are timely, convenient and cost-effective, while maintaining the information security and integrity rules.

Policy actions will include:

- (i) Develop framework for managing data and information (LGMS) for development planning in an integrated way. Central level institutions, especially ministries and specialized agencies (coordinated by the National Institute of Statistics of Rwanda and RGB) will have a responsibility to build the capacity of local authorities in collection and management of scientifically authentic data and information in a streamlined, coordinated and integrated way.
- (ii) The district statistics office should be the centre of data management in the district. They will be the ones entering data from their respective district for local governance monitoring system (LGMS). As part of decentralizing development data and information management, this office should be integrated in national statistical systems.
- (iii) District statistical offices should be adequately resourced. One way to do this is to leverage funds from sectoral planning budgets.
- (iv) Data and information requests should not be on *ad hoc* basis. As much as possible, basic data/information should be accessed with minimal time and resource costs to LGs. Data and information management protocols in decentralized services will be developed;

5.7. Local Economic Development and the role of the private sector

The Government of Rwanda's long term goal is to divest itself from doing business and being an active service provider to being a facilitator to the private sector which is now recognized as the engine of economic growth. Over the last 10 years, the GoR has worked and continues to create

an enabling environment for the private sector to emerge, grow and lead in creating wealth and expand the country's economy. While the efforts of Government in creating an attractive environment for private capital inflow to the country have paid off with Rwanda consistently coming among the top global business reformers, this needs to be reflected in sub-national levels to develop local economies by attracting private investors. A vibrant private sector built around value addition to local resource endowments will help create wealthier citizens, fiscally strong local governments and better and more equitable service delivery.

Districts will be designated as local economic power centres, and Local Governments will be encouraged and supported to create an attractive environment for private sector in their districts or localities to invest, grow capital and develop the local economies to the benefit of their citizens, the local economy and contribute to national development.

Policy actions to realize this shall include:

- (i) All Local Governments will identify their resource endowments and appropriately profile them into information kits that can be used for planning and attracting private capital. Local Governments will direct their efforts to local economic transformation by exploring their economic potentials to increase household incomes, scale up job creation and expand their local government revenue base.
- (ii) Develop District Local Economic Development Strategies including specific programs and action plans;
- (iii) Local entrepreneurship and youth employment creation by providing opportunities, e.g. deliberately ring-fence small road maintenance works for local entrepreneurs;
- (iv) Build local infrastructure capacity, including Information and Communication Technologies (ICTs) in all districts to enhance e-governance and local economic development;
- (v) Promoting public-private partnerships to attract private capital investments especially in rural areas and strategic sectors;

5.8 Ensuring planned and sustainable urbanization

One of the key aspirations of Rwanda to address its socio-demographic, economic and ecological challenges is to ensure that more Rwandans live in urban areas, and that urban areas serve as centres of innovation and employment creation. Most development indicators in Rwanda and elsewhere in the world suggest that urban populations are likely to be much better-off than their rural counterparts. But urbanization and urban development must be properly planned and guided to avoid emergence of unsustainable cities and associated calamities. Such planned development will only happen if urban-specific development challenges are paid attention to and effectively managed. Whilst the GoR has maintained the Vision of creating well planned cities,

towns and other urban centres as power houses of the economy and to enhance off-farm employment. The existing Local Government structures do not have sufficient institutional and administrative arrangements for urban development. Consequently, the district authorities have limited technical competences and other resources to plan for and manage urban-specific services.

The Government will promote, facilitate and guide the creation of urban centres of different levels from cities, municipalities, towns and trading centres and ensure that they are appropriately delineated, graded according to international standards and provided with basic infrastructure and other amenities to serve as regional and area-based springboards for economic growth and social transformation. Urbanization in the context of decentralization must aim to promote equitable economic growth, social integration, and lessening the pressure of migration to Kigali city and instead promote the growth of provincial cities and municipalities.

