

TECHNICAL & FINANCIAL FILE

RWANDA DECENTRALIZATION SUPPORT PROGRAMME (RDSP): ENHANCING THE CAPACITIES OF DISTRICTS (ECD)

RWANDA

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THE BELGIAN
DEVELOPMENT COOPERATION **.be**

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ABBREVIATIONS

BTC	Belgian Technical Cooperation
BRD	Rwanda development Bank
BDC	Business Development Centres
CB	Capacity Building
CD	Capacity Development
CD	Compact Disk
CDCs	Community Development Committees
CSO	Civil Society Organization
DCBPs	District Capacity Building Plans
DSSP	Decentralization Sector Strategic Plan
DEL CO	Delegated Co-Manager of the Project
DBR	Development Bank of Rwanda
DDPs	District development plans
DCBP	District Capacity Building Plans
DIP	Decentralization Implementation Policy
DG	Directorate General
DGD	Directorate-General for Development Cooperation and Humanitarian Aid
DSWG	Decentralization Sector Working Group
DPSC	Decentralization Program Steering Committee
ECD	Enhancing the Capacities of Districts
EDPRS 2	The 2 nd Economic Development and Poverty Reduction Strategy
ETR	End-of-Term Review
FFDP	Fiscal and Financial Decentralization Policy
FDS	Financial Decentralization Strategy
GMO	Gender Monitoring Office
GiZ	German Development Agency
KfW	German Development Bank
GoR	Government of Rwanda
HR	Human Resources
HRM	Human Resources Management
ICT	Information Communication and Technology

ICP	Indicative Cooperation Programme for the Rwandan-Belgian development cooperation
IFMIS	Integrated Financial Management Information System, also called 'Smart Gov IFMIS'
JADF	Joint Action Development Forum
JSR	Joint Sector Reviews
LED	Local Economic Development
LG	Local Government
LGCCBP	Local Government common capacity building priorities
LGI	Local Government Institute
LODA	Local Administrative Entities Development Agency
LCF	Local Competitiveness Facility
LGCCBP	Local Government Common Capacity Building Plan
LLG	Lower level Local Government (such as the 'sectors' within each 'district')
LOCATI	Local Competitiveness training Initiative
M&E	Monitoring and Evaluation
MIFOTRA	Ministry of Public service (Ministère de la fonction publique et du travail)
MINAGRI	Ministry of Agriculture and Animal Resources
MINALOC	Ministry of Local Government (Ministère de l'Administration Locale)
MINECOFIN	Ministry of Finance and Economic Planning
MTEF	Medium Term Expenditure Framework (sometimes also called MTBF : Medium Term Budget Framework)
MTR	Mid-term Review
NCBS	National Capacity Building Secretariat
SNV	Netherlands Development Organization
OAG	Office of the Auditor General
OSC	One Stop Centres
O&M	Operation and Maintenance
PACA	Participatory Assessment of Competiveness Advantage
PBG	Performance Based Grants
PME Division	Planning, Monitoring and Evaluation Division of LODA
PFM	Public Finance Management
PSF	Private Sector Federation
PS	Permanent Secretary

PIZ	Provincial Industrial Zones
PPD	Public Private Dialogue
PPP	Public Private Partnerships
RALGA	Rwanda Association of Local Government Authorities
RCA	Rwanda cooperative Agency
RDB	Rwanda Development Board
RDSF	Rwanda Decentralization Strategic Framework
RDSP	Rwanda Decentralization Support Programme
RGB	Rwanda Governance Board
(M)SME	(Micro) Small Medium Enterprises
RRA	Rwanda Revenue Authority
RPPA	Rwanda Public Procurement Authority
RWF	Rwandese Franks
SA	Strategic areas
SC	Steering Committee
STE	Short Term Experts
SP	Sub Programme
SPIU	Single Project Implementation Unit
TA/NTA	Technical Assistance/National Technical Assistance
ToT	Train of trainers
TVET	Technical Vocational Education & Training
ToR	Terms of Reference
TFF	Technical and Financial File
WB	World Bank

EXECUTIVE SUMMARY

Decentralization has been a key policy of the Government of Rwanda (GoR) since May 2000 when the National Decentralization Policy was adopted. A third phase of decentralization (2011 to 2015) is currently being implemented. This current phase focuses on consolidating past achievements in governance and service delivery, and on scaling up local economic development (LED).

The Governments of Rwanda and Belgium have agreed that decentralization will be a key focus sector of development cooperation within the framework of the ICP 2011-2014. The ICP and the subsequent identification and formulation phases identified and validated that the Rwanda Decentralization Support Programme (RDSP) will be delivered through a coordinated and integrated programmatic approach with two strategic interventions focusing on:

1. Institutional strengthening and enhancing capacities at the national and sub national level (RDSP-ECD)
2. Support to the implementation of District Development Plans (DDPs) with a focus on LED (RDSP-DDP)

The three strategic areas for the programme are 1) capacity building, 2) LED and 3) sector coordination. An amount of 16.5 million € is foreseen as support to institutional strengthening and capacity building and 11.5 million € is foreseen to support to the implementation of DDPs. The support to institutional strengthening and capacity building will precede support to the DDP (fiscal transfers) to ensure that the RDSP has an opportunity to establish basic capacity building strategies before grants are transferred to LG through the second intervention.

The duration of the programme will be for 4.5 years including a 6 month preparation phase.

The General Objective of the RDSP is:

“To sustainably enhance the capacity of Local Governments to deliver services and to support an enabling environment for LED in respect of best governance practice”

The Specific Objective (SO) for the RDSP is:

“The efficiency and effectiveness of decentralization sector capacity building is sustainably enhanced at national and sub-national levels including LG capacity to develop an enabling environment for Local Economic Development”

The RDSP-ECD results will be:

1. Local Governments are supported through Locally Driven, Coordinated and Evidenced Based Capacity Building;
2. LGs capacity to plan, implement and sustainably manage capital development services and local economic development is enhanced;
3. Inclusive participation and Equality are strengthened in key decentralization processes;
4. The effectiveness of sector coordination mechanisms is enhanced through support to policy analysis;
5. Lessons learnt on capacity development and LED contribute to an evidenced based policy framework for decentralization;

In delivering the results, the RDSP will take a double track approach of supporting current strategies of MINALOC, its agencies and LGs, while at the same time supporting innovative LED pilot programmes and evolving organizational capacity development within the sector. While support to capacity building

will be delivered throughout the timeframe of the intervention, it has been proposed that financial support to the DDPs will be provided over a period of two years to avoid the fragmentation of resources. Belgium will actively participate in and support the decentralization sector coordination mechanisms and work closely with all relevant government and development partner stakeholders. Belgium will sign a joint memorandum of understanding with the Government of Rwanda and existing development partners supporting LODA and LED transfers to the LGs (KfW and the Embassy of the Netherlands). This will enhance coordination in development partner's support and strengthen aid effectiveness in the sector.

Capacity development will be delivered through supporting and strengthening existing capacity building strategies of the sector institutions combined with a mix of long term and short term technical assistance. The RDSP will be anchored at national and subnational levels. The Programme Coordination Unit (PCU) will be based in the MINALOCs Single Programme Implementation Unit (SPIU) with technical assistance anchored in RGB and LODA. RALGA will also receive managerial and technical support. At the subnational level, a specific focus will be on the implementation of innovative LED pilot initiatives through a Local Competitiveness Facility and significant capacity development resources (financial, human and material) have been allocated for this purpose.

As referred to above, learning lessons from both successes and challenges during the RDSP implementation will be an important aspect of the support. It is expected that lessons learnt will focus on: decentralization capacity building processes, focusing on improved results in terms of organizational performance; local ownership of demand driven capacity building; and, strengthening complementarities in public and private sector roles in LED.

ANALYTICAL RECORD OF THE INTERVENTION

Title of the intervention	Enhancing the capacities of Local Governments to deliver services and to implement their local economic development
Intervention number	NN 3014042
Navision Code BTC	RWA 13 089 11
Partner Institution	Ministry of Local Government (MINALOC) Rwanda Governance Board (RGB) Local Administrative Entities Development Agency (LODA) Rwanda Association of Local Government Authorities (RALGA)
Length of the intervention	54 months for implementing (72 months from the signing of the Specific Agreement)
Date of the intervention	Start FY 2014
Contribution of the Partner Country	1.427.473 € estimated ¹
Belgian Contribution	16.500.000 Euros
Sector (CAD codes)	15112 – Government and civil society – Decentralization 15110 – Government and civil society – Public Politics and administrative management
Brief description of the intervention	Support to decentralization process, to capacity building, to local economic development. Support to enhanced ownership and participation.
General Objective	To sustainably enhance the capacity of Local Governments to deliver services and to support an enabling environment for LED in respect of best governance practices.
Specific Objective	The efficiency and effectiveness of decentralization sector capacity building is sustainably enhanced at national and sub-national levels including LG capacity to develop an enabling environment for Local

¹ The Contribution of GoR comprises cash and in kind counterpart

	Economic Development.
Results	<p>Result 1: Local Governments are supported through Locally Driven, Coordinated and Evidenced Based Capacity Building</p> <p>Result 2: LGs capacity to plan, implement and sustainably manage capital development services and local economic development is enhanced</p> <p>Result 3: Inclusive Participation and Equality are strengthened in key decentralization processes</p> <p>Result 4: The effectiveness of sector coordination mechanisms is enhanced through support to policy analysis</p> <p>Result 5: Lessons learnt on capacity development and LED contribute to an evidenced based policy framework for decentralization</p>

1 SITUATION ANALYSIS

1.1 Decentralization

1.1.1 The Policy Context for Decentralization

Decentralization is enshrined in Rwanda's Constitution (Article 167) that reiterates that decentralized entities are the foundations of community development. The law determining the organization and functioning of the City of Kigali and the law determining the organization and functioning of the districts gives full effect to the decentralized functions, which buttresses efficient and effective service delivery and local development.

Decentralization has been a key policy of the Government of Rwanda (GoR) since May 2000 when the National Decentralization Policy was adopted. The main thrust of the policy was to ensure political, economic, social, managerial, administrative and technical empowerment of local populations to fight poverty by participating in the planning and management of their development process. The decentralization process is considered by the Government of Rwanda as an important mechanism to achieve economic development and poverty reduction, and all Millennium Development Goals (MDG). It is also a way to rebuild trust, give local people greater voice in the affairs of the state, increase transparency and maintain political stability—all of which were vital in post genocide Rwanda.

The government has phased the implementation of decentralisation in the country into three periods. The first phase (2001 to 2005) of the process stabilized democratic and community development structures at the District level and was accompanied by a number of legal, institutional and policy reforms, as well as democratic elections for local leaders which took place between 1999 and 2003.

The second phase (2006 to 2010) was conceived after a territorial restructuring in 2005, which considerably reduced the number of administrative entities (from 11 to 4 provinces, 106 to 30 districts, 1545 to 416 sectors, and 9165 to 2148 cells), and aimed at consolidating progress on national priorities, such as Vision 2020, and deepening the decentralization process by enhancing effectiveness in service delivery to communities.

The Rwanda Decentralization Strategic Framework (RDSF), adopted in August 2007, provided the basis for furthering the decentralization process from 2008 to 2012 in a comprehensive and coordinated manner. The RDSF outlines six Strategic Areas (SAs) to boost the decentralization process and further empower local government authorities. The six strategic areas are:

- Legal framework and Sectoral Decentralization
- Service Delivery
- Fiscal and Financial Decentralization
- Capacity building
- Local Economic Development
- Volunteerism, Participation, Accountability and Democratization

A third phase of decentralization (2011 to 2015) is currently being implemented. This new phase focuses on consolidating past achievements in governance and service delivery, and on scaling up local economic development. The Government's template for this phase is the Five year Decentralization Implementation Programme (DIP), which builds on the RDSF strategic areas, which are considered as key for further development of the Rwanda Decentralization agenda.

There are currently two major new strategies impacting on decentralization going forward, namely, the

recently released Economic Development and Poverty Reduction Strategy II (September 2013) and the Governance and Decentralization Sector Strategic Plan (2013/14 – 2017/18) which is still in the final stages of approval prior to formal adoption².

1.1.2 Decentralization and the Economic Development and Poverty Reduction Strategy (EDPRS 2)

The Economic Development and Poverty Reduction Strategy (EDPRS 2) is the medium term plan for achieving Vision 2020 and the Millennium Development Goals, covering the period from 2013 to 2018. EDPRS 2 aspires to attain a better quality of life for all Rwandans through a combination of rapid economic growth of 11.5% per annum and accelerated poverty reduction to a poverty level of below 30% by 2018. The strategy is underpinned by 4 key thematic priority areas. These are:

- Economic Transformation
- Rural Development
- Skills development and Youth employment
- Accountable Governance

Under EDPRS 2, the focus for decentralization is on the following strategic areas:

- building fiscally stronger Local Governments through locally owned Local Economic Development (LED) strategies;
- deepening participatory, democratic and accountable local governance systems ;
- building capacity for effective local service delivery and ensuring efficient services delivery through further sectoral decentralization;
- leveraging regional integration to expand opportunities for youth employment creation, local economic empowerment, cross-border trade and security ;
- consolidating national unity, cohesion and peace through resilient, synergetic local systems;
- using ICT to deliver services efficiently and effectively, increasing citizen's empowerment through participation, as well as promoting transparency and accountability.

In addition, the EDPRS 2 also points at the need to strengthen the mainstreaming of crosscutting issues in all sector strategies and district plans. These include capacity building, environment and climate change, gender and family, and HIV/AIDS and non-communicable diseases.

The Decentralization Sector largely contributes to Accountable Governance theme of EDPRS 2 (2013 - 2018); however, it cuts across all other thematic areas and provides an enabling environment to all other thematic areas. The table below shows how the Decentralization Strategy will contribute to all the thematic areas of EDPRS 2. As such, the decentralization policy has to contribute to the EDPRS 2 goals through improved service delivery and sustainable LED.

1.1.3 Decentralization and the Governance and Decentralization Strategic Plan (2013/2014 – 2017/18): Signposting the way forward

Although the Governance and Decentralization Sector Strategic Plan (2013/14 – 2017/18) has not been formally adopted, the most recent draft available indicates that the focus for the decentralization sector over the period 2013/14-2017/18 will be as described hereunder.

² The "revised" strategy have no major impact on the content on the DIP

Thematic Outcome of EDPRS II	Sector Priority (DIP key area)	Sector Outcome
Accountable governance	Legal Framework and Sectoral Decentralization	Coherent and harmonised decentralized structures, policy guidelines and laws to improve the effective implementation of decentralization.
		Sectoral Ministries, Departments and Agencies operational frameworks harmonized with decentralization policy and principles.
Rural Development, Accountable Governance	Service Delivery	Increased efficiency and effectiveness in service delivery by Local Governments
Economic Transformation, Rural Development, Accountable Governance	Fiscal and Financial Decentralization	Efficient and financially autonomous Local Governments for sustainable development are enhanced.
Rural Development, Accountable Governance	Capacity Building	Capacity building interventions are harmonized, well-coordinated and demand driven to address local needs.
Economic Transformation, Rural Development, Youth employment and productivity	Local Economic Development	Creating vibrant local economies that are attractive to investments and skills
Accountable Governance	Volunteerism, Participation and Accountability	Enhanced volunteerism, bottom up accountability and Citizens participation and democratization

Table 1 Thematic Outcomes of EDPRS II linked to sector outcomes expected from the DIP

1.1.3.1 Legal Framework and Sectoral Decentralization

The challenges of the legal framework and sectoral decentralization lie in 2 aspects:

Decentralization has resulted in a large number of responsibilities being devolved to Local Governments, specifically district level that has resulted in district structures being overstretched. The next phase will see amendments to the legal and regulatory framework that will allow for further delegation of activities to sub-District entities, particularly cell and village level. The intention is to give time and space to Districts to execute what is retained at their level, while effectively planning, monitoring, supporting and coordinating the lower levels of local government (sectors, cells, and villages). This will require adjustments in LGs organizational structures, roles and functions, staff numbers and functional linkages between Central Government and Local Government.

Sectoral decentralization is being undertaken differently depending on the sector and specific service or function. Some sectoral agencies have established direct presence at district levels, but others have

not integrated into LG systems. Sector ministries are to be provided with guidance on decentralization and how to effectively integrate into the LG system. The most critical issue in sectoral decentralization is that decentralized mandates are fully financed with matching fiscal transfers from the central government; otherwise services cannot be effectively delivered by the LGs.

1.1.3.2 Service Delivery

Service delivery quality is closely linked to feedback through mechanisms such as the Rwanda Governance Scorecard and Rwanda Citizen Scorecard. The Rwanda Seven years Government programme (2011-2017), launched by the Office of the Prime Minister (October 2010) has set a target of service delivery satisfaction at 80%. According to the 2012 governance scorecards³, service quality are steadily improving (a progress of 4% was observed in the period 2010-2012). Further improvements are to be achieved through institutionalizing the use of citizen report cards and community score card mechanisms, and developing service delivery charters for decentralized services. The goal is also to improve service delivery through further modernization of how services are delivered, linked to the use of Information Communication Technologies (ICTs).

1.1.3.3 Fiscal and Financial Decentralization

There have been significant improvements in financial capacities at district level with earmarked transfers increasing from RwF 38.9 billion in the FY2006/07 (equivalent⁴ to 41,4M€) to RwF 102.6 billion in the FY 2010/11 fiscal year (equivalent to 109M€). 10% of the annual State budget is transferred to the districts through the Local Administrative Entities Development Agency (LODA). A full set of measures were taken in order to implement effectively the national policy, including a transparent and equitable transfer mechanism from the central government to the Districts. On average, the annual District budget amounts to RwF 10 billion (equivalent to 10.6M€), including local own revenue that still remains very low, especially in rural areas.

As an example, the following table shows the main sources of revenues for the district of Bugesera. The District budget is funded by five different sources, namely block grant (operating costs), earmarked transfers, own revenues, transfers from other GoR agencies and external grants. The District revenue generation amounts to 11.5 % of the district's total budget in 2012 - 2013. Earmarked funds make up the majority of district funds.

DISTRICT	FUNDING TYPE	2012/2013 BUDGET	2013/2014 BUDGET	2014/2015 BUDGET
Bugesera	Total	10,536,814,376	10,124,074,957	10,838,593,122
1	Block Grant (Districts)	1,068,889,098	1,269,195,749	1,480,657,436
2	Earmarked Transfers (Districts)	5,938,930,242	7,025,649,354	7,445,737,173
3	Own Revenues	1,214,783,429	737,043,429	805,759,981
5	Transfers from other GoR Agencies	1,602,479,415	867,188,387	881,124,004
8	External Grants	711,732,192	224,998,038	225,314,528

Source: Budget framework paper, MINECOFIN 2012

Table 2: Main sources of revenues for the district of Bugesera.

The institutional processes were also strengthened including the use of integrated financial management system to prepare and execute the budget of local governments in 2010/11. In the 2012/2013 fiscal year, government put an end to inter-entity transfers and all funds for activities to be

³ The Rwanda Governance scorecards 2012 were published in August 2013

⁴ Rate march 2014

spent in districts are to be transferred directly to Districts.

Despite these achievements, there is still a need to address a set of issues with the view to providing Local Governments with adequate resources. In that respect, a new Fiscal Decentralization Strategy (FDS) was adopted in May 2011. Specifically, this strategy aims at consolidating the inter-governmental fiscal transfer system, increasing revenue mobilization by LGs and strengthening local capacity in planning & financial management and financial control at all levels.

1.1.3.4 Participation, Accountability and Democratization

Participation is a key component of the decentralization policy in Rwanda. Since 2001, Rwanda has been promoting citizen participation by establishing multi-actor platforms called Joint Action Development Forums (JADF). JADF are used for planning and monitoring, promoting cooperation and mutual accountability between the private sector, civil society and the public sector to advance development at the local level. In 2007, after initial small scale experiences in some districts, JADF was made official policy.

JADF is now installed in all 30 districts and 416 sectors of Rwanda. JADF has helped to distribute activities better, avoid duplication and make development interventions more effective and efficient. Various organizations – most notably the Rwanda Association of Local Government Authorities (RALGA) and the Netherlands Development Organization (SNV) – have supported the set-up and functioning of the JADF. However, JADF's organizational capacity requires further support.

JADF still has limitations in terms of coordination, cooperation and funding. The civil society and private sector are under-represented or fail to participate meaningfully. There is a need to strengthen its capacity in some areas such as LED and to further promote local partnerships among the private sector, civil society and the public sector.

A lot of other instruments for information, transparency, participation (planning process), accountability (performance contracts and scorecards) and partnership have been developed in Rwanda both by Rwanda Governance Board and by line ministries. It is still necessary to reinforce integration of such instruments for improved efficiency and effectiveness, without hampering independence of each institution approaches.

Sense of participation in decision making and accountability mechanisms still need to be reinforced.