Policy actions to realize this will include:

- i) Put in place mechanisms (including criteria) to identify and delineate areas and sites for urbanization, and ensure that urban authorities are created on the basis of solid decision processes informed by feasibility and long-term scenario-based planning;
- ii) Put in place mechanisms to ensure that urban areas are properly governed in line with international and nationally defined standards by supporting City, municipal and other urban authorities, local civic leaders, entrepreneurs, students and other local interest groups from such localities to learn from international best practices;
- iii) Put in place mechanisms (guidelines, legal instruments,..) for categorizing urban centers as Local Government entities and for equating them with the traditional administrative structures (Province, district, sector, cell, Umudugudu,..) for effective management and clarity;
- iv) Ensure that urban development processes are aligned with basic infrastructures and essential facilities such as water, electricity, transport, telecommunication and security, so as not to undermine human wellbeing;
- v) Put in place mechanisms to ensure collaboration and harmony in inter and intra-governmental relations in the process of creating and managing urban authorities;
- vi) Put in place mechanisms for fiscal support in line with the overall national fiscal and financial decentralization strategy;

5.9 Comprehensive Integrated Civic Education as a Long-term Citizens' Empowerment Mechanism

Citizens' empowerment to ensure effective participation and ownership of all government business and local development remains a long-term goal of decentralisation. An empowered

citizen is one that is fully aware of their roles, responsibilities and rights, is able and motivated to fully and effectively claim their rights and dutifully fulfill their responsibilities in the governance and development of their country, irrespective of their social, economic or physical status, beliefs or locality of residence. The Government appreciates that civic education has played a key role in increasing awareness, changing mindsets and promoting national unity and cohesion in the post-genocide period. But learning is a life-long activity, yet many civic education efforts are scattered, often short-term, disconnected and tend to lack coherent messages. This results in different levels of understanding about important national programmes such as the Vision 2020, democratization and participation, and sometimes confusion about Government policies. Different levels of civic awareness also perpetuate imbalances in development.

The Government will encourage, promote and facilitate comprehensive holistic and consistent civic education to ensure that all Rwandans are aware of, knowledgeable about their roles, responsibilities and rights, as well as their potentials, and are able, willing and motivated to exercise them for the betterment of their personal lives, their families, their communities and country at large, both as individuals and collectively.

The Government will ensure that holistic, integrated civic education is promoted and consistently implemented across the country to transform Rwandans into empowered citizens that are globally aware, competitively productive and actively engaged in governance and development activities.

Policy actions will include:

- (i) A comprehensive (multi-dimensional), systemic and sustainable, citizen-centered civic education and awareness raising programme will be designed and implemented in a holistic and participatory manner, taking into consideration the literacy levels, location and nature of occupation of all citizens;
- (ii) Non state institutions, in particular, religious groups, civil society organizations, cooperatives and associations, will be encouraged and where possible, facilitated to integrate the principles of the decentralisation policy into their interventions and engagement with citizens;
- (iii) Put in place mechanisms to ensure that all citizens have access to information on governance, public administration, service delivery and economic opportunities in line with the country's modernization and social transformation agenda.

5.10 Communication as a Tool for Empowerment and Change Management

The Government recognizes that communication is a powerful empowerment and change management tool that leaders in political, administrative and civic domains can use or misuse in

the process of designing and delivering change policies and programmes. Decentralisation is a sensitive policy that advocates and has already delivered unprecedented change in the beliefs, practices and aspirations of Rwandans, their leaders and outsiders about their governance and development.

A number of challenges identified in the decentralisation policy process to-date relate to some actors' inadequate ability to articulate, own, communicate and receive feedback on government policy and population's issues with clarity and confidence.

The Government will ensure that the whole approach of communicating and managing information within the decentralisation policy implementation is revisited. The Government shall adopt and endeavor to build a culture of appreciating communication as a two-way process that enhances collaboration and minimizes conflict; espouses feedback; empowers subordinates especially at lower level; builds and exudes confidence and reliability; and reflects mutual respect. The Central Government shall take a lead to demonstrate good practices for Local Government actors to learn and practice.

Policy actions shall include:

- (i) Develop guidelines and strategies for communication on decentralisation implementation processes, and in engagements between central and local government leaders and technocrats, as well as between Government leaders and civic population;
- (ii) Work with stakeholders to ensure that all leaders are trained, coached, mentored in communication skills that enhance empowerment, avoid directional, and encourage conflict-resolution and motivation to others.
- (iii) Put in place mechanisms to ensure that central and local government entities interact as regularly as possible in settings and activities that reduce power and knowledge distances, encourage collaboration and promotes good leadership behavior;
- (iv) Put in place mechanisms for enhancing transparency in Government transactions and ensure that leaders are sufficiently tooled and confident to develop others and sufficiently knowledgeable and prepared to communicate policy messages and directions effectively;