All those crucial elements of good governance will be addressed essentially through an innovative Local Economic Development approach in the Intervention and the role of RALGA.

An analysis of Capacity Building and Local Economic Development is made in section 1.2 and 1.3.

1.1.4 Role players and Mandates in the Decentralization Sector

The institutional framework of decentralization in Rwanda is based on an “agency-model” which includes the transfer of responsibilities for policy implementation to agencies affiliated to the Ministry of Local Government (MINALOC).

1.1.4.1 MINALOC

MINALOC is the ministry in charge of the decentralization reform implementation. As such, it has a responsibility to steer and coordinate the decentralization process within government institutions and to ensure appropriate involvement of key stakeholders, such as development partners, and representatives of local governments and the civil society. It chairs the Decentralization Programme Steering Committee (DPSC) and the Decentralization Sector working Group (DSWG).

Regarding CB, MINALOC has the major role of establishing guidelines governing all the stakeholders in the CB of the decentralized entities. It is responsible for granting the necessary permissions to all the partners willing to intervene in the field of CB at the decentralized level.

MINALOC is therefore the institutional partner for the Belgian support to decentralization. MINALOC has several agencies under its oversight that are responsible for policy implementation: RGB and LODA.

1.1.4.2 Rwanda Governance Board

The Rwanda Governance Board was established in 2012 through the merger of the National Decentralization Implementation Secretariat and the Rwanda Governance Advisory Council. It was created to promote the principles of good governance and decentralization, to monitor the practices of good governance in public and private institutions, and to conduct research related to governance to achieve good service delivery and sustainable development.

RGB has been given a role in the follow-up of the Decentralization Implementation Program. The Decentralization Department in RGB serves as the DPSC's secretariat. RGB is also responsible for ensuring coordination of capacity building for local administrative entities.

The Belgian program will support RGB in its mandate to contribute to an effective implementation of the decentralization process. Support to RGB for monitoring the decentralization process, improving decentralized service delivery and promoting citizen participation & accountability will be considered. In particular, RGB will be a key partner with regard to CB activities.

1.1.4.3 The Local Administrative Entities Development Agency (LODA)

The LODA is a government fund under the supervision of MINALOC established by law that provides the financial support to local government development activities. LODA is managing funds from the government and development partners for the financing of District Development Plans (DDPs), through both capital investments and social protection programmes.

LODA is responsible for the application –and if necessary for the revision of the allocation mechanism for the multipurpose grant (non-earmarked transfers from central government) and for the sector grants passing through LODA (earmarked funds). These grants are currently based on a formula including 3 criteria: population, poverty incidence and geographical coverage. According to the Law, the funds have to be distributed equitably. The multipurpose grant is seen as an equalization mechanism to compensate fiscal disparities across sub national entities.

1.1.4.4 RALGA

The Rwanda Association of Local Government Authorities was legally registered in 2003 as a non-governmental organization (<http://www.ralgarwanda.org/about-us/article/statute>). As a membership organization, RALGA is mandated to represent and advocate for the interests of the LGs. The organization has played an active role in supporting Districts in gender mainstreaming, LED, voice and accountability and human resource development. It undertakes research, promotes experience sharing, and the adoption of tools and methods to capture best practices. In this way it assists the GoR to monitor policies and implement strategies in the decentralization sector.

RALGA has up until the current period been dependent on the support of Development Partners' (DP) to be able to implement its Strategic Plans. However, the institution plans to achieve its financial independence for greater sustainability.

1.1.4.5 District Councils

Districts are the principal entity in the decentralized administration. They are by law autonomous administrations. Their main mandate is to implement government policies, cooperate with the sector-level for the delivery of services and to work in the elaboration, coordination and implementation of development programs. Districts are often incorrectly viewed as implementing units from the central government perspective but at the local level their role is essential in the construction of the decentralization process. The centralistic view does not take due consideration of their legal

autonomy. Three organs compose the district politics: the District Council, the executive committee and the security committee. The executive committee is in charge of implementing the decisions taken while the Council monitors the executive committee activities. The executive secretariat manages the technical activities of the district in result of the decisions taken in the Council.

The districts use district development plans, district annual action plans and district performance contracts to organize the implementation program. The district development plans set the priorities and coordinate action between the different actors involved in development activities in the district. These plans are aligned to national level policies such as the Rwanda 2020 Vision, the EDPRS, and the MDG. The district annual action plan is a mechanism in which the approved annual budget activities based on the DDP are managed. The district performance contract (Imihigo) as stated previously is a tool used to increase performance with set goals to attain.

1.1.4.6 JADF

The Joint Action Development Forums (JADF) is a co-ordinating instrument for promoting inclusive development planning and monitoring, promoting cooperation among the private sector, civil society and public sector to advance development at the local level. It is designed to create an opportunity for people to participate in the local development process. JADF's mandate addresses issues such as gender equity, social inclusion of marginalized groups (including people living with HIV) and environmental sustainability. For improving their functioning in order to increase participation, engagement and accountability, JADF have established different thematic commissions including economic commissions.

1.1.4.7 Development Partners and Decentralization

There are a number of development partners involved in the area of decentralization, and the proposed intervention will need to harmonize with other DP interventions to ensure the most efficient and effective deployment of resources. The key Development partners and their current decentralization activities are shown in annex 7.7 The development partners whose activities most closely articulate with the RDSF are KfW, GIZ and the Netherlands. KfW have been providing financial support to districts for local infrastructure projects through LODA, and technical support with the view to improving the quality of local projects. GIZ have been providing support for District Capacity Building plans and support to Civil Society Organizations in order to increase citizen participation, and local government accountability. The Netherlands have contributed to the financing of local infrastructure projects through LODA and will continue to provide support for LED.

The RDSP will work closely with the above mentioned development partners through the Decentralization Sector Working Group (DSWG) and the development partner coordination structures. It is noted however that there is no formal development partner coordination mechanism for decentralization and hence no formal way to ensure common positions between development partners on policy and programmatic issues. This issue could be considered by BTC and other partners during the course of the intervention.

1.2 Capacity Building

1.2.1 LGCB strategy

Capacity building for local governments has been provided by a wide range of stakeholders (Central Government Ministries, development partners, etc.). However the interventions have been mainly limited to simple training, fragmented and uncoordinated.

In order to address the challenges faced with LGs capacity building, the Government of Rwanda approved a LGs capacity building strategy in January 2011. In this strategy, capacity development is understood as a process through which individuals, organizations and society obtain, strengthen and

maintain the capabilities to set and achieve their own development agenda. As such, Capacity Development is advanced through a comprehensive and holistic working approach, which shall be LG-driven to be effective and relevant.

The LGCB strategy aims to integrate effective approaches to assessing current capacities, identifying required capacities and investing in collaborative initiatives to capitalize upon and further develop capacities in a sustainable manner across the core work of LGs. In essence, the capacity development agenda is interwoven with the national development programs and future development plans across all sectors, and as such, realizing capacity gains will require investments that address issues of human, organizational, and institutional capacity.

This strategy aims at strengthening coordination among institutions dealing with capacity building, establishing capacity building quality assurance and standardization system, integrating a large diverse of CB approaches, addressing the issue of funding mechanisms for LG capacity building, and attracting, recruiting, retaining, and motivating a critical mass of technical and professional personal skills.

The third phase of decentralization should contribute to achieving the objectives of the LG capacity building strategy. The central government will be responsible for the quality of the overall process while local governments will have to define their specific capacity building needs and implement capacity building activities through different kind of modalities.

1.2.2 Roles and responsibilities of actors

LGCB is a complex process that involves multiple actors. In order to preventing encroachment of prerogatives among different actors, the LGCB strategy aims to clarify roles and responsibilities in CB processes.

1.2.2.1 MIFOTRA

MIFOTRA is the highest institution with powers to develop and decide CB policy. As such, it has developed a public sector pay and retention policy and implementation strategy. MIFOTRA is a key partner to develop and implement human resource development policies at district level.

1.2.2.2 MINALOC

MINALOC has the major role of establishing guidelines governing all the stakeholders in the CB of the decentralized entities. It is responsible for granting the necessary permissions to all the partners willing to intervene in the field of CB at the decentralized level.

1.2.2.3 NCBS

NCBS was assigned the tasks of guiding, facilitating and coordinating the implementation of CB interventions for the public sector, private sector and civil society. It has an overarching mandate that includes CB responsibilities for both the CG and LGs. In order to avoid overlaps with the RGB (see below), the overall supervisory responsibility over public sector CB has been entrusted to the NCBS while the RGB is specifically responsible for supervising the execution of the LGCB strategy implementation plan in close collaboration with NCBS.

The NCBS is already supported by the Belgian Cooperation through a specific intervention, and it will be a key partner in the implementation of the CB activities supported by the Program.

1.2.2.4 RGB

RGB was mandated to streamline implementation of the DIP for the 3rd phase of decentralization. Therefore, it oversaw the development of the LGCB strategy, the same way it supervises the implementation of this strategy. In particular, RGB has the following responsibilities: mobilizing LGCB funds and coordinating and advising on the implementation of capacity building. Its works within the

overall capacity building framework of the NCBS which aims to guide, facilitate and coordinate the implementation of capacity building interventions in both the public and private sectors.

1.2.2.5 LODA and RALGA

Other institutions that play a role in LGCB are LODA and RALGA. LODA have been provided with the mandate to build capacities of local administrative entities with legal personality within the scope of its mission (Law Nr 62/2013 Article 3.9 on the establishment of LODA). In line with this mandate, LODA have taken responsibility of LED capacity building in coordination with the RGB.

As the spokesperson for local governments, RALGA carries out advocating, lobbying and capacity building activities for its members. The organization intends to establish a “Local Government Institute” where it will work closely with MINALOC and its agencies in designing curricula and other tailor made courses for LG staff and officials. RALGA has been playing an active role in supporting Districts in gender mainstreaming, LED, human resource development and participation and partnerships mechanism (JADF).

1.2.3 Main developments

RGB (with the support of NCBS and development partners) have supported the development of District Capacity Building Plans (DCBPs) for each of the 30 Districts. The plans address the issue of capacity building in a very comprehensive manner by covering needs at different levels (individual, organizational and institutional). The 30 DCBPs have been consolidated into an overall report on Local Government Common Capacity Building Priorities (LGCCBP, 2013).

However, the financing and technical implementation of these plans remain a challenge. The report in its conclusions and recommendation (p 48) stated that “At organizational level, the analysis was made on mission and strategy, organizational structure, management systems and processes, monitoring and evaluation, financial management and auditing, procurement process, communication, documentation and records management, organizational performance, infrastructure management, human resource management, partnership and networking”. However no evidence is included in the report related to these important organizational assessment approaches, and it seems that organizational analysis was rather limited to the consolidation of the needs expressed by the LG staff interviewed.

Current proposals to establish a pooled fund at central government level (either through NCBS and/or RGB) runs counter-intuitive to the principle of LG owned capacity building⁵. CB grants have been well established in many developing countries and it is likely that the MINALOC may consider the decentralization of such grants in the future. Should such an opportunity arise, the RDSP will support MINALOC in undertaking this action aimed at strengthening demand driven and locally owned capacity building.

In accordance with the Local Government Capacity Building Strategy (2011) and its implementation policy (2012), the Rwanda Governance Board (RGB) developed with NCBS support a coaching program to develop skills and knowledge at the workplace in a number of priority areas like planning and work organization, PFM and LED. From November 2011 to August 2012 a pilot phase was conducted in 10 districts with an appropriate monitoring by the Rwanda Association of Local Government Authorities (RALGA) in order to draw key lessons and identify best practices. A full-fledged coaching program has been developed on planning and PFM and will start in the FY 2013-2014 with UNDP and GIZ support.

⁵ It is important to note that a pooled fund cannot facilitate transfers to districts as all transfers must be made through MINECOFIN with the exception of special dispensation given to LODA

Additional support is needed to implement the Strategy, to develop or adapt LG CB Plan and tools and to manage their implementation in a monitored and coordinated way.

Recently, the NCBS (October 2013)⁶ have completed its CB annual Report which gives an update of the decentralization sector capacity needs assessment at the institutional, organizational and individual levels :

- The assessment at institutional level was focused on policy and legal framework, governance and partnership. It was found that there is limited awareness of policies with employees at Ministerial, and implementing Agencies. A major policy issue shared by most interviewed is the design issue, relating to the nature of the relationship between the Centre and the decentralised units of government (commonly referred to as sectoral decentralization⁷). As presently designed, the Ministry of Local Government is responsible for decentralisation, but without the clout to coordinate the activities of line ministries with regard to those activities that find expression at the district level.
- At the organizational level, capacity needs assessment was focused in the Mission and Vision; Organizational Structure; Financial management and Auditing; Procurement Process; Planning and budgeting; Monitoring and Evaluation; Human Resource Management; Performance Management; ICT, communication, Documentation and Records management; Infrastructure Management and Transparency and Accountability.
- Highlighted individuals skills that are needed include: knowledge in community development & participatory planning; economic development; fiscal decentralization; ICT for community development; economics; evidenced based planning and statistics; local governance and planning; integrated development planning ,M&E framework; Local economic development; rural development; project management, social economics, political science; research and policy development.

1.3 Local Economic Development

1.3.1 LED Policy Paradigms and Alignment

Local Economic Development has been given a strong emphasis in the 3rd phase of decentralization (2013 -2018) with local governments being given a central role to plan and implement Local Economic Development (LED) in partnership with the private sector and civil society.

Policy direction on LED has been set out in the recently approved National Strategy for Community Development and Local Economic Development (Jan 2013) whose key orientation is to bring the policy and practice of community development and Local Economic Development (LED) under a single policy objective namely:” To promote inclusive local socio-economic development and poverty reduction in Rwanda”. Given the specific Rwandan context, the policy attempts to grapple with the often conflicting paradigms of community development and Local Economic Development. To deal with this dilemma, a conceptual framework has been developed based on 3 pillars as set out in detail in the Table A below, namely: (i) Community Development, (ii) Local Economic Development and (iii) Support Systems for Community Development and Local Economic Development.

Drawing on international practice, LED’s purpose in the policy is defined as “to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by

⁶ Five Year Capacity Building Plans for Selected Public Institutions 2013-2018

⁷ Sectoral Decentralization is one of the key issues to be addressed under Result 1 of the RDSP

which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation”.

LED is further described as a process by which local actors within a defined territory “get together to (i) analyse their economy,(ii) establish where its competitive advantages lie, and (iii) take actions to exploit business opportunities and improve the environment for business within the locality.”

The policy is oriented towards both market led (Value Chains, Business Enabling Environment) and pro-poor approaches (Participation of Women, Children and socially marginalized groups).

PILLARS	STRATEGIC OBJECTIVES	OUTPUTS	
Community Development	1. Enhance community empowerment and citizen participation	OP 1.1	Decentralisation process Deepened
		OP 1.2	Increase Local Community Empowerment
		OP 1.3	National and Local Community Development Agendas are set and understood by the community
Local Economic Development	2. Improve local capacity for sustainable economic growth through MSME growth and job creation	OP 2.1	Awareness and Buy-in of Stakeholders is achieved and Capacity Building for LED is developed and implemented
		OP 2.2	Districts are LED-ready: Business Enabling Environments are enhanced
		OP 2.3	Participation of women, youth and other socially marginalised groups in LED are promoted
		OP 2.4	Develop and deepen the Value Chain approaches to strategic economic sectors
		OP 2.5	Secure sustainable sources of funding for LED
Support Systems for Community Development and LED	3. Enhance Human Capital and skills	OP 3.1	The institutional framework for skills development is enhanced
		OP 3.2	Community capacity and skills are enhanced
	4. Develop appropriate economic infrastructure and ICT	OP 4.1	Infrastructure to support LED and CD is improved
		OP 4.2	National policies for rural and urban settlement are implemented
		OP 4.3	Effectiveness of Information and Communications Technology (ICT) infrastructure, skills and use are enhanced
	5. Increase service delivery in public and private sector	OP 5.1	Partnership in service delivery between Lgs and communities is improved
		OP 5.2	Transparency and accountability strengthened and Citizens participate to express views on local services
	6. Ensure a coordinated policy institutional and regulatory framework for CD and LED	OP 6.1	Current national policy, institutional and regulatory frameworks are examined and adjusted for consistencies and inconsistencies with the National Strategy and Action plan for CD and LED
		OP 6.2	Coordination framework for implementing the national strategy for CD and LED is established and supported

		OP 6.3	Participation and partnership in Planning, Implementation, Monitoring & Evaluation of LED and CD is promoted
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Table 3 : Schema: Rwandan National Community and Local Economic Strategy (January 2013)

The **Governance and Decentralization Sector Strategy 2013/14 – 2017/18** (version of September 2013) notes the progress that has been made in LED during the second phase of decentralization through various national initiatives in both social protection and infrastructure initiatives. The policy acknowledges that these “LED” initiatives were nationally defined initiatives, and calls for “the coordination of the different activities at local level to be improved”. The policy laments the inadequacy of tools “to do participatory diagnosis, identify opportunities for private and public investment, formulate plans of action and develop partnerships to take up these opportunities and help establish mechanisms to link investors to financial institutions and business development services”. Outcome 6 for LED is described in the draft strategy as “Creating vibrant local economies that are attractive to investments and skills”. The policy defines 5 outputs related to LED:

- Community and Local Economic Development strategy is developed and implemented;
- LED action plan for each District is developed and implemented,
- Public-private partnerships to attract, retain and facilitate private capital investments especially in rural areas and strategic sectors are promoted,
- Access to finance forums are established and operationalized in Local Governments
- Local development, land use and settlement planning is integrated and coordinated

The revised **Decentralization Policy** (2012) marks a growing shift towards a market led approach to Local Economic Development.

The Decentralization policy defines LED policy actions:

- Districts to identify their “resource endowments” and profile them for investors
- The development of District Local Economic Development Strategies including specific programs and action plans;
- Local entrepreneurship and youth employment creation by providing opportunities (e.g. maintenance work)
- Build local infrastructure capacity, including Information and Communication Technologies (ICTs) in all districts
- Promote public-private partnerships to attract private capital investments especially in rural areas and strategic sectors;

The recently adopted **Economic Development and Poverty Reduction Strategy 2013 -2018** (EDPRS 2 – September 2013) marks an even greater shift to market led responses to drive growth and poverty reduction in Rwanda. The strategy defines a number of key priorities in each theme that have significant implications for LED policy and practice in Rwanda at district and local level going forward.

In terms of the Economic Transformation thematic priority, and as part of Priority 1: increasing the domestic interconnectivity of the Rwandan economy, Outcome 1.3 is defined as “Increased private sector investment targeted at strengthening value chain inter-linkages”. The Strategy calls for increased inter-linkages between large firms and suppliers in priority sectors. This includes encouraging the private sector to invest in the Agro- processing sector and for the establishment of a

grants based “ Business Linkages Challenges Fund ” to be established to support large businesses to strengthen linkages with SMEs”⁸. The strategy also calls for a supplier development programme in the hospitality, tourism, retail, construction services, agribusiness and mining sectors led by the RDB to be established.

Under the Economic Transformation theme, Priority 4 is described as: Transforming the economic geography of Rwanda by facilitating urbanization and promoting secondary cities (Huye, Muhanga, Musanze, Nyagatare, Rubavu, Rusizi) through hard and soft infrastructure, and strategic economic projects.

In the Rural Development thematic, under Priority 2, “Increasing the productivity of Agriculture”, the strategy identifies the need to increase productivity of agriculture by connecting farmers to agribusiness through contract farming, nucleus estate farming and consolidated land rental model.

Under the Productivity and Youth Employment Theme, Priority 3 aims to “stimulate entrepreneurship, access to finance and business development by increasing off farm employment, productivity and new job creation driven by the private sector”. The policy envisages integrated business development services linked to grants and loans, and a greater role for Business Development Centres (BDC) at the district level in providing business incubation, training and mentorship. As part of Outcome 3.3 Better Linkages between large firms and small firms, the policy envisages interventions to “establish supply chain linkages between large firms and local MSMEs”.

1.3.2 Current LED Actors and practice

Given its multi-stakeholder and multi-faceted dimensions, there are many actors that could be said to be engaging in LED in one form or the other. But in terms of agencies with a specific mandate to promote LED at the district level in Rwanda currently, these are the Rwandan Local Development Support Fund (LODA i.e. ex-RLDSF) and the Rwandan Association of Local Government Authorities (RALGA).

1.3.2.1 LODA

The LODA has a specific mandate in LED, and the transfer of funds to districts for local economic development is now a key element of the work of LODA, which is carried out by the LED Division.

The 5 year LODA Strategic Plan (2012 – 2017) identifies the LED Strategic Objective (SO3) as: Local Economic Development is advanced in all sectors and local development is coordinated to achieve strong economic capacity.

The specific results and outputs identified around the LED Division are as follows:

- Co-ordinating the implementation of the National LED strategy through establishing structures including a National LED steering committee, and LED Technical committees at district level.
- Capacity building materials to be disseminated and LED facilitators to be selected and trained to implement capacity building at the local level and with non-government organizations.
- Promote local government access to private financing, including through the development of public-private partnerships.
- Facilitate districts to develop their own plans and budgets and to identify key partners so as to improve awareness of LED and buy-in from communities

⁸ P.22

- Development projects to be financially and technically supported in Districts and the City of Kigali to enhance Local Economic Development
- Improve monitoring and evaluation, including through revising regulatory instruments and assessing institutional effectiveness
- Developing partnerships with institutions that promote LED expertise in order to improve the available human capital for LED
- The creation of urban local governments to address the specific needs and development of towns within districts
- Implementation of ICT deployment and sensitization coordinated.

Results	Outputs
National LED Framework is operational	Policies and regulations to support LED are revised.
	LED (National) Steering Committee is established
	LED technical Committees established
Promote local government access to private financing (PPP)	LG financing leverage increased through private financing
	Strategy for public-private partnerships implemented
	Job creation mechanisms developed and implemented
LED Capacity is Strengthened	LG Capacity for LED is enhanced
	LED Capacity for Non- government sector LED actors is enhanced
District Plans developed	District LED potentialities identified
	District LED plans implemented
Developing partnerships with institutions that promote LED expertise	LED partners in districts identified
	Human capital to support LED improved
The creation of urban local to address the specific needs and development of towns within districts,	No of Urban LGs created
Socio-Economic infrastructure Projects supported	No of socio economic projects supported

Table 4: Schema from 2012-2017 LODA Strategy: LED Division

A significant portion of the LED Division’s budget is allocated to the funding of capital development projects. These are in the main socio-economic projects that relate to the following sectors and typologies: Agriculture and Livestock, Energy, Water and Sanitation, Studies and projects supervision, Income generating projects, Administrative Infrastructure, Education Infrastructure, Health Infrastructure, Transport Infrastructure and Environment Protection based on LED potentialities

The key focus of the LED division in the foreseeable future will be to continue to support basic infrastructure development. The LODA has however also begun to fund “income generating” projects identified by districts including enterprise infrastructure such as abattoirs, shopping malls linked to modern markets. Although this public sector driven approach to enterprise development has been

challenged in the revised Decentralization Policy of 2012, there is still a strong perspective from public officials that districts should continue to invest in enterprise infrastructure to “show the private sector what is possible”.⁹ The current practice then involves leasing the facility to a private sector operator through a public procurement process and contract.

Experience from both South Africa and Ethiopia indicates that the direct financing of enterprise infrastructure that is then owned and managed by Local Government or the respective implementing sector departments has seen very poor results in terms of both commercial sustainability or the utilization and maintenance of the facilities. There are numerous problems with the model that relate to market feasibility, the absence of private sector risk and ownership, and the location and specifications of the infrastructure. In many cases the investments prove to be white elephants that in effect constitute “wasteful and fruitless expenditure”. An alternative approach would be to look at an instrument that involves mitigated risk sharing on the part of the private sector. This will be an important element of the proposed LED LCF pilot intervention going forward.

This approach will provide a specific fund instrument to address a number of areas requiring strengthening in LED approach and practice, which have been identified in approved national policy, strategies and plans, including amongst others:

- The lack of practical tools to identify opportunities for private and public investment or to develop partnerships to take up opportunities as defined in the Decentralization Implementation Plan and the specific formulation of output 6.3: *“Public-private partnerships to attract, retain and facilitate private capital investments especially in rural areas and strategic sectors are promoted”*;
- The emphasis on the creation of employment and wealth by private enterprises and productive public-private partnerships as defined in the Rwanda National Strategy for Community Development (CD) and Local Economic Development (January 2013). This is given specific effect in Output 2.5:

Sustainable Sources of Funding for LED is secured with respect to:

- *2.5.2 Public-Private Partnership is enhanced;*
- *2.5.3 Investment in LED interventions improved through public- private partnerships.*
- The priority placed in the Rwanda Economic Development and Poverty Reduction Strategy EDPRS 2 (September 2013) on the development of the private sector, particularly with regard to the promotion of off farm enterprise development and job creation. In this regard, the strategy identifies the need to promote partnerships between larger established private sector enterprises and small firms (SMMEs/Co-operatives) through inclusive Supply and Value Chain development in various economic sectors including agro-processing, tourism, manufacturing, industry and services.

1.3.2.2 RALGA

RALGA has already begun developing training modules to be applied in Rwanda. These modules shall be approved by MINALOC/LODA. The strategy for LED capacity building is a practical one. It includes development of capacity building manuals, development of “Train the Trainers” materials, and delivery of the initial sets of training programs for LED coaches and LED practitioners as well as LG authorities. RALGA has produced an LED Quick guide for LED districts and practitioners which covers LED in the Rwandan context, an Understanding of LED, based on the Hexagon of LED (Mesopartner, 2005),

⁹ District informant on Formulation Team visit to Muhanga 27th September 2013

Strategy development, Participatory Appraisal of Competitive Advantage (PACA) (Mesopartner) LED Strategy and Monitoring and Evaluation.

In the field of LED, RALGA also organizes an annual inter-District competition to encourage members to initiate and participate in development ventures through the models and examples shared. The theme of RALGA's 4th Innovation day in 2012 was Local Economic Development. The focus was on innovative interventions by districts in order to enhance the local business enabling environment and foster local economic development. A Local Government Innovation Magazine produced in 2013 highlighted the 5 LED best practices identified.

RALGA has also established Technical forums as a means of promoting peer learning amongst districts. The focus has been on the technical posts of Executive Secretary, finance and planning. RALGA intends to extend the forums to include Technical staff on LED. RALGA also organizes study tours as part of its peer learning methodology. However, the Role of RALGA in support to JADF whose economic commissions could be interesting fora for transparency, inclusiveness, equity, accountability and integration in a LED approach needs to be reinforced. These are areas that will be taken forward in Result Area 3 of the intervention.

1.3.2.3 Role of main Public Economic Agencies and Private Stakeholders

There are a number of public agencies in the economic sector that are not part of the decentralization sector, but will have an important role to play, particularly with the broadening of the focus to include private sector involvement and enterprise development.

1.3.2.3.1 Rwandan Development Board (RDB)

The RDB is the government agency charged with fast tracking economic development in Rwanda by enabling private sector growth. The scope of their work includes all aspects related to the development of the private sector. This involves working with and addressing the needs of companies of all sizes (large, SMEs) and both local and foreign investors. The Rwanda Development Board was set up by bringing together all aspects relating to investment including business registration, investment promotion, environmental clearances, privatization and specialist agencies which support the priority sectors of ICT and tourism as well as SMEs and human capacity development in the private sector.

According to an interview with the a senior official in the Rwanda Environmental Management Agency (REMA), the RDB also has the mandate to process all Environmental Assessment applications on behalf of both government and private investors..

The RDB has recently established Business Development Centres (BDS) and One Stop Centres (OSC) at the district level. These are decentralized entities, although the issue of their integration remains an issue still to be fully resolved according to their respective National Programme Managers. The intention of the Business Development Centres is to provide a range of services to SMEs including: Entrepreneurial Development Services, Business Registration, Business Advice and Counselling, IT Services, Business Information Services, Export Development Services, Tourism Information, Tax Advisory Services, Environment Compliance and Cleaner Production Services. The National Programme Manager for the Business Development Centres acknowledged that there were concerns with regard to the quality of the services being provided, which they had now arranged to be taken on by consultants on a fee basis, but this was still work in progress. .

One Stop Centres (OSC) have been established in Districts as an adjunct to the District Land Offices. As in the case of the Business Development Services, they have a matrix management process accounting to the Districts and the Department of Lands and Registration of Titles. Although the Kigali based One Stop Centres deal with a number of investment related issues with respect to processing of investment certificates, access to utilities, notary and environmental procedures, the One Stop Centre in the Districts outside of Kigali are largely restricted to land acquisition and construction permits

relating to residential housing developments. A Rwandan Development Board official indicated that although the intention was that the District One Stop Centres should deal with investors, there were reservations about sending investors out to the districts as often the land zoned for industrial and manufacturing development was largely unserved with utilities and often occupied.

1.3.2.3.2 Business Development Fund (BDF)

The Business Development Fund is an agency that was set up by the Development Bank of Rwanda (BRD) to deal with advisory function and guarantee fund facilities for SME development. The BDF provides a range of products and services. It has recently provided decentralized services through the BRD branches located in Musanze, Huye, Kayonza, and Karongi, as well as other banks, microfinance Institutions and Business Development Services (BDS).

It offers a variety of products and services including two categories of Guarantee Funds (Agriculture Guarantee Fund and SME Guarantee fund). The guarantee amounts range between a maximum of Rwf 150 000 for the SME and 500 million Rwf for the Agriculture Guarantee Fund.

The fund also administers a Matching grant through a Second Rural Investment Facility (RIF2) provided through the Ministry of Agriculture and Animal Resources (MINAGRI). RIF 2 is a grant program worth 10 million USD and its main purpose is to provide incentives for both financial institutions and for entrepreneurs to make productive investments in agriculture. RIF 2 provides a grant for a certain portion of an investment loan taken by a beneficiary to fund projects that represent investments along the agricultural value chain. Working capital or operating costs (e.g. fertilizer input costs or wages) do not qualify. There are 2 main categories of investments that qualify for RIF 2:

- Category I (Primary Agricultural Production): This includes investments such as machinery (e.g. feed mixers, traction equipment or irrigation equipment), construction of agricultural buildings (e.g. animal housing, breeding floors), land acquisition and improvements, storage facilities, transport facilities, etc. Project costs can be between RWF 1-50 million. Loans up to RWF 10 million receive a grant of 25% of the investment loan, while loans above this receive a grant of 20% of the investment.
- Category II (Processing of agricultural products): This category includes processing equipment, construction of processing facilities, etc. Project costs can be between RWF 2-150 million. Loans up to RWF 50 million will receive a grant of 25% of the investment loan, while loans above this will receive 20% of the investment.
- Category III (Agricultural support services): This category includes seed chain investments, extension services, capacity building (e.g. farmer training businesses), technical assistance (e.g. extension service business), etc. Project costs can be between RWF 2-150 million.

1.3.2.3.3 Rwanda Cooperative Agency (RCA)

Rwanda Cooperative Agency is a public agency that promotes, registers, regulates and supervises the development of the cooperative sector such as it serves its members equitably, efficiently and empowers them economically.

The mission of RCA is to highlight the importance of Cooperatives in the National economic development. In a large manner a policy document and a strategic plan have been designed to orient all actors who should ensure that Cooperatives become a viable tool for socio – economic development in Rwanda.

Indeed, the Government of Rwanda views Cooperatives as a potential vehicle through which the Cooperatives members could create employment and expand access to income-generating activities, develop their business potential, including entrepreneurial and managerial capacities through education and training; increase savings and investment, and improve social well-being with special

emphasis on gender equality, housing, education, health care and community development.

1.3.2.3.4 Rwandan Private Sector Federation – (PSF)

The Private Sector Federation - Rwanda (PSF) is an independent membership organization that promotes and represent the interests of the Rwandan business community. It was established in 1999, replacing the former Chamber of Commerce. It operates as a umbrella organization representing 9 sectoral chambers including Agriculture, Arts and Craft, Chamber of Industry, Chamber of Commerce, Chamber of Liberal Professions, Chamber of ICT, Chamber of Tourism, Young Entrepreneurs and women. It has committees at district level.

Its objectives are: To represent the interests of the private sector, dialogue with government on matters related to the improvement of business through the economic partnership forum, business promotion and development, promote entrepreneurship and business Growth, build private sector capacity

1.3.3 Comparative African Experience in LED

During the period 2004- 2011, the European Union (EU) undertook a significant programme in LED support in the South Africa¹⁰, designed to support the provincial Department of Economic Development and Tourism and a broad range of LED stakeholders to more effectively implement LED initially through 4 (and later through 10 districts) to achieve equitable economic growth in the province. The programme comprised 4 key result areas with a budget of EU 36 million. The result areas were:

- Result Area 1: Stakeholders combine in partnership to develop and implement sustainable employment generating investment and enterprise growth plans with pro poor outcomes.
- Result Area 2: Grants enable public sector stakeholders engaged in LED related processes to create and operate an enabling environment for LED and pro poor development.
- Result Area 3: Sustainable mechanisms for learning, knowledge exchange, information dissemination, training and replication have been established and are working.
- Result Area 4: Effective LED management functions established and operational at provincial and district area level.

The programme established a number of instruments to support each of the result areas, the most important of which was the Local Competitiveness Facility (LCF). The primary objective of the Local Competitiveness Facility (LCF) was to encourage partnerships to facilitate private sector investment in sustainable local economic development projects with pro-poor outcomes. The LCF provided partnership groups with support to establish a platform for increased competitiveness, structural economic change and providing particular support to sectors with a high potential to boost socio-economic objectives.

The Fund supported two key activities, local Competitiveness Actions Plans (CAPs) and Local Competitiveness Implementation projects (Box 1). The former involved costs associated with preparing a partnership based competitiveness plan, and the latter involved financial support towards the “public goods” costs of implementing a Competitiveness Action plan. The eligibility requirement

was that it was a partnership group of which one partner has to be a registered enterprise. The level of funding available never exceeded 70% of the project cost. The fund operated on a highly transparent and competitive basis, with specific public calls for applications.

¹⁰ in the province of KwaZulu Natal

Box 1: Implementation of the competitiveness action plans and Local Competitiveness Facility

Between 2005 and 2011, 71 Competitiveness Action Plans (CAP) and 28 Local Competitiveness Facility Implementation Projects (LCFI) to the value of € 6 million were implemented. By 2010 the programme had established 257 networks and partnerships, had leveraged € 2,3 million in private investments, and had created or preserved 4,396 jobs, exceeding the original target of 3000 sustainable jobs by 1,396, or 47%. The success of the fund has led to the institutionalization of the programme within the Department of Economic Development and Tourism in the form of the Local Competitiveness Facility 2 funded from the provincial government budget for the period 2011 - 2014

1.4 Decentralization Sector Coordination

The Decentralization Sector Working Group (DSWG) is mandated to do the follow-up of the decentralization reform and to facilitate the coordination of stakeholders within the sector (intra-sector coordination). It is composed of MINALOC and its agencies (LODA and RGB), development partners, and the representatives of the districts (RALGA) and civil society. As part of this sector working group, four thematic working groups (TWG) have been created: Capacity Building, LED, Evidence-based Planning and Civic Participation, and Voice and Accountability.

Interviews with all stakeholders demonstrated that the DSWG does not meet on a regular basis and the agenda for discussion is not well researched. MINALOC have identified that the key issues for discussion in the DSWG are not identified, reviewed and prepared to the standard that will facilitate meaningful discussion and decision making. In addition, the focused TWGs which should prepare technical submissions and reports to the DSWG are not operational.

Key issues are also not discussed in a timely manner within the decentralization donor coordination mechanisms. For example, issues related to progress in the development of local government capacity building plans was not shared among the donor group or the sector coordination mechanisms in a timely manner and this has proven to be an obstacle in developing the strategies to adopt coordinated approaches to LG capacity building.

MINALOC has also identified that capacities related to engagement of the decentralization sector in high level coordination within government needs to be improved (inter-sector coordination). As identified above, the development of well analysed reports on key decentralization issues is a current bottleneck in this regard which can be addressed by capacity building support to sector coordination stakeholders.

2 STRATEGIC ORIENTATIONS

2.1 Principles of the intervention

The RDSP is composed of two interventions which are included in one single programme in support of the decentralization sector in Rwanda.

The first Intervention (RDSP-ECD) focuses on institutional strengthening and capacity building and aims to support and develop existing strategies, institutions, systems & processes at national and sub-national levels. This intervention is complementary to another intervention (RDSP-DDP) which provides financial support to the Local Development Fund managed by LODA whose objective is to finance the implementation of the District Development Plans (DDP). Both interventions have a strong focus on enhanced ownership and capacities of sector institutions, both at national and sub-national levels.

The principles that guide the two interventions are as follows:

- **A programmatic approach:** both interventions are integrated into a systemic and programmatic approach, centred on the institutional strengthening of main stakeholders, and on ownership of the decentralization reform, both at national and sub-national levels. They share the same general objective, which is in line with the national decentralization strategy (DIP and DSSP) contributing to the EDPRS 2. The Program looks at enhanced ownership and capacities of sector institutions, both at central and local levels, in a holistic, multi-level and multi-stakeholder approach.

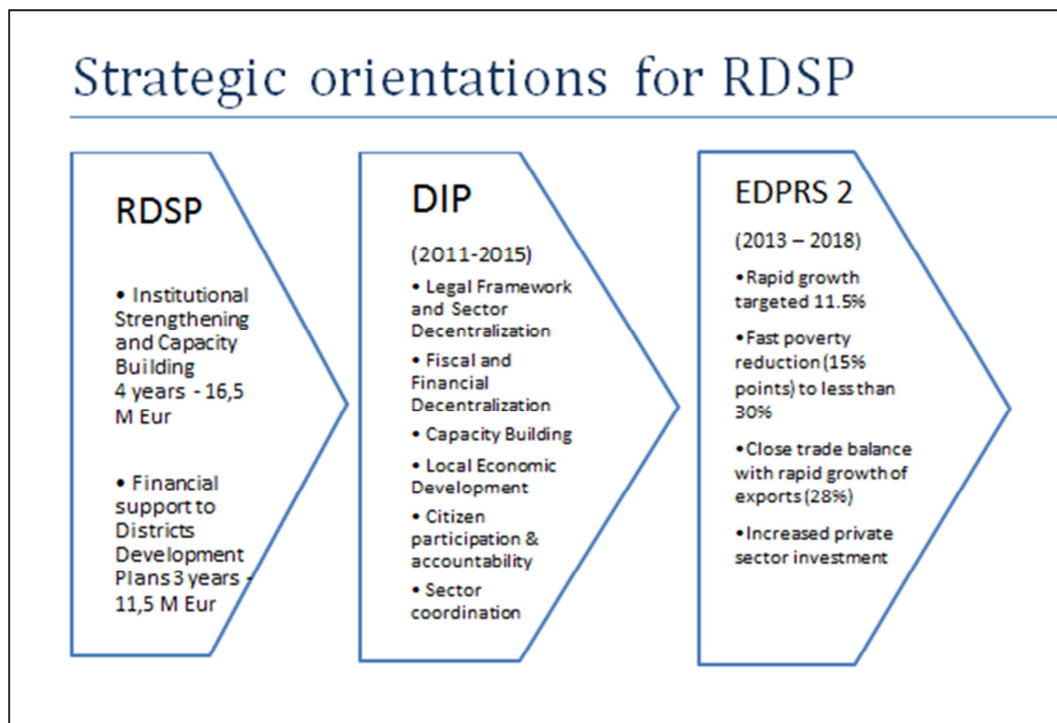


Figure 1 : Strategic Orientations for RDSP

- **Focus on processes:** the two interventions will contribute to strengthening processes for an effective implementation of the decentralization reform.
- **Multi-stakeholders approach:** support will be provided to the various stakeholders (ministries and agencies, local governments, private sector and civil society) involved in the processes,

according to their mandate or role. Synergies will be developed with RDSP support, especially in the Local economic development area where civil society and Private sector have an obvious role to play.

- **Multi-level approach:** the interventions will target different levels simultaneously (national and sub-national levels). In particular, the RDSP will consider the support role of the District in strengthening capacities of Lower Local Governments (LLGs). The operational anchorage takes this orientation into account.
- **Integration of relevant cross cutting issues.** The RDSP retained gender, environment & climate change resilience, decent work and HIV&AIDS as cross-cutting issues.
- **Synergies with other DP interventions and BTC interventions (Agriculture, Forestry, TVET, NCBS, Health)** in Rwanda especially regarding local economic development , capacity building quality management process and decentralized service delivery.

Given that the two interventions are complementary with common objectives, results and indicators, this will require that at least the preparation phase of RDSP-ECD should commence the year prior to support to the decentralised LODA capital development grant (RDSP-DDP) in order for the programme to address important issues around capacity building before providing significant support to LG investments.

2.2 Strategic areas for the RDSP

2.2.1 Focus on 3 strategic areas

The overall programme will focus on three DIP strategic areas which are **capacity building, LED and sector coordination**.

As detailed in the Programme Identification Note (PIN) and confirmed during the formulation¹¹, capacity building will be central to all aspects of this holistic, integrated and inclusive support to decentralization in Rwanda and will be the first strategic area within the RDSP.