5.11 Decentralization for fast-tracking regional integration

Rwanda's principle objective of joining the East African community (EAC) and its active involvement in the revival of other regional blocks like the Economic Community of the Great

Lakes Countries (CEPGL) was to scale up opportunities for Rwandans in the areas of sustainable peace, security, human development and economic growth through trade and markets. The Government recognizes the need to re-orient Decentralisation to enhance active involvement of LGs in regional integration as LGs are closer to the citizens who are expected to benefit from the integration process. A new policy on EAC integration has been passed by cabinet, and *inter alia*, provides opportunities for Local Governments to actively participate in local mobilization, awareness raising and guidance of their population to explore and take advantage of opportunities available. Regional integration initiatives such as cross-border trade and foreign investment drives will be important aspects of the overall strategy for local economic development.

Local Governments will be brought to the fore of regional integration and international cooperation, encouraged and supported to take the lead in mobilizing Rwandans to be aware of and empower citizens to take advantage of opportunities from regional integration including trade, education, employment, tourism and security.

Policy actions

- (i) Put in place mechanisms to raise awareness of local political and civic leaders on regional integration activities;
- (ii) Review the regional integration and international cooperation mechanisms to enhance representation of Local Governments' and decentralized entities' interests;
- (iii) Develop mechanisms to support Local Governments to initiate, participate or otherwise engage in regional cooperation activities that benefit their districts or localities, while safeguarding the territorial integrity and security of the country;

5.12 Enhancing and Sustaining community-based innovations and Voluntary initiatives

Voluntary community initiatives constitute the highest form of ownership of development by citizens. Citizen-centered governance processes are characterized by high level of trust among the people, and between the people and their leadership. Voluntary efforts at the local level, and the results they have created in different domains – from transitional justice to conflict resolution; from public health and hygiene to security, poverty reduction and education – demonstrate how Rwandans have taken up the responsibility of developing their communities and country, through decentralisation.

The Government recognizes that the scale-up, continued effectiveness and sustainability of voluntary efforts at community level will depend on how those involved are mobilized, motivated and appreciated, and how the different mechanisms are coordinated and synergized to create

greater and sustainable impact. The Government will ensure that the spirit of volunteerism is upheld, nurtured and promoted, while carefully avoiding the risk of alienation by external incentives.

Policy actions will include:

- (i) Put in place mechanisms to coordinate and nurture existing local voluntary initiatives in different domains;
- (ii) Encourage a culture of communities rewarding their own citizens who excel or who sacrifice to provide them better services. In this regard, all Rwandans will be mobilized and encouraged to take initiative in the affairs of their community, including facilitating Umudugudu leaders and developing community infrastructure.
- (iii) Provide support while avoiding the temptation of formalizing and crafting into the state bureaucracy, the informal community systems and introducing external incentives.
- (iv) Encourage and support local innovators to form and work in cooperatives and undertake productive ventures to generate incomes, create employment and use such platforms to educate young generation of Rwandans about their culture and dignity;

5.13 Capacity Development for Local Governance and Decentralized service delivery

Policy and institutional reforms in Rwanda happen in a constant quest to bring about effectiveness and efficiency through rationalization and integration. This requires that capacity development becomes a continuous long-term venture. Government acknowledges that capacity development for decentralisation is still not well coordinated, insufficiently funded and inadequately monitored. It is also supply-oriented, mostly dependant on available funding rather than on needs. But some initiatives are underway to streamline capacity development in decentralisation, including a recently formulated LG capacity development strategy.

The Government shall ensure that Central Government entities have the requisite ability and confidence to decentralize and consistently provide guidance to decentralized entities, and that all Local Governments have capacity to attract, grow, productively deploy, and retain the level of competence and talent desired in order to function effectively in all decentralized domains. The Government will take appropriate measures to support Local Governments that are unable to attract staff in professional domains deemed essential, to ensure equitable development. Capacity building activities shall be undertaken in a coherent, systemic, coordinated, consistent, and incremental manner so as to realize maximum results in a cost-effective way. More so, capacity development in LGs shall, in addition to human aspects, address institutional and

organizational aspects of capacity development, including appropriate deployment, supervision, facilitation and retention to realise optimum results.