Linked to the themes highlighted in the PIN and the situation analysis detailed in Chapter 1, the formulation has validated that LED will be a 2nd strategic area for the programme. The delivery of sector mandates on LED will be a particular focus of both interventions . The RDSP has a comparative advantage in this area as it has the capacity and means to support MINALOCs primary LED investment strategy through the Local Development Fund managed by LODA in transferring capital infrastructure grants to the LGs (through RDSP-DDP), but importantly and complementary to this, the RDSP also has the capacity to develop and make progress towards sector strategic outcomes on LED in assisting LGs to play a “facilitative role” in supporting other economic actors including the private sector (through RDSP-ECD).

In addressing these two areas, specific attention will be given to enhanced ownership, inclusive participation and accountability.

In addition, to these two important focus areas, Belgium has been requested by MINALOC and other stakeholders including the development partner working group to have a specific focus on the area of Sector Coordination. The situation analysis (section 1.1.5) highlights a number of specific challenges related to sector coordination which will be addressed by the RDSP.

Based on the analysis of the Sector Strategic Outcomes, the key areas/functions that will be supported

¹¹ e.g. scoping mission aide memoire and restitution of the formulation mission on 8/10/13

by the holistic RDSP are as follows:

- Area 1: Support a locally driven coordinated and evidence based capacity building
- Area 2: Support to Local Economic Development as a core process in Decentralisation reform
- Area 3: Support to Sector Coordination and Policy Dialogue

The links between the EDPRS 2, the Decentralization Strategy & Outcomes and the RDSP Strategic Areas for both interventions are summarised in the table below and further elaborated in sections below.

Thematic Outcome of EDPRS II	Sector (DIP key area)	Priority	Sector Outcome	RDSP DOUBLE TRACK STRATEGY TO ENHANCE DIP KEY AREAS	INTERVENTION RDSP-ECD	INTERVENTION RDSP-DDP
Accountable governance	Legal Framework and Sectoral Decentralization		Coherent and harmonised decentralized structures, policy guidelines and laws to improve the effective implementation of decentralization.	AREA 3 : Support to Sector coordination Str1 : Supporting MINALOC and other stakeholders in analysis of key priority decentralization issues to be discussed in the Decentralisation Sector working Group and its Technical Working Groups	Result 4 : the effectiveness of sector coordination mechanisms is enhanced through support to policy analysis Result 5 : Lessons learnt on Capacity development and LED contribute to an evidenced based policy framework for decentralization	Result 7 : Local development Fund managed by LODA and the DDPs are implemented in compliance with Rwanda's PFM and Procurement regulatory framework
			Sectoral Ministries, Departments and Agencies operational frameworks harmonized with decentralization policy and principles.	Str.2 : Supporting DSWG in intersector coordination through the Decentralization Program SC (DPSC) and other SWGs where Minaloc is a member of		
Rural Development, Accountable Governance	Service Delivery		Increased efficiency and effectiveness in service delivery by Local Governments			

Economic Transformation, Rural Development, Accountable Governance	Fiscal and Financial Decentralization	Efficient and financially autonomous Local Governments for sustainable development are enhanced.			
Rural Development, Accountable Governance	Capacity Building	Capacity building interventions are harmonized, well-coordinated and demand driven to address local needs.	AREA 1 Support Locally driven coordinated and evidence based capacity building Str1: Support to the implementation of current strategies and plans within the sector Str2: Support to the strengthening, the progression and development of sector strategies and plans	Result 1 ; Local Governments are supported through locally driven, coordinated and evidenced based Capacity building	
Economic Transformation, Rural Development, Youth and employment and productivity	Local Economic Development	Creating vibrant local economies that are attractive to investments and skills	AREA 2 Support to Local Economic Development as a core process in decentralisation reform Str1: Broadening of LED towards a more inclusive approach, including the implementation of innovative partnerships driven enterprise-oriented investments in	Result 2 : District councils capacity to plan, implement and sustainably manage capital development services and local economic development is enhanced	Result 6 : Enhanced access to basic services, farm and off-farm economic activities and a sustainable local revenue is facilitated through well-managed LED investments as defined in Rwanda's Decentralization Strategy

			selected pilot Districts		
			Str2 : Support the capital grant through LODA in all 30 districts		
Accountable Governance	Volunteerism, Participation and Accountability	Enhanced volunteerism, bottom up accountability and Citizens participation and democratization		Result 3 : Inclusive Participation and equality are strengthened in key decentralization processes	

Table 5: Links between Decentralization Policy, RDSP Strategic Areas and Programme Results

2.2.2 Use a Double track approach to reach RDSP Objectives

The RDSP will follow a double track strategy for supporting the 3 strategic areas.

For Capacity Building, this will comprise:

- Support for the implementation of current strategies and plans within the sector
- Support for the development of sector strategies and mechanisms related to capacity building

The double track strategy in RDSP's support for LED will comprise:

- RDSP-DDP - support capital grant through LODA in all 30 Districts
- RDSP-ECD - enhance quality of planning and implementation of LED and service delivery, including the implementation of innovative partnerships driven enterprise-orientated investments in selected pilot Districts

RDSP support to sector coordination will also follow a double track approach by working at two levels:

- Support MINALOC and other stakeholders for the analysis of key sector priorities to be discussed at the Decentralisation Sector Working Group (DSWG) and the operationalization of its Technical Working Groups.
- Support MINALOC to improve intersectoral coordination through the Decentralization Program Steering Committee (DPSC), and other SWGs in which MINALOC participates .

2.2.2.1 Support to locally driven coordinated and evidence based capacity building

The first part of the double-track strategy on CB will focus on supporting existing plans. RGB (with the support of NCBS and development partners) have supported the development of District Capacity Building Plans (DCBPs) for each of the 30 Districts. These plans are based on needs assessment carried out by districts under the leadership of the District Capacity Building Committee, and with the support of external consultants. The 30 DCBPs have been consolidated into an overall report on Local Government Common Capacity Building Priorities (LGCCBP, 2013). Their implementation remains a challenge.

The second part of the double-track strategy on CB will focus on strengthening evidenced based, locally owned and adaptive capacity building systems.

Rwanda's systems of LG performance assessment (e.g. IMIHIGO Performance Contracts and the use of the JADF) has been developed by the GoR in consideration of the evolution of its decentralization policy and other broader governance related issues. Therefore, it is expected that the GoR will continue to guide the development of performance assessment within its own unique context.

The RDSP can contribute to the development of Rwanda's LG performance assessment methodology with the specific aim of ensuring that organizational capacity building initiatives are evidenced based. Good practice has been established in a number of countries related to LG organizational performance assessment criteria through the use of minimum conditions and performance measures.

The RDSP can also contribute to enhance Districts CB management capacities for adaptive and coordinated use of these assessments in the implementation of their CB plans.

These performance based assessments are normally linked to performance based grants (PBGs) as

reported by Steffensen (2010)¹². LODA with KfW support have recently conducted a study on the potential use of PBGs in Rwanda¹³; however, at this time MINALOC have raised concerns on ensuring that such processes take into consideration Rwanda's current strategies on performance assessment including the IMIHIGO and current PBG proposals have not been accepted. This should be considered assessing new proposal to improve LG performance through the RDSP. Section 3.4.1.3 outlines potential areas where RDSP will provide financial and technical supported on this issue.

2.2.2.2 LED as a core process of the decentralization Reform in Rwanda

The RDSP will provide financial assistance for the implementation of the DDPs (RDSP-DDP), and at the same time will contribute to improving strategies and mechanisms in support of the LED process. These two areas of intervention will be complementary. They will address the following issues:

- Strengthen the effectiveness and efficiency of existing LED programmes with the view of improving the quality of investment projects ;
- Promote localisation of LED through technical planning processes that will help to identify links between LED investments and the local market;
- Support sustainable LED by enhancing LG capacity in Operation and Maintenance (O&M) of LED infrastructure projects in both the public and private sector;

Most fundamentally as referred to above, the RDSP will support the piloting of economic partnerships driven enterprise-orientated investments in selected pilot Districts.

The two interventions will address a number of areas which have been identified in approved national policies, strategies and plans, including amongst others:

- In the Rwanda Economic Development and Poverty Reduction Strategy (EDPRS 2) (September 2013), the priority is put on the development of the private sector, particularly with regard to the promotion of off farm enterprise development and job creation. In this regard, the strategy identifies the need to promote partnerships between larger established private sector enterprises and smaller firms (SMMEs/Co-operatives) through inclusive Supply and Value Chain development¹⁴ in various economic sectors which may include agro-processing, tourism, manufacturing, industry and services.
- The lack of practical tools to identify opportunities for private and public investment, or to develop partnerships to take up opportunities as defined in the Decentralization Implementation Plan and the specific formulation of output 6.3 *Public-private partnerships to attract, retain and facilitate private capital investments especially in rural areas and strategic sectors are promoted.*
- The emphasis placed in the Rwanda National Strategy for Community Development (CD) and Local Economic Development (January 2013) that employment and wealth should be created by private enterprises and productive public-private partnerships. This is given specific effect in Output 2.5 of the above strategy *Sustainable Sources of Funding for LED are secured, with the following result areas namely:*
 - 2.5.2 Public-Private Partnership is enhanced

¹² Jesper Steffenson, Performance Based Grant Systems – concept and international experience; UNCDF 2010

¹³ Heinklele, Revision of the RLDSF grant Formula (2013)

¹⁴ All actors involved in the development of a thorough value chain in a specific sector are connected

- 2.5.3 Investment in LED interventions improved through public- private partnerships.

2.2.2.3 Support Sector Coordination and Policy Dialogue

The double track approach will mean supporting intra- and inter-sector coordination mechanisms. Decentralisation is not only a sector, it is also a government reform that cuts across many sectors. In this context, sector coordination will focus on:

- Intra-sector coordination. Supporting MINALOC and other stakeholders for the analysis of key sector priorities to be discussed at the Decentralisation Sector Working Group (DSWG) and its Technical Working Groups. It is the role of the DSWG to do the follow-up of the decentralization reform and to facilitate the coordination of stakeholders within the sector. The DSWG is composed of MINALOC and its agencies (LODA and RGB), development partners, and the representatives of the districts (RALGA) and civil society. As part of this sector working group, four thematic working groups (TWG) have been created: Capacity Building, LED, Evidence-based Planning and Civic Participation, and Voice and Accountability. However, these TWG are not yet operational.
- Supporting the DSWG in inter-sector coordination through the Decentralization Program Steering Committee (DPSC), and other SWGs. The DPSC brings together horizontal ministries (MINALOC, MINECOFIN and MIFOTRA) and technical line ministries (MINAGRI, MININFRA, MINEDUC, MINISANTE, MINIRENA, etc.). The DPSC's mission is to steer, oversee and supervise the implementation of DIP.

2.2.3 Stimulate demand driven locally owned development

The revised national Decentralisation Policy¹⁵ states that "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.

Therefore, in line with the decentralisation policy, the RDSP will use the DDP process as its primary planning framework for supporting decentralised development. The RDSP-DDP, through LODA, will directly finance the implementation of DPP priorities in each of the 30 Districts with a focus on LED. The RDSP-ECD will provide institutional strengthening and capacity building support to the policy actions set out in section 5.4 of the revised decentralisation policy.

¹⁵ Section 5.4 (p31)

2.2.4 Capacity Development

2.2.4.1 Use of NCBS framework

The present intervention will use the definition of Capacity Development of the NCBS¹⁶ guide for Strategic Capacity Building in the Public Sector as a basis for its methodological approach:

“Capacity Development is an endogenous process which entails change of knowledge, skills, work processes, tools, systems, authority patterns, management style, etc. It is a process that takes place in people or organizations, and cannot be forced. People and organizations can have strong or weak incentives to change, develop, and learn, coming from the environment and/or from internal factors. However, eventually the change is an internal process that has to happen in the people or organizations changing”.

When assessing capacity needs during implementation of RDSP, the NCBS Capacity Building Framework summarized in the Table 6 below will be used. Section 1.1.3.4 includes a summary of NCBS’s recent capacity building needs assessment aligned to this framework, and provides guidance on a number of issues to be addressed by the RDSP.










	Capacity creation	Capacity utilization	Capacity retention
Individual level	Development of adequate skills, knowledge, competencies and attitudes 	Application of skills, knowledge, competencies on the workplace 	Reduction of staff turnover, facilitation of skills and knowledge transfer within institutions 
Organizational level	Establishment of efficient structures, processes and procedures 	Integration of structures, processes and procedures in the daily workflows 	Regular adaptation of structures, processes and procedures 
Institutional environment and policy level	Establishment of adequate institutions, laws and regulations 	Enforcement of laws and regulations for good governance 	Regular adaptation of institutions, laws and regulations 

Table 6: NCBS’ capacity building framework

Based upon NCBS’ capacity development framework, the entry-point of the intervention will be the organizational level to ensure that RDSP can maintain a focus on key decentralization processes. However, there is also a clear scope for the RDSP to address key institutional capacity building issues (e.g. see result 1 – sectoral decentralization and result 4 on sector coordination) and key individual capacity building issues (e.g. NCBS highlighted LED as a key issue at this level) where clear links can be made between these interventions, LG performance and RDSP results.

¹⁶ Previously known as PSCBS

2.2.4.2 Capacity Development support by the intervention

Technical assistance will be employed by the RDSP to directly support capacity development and to work with partner institutions for developing a variety of approaches to capacity development. Technical assistance can take different forms and can assume different roles in the present intervention. However, each type of technical assistance shall contribute to some extent to a change process facilitated by the intervention; this comprises working on individual and organizational capacity enhancement.

- An International **Technical Assistant (ITA), in charge of overall programme coordination** will be responsible for the coordination of the entire change process(es) supported by the intervention. This type of technical assistance is generally long term assistance since the change process should be supported during the entire implementation period of the intervention. This person will not be responsible for specific technical action, but will combine the complementary role of RDSP co-manager, and in **ensuring coherence** between different types of assistance, and ensuring that the different activities in the two interventions contribute to the achievement of the Specific Objectives. Moreover, this TA will be responsible for **generating support** and promoting change within MINALOC, its agencies and local governments through internal communication, negotiation and networking with key change agents.
- **Specialized Technical Assistants (TA)**, responsible for providing long term support can also be recruited during the intervention. This type of TA will concentrate his/her efforts on one or more functions. The TA will work on **institutional** (policy coordination) and **organizational capacity** (instruments, procedures) in the teams he or she is working with, as well as on **individual capacity** of the team members through on-the-job coaching. The LED NTAs will have a specific role in enhancing capacities within both the public and private sectors within the (pilot) LED initiatives anchored at the District level. These capacities will be aligned to their roles and mandates as outlined in the LED strategy. In this case, specific organisational change process are foreseen which can be adopted within future national LED policy and strategies if the proposed pilots are evaluated as being successful.
- Technical assistance in the present intervention can also take the form of **targeted consultancies** e.g. consultants that may be hired in specific areas such as performance management, health and safety or business advisory services. In this case, the added value of the consultants is purely technical and so they are recruited for specific expertise and skills rather than for their broad knowledge on the sector. The primary objective of this type of assistance is to **develop a specific product** such as a tool (e.g. for performance assessment), a system, a solution to a technical problem, or a specific service (evaluations of business plans) in a limited timeframe. However, the work of a consultant will always be accompanied by a long term technical assistant, already active in the intervention. The Technical Assistant will remain responsible for quality assurance of the delivered product. Moreover, he or she will also accompany the introduction of the developed product in MINALOC and its agencies and LGs, and assure that the organizations (and individual staff members) are able to use the developed product.

Activities for individual capacity development can take different shapes in the RDSP and each shape has its specific characteristics. However, these activities should always be linked to the tasks that the individual has to perform within his/her team. Learning objectives should always be linked to an envisaged improvement in the functioning or the performance at the organizational level. This is to ensure that capacities developed by the RDSP do not depend on the retention of a particular staff

within an organization as it is already known that **attrition rates** in the decentralization sector are very high. Possible activities for individual capacity development are described below:

- Train the trainers
- Peer learning and experience sharing
- The intervention will favour **on-the-job training and coaching** since evidence shows that on the job training and coaching produce the best results in terms of changes in individual performance. Technical assistants play an important role in this type of activities but on-the-job training can also be done by external trainers/coaches, supervisors (line managers) or by peers.

2.2.5 Flexibility conducting to learning

In chapter 1, a situation analysis has been conducted to identify functions that need strengthening. At the start of the implementation of the intervention, this information will be complemented with a more in-depth capacity analysis of the supported functions, based on the baseline study. This process of updating and refining will provide the intervention with the necessary flexibility to adapt to the rapidly changing institutional environment in the Decentralization sector in Rwanda. NCBS' definition of capacity development clearly emphasizes that CD entails a change process within people or organizations. However, since change cannot be forced, the intervention will be flexible when it comes to the definition of CD activities and the use of CD approaches. In chapter 3, indications are given as to what approaches and activities could be used during the intervention as to make best use of emerging opportunities. However, the intervention team will review the proposed approaches and evaluate their appropriateness while taking into account evolutions in the institutional context or operational experiences. The M&E approach of the intervention will also provide information on the quality of the implemented CD activities but especially on their outcomes

The revision of activities and approaches is a continuous process that can be done at any given moment during the implementation period of the intervention. This also implies that the intervention team should invest time and energy in testing new approaches and take into account the lessons learned from these pilot experiences. The intervention will not only be accountable for the quality and quantity of the delivered outputs of the intervention but also for demonstrating the learning process that the intervention went through in order to make sure that the delivered activities and results actually contribute to the achievement of the Specific Objective.

2.2.6 Monitoring and Evaluation in support of the M&E framework of the decentralization sector and in support of the intervention's change process.

The Design of the M&E framework for the RDSP is intended to contribute to the M&E framework of the decentralization sector

The M&E system of the intervention enables to monitor and appreciate the performance of the intervention, to draw lessons from the implementation process and to enable evidence-based decision making in the strategic and operational steering processes. In order to fulfil these 3 functions, the M&E system will remain in line with the implementation process : based upon the analysis of performance information, the intervention strategy might be altered during the implementation phase in order to achieve the specific objective, in which case the M&E system might be altered as well so that it continues to support the unceasing improvement of the intervention's strategy.

Regarding the monitoring of the change process, particular attention is given to indicators that trace

following aspects :

- First, how the decentralization reform process will evolve, ultimately depends on major policy choices with respect to the role and structure of the Rwandan State. In practice, the scope and pace of the reform will be dictated by progress of the economic transformation and other reforms. Flexibility and continuous adaptation will be necessary to strategically manage the reform and take advantage of opportunities to advance them. The Belgian support must therefore help MINALOC and its agencies to develop a vision and *roadmap* of the reform, but also to *monitor the evolving context*.
- Second, Capacity Development (CD) entails a *change process* within people, organizations or systems. RDSP activities contribute to this by stimulating and facilitating change. However, this is not a straightforward process. Some principles for the CD strategies to be developed have been mentioned above (use of NCBS framework, dual track approach, ensure flexibility and adaptive approach to emerging opportunities, combining permanent/targeted technical assistance), these will have to be fine-tuned during implementation according to the evolving context and with each actor. Therefore, the fixed “performance” indicators of each result and of the S.O. are to be completed by indicators that are related to the change process (eg. % of investments with feasibility studies including assessment of economic criteria ; number of DSWG held, ...) and that can, when dully justified, be modified during the implementation process (see chapter 3.5).

3 INTERVENTION FRAMEWORK

3.1 General objective

The General Objective of the RDSP is:

“To sustainably enhance the capacity of Local Governments to deliver services and to support an enabling environment for LED in respect of best governance practice”

The general objective is common to both interventions. The RDSP will work on capacity building processes that enable LGs to deliver services under RDSP-ECD while providing direct financial support to local service delivery in RDSP-DDP.

3.2 Specific objective

The Specific Objective (SO) for RDSP –ECD is:

The efficiency and effectiveness of decentralization sector capacity building is sustainably enhanced at national and sub-national levels including LG capacity to develop an enabling environment for Local Economic Development

3.3 Expected Results

The five selected results for the RDSP-ECD are reflective of a process driven approach to supporting Rwanda’s Decentralization Sector in strengthening capacities of Districts to deliver on their mandates. Secondly, they directly reflect the RDSP strategic areas outlined in section 2.2..

The results are:

1. Local Governments are supported through Locally Driven, Coordinated and Evidenced Based Capacity Building
2. LGs capacity to plan, implement and sustainably manage capital development services and local economic development is enhanced
3. Inclusive participation and Equality are strengthened in key decentralization processes
4. The effectiveness of sector coordination mechanisms is enhanced through support to policy analysis
5. Lessons learnt on capacity development and LED contribute to an evidenced based policy framework for decentralization

3.3.1 Result 1: Local Governments are supported through Locally Driven, Coordinated and Evidenced Based Capacity Building

Coordination of capacity building of the sub national level is the responsibility of the Rwanda Governance Board as outlined in the Law N° 41/2011 of 30/09/2011 establishing the functioning and structure of RGB. The RGB’s goals and strategic objectives outlined in their revised strategic plan 2013/14 – 2017/18 are well aligned with the EDPRS 2 (2013/14 – 2017/18). The NCBS is also an important actor with responsibility for coordination and oversight of capacity building at national and sub-national levels.

This result area will focus on supporting the objectives of RGB and Districts related to decentralized capacity building including:

- current strategies, guidelines and plans of LG capacity building with an emphasis on ensuring the quality of the approach
- Key areas related to their strategic role in the coordination and management of LG capacity development
- Development of new and evolving approaches to support LG capacity development including strengthening the link between capacity and performance

The above focus areas will include the development of capacity in areas such as performance assessment, demand driven capacity building, human resource management, strategic planning and M&E as per the mandate of RGB. In addition, cross cutting themes (see section 6) within Belgium's support to the decentralization sector will be a key factor in delivering the result.

It is important that the RDSP coordinates with other LG capacity building stakeholders in the delivery of this result, in the first instance through RGB and the GoR coordination mechanisms for capacity building; but also, coordination at development partner level. GIZ is a key development partner stakeholder in supporting Local Government capacity building. Hence they are important partners in the delivery of this result.

The indicators and activities associated with this result area will focus on: enhancing the quality of LG owned capacity building processes, in particular at the organization level; strengthening the coordination of capacity building at central and decentralized levels and improving the performance of key systems using evidenced based decision making processes.

3.3.2 Result 2: LGs capacity to plan, implement and sustainably manage capital development services and local economic development is enhanced

This result 2 is complementary to the financial support provided for implementation of the DDPs by the second component of this programme (result 7 of RDSP-DDP). This result will support two primary areas of intervention.

- Support to developing the capacity of local governments in delivering capital development projects
- Economic Partnerships facilitate public and private investment to create sustainable decent jobs and enterprise growth with pro-poor outcomes in 8 pilot districts

3.3.2.1 Support to developing the capacity of local governments in delivering capital development projects

Rwanda has developed significant capacity in developing local infrastructure projects to improved engineering standards. Indeed in some cases, the enhanced quality and cost of equipment used may be of a higher value than the potential benefits of the projects. The focus of this particular intervention in this result will be to enhance the quality of these investments in terms of planning, feasibility and sustainability – with a specific focus on assessment of economic potential, supervision and monitoring and evaluation. It is expected that this will bring about significant change in terms of the institution's ability to identify and prioritize investments that can deliver value for money.

KfW and the Netherlands embassy are key development partner stakeholders in supporting Local Government infrastructure development through LODA capital grants and coordinated capacity building in this area. Hence they are important partners in the delivery of this result.

3.3.2.2 Economic Partnerships facilitate public and private investment to create sustainable decent jobs and enterprise growth with pro-poor outcomes in 8 pilot districts

The most elaborate and innovative activity in this result area is to promote economic partnerships, which facilitate private and public sector investment to create sustainable jobs, enterprise growth with pro-poor outcomes.

As indicated in section 1.2.1 above, the Local Economic Development policy framework in Rwanda has placed increasing emphasis on promoting public-private partnership and investments into the districts, and this intervention provides an opportunity to test an approach or instrument that can be used to achieve this.

The principle will be that different projects will be supported through different partnerships, but it is only by involving the poor in functional partnerships with richer and better informed stakeholders that they can be empowered through LED. Local partnerships are effective as they [a] can harness as needed the differing and complementary resources of the public sector, the private sector and the civic and voluntary sector; [b] unite local players around joint projects and common actions, in order to achieve the critical mass or threshold needed to improve the area's economic competitiveness.

Inclusive participation and transparency mechanisms will accompany a phased process of identification of opportunities through a participatory and action oriented diagnosis of local economy, building of integrated partnerships and elaboration of integrated projects at district level, contributing to an enabling environment for LED.

Integration of existing mechanisms for engagement will be searched. Specific design and development of marketing and information collateral for public around LCF will contribute to transparency and inclusiveness in the processes, and equity of the results.

The partnerships will be facilitated through a co-funding instrument called the Local Competitiveness Facility (LCF). The responsibility for managing and co-ordinating the planning and implementation of the Local Competitiveness Facility (LCF) will lie with the Local Economic Development (LED) Division of the Local Administrative Entities Development Agency¹⁷ (LODA) which has both the mandate to transfer funds for Local Economic Development, but also has the specific responsibility in terms of the 5 year LODA Strategy (2012 -2017) to:

- formulate and implement strategies for public-private partnerships
- develop and implement job creation mechanisms

The final outcome of the partnership groups integrated projects that will be financed through LCF will be:

- sustainable decent jobs, particularly in “off farm enterprises”
- the leveraging of both public and private investment into enterprises growth, particularly “off farm” enterprises
- increased economic activity within the partnerships measured in increased turnover at the project level across the partnerships

In creating jobs, a key emphasis (and therefore criteria for selecting which partnerships to support)

¹⁷ Previously known as the Rwanda Local Development Support Fund (RLDSF)

would be actions that result in “off-farm” jobs - but not necessarily exclusively - and enterprise development that results in inclusive value and supply chain development in competitive economic sectors in the districts.

The projects must be linked and coordinated as a coherent whole to bring benefits to the poorer as well as the richer stakeholders. Level of integration will so be a key criteria of selection at each step in the process and can involve the integration between a wide range of public and private development players, between sectors of activity, along local production chain, crosscutting and multisectoral, and with Integration of poverty based government funding with enterprise development.

It should be emphasised that the facility:

- is NOT targeting SMME, co-operatives or start-ups for their normal financing requirements. There are already a number of existing financial instruments in Rwanda that are specifically targeting Co-operatives and small enterprises through the Business Development Fund (BDF), Umurenge SACCOS and others, and it is not the intention of the LCF to duplicate existing financial instruments to this sector. Nor is it intended to distort financial markets by funding large or even medium size businesses that have sufficient collateral and capital to secure commercial finance for their own normal business expansion.
- is specifically designed to leverage partnerships between large, medium and SMMEs or co-operatives, to meet pro-poor developmental objectives (as integration of low Ubudehe categories in the final beneficiaries) and to mitigate the cost and risk barriers that inhibit the development of innovative private-led partnerships that promote competitive but inclusive value and supply chains in strategic economic sectors or sectors with high potential in the respective district local economies.

The project action must contribute towards positive LED results for the local/district economy, and not only for the benefit of a single business beneficiary.

There is international experience in this innovative funding instrument in South Africa and also in Eastern Europe by means of EU structural funds. But it will need to be first tested and possibly refined and adapted for specific Rwandan conditions at the district level. For this reason, this result area will be piloted in 8 districts of Rwanda for the duration of this intervention. Once tested, refined and adapted, and if found to be relevant, efficient and effective, the instrument can then be rolled out to all 30 districts in Rwanda going forward after the initial 4 year period, financed through Rwanda’s own public funds and managed and administered in terms of the current legal mandate and policies of the LODA and the districts. The proposed pilot mechanisms will be managed in coordination with national stakeholders¹⁸ in charge of economic development and private sector to ensure its integration in the overall national framework for (local) economic development.

3.3.3 Result 3: Inclusive participation and equality are strengthened in key decentralization processes.

Participation mechanisms and tools have been put in place by the Government of Rwanda to ensure locally driven development processes. Hence, it should be recognized that inclusive participation and equality can be reinforced at local level. Instead of providing a global support to Districts, the RDSP will use the processes supported by the Programme as entry points for strengthening inclusive

¹⁸ Such as Rwanda Development Bank and its specific instruments to enhance private sector, the Private Sector Federation, the Rwanda Development Board, MINECOFIN

participation and equality.

RALGA will be the major implementing partner in this result since there are strong synergies between the RDSPs specific objective and the RALGAs strategies in those areas.

On the one hand, although the LED strategic framework has been adopted by the Government of Rwanda, the participation of stakeholders including LGs is still not clearly described. The participation of the private sector and other stakeholders (NGOs, CBOs, Organised Labour...) is still not valued fairly in practice. LED is facing a number of challenges related to stakeholder participation that needs to be addressed at both local and central levels. RALGA has developed a number of strategies to promote LGs capacity and knowledge on LED aimed at helping LGs to understand their distinct roles in LED and importantly, understand the role and added advantage of private sector stakeholders. In doing so, RALGA will support the capacity of the JADF economic commission in its role as coordinator of the planning process related to economic development. Its support to economic commissions of District Councils will be an added value for enhanced ownership and horizontal accountability.

RALGA will first intervene in the 8 pilot districts. RALGA will then roll out through all the mechanisms it has developed.

RALGA will focused on enhancing the understanding of each stakeholder's role for ownership and for "public good components" in partnerships such as integration, equity and sustainability in LED.

On the second hand, there is a significant opportunity to strengthen gender equality in Rwanda's decentralization processes and systems. MINECOFIN has developed guidelines and analytical tools on gender planning and budgeting with the support of UNCDF¹⁹. In collaboration with MINECOFIN and Gender Monitoring Office (GMO), RALGA has been developing gender focused initiatives in a number of areas that will be supported by this programme. RALGA will develop capacity building activities for Local Government staff and councillor and will advocate for an increased number of women in strategic decision making positions and improved leadership skills and working conditions for women through revisions of local government recruitment law, elections procedures.

The inclusion of gender indicators in the RDSP M&E framework and advocacy for the inclusion of appropriate gender indicators within the decentralization policy and strategic framework at national and sub national levels are also important aspects of the RDSPs strategy to support gender equality.

3.3.4 Result 4 : The effectiveness of sector coordination mechanisms is enhanced

The Intervention will support the Decentralization sector coordination which entails coordination at both horizontal (inter-sector) and vertical (intra-sector) levels.

Inter-sector coordination at the national level within the GoR is the responsibility of the Decentralization Program Steering Committee (DPSC), which brings together horizontal ministries (MINALOC, MINECOFIN and MIFOTRA) and technical line ministries (MINAGRI, MININFRA, MINEDUC, MINISANTE, MINIRENA, etc.). Its mission is to steer, oversee and supervise the implementation of DIP, and notably to ensure integration of decentralization principles in all of the national reform programs. Support to this horizontal coordination will be focused on essential role of MINALOC in policy analysis and coordination.

Intra-sector coordination is the responsibility of the Decentralization Sector Working Group (DSWG)

¹⁹ Belgium was one of the UNCDF financing partners on this issue

and its technical working groups. The RDSP will directly support the functionality of the DSWG and its TWGs.

As noted in the situation analysis (section 1.4) there is no formal decentralization development partner coordination mechanism (a DP is nominated as co-chair of the Sector Working Groups) and this may have contributed to a lack of coordination between partners in developing common positions on policy and programmatic issues. This issue will be considered by BTC and other stakeholders during the course of the intervention.

3.3.5 Result 5 : Lessons learnt on capacity development and LED contribute to an evidenced based policy framework for decentralization

Result 5 will focus on learning lessons and the development of good practices that can contribute to a stronger decentralization policy and strategic framework. The RDSP will support MINALOC and its agencies and LGs in:

- Strengthening capacity building processes, with a specific focus on the link between the various types of capacity building interventions and improved results in terms of organizational performance;
- Proposing initiatives that will strengthen local ownership of demand driven capacity building, including consideration of decentralized capacity building grants in line with the principles of decentralization in Rwanda;
- Strengthening complementarities in public and private sector roles in LED.

3.4 Activities

Activities described under each result have been identified on the basis on the situation analysis during the formulation of the RDSP (2013). Those priorities will be further assessed by the Belgian support depending based on the needs at the time the RDSP commences.

3.4.1 Activities to achieve Result 1

3.4.1.1 Support to the Implementation of LG Capacity Building

RGB is responsible for the coordination of capacity building in the decentralization sector. It is acknowledged that current capacity building plans developed by the Districts should be strengthened by ensuring links with organizational performance assessments in line with established good international practice and this issue is addressed in activity 3.4.1.3.

In the short to medium term, the RDSP will provide technical and financial support to RGB and LGs in a number of priority areas identified through existing capacity building assessment processes including the DCBPs. In doing so, it is expected that the RDSP will focus on the organizational level²⁰ as identified in reference to the NCBS capacity development framework in 2.3.2.1. The RDSP may consider support to these areas where it can be clearly demonstrated that they will provide added value in terms of LG performance.

On annual basis, with the support of technical assistance offered by RDSP, RGB will submit its action plan under this activity to the Project Coordination Unit (PCU) for approval by the Programme Steering Committee (PSC). However, as elaborated in section 2.2.2.1, the capacity building interventions

²⁰ In addition, scope for inclusion of institutional and individual level training in referred to in section 2.3.2.1

proposed by RGB will need to address the **following criteria**:

- Has the proposed activity the potential to contribute to the organizational capacity development of the target institution(s)²¹;
- Is there a means of establishing the current status of the organizational capacity of the target institutions in the area of capacity building actions proposed – in other words, why is this activity being proposed;
- Has a performance based target been established by RGB which the proposed capacity building action will contribute to;
- Can progress be measured to ascertain the effectiveness of the capacity building action;

For instance, the following capacity building issues can receive RDSP support since they have been highlighted as priority areas at organizational level **based on current LG capacity building plans as reported by RGB in the Local Government common capacity building priorities (LGCCBP) 2013** and other important issues raised by RGB. It is noted that the first priority outlined in the DCBPs is related to the organizational structure of LGs; however, this issue is being directly addressed by the GoR. The RDSP support will possibly address the following priorities as stated in the recent needs assessments :

(a) Planning Systems: LG planning encompasses a wide range of issues related to annual and multi-annual planning cycle and across a range of levels of local government. It is suggested that RDSP support to planning processes should be focused on areas where it can have most impact.

1. Strengthening planning processes for LED, which will be addressed under result 2 of this intervention;
2. Support to planning processes at the sector level through appropriate methodologies that may include ToT, mentoring and coaching;

The RGB with the support of the capacity building TA will propose the most appropriate methods to use in developing planning capacity at sector level. While most stakeholders emphasize the need to concentrate at this level, an analysis of current performance based challenges and opportunities is first required before the specific capacity building initiatives at sector level are developed.

(b) Monitoring and Evaluation: Capacity building of M&E should focus on the efficient and effective use of the various M&E systems that have been put in place within the sector. The first consideration for RGB should be to assess all the current M&E systems which LGs are expected to use in order to develop a coordinated approach to M&E, and critically reduce any unnecessary burden on LGs in terms of their skills and time. Current M&E systems may include Financial (MINECOFIN), Narrative and Sectoral systems, IMIHIGO, project M&E and M&E linked to the DDPs among others. It is noted that LODA is currently rolling out M&E system for their grants and RGB is also considering the development of M&E systems for capacity building.

The issue of **data collection and data management, documentation and filing systems**

²¹ It is noted that targets linked to number of trainees or % of DCBPs implemented will not provide information of the efficiency and effectiveness of RDSP capacity building interventions and hence RGB will have to develop results based indicators, most likely linked to organizational performance measures.

can be seen as a sub set of M&E to be addressed within a comprehensive capacity building programme. The key issue is first to identify what data is required before developing data collection and management systems.

- (c) Reporting systems:** RGB has highlighted the issue of financial reporting as a key capacity need in Local Governments. In particular, they highlight the need to address this issue at sector level. It is proposed that key staff members within each partner agency (MINALOC-SPIU, RGB, LODA and RALGA) that are responsible for financial and narrative reporting for the RDSP will be trained as Trainers of Trainers (ToTs). Other ToTs (e.g. staff of district planning, HR and finance departments, RGB coaches, LODA staff) who are responsible for improving local government capacity in financial and narrative reporting will also be included. The training will focus on Rwandan reporting systems, and focus on enhancing the quality and timeliness of financial and narrative reports. Once the ToTs are completed, it is expected that the trainers will extend these skills to the district and sector levels, supported by the RDSP. It is expected that a comprehensive programme for enhancing reporting capacity to be implemented over the timeline of the RDSP will be developed including ToT, mentoring of LLG staff, monitoring the quality and timeliness of reporting to assess whether progress is being made, and revising the training methodologies and content where required.
- (d) Human Resource Management (HRM):** The development of manuals as emphasized in the LGCCBP (2013) can only be considered as one aspect of this capacity building initiative. RGB will need to identify the expected results of HRM capacity building in terms of staff performance, staff retention or other objective criteria. Once the intended results are defined, appropriate capacity building interventions can be developed to address the various issues raised in the DCBPs as summarized in page 23 (points 24 – 31) of the LGCCBP.
- (e) Financial Management:** Capacity building in financial management is coordinated through the Fiscal Decentralization Committee (FDC). MINECOFIN together with MINALOC is the lead agency for the GoR in this area. While the development of PFM systems will be supported by the lead agencies and other development partners, two sub-areas related to PFM can be addressed by the RDSP and its partners.

i. Support to LG PFM Committees:

LG PFM committees are a governance tool that aims to improve PFM and audit performance through a process of Peer Learning. PFM committees have been successfully piloted by the RGB in a number of districts. It supports a process of Peer learning between different Local Governments in order to learn from good practice.

This process is distinct but complementary to capacity building around PFM systems which is coordinated through the FDC. It will focus on a number of PFM areas including Budget, procurement, internal audit and other issues as outlined by the RGB. However, it is distinct in terms of its focus on governance and horizontal and vertical opportunities for peer support and learning in terms of its focus on accountability, transparency and value for money (VfM).

The Peer review process will address capacities at sector level and non-budget entities in addition to the District level. This issue has been raised as a priority for the programme during consultations at national and sub-national level. Tools will be developed by the RGB with RDSP support and provided to sectors and non-budget entities to assist them in their roles and responsibilities. The retooling process and all PFM Committee activities will be agreed through the FDC to ensure full coordination with other PFM and Fiscal Decentralisation stakeholders.

It is suggested that the RDSP will support capacity building of PFM Committees in “Pilot Districts”,

including their sectors and selected non-budget entities as an initial strategy. The potential to scale up this activity will be considered should it prove successful in terms of delivering the intended capacity building results (e.g. improved audit reports in the pilot districts).

It is also proposed that the project consider the use of perception surveys to inform progress on this governance issue. This could be facilitated in coordination with RALGA and their partner the Rwandan Chapter of Transparency International.

ii. Own Sourced Revenue Enhancement:

This is considered as a key strategic area for the RDSP; however, this area may be substantially addressed by the MINECOFIN (under a revised GoR mandate) supported by the World Bank and other PFM partners. The particular importance of this issue relates to the criticality of Own Source Revenue (OSR) in enhancing the levels of local raised discretionary revenues that can be used for recurrent expenditure including operation and maintenance of infrastructure investments. According to the MINECOFIN, it is likely that the Rwanda Revenue Authority (RRA) will take responsibility for collection of local government revenues taxes²². Therefore, under this activity, Belgium should be actively engaged in dialogue on this issue through the Fiscal Decentralization Committee in partnership with MINALOC, RGB, LODA, MINECOFIN, RRA, Decentralization DPs and other key stakeholders.

Other Capacity Building Issues: Table 2 of the LGCCBP report identified **working tools and communication** as the two remaining organizational capacity areas according to the DCBP priorities.

3.4.1.2 Support to the implementation of RGBs CB Role

(a) Strengthening the Implementation and Monitoring of Coaching

Coaching is viewed by RGB as one of the most important tools for capacity development, in close collaboration with NCBS. It is applied in a number of the issues referred to in section 3.4.1.1 above. A pilot programme has been completed in 10 Districts, focusing on the issues of: planning, work organization and Public Financial Management (PFM). The evaluation of this pilot found that while the coaching programme was well appreciated by stakeholders, there were a number of challenges including that LG staff were often too busy and seemingly overloaded, especially, during the period of Imihigo preparation & evaluation and elaboration of next fiscal year budget. Therefore, the timing of coaching programmes is an important issue to consider.

The RDSP will:

- Develop procedures for the supervision of coaches;
- Strengthen M&E system of coaching programmes;
- Extend coaching to the LLGs through ToT of District level staff
- Support to specific coaching programmes related to the capacity building issues raised in section 3.4.1.1, 3.4.1.3 and section 3.4.2 of this TFF, in situations where coaching is seen as the most appropriate capacity building tool. However, it is noted that the choice of capacity building tools is at the discretion of RGB, TAs and the project management – coaching will be one of the tools to be considered.

²² At the start of the RDSP, it should be clarified if RRA will also collect fines and fees which make up the largest component of current LG OSR

(b) Coordination in Sectoral Decentralization

RGB is developing an inventory on the performance of various sectors and line ministries in sectoral decentralization. They have recently completed a study on sectoral decentralization which directly addresses this issue. They will also coordinate with the Office of the Prime Minister who is responsible for outlining the functions to be implemented at the national and sub-national levels. RGB wish to monitor the rate of decentralization of each sector and whether it is aligned to the EDPRS 2 and national policy on decentralization.