Policy actions to address issues related to capacity development in Local Government include:

- (i) The Government will ensure that District Councils and lower level councils are strengthened with the requisite tools and appropriate structures to become effective political mechanisms for people's representation and accountability;
- (ii) Put in place appropriate mechanisms for sustainable financing of Capacity Development activities for effective decentralisation and local governance, taking into consideration the need for holistic and systemic capacity support, and the unique needs of different local government entities.
- (iii) Review the Local Governments' organizational structures and incentives to enable districts and their lower levels hire appropriate staff in the domains they deem important to deliver services as expected by citizens and according to their plans and fiscal abilities, taking into consideration the unique features of urban and rural areas.
- (iv) Ensure that all capacity building activities incorporate leadership development across government and civic domains for enhanced innovation, creativity and accountability in decentralized governance and service delivery;
- (v) Put in place an appropriate institutional framework to guide the Local Government public service, to *inter alia*, define how Local Government staff needs are determined, staff are hired, trained, deployed, remunerated, motivated, appraised, promoted, disciplined and retired, cognizant of concerns for career development and job security;
- (vi) Clarify the roles, responsibilities and functions of Central Government entities (line ministries and agencies) in the recruitment, professional development and functioning of Local government technical staff, in line with the principles of decentralisation;
- (vii) Put in place mechanisms and conditions for restructuring the Central to local Governments systems as more functions are devolved to local governments, and ensure that Central Government entities undertake their new roles of policy formulation, strategic planning, monitoring and mentoring Local Government counterparts.
- (viii) Ensure that all decentralized functions are assigned to appropriate institutional offices and executed by appropriately qualified staff with clear tasks and conditions of service;
- (ix) Ensure continued adequate coordination of LG capacity development by different stakeholders in various fields;

5.14 Use of ICTs for enhanced efficiency and effectiveness in service delivery

The defining feature of ICTs is their ability to help institutions and individuals to collect, manage, store, retrieve and distribute information and knowledge. Information and knowledge management is critical for decentralization as well as economic development. For Rwanda, ICTs will break the physical, economic and socio-cultural barriers to communication. The Government of Rwanda recognizes that for decentralization to be successful as a tool for spurring democratic governance and equitable economic growth, information, data, and knowledge must be acquired quickly, and dispersed rapidly, widely and inexpensively.

The Government of Rwanda will increase access to, awareness and usage of ICTs within LGs and communities. Through e-government applications, services provided to citizens shall be provided in the most efficient and effective manner. Government shall ensure ICT plays a central role in expanding civic education and functional literacy, and in increasing citizen's participation, transparency and accountability.

Policy actions shall include the following:

- (i) Provide ICT infrastructure to ensure access to all LG entities up to the umudugudu level;
- (ii) Implement awareness campaigns across the country so that citizens know what opportunities ICTs bring to them, and what services can be delivered using ICTS;
- (iii) Develop ICT skills to meet LGs and community development needs;
- (iv) Develop e-government applications for those services that can be best delivered through ICTs.

6.0 IMPLEMENTATION FRAMEWORK

6.1 Time Frame for delivering on Key Milestones

The Government will work with stakeholders to ensure that the policy objectives set herein are realized in the next 10 years. The commencement medium-term plan for its implementation will be developed cognizant of the Decentralisation Implementation Plan (DIP) 2011-2015. The strategic and operational plans will, however, remain flexible frameworks to be adjusted as need arises.

6.2 Institutional Mechanisms for Implementation of Decentralisation Policy

The implementation of decentralisation policy will be coordinated by the Ministry of local Government (MINALOC), which shall work with the Office of the Prime Minister and Presidency, to establish high level policy structures for overseeing the policy implementation. National technical structures and thematic platforms will be established to bring together different sectoral perspectives and integrate them around the principles of decentralisation. This should facilitate understanding of decentralisation and expected outcomes from different sectoral perspectives. The Government will identify lessons from the previous implementation structures and ensure that more effective and representative structures are put in place.

The Government will ensure that national institutions responsible for managing decentralisation and Local Governance are adequately capacitated in terms of technical knowledge and skills, institutional resources and political support to effectively take decentralisation to the desired level. The Government will work with stakeholders to document the lessons learned in the last decade of implementing decentralisation and adopt best practices around the world to implement this policy with excellence.

6.3 Reporting, Accountability and Feedback mechanisms

The Government will ensure that the policy is well communicated to, understood and implemented by stakeholders. The Ministry of Local Government, designated as the lead institution for overseeing and coordinating the implementation of the policy will develop appropriate strategies for communication and reporting, that emphasise two-way dialogue, effective feedback mechanisms, results-based monitoring, evidence-based reporting and multiple stakeholder involvement. The existing structures and platforms for accountability will be reinforced to make them more effective, especially for communities and non state actors to actively engage in the Policy implementation.