RDSP will provide strategic advice and technical support to sectoral decentralization in advocating that comprehensive and commensurate resources (human, financial and material resources) are provided to Districts when mandates are decentralized. Indeed, a common weakness in decentralization is the fact that mandates are decentralized without appropriate resources, which results in the weakening of decentralized institutions and has a negative impact on the sustainability and quality of local service delivery. In supporting this activity, RGB and the RDSP CB-NTA will liaise closely with the RDSP NTA on sector coordination based at MINALOC level as this is a key area for result 4.

In addition, the attractiveness of staff positions and the level of staff motivation at the sub-national level is an important issue within sectoral decentralization, as attracting and maintaining LG staff is an important challenge at this time. In coordination with MIFOTRA, RGB will continue to assess means of improving working conditions of LG staff. The RDSP will provide support to studies in this area but these studies need to be based on formally stated policy intention by the GoR to improve conditions for LG staff.

3.4.1.3 Support to the Coordination and Monitoring of LG Capacity Building

RDSP will provide strategic advice and technical support to policy makers in order to enhance monitoring systems of LG CB. When necessary specialized technical assistance will be hired and targeted studies undertaken in the following areas.

(a) Performance Assessments and demand driven CB

The RDSP-ECD will provide strategic advice and technical support to RGB and MINALOC in the development of the next generation of performance assessment in Rwanda's Local Governments. The focus will be on supporting the development of an assessment that measures performance of LGs in the issues related to CB and LED management, and referred to below and other similar issues. This will complement the current assessment tools related to performance contracts. The idea is that LGs will be able to better analyze their own performance and thereafter focus their capacity building resources on improved performance in coordination with MINALOC, RGB, NCBS and other key actors.

It is noted that performance assessment is one component in a larger system of future capacity building support that is being developed in Rwanda. Other key areas that may be supported by the RDSP include:

- The development of training manuals that focus on the performance issues referred to below;
- Developing the skills of trainers and “trainers of trainers” from both the public and private sectors;
- Consideration of a performance based grant
- and most fundamentally, the decentralization of local government capacity building funds as a **capacity building grant** (i.e. the intended pooled fund and other LG capacity building fund) to the sub national level to facilitate LG owned and demand driven coordinated capacity building

Support has been provided by RGB (in coordination with NCBS) in the development of the current District Capacity Building Plans. These plans reflect the needs of LGs as expressed by LG staff to RGB consultants and further broader discussions thereafter (workshops etc) in the drafting of the plans in line with the current LG capacity needs assessment guidelines. While these plans indicate priority capacity building needs, they do not assess the links between the needs expressed by staff and performance of LG systems.

The Government of Rwanda through the MINALOC is currently developing ideas around the possible use of a pooled funding process for support to capacity building in local governments through the National Capacity Building Secretariat (NCBS) in coordination with the RGB and other key actors. However, the Government and partners may also consider an alternative approach of decentralized capacity building grants as an improved option on pooled funds which will still be managed at central level. This aligns more strongly to decentralization policy in Rwanda²³.

This type of performance measurement (often linked to performance based grants referred to in section 2.2.1) has become established as good practice in many countries²⁴ including a number of countries in the East African region (Tanzania, Uganda). These grants typically measure performance related to a wide number of issues²⁵ including:

- Participatory planning processes
- Quality of planning and links with budget and longer-term forecasts
- Expenditure allocation for core service areas
- Degree of budget implementation and/or degree of project implementation
- Publication of plans, budgets, accounts, project progress and audit reports (transparency measures)
- Social audits conducted
- Citizen charters produced
- Revenue mobilisation initiatives, e.g. strategy and plan for own-source revenues
- A number of countries have included additional performance measures that could be considered including:
 - Project preparation and implementation (links to the projects feasibility)
 - Operation and maintenance (are the projects implemented 3-5 years previous still delivering their intended functions)
- Human Resource Management
- Capacity building and including adequacy of the support provided to LLGs and compliance with capacity building guidelines
- Gender and Environment issues

²³ It may be contradictory for the Decentralization sector to advocate for a centrally managed pooled fund for LG capacity building while at the same time advocating for other sector to decentralize resources.

²⁴ see Steffenson, Performance Based Grant Systems – concept and international experience; UNCDF 2010, p.3

²⁵ See Steffenson (UNCDF 2010) p.29

- Compliance of the various departments with administrative functions
- Assessment at the lower level of local government (possibly starting with Sectors and other NBAs in Rwanda) is a very critical component

The IMIHIGO process is strongly established in Rwanda including at the sub national level. At this stage, all Districts are scoring between 90-96% in their IMIHIGO assessments and hence they are demonstrating their ability to perform strongly using the current measurement framework. Key to this success has been the Districts ability to link their annual budget outputs to their IMIHIGO performance contract, and hence there is a strong correlation between budget implementation and IMIHIGO performance.

The GoR and the MINALOC have shown the willingness and capacity to refine the way performance assessment (e.g. IMIHIGO) is conducted in Local Governments over time²⁶. It is suggested that the next generation of performance assessment may include outcome orientated issues related to performance of LGs at the organizational level.

(b) LG Capacity Building Monitoring Systems

The programme will provide advice and technical support to RGB at a second level of coordination, in supporting a coordinated process of evidenced based management of cross-sector capacity building at the local government level. While the proposed performance assessment process will focus on enhanced capacity at the organization level, it is critical that LGs (most likely at the District level) and the RGB, according to its mandate, is also able to monitor the various capacity building activities that are being carried out at the sub national level, whether they are being delivered as planned by the Districts with support from various public and private entities and whether the outputs have been verified. This will facilitate a link between analysis of input-outputs provided by specific CB actions and the influence of the actions on outcomes at the organizational level. If the MINALOC does not decide to proceed with a performance assessment system as elaborated in the previous sub section, this M&E tool should then be further developed as a means of measuring outcomes at the organizational level – the critical issue is that LG capacity building should be based on a verifiable assessment of outcomes in terms of organizational development and not solely based on information (analyzed data) based on expressed needs of stakeholders.

The development of this M&E system will need to be done in coordination with other sector and GoR systems²⁷, for example the LODA is currently developing and M&E system for monitoring its capital development investments. The system should be cost effective in terms of its development, data collection and information processes costs, and most importantly, it should be ensured that the long term maintenance of the system (IT support etc) should be developed in terms of easy to access software, tools and skills²⁸.

²⁶ Separate meetings with the MINALOC Director General for TA&GG, and RGB and NCBS staff on 8th October 2013 during the formulation mission

²⁷ See section 3.4.1.1 (para on M&E)

²⁸ It is not advised to develop specific software for the M&E systems as the costs associated with such "BESPOKE" models can often results in systems delays or permanent failure due to lack of access or the high cost of software updates.

3.4.2 Activities to achieve Result 2

This result is complementary to the financial support provided by the second component of this programme (RDSP-DDP). Important systems identified by stakeholders related to the planning and utilization of economic infrastructure services may be further strengthened. They include:

- Ensuring that priorities are reflective of the needs of local stakeholders in the selection of priority investments
- The assessment of the feasibility of projects including market assessments where necessary (i.e. where market orientated services are planned e.g. vocational training, public economic infrastructure (Transport, Water etc) and business driven services (abattoirs, markets etc)
- The development of strong systems for operation and maintenance including recurrent budgeting processes

KfW and the Netherlands Embassy are currently supporting LODAs and LG capacity in these areas (FY 2013/14). However, there is still significant scope for the RDSP to provide “added value” in terms of building on existing initiatives and continuous enhancement of LG capacity. With technical support of the ITA-LED, LODA and other central agencies also need to significantly improve their capacities in the following areas.

The budget under this activity include investment and operating budget.

3.4.2.1 Support to LGs in the Planning of LED investments : feasibility and market assessments

The LODA is currently developing guidelines for feasibility studies; however, these guidelines may not fully consider all issues related to the economic feasibility of project infrastructure projects. RDSP will strengthen the feasibility process by having an enhanced focus on market assessment in guidelines, manuals and capacity development activities for potential economic products resulting from the capital investments made.

In considering this issue, stakeholders will have to review the time available to local governments for planning. Currently, the feasibility study process (where it occurs) is squeezed into a 2 month timeframe during the 2nd quarter of the FY. **It is proposed that while the current planning process takes place in the year prior to implementation (N -1) a meaningful feasibility process including market assessment would have to occur in N -2 to give adequate time for markets assessment.** This is possible as the DDP is a 5 year plan with clear multi-annual priorities.

The programme will also consider other relevant aspects related to feasibility analysis that will build on the progress that is currently being made by LODA with the support of its partners. It is noted that while the production of manuals is a possible aspect of this support, the outcome should be measured in terms of improved sustainability and profitability of economic projects. The RDSP baseline will consider the economic viability of current LODA funded projects, in particular those that have been completed for more than two years and should be fully operational at the time of the baseline.

3.4.2.2 Support to the Safe and Sustainable Implementation and Management of LED investments

(a) Operation and Maintenance (O&M)

Operation and Maintenance is a key issue to consider at all stages in the current cycle. KfW is currently supporting LODA in the development of O&M manuals and related capacity building

activities. The RDSP will provide technical and financial support to O&M capacity building in coordination with LODA and KfW.

Two further aspects of O&M will be considered by the Belgian support depending on the needs at the time the RDSP commences:

- Budgeting for O&M. The current manuals being developed represent good progress in developing budgets for O&M within an annual planning and budgeting process. However, it is critical that the recurrent costs of O&M are taken into account when making a decision on whether to invest capital in an infrastructure project. The recurrent costs of operating and maintaining a project will be a significant in determining its feasibility. In addition, these recurrent costs estimates will also inform multi-annual budgeting processes in determining Local Governments requirements for discretionary recurrent budgets (either through OSR or unconditional block grants). In the roads sector, the Local Governments should consider if new investments can be efficiently maintained from the projected window for road maintenance funds. It is recognised that while many roads are constricted (often to many in terms of recurrent maintenance budget allocations), the greatest challenge lies in maintaining the existing and new stock of infrastructure.
- O&M manuals and practices for PPP investments. In consideration of the proposed pilot PPP investments, the nature of Local Governments input into operation and maintenance will significantly change. New manuals and capacity building strategies will be required including guidelines of the future investment requirements for both the public and private sector.

(b) Health and Safety (H&S)

It is widely appreciated that infrastructure development programmes in the modern context must place Health and Safety as the first priority²⁹. Key issues to be considered are:

- Working below ground level e.g. avoiding potential soil collapses when workers are excavating;
- Working from heights, avoiding the possibilities of workers falling from heights or materials and equipment falling on workers operating below;
- Use of tools and equipment including heavy machinery, construction materials (such as asbestos), chemicals and adhesives which can be damaging to health; and, critical to the Rwandan context the use of welders, high speed cutting tools and other equipment that can be harmful to the users, general site workers and the public e.g. many members of the public have damaged eye sight due to poor use of welders as the flash from a welding operation can cause damage to workers and onlookers.
- Working in areas which creates a high level of noise, dust or other hazardous environmental issues also causes a significant risk to health and safety and appropriate measures to mitigate these risks must be taken.
- Capacity building on the implementation of the Labour Code, and more particularly on non-discrimination, health and safety, maternity leave.

²⁹ The recent spate of deaths reported at construction sites for the Qatar FIFA World Cup 2022 highlights the criticality of this issue in the modern contexts and shows that health and safety standards are equally important in all countries.

- Capacity building on the implementation of the HIV/AIDS sector priorities and the development and implementation of HIV/AIDS workplace policies.

To address this issue, **the project will use** an occupational health and safety manual to be developed in the preparatory phase for LODA in consideration of their focus on capital development (infrastructure) projects. Training will be provided to all construction site workers and post construction (industry, manufacturing other operations) workers. The RDSP log frame will also be reviewed to ensure that an appropriate indicator is included on occupational health and safety³⁰. The costs of these trainings and implementation of good health and safety practices must be included in project bills of quantities, specifications and other contract documents to ensure that proper budgets and resources are available.

The District and LODA Engineers and other officers (e.g. labour officers, health inspectors) will be responsible to oversee compliance. The contractor and the project managers (both public and private) will be liable for any offence they commit regarding non-compliance with health and safety laws, regulations or conditions of the contracts they have signed. Management and workers will be liable for any accidents they cause where they have not complied with health and safety training offered to them. In cases where workers have been compliant with occupational health and safety guidelines, but are injured while working on site or in the factory or other place of work, they will also be entitled to appropriate compensation as prescribed in the law. The achievement of this activity will require a mix of skills including occupational health and safety experts, skilled construction health and safety practitioners, legal advisors, health service delivery providers, procurement experts and other professional inputs as per the views of programme stakeholders.

(c) Monitoring and Evaluation (M&E)

Monitoring and Evaluation of capital investments is also a key issue in the delivery of LED. It is noted that KfW and the Netherlands Embassy plan to deliver substantial support in this area and hence Belgium's potential added value is not clearly defined. The focus of the current development of LODA M&E systems is to strengthen evidenced based management and decision making related to the planning, utilisation and learning from the investments made through non-earmarked grants. This issue could be included for consideration in the programme Mid Term Review (MTR).

(d) Environmental Assessment

All developments by both public and private parties at district level are required to undergo a process of environmental assessment, and if necessary a full environmental impact assessment. Systems have now been put in place by REMA to ensure full compliance at district level. The responsibility for facilitating assessments for both investors and the public sector lies with the Rwandan Development Board. REMA acknowledged that initially there was a high level of non-compliance by districts, particularly with regard to district managed infrastructure development projects, but that the level of compliance had improved after ongoing engagement around the issue. Therefore the RDSP will support LGs and REMA in further improving environmental compliance with respect to capital development projects. The PCU will review the current training materials for training of District and LLG staff on Environmental Assessment. Where performance on environmental assessment has gaps, the RDSP can support these districts and their LLGs to develop the required skills in this area. It should be ensured that all RDSP supported programmes including the activities supported under the LCF are compliant with the current regulations on Environmental Assessment and respect good

³⁰ This could relate to ILO decent work indicators and/or the existing legal framework in Rwanda

practices in terms of environmental screening. BTC HQ environmental experts will be available to guide RDSP management on these issues and provide advice on requirements for additional expertise where necessary. These issues can be supported through the result 2 budget or the relevant investment budgets (e.g. LCF) at the discretion of the RDSP management team as advised by the RDSP technical specialists.

3.4.2.3 LED Pilots : a Local competitiveness Facility

(a) LCF Pilot vision

Overall management of the LCF pilot intervention will be anchored in the LODA, specifically in the Local Economic Development division, which has recently been assigned a new public-private partnership component in terms of the new structure to assist facilitate the framework for public-private partnerships at district level. International Technical Assistance will be provided to the LED Division in order to support the management of the intervention.

The Local Competitiveness Facility (LCF) will be targeted economic partnership groups in the 8 districts, who will be mobilized through a competitive and transparent Public Call for Fund Proposals and a 2 stage application process comprising:

- A Call for LCF Concept Note Proposals and evaluation (Phase 1)
- A detailed LCF application from partnership groups whose Concept Note proposals have been approved in Phase 1 and who are invited to submit detailed applications. (Phase 2)

If only private partnerships projects will be eligible for LCF financing, projects will be anchored in clear and shared Competitiveness Action Plans in line with DDPs.

The Districts with the support of the National Technical Assistants will play a key role in creating awareness amongst economic actors in the respective districts, and for project stimulation and generation based on the respective economic potentialities and strategic economic sectors of the respective districts. The District would also play a key role in project implementation support and monitoring and evaluation during implementation of the project actions. They will also play a key role in the assessment of public goods of projects.

At this end, all potential stakeholders will be associated in a phased process of identification of opportunities through a participatory and action oriented diagnostic of local economy (using of PACA methodology), building of integrated partnerships and elaboration of integrated projects at district level.

The projects must be linked and coordinated as a coherent whole to bring benefits to the poorer as well as the richer stakeholders. Level of integration will so be a key criteria of selection at each step in the process and can involve the integration between a wide range of public and private development players, between sectors of activity, along local production chain, crosscutting and multisectoral, and with Integration of poverty based government funding with enterprise development.

(b) CF Pilot Preparatory Phase

The LCF pilot project will be undertaken in 8 pilot districts as elaborated in section 3.4.2.2. The final selection of the 8 districts will be confirmed at the inception of the overall Decentralization Support Programme and ratified by the Programme Steering Committee.. It is recommended that the selection of the LCF pilot districts be aligned with the key priorities identified in both the Decentralization policy and the Economic Development and Poverty Reduction Strategy II (EDPRS II) where the pilots can make a contribution towards the achievement of these objectives.

This selection will be managed by LODA and supported by lessons learned from a study which will be

implemented during a preparatory phase for this component. The study will assess the capacities and appetite of the private sector and other stakeholders to participate in pilot LED initiatives. Recommendations for the selection of these 8 “Learning” Districts are in annex 7.4.

In addition for this particular component, operational preparatory work is needed with the development of procurement procedures and contract documents for the Local Competitiveness Facility.

(c) Summary of LCF Implementation

The LCF implementation activities are set out in detail in Annex 7.5: LCF Operational Appendix. It describes the following elements of the proposed LCF:

- Implementation Framework for the Local Competitiveness Fund framework
- LCF Financial Instrument
- Indicative Eligibility Criteria for Project Actions
- Indicative Number of applications

The appendix includes details on a number of key activities including:

- Setting the Foundation: Establishment of the LCF Pilot Management System in coordination with other national structures in charge of LED and private sector development. Those structures are member of the LCF Pilot steering Committee.
- LCF Pilot District Awareness, Mobilization and Capacity Building
- Design, Development and Launch of Public Call for Proposals LCF Concept Proposal: Window 1
- Administrative Compliance and Evaluation of Concept notes
- Detailed LCF application (Phase 2)
- Administrative Compliance, Evaluation, Award and Contracting
- Implementation Management and Monitoring and Evaluation

The schema below shows a summary of the activities .

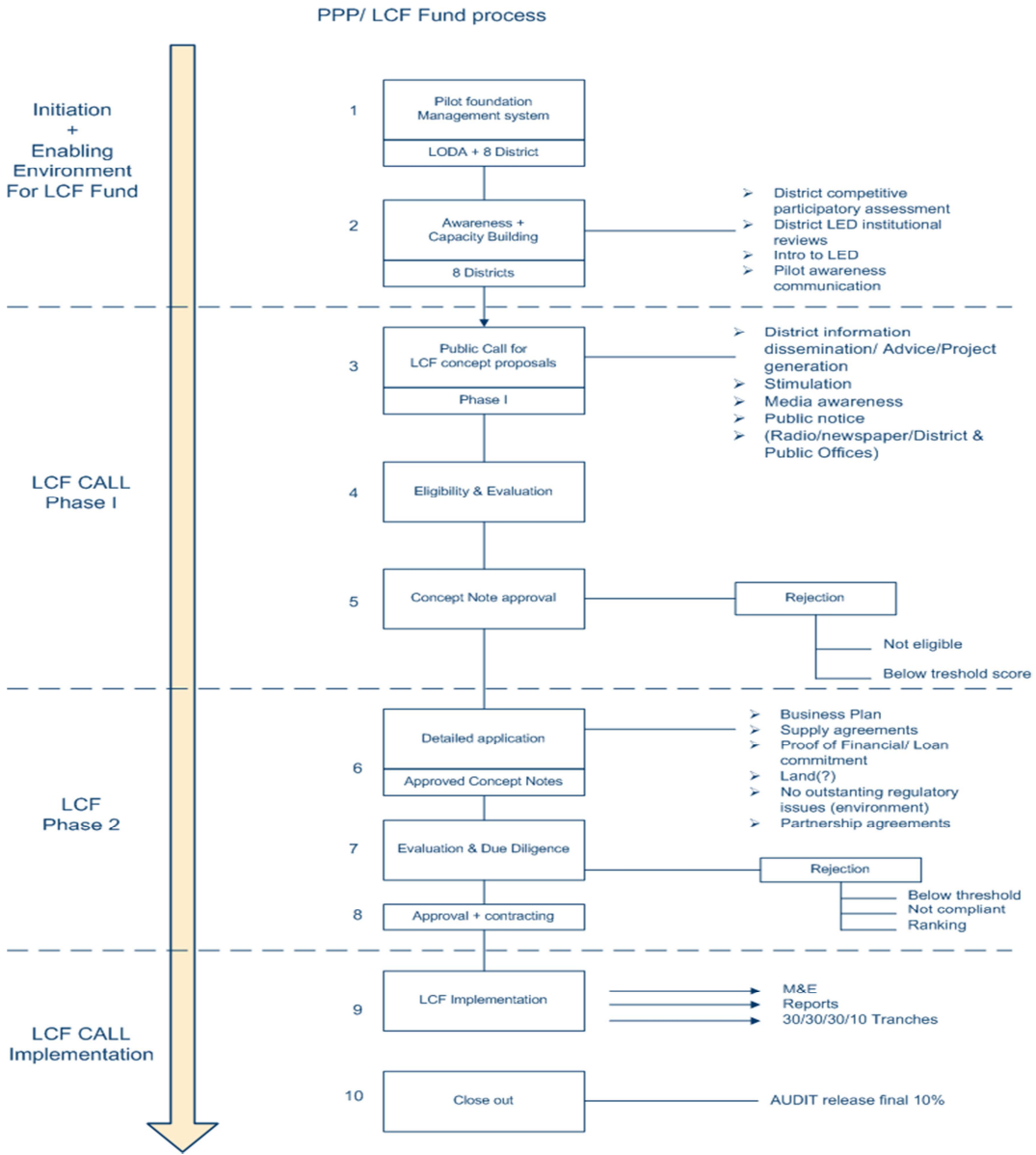


Figure 2: Summary Schema of LCF Pilot Activities

(d) Indicative Eligible Project Actions

The table below sets out the indicative project actions that the LCF can support. The specific requirements for eligible project actions, eligible applicants, eligible costs will be developed by LODA and other with key intervention partners prior to the launch of the fund, and will be set out in a Guideline to Funding applicants to be developed prior to the Public Launch of the 2 stage application process.

Box 2: Indicative Eligible Project Actions: LCF
<ul style="list-style-type: none">• Support to new and innovative economic development ideas;• Support to particular sectors that have a high potential to boost employment, particularly “off farm employment”. This includes, but is not limited to agriculture and agro-processing; tourism; wood and wood products; arts, crafts, cultural and creative industries; information and communications technology; logistics and transport.• Support to specific sectors and clusters in order to reposition the district local economy into higher value-added segments of supply chains, while increasing equitable participation in these value chains;• Promote systemic competitiveness of and grow the efficiencies of different sectors in the local economy by providing a base of infrastructure and services as a platform for increased competitiveness• Support economic development initiatives which are part of District Development Plans (DDPs)• Promote positive pro-poor economic outcomes

(e) Indicative Budget for Local Competitiveness Fund

A total budget of 3.330.000€ could be available for this activity (budget line A 02 03 – see budget in chapter 4). However, a maximum of 1.800.000€ will be used in a first call for Proposals relating to LCF-window 1 dedicated to small/medium actions. Should the piloting of LCF window 1 go according to the plan, a LCF window 2 for larger LCF actions can possibly be launched with the 1.530.000€ available on the Budget line for window 2. A proper evaluation of the LCF mechanism as detailed in annex 7.5 will help the Steering Committee to decide on the opportunity to set up LCF window 2.

3.4.3 Activities to achieve Result 3

3.4.3.1 Strengthen inclusive participation in LED

RALGA will be supported to contribute to better understanding of its role by each stakeholder for ownership and of “public good components” of partnerships as integration, equity and sustainability in LED. All its activities will contribute to transparency, inclusive participation, enhanced ownership and accountability around LED.

The activities to be undertaken by RALGA with the financial support of RDSP to achieve this goal are:

- Strengthening of JADF and District Councils economic commissions in the 8 pilot districts
- Continual promotion through peer learning on knowledge and understanding of LGs and private sector partners roles in LED through Technical forums, Innovation competitions, Study tours
- Continue to build the capacity of LG staff and leaders through formal training, based on the LOCATI (Local Competitiveness Training Initiative) methodology

- Support LGs in creating a business enabling environment by ensuring regular networks between the LGs and local business owners and through local business enabling environment surveys
- Get Districts to have implementation plans prepared and approved , (focusing on PPP, value chains etc.), including the inclusion of lessons learnt from the RDSP pilot LED projects. RALGA will facilitate regular lessons learnt at provincial level by arranging site visits to LED pilot projects for peer learning and experience sharing
- Assessing existing national laws that need to be amended to facilitate private sector driven LED
- In partnership with private sector representatives, RALGA will develop guidelines, formats or different kind of good practices on LED and will disseminated to Districts and the private sector;
- Continue its advocacy and technical work to facilitate PPD (Public Private Dialogue at the Local level) to promote the role of the private sector in LED.

3.4.3.2 Advocacy on the integration of gender responsive budgeting Local Government budgeting processes

At a first level, this advocacy will focus on the Fiscal decentralization Committee who have the authority to plan and oversee policy implementation in this area. Advocacy will be based on the role of the Central and Local Government and its stakeholders. RALGA in collaboration with Gender Monitoring Office will collaborate closely with the mandated Ministries in gender mainstreaming including but not limited to the Ministry of Gender and Family Promotion (MIGEPROF), Ministry of Finance and Economic Planning (MINECOFIN) and Ministry of Local Governance (MINALOC). Based on gender audits conducted by RALGA in 5 pilot Districts, RALGA has proposed that the advocacy **will target the following issues** in order to raise awareness on gender equality and its link with sustainable development for Local Governments:

- In collaboration with the GMO Study, identify areas and data that would guide gender sensitive PFM and national and local budgets
- Enhance mechanisms for co-ordination and information sharing on gender responsive budgeting between stakeholders and partners in the District
- Enhance and respect the role and responsibilities of each institution of the gender machinery as identified by RALGA (See roles in box 3.1 below)
- Undertake a study to list the key challenges, provisional priorities and relevant targets for each sector within the district.
- Identify the gender gaps within the different sectors and priorities as aligned with the EDPRS 2 thematic areas.
- Enhance the use the district gender statistics framework (GSF) to regularly identify the key gender gaps at the level of each sector and priority.

Box 3: Roles and Responsibilities in gender sensitive budgeting

- MINECOFIN: Design gender sensitive planning tools and guidelines for the development of DDPs and assist districts in using them;
- MINALOC: Provide checklists and guidelines that are gender sensitive and facilitate, in close collaboration with relevant partners, harmonization of planning and reporting tools that are gender responsive;
- MIGEPROF: Coordinate gender-related interventions and link with the District to ensure effective implementation. Advocate for gender issues emerging from implementation to be addressed. Mobilize funds to help in implementing gender-related interventions.
- GMO: Assist technically in developing District gender-sensitive M&E frameworks and monitor their effectiveness together with Districts. Also assist in ensuring that development of DDPs is gender sensitive;
- National Women Council: Use its structures to support the Districts in developing and implementing gender-sensitive DDPs;
- NISR: Provide gender sensitive data collection and reporting tools and facilitate, in close collaboration with relevant stakeholders, in harmonizing gender-sensitive indicators from the district gender statistical framework with the usual indicators reported on;
- JADF: Use its capacity, both technical and financial, to ensure development of quality and gender-sensitive DDPs.

3.4.3.3 Building capacity of Districts in the use of analytical tools rolled out by MINECOFIN on gender budget statements

MINECOFIN has developed guidelines and analytical tools on gender planning and budgeting with the support of UNCDF³¹. In collaboration with MINECOFIN and Gender Monitoring Office (GMO), RALGA will develop capacity building activities for Local Government staff and councillors including:

- Enable District staff to undertake the annual gender audits and reviews following the checklist developed by MINECOFIN. These audits ideally feed into an iterative and cyclical process as a basis for the following year's budget proposal.
- Review and update existing planning, budgeting, M&E and reporting tools through gender lens;
- To help Districts to produce a gender sensitive baseline for all areas of intervention;
- Organize training sessions on gender analysis, planning, budgeting, monitoring & evaluation and gender reporting for district leaders, staff and stakeholders;
- Coaching Districts including Directors of planning and other staff on the use of existing gender planning, budgeting and monitoring and evaluation tools;

³¹ Belgium was one of the UNCDF financing partners on this issue

- Document and share experiences and organize study tours around identified good practices related to planning and budgeting with gender aspects;
- Organize innovations competition in the domain of Mainstreaming gender in planning and budgeting.

3.4.3.4 Strengthening Equality in Gender Participation in Strategic Positions

It is noted that women only occupy a small percentage of senior management positions in local governments e.g. (Mayors : 10% are women, District Executive Secretaries 6.7% are women, Sector Executive Secretaries 9.1% are women) and there is no coordinated mechanism of capacity building of women councillors or women professionals . RALGA will advocate for an increased number of women in strategic decision making positions and improved leadership skills and working conditions for women through revisions of local government recruitment law, elections procedures.

Issues of advocacy may relate to Human Resource Management (HRM) issues like flexibility in working hours, maternity/paternity leave, gender responsive recruitment and capacity needs issues. Relating to the private sector and the focus of Belgium support on sustainable infrastructure investment, the RALGA will advocate – including through the Programme Steering Committee (PCU) and implementation modalities - for a decision making process that ensure gender responsive planning, design, location and operation of these infrastructures. For example, there is a possibility to develop gender responsive infrastructures and promote LED at the same time by ensuring that child care /kindergarten facilities are included within or around public infrastructure programme. These child care facilities could be run as an enterprise, and designed in consultation with local stakeholders, creating a win-win solution for public infrastructure users (such as market vendors and consumers) and the child care entrepreneurs. Gender responsive planning in the development of public infrastructure can also lead to a more logical spatial planning process, e.g. the strategic positioning of services which are predominantly used by women and children (schools, health centres) and the location of enterprises where many women are doing business and find employment (e.g. markets). The following specific actions are expected to contribute to this activity:

- Undertake a local market research on Women to different positions and gender behaviour in the labour market;
- Work with the Local Government Institute (LGI) to design quick win training on gender equitable development for Districts staff in collaboration with MINECOFIN;
- Analysis of institutional gender barriers in Rwandan workplace and legal framework;
- Design a lobbying and advocacy strategy on this issue basing on the above mentioned studies.

In the cross-cutting areas of decent work, it is proposed that the RDSP may also address the issue of gender equality in the work place for DDP projects supported by RDSP. This issue was not fully addressed with the partners at each level, therefore it is proposed that a short term local consultant will be recruited in the first year of the project to investigate how this issue can be integrated meaningfully into the RDSP under result 3.

3.4.4 Activities to achieve Result 4

3.4.4.1 Support to policy coordination and policy analysis

The RDSP and its specialized sector coordination TA will support MINALOC to ensure the integration of decentralization principles in all of the national reform programs. This will involve the analysis of cross-sector policies and the development of position papers that strengthen the overall coherence of

policy in decentralized sectors. This will enable the MINALOC to propose well-analysed policy positions to the Office of Prime Minister and to the Decentralization Program Steering Committee (DPSC), which brings together horizontal ministries (MINALOC, MINECOFIN and MIFOTRA) and technical line ministries (MINAGRI, MININFRA, MINEDUC, MINISANTE, MINIRENA, etc.).

The RDSP will also support and be actively engaged in Decentralization Sector Working Group (DSWG). The sector coordination TA (NTA) will principally support the MINALOC in its role as the chair of the DSWG, however, it is expected that the sector coordination TA will work with the RDSP Programme Coordination Unit and staff in a coordinated manner under the leadership of the MINALOC/BTC project management team. The RDSP co-manager (ITA - decentralization) will coordinate inputs from the programme and provide stakeholders with relevant information for policy dialogue through DSWG. Belgian Embassy and BTC are included as this group also includes representatives from development partners and non-state actors.

The RDSP role in supporting the objectives and functions of the DSWG will also include:

- Discussion of decentralization policy reform, and analysis of its potential impacts on RDSPs specific objectives;
- Discussion of decentralization policy positions papers and assist the DSWG in the development of proposals to be brought forward to other high level forum;
- Preparation for annual Joint Sector Reviews (JSR) and reviewing progress on the implementation JSR recommendations;
- Analyse the performance, achievements, challenges and bottlenecks of local governments in meeting their objectives;
- Support the function of the DSWGs technical working groups (TWGs) and addressing the issues raised through these groups

The RDSP will also participate in relevant TWGs including:

- The LED TWG, where the LED advisor will be the representative;
- The CB TWG, where the capacity building ³²advisor will be the representative;
- The Fiscal Decentralization Committee, where the PCUs International Finance TA ³³ will be the representative.

3.4.4.2 Support to Sector Policy Dialogue and Reform that contributes to equitable, fair and transparent financing in supporting LGs implement their Development Plans

This activity is linked to result 7 of the programme (second component RDSP – DDP) since the dialogue on the Belgian contribution to the DDP will address issues around equitable, fair and transparent financing of the Local governments. The RDSP, through the technical assistance provided in PFM and sector coordination, will contribute actively to the current policy development around financial capacities of the Districts and will provide adequate advice and technical support to the relevant SWG and TWG on this issues. RDSP can also provide financial support for dedicated

³² It should also be noted that end of 2013, the GoR proposed to set up a new sector Working group for Capacity Building. When effective, RDSP can possibly provide inputs for CB issues in the decentralization sector, based on its participation to the relevant TWG.

³³ The job description for this position includes a requirement to have PFM skills.

research and studies. RDSP includes relevant indicators in its M&E framework in order to contribute meaningfully to sector policy dialogue.

(a) Enhancing Local Government Ownership of their Budgets and Development Process through Policy Dialogue

Within the context of Fiscal decentralization, the degree of local ownership can be defined as the proportion of Discretionary (non-earmarked) budget as a percentage of the total Decentralized budget. This is a measure of the proportion of the budget over which LGs exercise a large degree of control. Therefore, policy dialogue will focus on support an increase to non-earmarked District budgets in real terms and as a percentage of their total budgets.

(b) Support to Equitable, Fair and Transparent Financing of Local Governments

As mentioned, there are two processes related to RDSP-DDP that have a significant impact on to the achievement of this activity related to equitable, fair and transparent financing of LGs. These are:

- The Local Government Budget Cycle
- The application of the LODA Grant Allocation Formula

In addition, the third aspect of gender responsive budget has been included as an area of advocacy in Result 3.

(b1) The Local Government Budget Cycle

A summary of the activities included in the LG Budget Cycle as issues for the FY2013/14 is shown in Table 7 below. It shows a workflow diagram for the preparation of the LG annual budget and planning process which highlights key timelines and processes

Table 7 LG Budget Cycle

Oct 22	First Budget Call Circular (BCC) issued by MINECOFIN.
Nov	LODA organizes consultation meetings between MINECOFIN, the Line Ministries / Budget Agencies to discuss and set the national orientations for the Fiscal Year
Nov	LODA elaborates detailed guidelines to be provided to Local Government providing guidance for the identification, prioritization and budgeting of Local Economic Development and Social Protection Development Partners inform National (GoR) and Local Governments as well as LODA about available resources for FY 2013/2014.
	LODA will inform districts on this national orientation by sector and organize consultation meetings at provincial level
Nov/ Dec	Local Government entities start to identify, prioritize and budget for the priority projects to be implemented in the coming financial year. This process is supported by LODA through permanent counselling
Dec	MINECOFIN issues the 2nd Budget Call Circular and informs LODA on the available funds for Local Development projects by letter. LODA computes the allocations for each Local Government entity concerned using the existing distribution formulae bases on based on <i>population size, District area, poverty level of District and Performance based on 2010/2011 Imihigo evaluation</i>
End Dec	LGs finalize the preparation of the draft list of priority projects and present this to the LG Council for approval.
Jan/ Feb	LODA organizes a consolidation meeting with MINECOFIN, Provinces, and District Administration on the basis of the Draft Priority Projects (Draft LPP). LG entities submit its final draft List of Projects to LODA. LODA collects final draft LPPs and submits by <i>Mid-Feb</i> to MINECOFIN

Mid Feb	LGs enter data on priority projects into the IFMIS.
End March	MINECOFIN presents the final draft list of priority projects to Cabinet together with the Budget Framework Paper. Once endorsed by Cabinet, the Draft Budget Paper is submitted to the National Parliament as well as to LG Councils to start the verification process of the respective budget frameworks to be consolidated at national or LG level.
30 April	MINECOFIN on behalf of the Cabinet informs Budget Agencies on the budget estimates approved by Cabinet.
May/ June	BFP is analysed and discussed by National Parliament as well as by Local Government Councils (each for the part they are responsible for).
Mid May	Based on the changes made, LODA might recalculate its allocation and inform LG entities accordingly
End June	National Parliament approves financial budget law on the basis of the BFP submitted to Parliament by MINECOFIN latest end of April 2013. Same deadline applies for LG councils to approve their budgets
July	Once consolidated at LG level, the budget might be revised and the Annual Action Plan and Annual Procurement Plan can be drafted as well as data already entered in IFMIS might be revised by LG entities. Districts issue the final version of the AAP, the APP, and Imihigo contracts as well as elaborate the cash flow plan on the basis. Once the latter is submitted to MINECOFIN, the first quarterly transfer is made
July	LODA signs a Memorandum of Understanding with each District on the planned implementation of priority projects as well as the monitoring of outputs, outcomes and impacts for each project funded by earmarked transfers. This MoU forms the basis of the monitoring and cash flow plan preparation during the financial year.

(b2) The application of the LODA Grant Allocation Formula

The horizontal grant allocation formula take into account population for 40%, poverty for 40 % and surface area for 20% and the performance in the previous year's IMIHIGO evaluation. Following a recent study³⁴ that explored possible scenarios for the revision of the allocation formula, MINALOC may possibly consider in the future the inclusion of additional criteria related to performance based grants in line with practices in other similar countries. One of the main issues to be further discussed is the link between the proposed performance based criteria and the current performance contracts or IMIHIGO process. The inclusion of these performance based criteria would form a strong link between capacity building, performance and allocation of grants.

“Performance based grant systems (PGs) are expected to enhance LGs’ capacity to use the funds effectively and efficiently and might attenuate some of their negative impacts of increased external funding, e.g. the general dwindling of LGs’ efforts on tax collection that has been observed in many countries. Such systems vary from country to country, but their common feature is that they aim at promoting a positive change in some aspects of the performance of the LGs, which receive or try to get access to the grants.”³⁵ Those who argue against using performance based criteria often state that citizens and funding to basic services should not be negatively impacted by low performance within local government administrations and councils. This issue shall continue to be discussed through the relevant Technical Working Groups with the support of RDSP.

³⁴ Consultancy by LODA supported by KfW

³⁵ Juergen K. F. Heinklele (2013) Revision of the RLDSF grant formula

3.4.5 Activities to achieve Result 5

Under the coordination of the PCU, the RDSP will dedicate time and resources to learn lessons from activities supported by the Programme. The Technical Assistance will play a critical role in documenting the processes supported through the double track approach developed under this programme.

3.4.5.1 Lessons learnt from LED Pilot approach

It is anticipated that lessons will be learnt related to

- The development of localised LED plans including feasibility and market assessments based on the economic potential within the various LGs;
- The role of the private sector and enterprise as a driver of LED
- The role of the public sector at sub-national level in creating an enabling environment for LED
- It is anticipated that lessons will be learnt related to LCF mechanisms, and its effectiveness in the delivery of services associated with LED. The participation of other GoR institutions in charge of economic development to this process will allow a “comparative thinking” between the several tools developed or under development.

3.4.5.2 Documenting and sharing lessons learnt related to demand driven capacity building

The lessons learnt will relate to:

- The effectiveness of the various capacity building methodologies and tools used by the RDSP
- Analysis of the link between organizational capacity building and performance based assessments
- Recommendations for enhancing Local Ownership and demand driven capacity building including good practices in decentralizing capacity building resources

3.4.6 Activities during preparatory phase³⁶

A number of issues related to the above results require actions to be further completed in a preparatory phase. This phase is necessary to ensure that the RDSP can be efficiently implemented within the designed 4 –year period. The DEL CO and ITA for Contract and Finance should be recruited to ensure coordination between the preparation phase and the main implementation period. Additional organizational assessments may also be necessary, depending on the requirements of BTC

For the CB pilot component, the Development of procedures and manuals to guide organizational performance assessments in Rwanda’s LG will be needed before undertaking activity 3.4.1.3. Those procedures will assure an adaptive process of CB management at district level; better synergy with specific technical supervision support through NCBS Interventions (see expected Belgian Support starting Feb 2014) and, furthermore, will be a unique opportunity to capitalize on previous bilateral Belgian support.

For the LED pilot, “preparation” studies are required to further assess the appetite of the private sector to participate in the LED pilot to ensure the viability of the process. The relevance of this approach has

³⁶ Refer to BTC start-up of intervention Guide for further details on requirements during this phase

already been verified during the formulation and this initial assessment suggests that it will be viable. However, it is important that operational procedures and documents for the procurement of private sector partners and clusters are given a “no objection” by BTC and the Rwandan authorities before the implementation begins. This will save unnecessary time delays and burden on RDSP and partner staff during the implementation period.

Finally, at an operational level, the preparatory phase offers an opportunity to address key issues related to the quality of financial reporting from partners and the completion of the baseline survey that will facilitate the efficient implementation of RDSP activities during the implementation phase.

The preparation activities are described below with reference to the related implementation phase result and activity areas.

3.4.6.1 Recruitment of Technical Assistance for the DEL CO and International Finance Controller positions

The TA for the PCU will be recruited at this stage by BTC using their own procedures. ToR for the two positions are included in section 7.3.1. of this TFF.