6.4 Community-led Implementation Processes

The Government will adopt approaches and techniques that stimulate and motivate community-led interventions to be the flagship activities for implementing this policy, building on the considerable awareness and capacity that has been developed at the local level. Without losing sight of its leadership responsibility, the Government will ensure that the familiar way of having actions initiated from the centre is reversed and the community and their local governments put in the driving seat. All actors in the decentralisation process will be sensitized, trained and provided with supportive tools to understand how community-managed processes work and how they can guide and technically support them.

The Government will mobilize non state institutions, especially NGOs, faith-based organizations (FBOs) and CBOs that are closer to communities to take an active role. Key programmes like LED, JADF shall be anchored on appropriate community-driven development (CDD) activities so that community members can be active participants in and direct beneficiaries of local economic transformation.

6.5 Financing and Resource Mobilisation Mechanisms

To develop fiscally strong and autonomous Local Governments, politically empowered and wealthy citizens in the next one decade, is a big ambitious task that the Government of Rwanda has committed itself through this policy. Successful implementation of this Policy will require considerable amount of funding that is reliable. As has already been demonstrated through different policy and legal instruments for fiscal decentralisation, including setting up a Rwanda Local Government Support Fund (RLDSF), the GoR is committed to ensuring that whatever resources will be required to realize the policy are mobilized and availed on time.

The Government will mobilize funding from the following sources, besides existing public sources:

- (i) Community resources especially grassroots-based voluntary activities;
- (ii) Private investment in local development projects;
- (iii) Mobilizing and effectively aligning efforts of civil society organizations, including NGOs and faith-based organizations already involved in local development activities.
- (iv) Mobilizing traditional development partners, and interesting other partners through organizing regular round-table dialogue sessions;
- (v) Establish a sector wide approach mechanism for decentralization to ensure effective programming.

6.6 Monitoring, Evaluation and Learning (Knowledge Management)

A Comprehensive integrated monitoring and evaluation (M&E) system will be designed, with clear policy and results level indicators to enable monitoring and progress reporting. The M&E framework must take into consideration the different levels of reporting, the cross-sectoral nature of decentralisation activities, and be linked to the national (e.g. EDPRS)⁹ monitoring system to ensure that the lessons learned are used to inform policy reviews in related sectors. The system must accommodate local government and community level information needs. Citizens must have the opportunity to express their views on how decentralisation is progressing and particularly whether they are getting empowered as intended.

⁹ EDPRS= Economic Development and Poverty Reduction Strategy is a medium-term development strategy for eradicating poverty and ensuring economic development.

7. CONCLUSIONS

This Decentralization Policy, like the previous policy will be pursued to transfer authority to and increase autonomy of local governments to realize accountability, deepen citizens' empowerment and foster local ownership of development programmes. In pursuing this Policy, the Government reiterates the fact that decentralization enhances stability when it bolsters the authority and autonomy of lower-level officials who are better placed to understand and therefore respond to local challenges. Unlike a decade ago when decentralization was first rolled out, Rwanda now has a solid track record of implementation and the future is much clearer.

Decentralisation in Rwanda has introduced and is entrenching a culture of democratic participation, pluralist and consensus-based decision making and a genuine feeling of an empowered citizenry. Nevertheless, this is still at the beginning of real decentralisation, and this policy will serve as a guiding vehicle to achieve full decentralisation within the context of the country's governance and socioeconomic structure. Transforming the decentralized entities into fiscally autonomous and technically strong local governments is expected to be the biggest challenge. It calls for concerted efforts of all stakeholders.

In reviewing this Policy and setting new milestones for decentralisation, the Government of Rwanda recognizes the reality elsewhere and a possibility that the successes that decentralisation has registered can be reversed and the Policy processes stagnate if actors do not take time to regularly reflect and take stock of the process and direction it is taking. Continuously focusing on the future is what has made Rwanda succeed to-date, and it will continue to be the *modus operandi* in the implementation of this Policy.

Finally, the key performance measure for effective policy implementation will be the capacity of the Local Governments to plan, finance and deliver services to the citizens, and the citizens' ability to own their local governments (partly by way of paying taxes) and to hold their leaders accountable.