3.4.6.2 Further organizational assessments of partners when required

BTC may be required to undertake further organizational assessments depending on the designed implementation modalities. BTC will be responsible for development of appropriate ToR and other aspects of this activity.

3.4.6.3 Undertaking the RDSP baseline survey

The purpose of the baseline is explained in section 5.10.1.1 and the ToR in Annex 7.6.1

3.4.6.4 Studies into the capacities and appetite of the private sector to participate in pilot LED initiatives

The ToR for this study is included in Annex 7.6 2of the TFF. The justification for this work is included in section 3.4.2.3; This study will also help for the final decision on the Pilot Districts for activity A 2.3. (LED competitiveness Pilot Programme).

3.4.6.5 Development of operational modalities of the LCF including procurement procedures for procuring private sector LED partners

The ToR for this study is included in Annex 7.6.3. The justification for this work is included in section 3.4.2.3

3.4.6.6 Setting up RDSP reporting strategies and building relevant internal capacities

The importance of capacity development on financial reporting has been explained in 3.4.1.1.

3.5 Indicators and means of verification

A result-oriented logical framework has been set up for this intervention (see annex 7.1) and include the indicators that will be used and their definition (included in annex 7.2.). Indicators are used to monitor the performance and the change process of the intervention and to learn from the implementation phase. In doing so, indicators support evidence based decision making at strategic and operational level and enable accountability for the realisation of the expected results, for the progress made towards the specific objective, and ultimately, for the achievement of the specific objective by the intervention.

The framework is based on the intervention strategy and the selected indicators are aligned to the current Decentralization Strategy and the proposed draft DSSP 2013/14 – 2017/18³⁷. The figure below mirrors the approach of the indicators at the different levels : how the indicators reflect the intended change at the level of the specific objective, the impact this change is supposed to have at the sector level (reflected in the general objective) and the expected results, expressed in terms of delivery and quality of products and services, that are needed to achieve the change at the specific objective level. The specific objective level also includes indicators that reflect the intermediary changes expected to take place between the expected results and the specific objective.

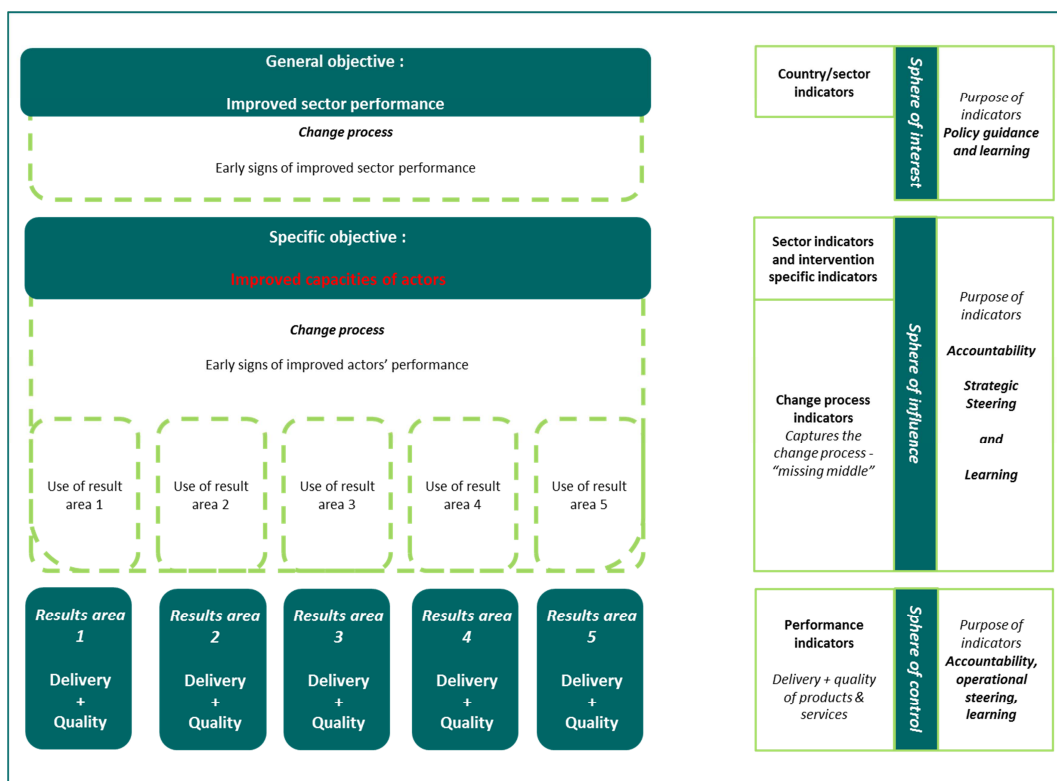


Figure 3: Approach of the indicators at the different levels

The specific objective level contain 2 types of indicators :

- The performance indicators that indicate improved capacities of the actors that are expected at the end of the intervention. These can't be modified during the implementation phase by the implementing actors (except modalities foreseen in the chapter "modifications").
- The indicators that are looking at the intermediary changes – i.e. the change process indicators. These can be modified, added or deleted during the implementation phase for steering and learning purposes, if dully justified based upon analysis. (see chapter "Steering" and TFF modification)

Indicators at the level of the expected results reflect both the delivery and the quality of products and services. These indicators are to be included in annual budgets and work plans for accountability purposes in line with good practice in results based budgeting. This will facilitate alignment with the

³⁷ Some indicators are already used and tracked by the GoR in its annual "governance scorecard".

Rwandan planning, budgeting and IMIHIGO performance contract process on an annual basis. Indicators at the level of the expected results can be changed if the intervention strategy changes (see chapter modifications to the TFF and Steering for changing modalities).

These objective level indicators are for Steering and Learning purposes. Accountability indicators (at result and activity level) will be included in the development of annual work plans and budgets by the RDSP implementation team. Through alignment with the decentralization policy framework, these indicators fully support national data collection systems. However, as an important aspect of learning and strategic steering, selected PFM indicators that reflect good international practice have been included for RDSP-DDP. This is critical as the RDSP is supporting direct fiscal transfers to districts, and hence the quality of the PFM systems related to fiscal transfers to the sub national level are of the utmost importance and relevance. This issue should not be confused with the PFM reform process which has not been selected as a strategic area of the RDSP.

3.6 Description of beneficiaries

Direct beneficiaries

- The direct beneficiaries of the intervention are MINALOC and its agencies (RGB, LODA), the Rwandan Association of Local Government Authorities (RALGA) and Local Governments in Rwanda. The eight districts selected for the pilot LED project will be significant beneficiaries of the intervention.

Indirect beneficiaries

- Other Government agencies will benefit from the intervention including NBCBs through support to coordinated capacity building, members of the Decentralization Policy Steering Committee through enhanced policy analysis and members of the fiscal decentralization committee through support to PFM related issues
- Final beneficiaries are the people of Rwanda that will have an increased access to local government services, particularly in the area of LED.

3.7 Risk Analysis

A risk analysis has been performed in order to identify and assess factors that may jeopardize the success of the intervention and to identify which actions the intervention can propose to mitigate those risks. Existing organizational assessments have been integrated and specific assessments have been performed where necessary. Different types of risks have been assessed. The indicated risk level is an appreciation of the possible occurrence of the risk combined with the possible impact thereof.. If needed, the preparatory phase will update the risks analysis, specifically on the LED pilot.

3.7.1 Implementation risks

Risks	Risk Level	Mitigation measures
Objective		
Result 1 Skilled coaches and other CB providers are not available	Medium	The project will focus on enhancing the quality of coaching through RGB.
Result 1 Priority CB initiatives are already covered by national budget or development partner initiatives by the commencement of RDSP	Medium	NCBS has the mandate to coordinate all CB initiatives and RGB plays the same supervisory role for the execution of the LGCB strategy implementation plan. They are members of the Programme steering committee.
Result 1 Availability and readiness of counterparts in all coaching processes	Medium	Several mechanism in all the RDSP for increasing ownership of all stakeholders from the very beginning of the Intervention cycle
Result 2 Skilled LED CB providers are not available Health and safety procedures are ignored by LG and infrastructure site management Poor awareness about the added value of HIV/AIDS workplace policies	Medium Medium Medium	5 LED TA (1 ITA + 4NTA) are provided through the RDSP Several mechanism in all the RDSP for increasing ownership of all stakeholders from the very beginning of the Intervention cycle Supervisory role of LODA already in place will be reinforce to monitor site safety. This should include site closure where safety procedures are not adhered to Regular awareness raising activities by the respective HIV/AIDS focal points and the Rwanda Private Sector Federation
Result 2 (LED Pilot) The private sector does not respond positively to the LCF Call for Proposals as the private sector lacks the capacity to optimize the fund or the risks are seen as too high and the LCF financial instrument (matched funding) is not sufficient to	High	A further study is to be undertaken during the preparation phase to assess the capacity of the private sector and the optimal matched funding ratios and grant sizes to secure private sector participation and investment

mitigate the risks		
<p>Result 2 (LED Pilot)</p> <p>Economic Actors fail to establish credible and sustainable partnerships</p>	High	<p>PPP guidelines are under development at national level</p> <p>District National Technical Assistants and counterpart District provide facilitation and capacity building skills.</p> <p>Project assessment and due diligence processes to establish credibility of partnerships and sustainability of economic initiatives</p>
<p>Result 2 (LED Pilot)</p> <p>The applicant partnership groups will submit applications that are not administratively compliant, and/or fail to meet eligibility and/or are not technically competent</p>	High	<p>District National Technical Assistants with, Counterpart District Staff will provide on-going and sustained support during the open periods of the Call for Proposals to provide advice around eligibility, administrative compliance, and eligibility.</p> <p>Short Term Technical Assistance will be provided in the detailed application phase to assist applicant partnership groups address issues of technical competency</p>
<p>Result 2 (LED Pilot)</p> <p>Availability and readiness of counterparts in all coaching processes</p>	High	<p>Preparation study, specific activities for awareness and overall mechanism in all the RDSP for increasing ownership of all stakeholders from the very beginning of the Intervention cycle.</p> <p>Study tour of LODA stakeholders in other east African counties in order to have a common understanding of LCF potential</p>
<p>Result 3</p> <p>Insufficient functioning and support to JADF</p>	Medium	<p>Several mechanism in all the RDSP for increasing ownership of all stakeholders from the very beginning of the Intervention cycle</p> <p>Room for additional support in the 8 pilot districts through RALGA</p>
<p>Result 3</p> <p>Gender advocacy issues are not discussed in key forums</p>	Low	<p>RALGA has established excellent relationships with key international, national and sub-national actors</p>
<p>Result 4</p>	Medium	<p>RDSP TA will support the functionality of the SWG by researching agenda issues in</p>

SWG and TWG meetings are not organized, or not regularly or timely, by the lead agencies		partnership with MINALOC
Result 5 Slow progress in CD and LED will delay documentation of lessons learnt	Medium	RDSP will focus on specific areas (pilots, evidenced based capacity building) related to lessons learnt. The preparation phase is designed to assist progress in the implementation phase

3.7.2 Management risks

Risks	Risk Level	Mitigation measure
Objective Role of SPIU/PCU as RDSP coordinator not well organized.	Low	Follow-up of organizational assessment recommendations from the early step.
Result 1 Change in the roles and mandates of oversight agencies for LG capacity building	Low	Already well organized transition phases Strong reporting and knowledge management will ensure that critical information on the RDSP implementation is available to new institutions if they are created All agencies having a mandate in LGCB are members of the PSC
Result 2 LED pilot projects are delayed due to lack of skills and experience of district management	Low	LED pilot projects will be focused in a small number of districts. LED TA will support district management in these districts Availability of specific organizational performance assessments related to LED management in pilot districts
Result 2 Availability of staff at LODA for management of the LED pilot	Medium	Follow-up of organizational assessment for LODA
Result 3 Non-compliance of RALGAs planned interventions with BTC financing agreements	Medium	RALGA will be trained on procedures required for implementation through financing agreements
Result 4 No management risk identified for		

advice to be given under R4		
<p>Result 5</p> <p>Late identification of thematic for the capitalization</p> <p>Work overload does not facilitate project staff to complete documentation of lessons learnt</p>	Low	<p>Priority for BTC, awareness mechanisms, and role of NTA for sector decentralization.</p> <p>The inclusion of indicators on this issue highlights its importance in the management of the RDSPs work load. Consultants can be used to support MINALOC and project staff</p>

3.7.3 Effectiveness risks

Risks	Risk Level	Alleviation measure
<p>Objective</p> <p>Performance assessment methodologies (at the organisational level) are not prioritised by the MINALOC and NCBS</p>	Low	The project will support the MINALOC (DG TA&GG) in the development of rationale for performance assessment and BTC support through another Intervention NCBS for quality management of CB process.
<p>Objective</p> <p>Discrepancy between Rwandan and Belgian budget cycle has a negative impact in RDSP budget credibility</p>	Medium	BTC will comply with budget calendar as issued by MINECOFIN
<p>Result 1</p> <p>Performance assessments (at organizational level) do not have adequate quality control measures</p> <p>Recommendations of capacity building studies and consultancies are not viewed as relevant by the MINALOC</p>	<p>Low</p> <p>Medium</p>	<p>GoR can utilize external human resources (local and international private sector) for quality control when required</p> <p>Studies will be based on the formal policy and strategy of the GoR, or the clearly expressed policy intention of the sector e.g. as expressed in SWG and TWGs recommendations</p> <p>Membership of key decision-makers in the SC.</p>
<p>Result 2</p> <p>Own sourced revenue sources do not provide targeted revenues</p> <p>Check risks with final formulation of indicators for this result.</p>	Medium	Coordination on OSR through the FD committee

Result 3 Gender budgeting tools are ineffective Check risks with final formulation of indicators for this result	Low	Tools have been developed with UNCDF support, based on lessons learned in other countries
Result 4 Other sectors are not committed to policy coordination with the decentralisation sector	Medium	RDSP will support MINALOC in preparing position papers for OPM, DPSC and other senior decision makers
Result 5 No effectiveness risk identified for R5		

3.7.4 Sustainability risks

Risks	Risk Level	Alleviation measure
Result 2 The districts are unwilling to form strategic partnerships with the private sector	Low	PPP guidelines are under developing at national level
Result 1 Stakeholder support for decentralisation of CB grants does not materialise	Medium	The RDSP will support MINALOC in justifying requirements for decentralized funding. MINALOC is committed to decentralizing resources
Result 2 Tools for recurrent budgeting for O&M are not approved	Medium	RDSP will support MINALOC and LGs in capacity building on O&M
Result 2 (LED Pilot) LCF not institutionalized within LODA in the medium term and in the Districts in the longer term if found relevant	Medium	Pilot Implementation to ensure strong systems development and their institutionalization in LODA and District systems LCF Pilot Steering Committee with key stakeholders participation Feasibility study recommendations on sustainability approach
Result 2 (LED Pilot) LED Managers are not	medium	RDSP Steering Committee to address the issue of institutionalization of systems at

appointed at District levels to provide sustainable support to the programme in the long term		national and district level in the medium term and districts in the longer term
Result 3 LGs acceptance of gender budgeting tools is low	High	RALGA in partnership with GMO will lead advocacy to convince their membership on importance of gender
Result 3 JADF and its committees are not functioning	Medium	RALGA focus on 8 pilot districts in its JADF and District economic commission support. Technical and financial support, specifically by NTA at District level.
Result 4 Change in sector leadership reduces the drive for coordination	Low	RDSP will support MINALOC as an institution in defining coordination priorities
Result 5 GoR does not consider lessons learnt from the RDSP to be of sufficient quality to integrate into national policy and regulatory framework	Low	GoR in EDPRS 2 has stated its intention to promote decentralization, LG owned capacity building, coordination and the role of the private sector in LED. Use of GoR, implementation and decision making processes

3.7.5 Fiduciary risks

Risks	Risk Level	Alleviation measure
Result 1 LG own sourced revenue budget for O&M are not reliable	Medium	RDSP will work with the FDC in addressing OSR policy and collection
Result 2 LED pilot compliance with public procurement regulations	Medium	A preparation study will design procedures for the LED pilot in compliance with either Belgian or Rwandan regulations
Result 2 (LED Pilot) A small proportion of contracted LCF Private partnership groups fail to meet contractual obligations, incur ineligible expenditure or defraud the fund	Medium	Implementation of rigorous Technical, financial assessment and Due diligence procedures Implementation of project cycle management procedures and interim narrative and financial reports National LED Technical assistants provide

		close monitoring role, recommend tranche payments, and recommend timeous suspension and termination of contracts
Result 3 Lack of ownership by stakeholders to be engaged in JADF	Medium	Specific attention to ownership in all RALGA activities and reports
Result 3LGs do not allocate funds for gender issues in line with policy guidelines	Medium	RALGA will work with MINECOFIN in enhancing LG capacity on gender planning and budgeting
Result 4 No Fiduciary Risks		
Result 5 No Fiduciary Risks		

4 RESOURCES

4.1 Financial resources

4.1.1 Rwandan Financial Contribution

The Rwandan contribution consists in the following elements:

- Secondment of a Intervention Director for the whole duration of the project (salary and expenses)
- Possibility to request support from the MINALOC, RGB, LODA and RALGA training budget and other Rwandan appropriate instruments and actors as a complement to the intervention
- Provision of office premises³⁸ (with Internet connection, water and electricity services and security) for the project in Kigali and in the selected pilot district(s).
- Operational costs (rental of vehicles, meeting room, ...)
- Operation and maintenance costs of program infrastructure investments during and at least 3 years after implementation period for the sake of sustainability (see art 11 of Specific Convention).

Regarding this contribution, it is important to note that any tax, including VAT on the supplies and equipment, works and services is covered by the Government of Rwanda.³⁹

The Rwandan contribution for this specific intervention is estimated at **1.427.473 €** and will be reviewed in accordance with the actual investments through the update of an Operation and Maintenance Plan.

MINALOC, on behalf of GoR, will report at least yearly to the Steering Committee and later to the Partner Committee of the use of this contribution.

4.1.2 Belgian Financial Contribution

The Belgian contribution for this intervention is 16.5 million Euros.

Tentative budget	In EUR
R 1 (LG CB)	4.400.000
R 2 (LED CB)	6.300.000 ⁴⁰
R 3 (Part and Equal LGLGs)	1.485.000
R 4 (Sector Coordination)	400.000
R 5 (Lessons learned)	300.000

³⁸ Offices Premises : including at minimum 4 offices at MINALOC available for the PCU, 1 Office at LODA available for 1 ATI LED, 1 Office at RGB available for 1 ATI CD, 4 Offices in selected pilot District available for 4 AT's LED

³⁹ As agreed upon in the General Development Cooperation convention signed on the 18th of May 2004 between both governments,

⁴⁰ Including a tentative budget for LCF window 2 if LCF window 1 has been implemented according to the Plan

Sub Total	12.885.000
Contingency	720.000
General Means	2.895.000
Total	16.500.000

An amount for contingency of 720.000 Euro (4% of total amount) is set to compensate the exchange rate fluctuations and to allow flexibility in the project implementation.

CHRONOGRAMME

TOTAL BUDGET				Management Mode	TOTAL BUDGET	%	Preparation phase	YEAR 1	YEAR 2	YEAR 3	YEAR 4
A					12.885.000	78%	130.000	2.302.000	3.465.000	4.026.000	2.962.000
A	01	<i>LG Capacity Building</i>			4.400.000	27%		950.000	1.550.000	1.050.000	850.000
A	01	01	Support to LG CB (including NTA)	co-mgmt	3.500.000			720.000	1.100.000	830.000	850.000
A	01	02	Support to RGB	co-mgmt	550.000			150.000	250.000	150.000	
A	01	03	Performance and Organizational assessment	co-mgmt	350.000			80.000	200.000	70.000	
A	02	<i>LED capacity building</i>			6.300.000	38%	130.000	887.000	1.230.000	2.346.000	1.707.000
A	02	01	Support to LED Planning	co-mgmt	750.000		50.000	200.000	200.000	200.000	100.000
A	02	02	Safe and sustainable LED implementation	co-mgmt	450.000			120.000	180.000	150.000	
A	02	03	technical support to LED Pilot (LODA co-mgmt and 4 NTA)	co-mgmt	1.400.000		80.000	387.000	370.000	316.000	247.000
A	02	03	LED ITA	BTC direct mgmt	720.000			180.000	180.000	180.000	180.000
A	02	03	LED Pilot (window 1 small and medium actions)	co-mgmt	1.800.000				300.000	900.000	600.000
A	02	03	LED Pilot (window 2 large actions) - to be used only if window 1 has been implemented according to the plan	co-mgmt	1.180.000					600.000	580.000
A	03	<i>Inclusive Participation and Equality in LGs</i>			1.485.000	9%		345.000	535.000	420.000	185.000
A	03	01	LED Participation (LG and private sector)	co-mgmt	660.000			115.000	215.000	215.000	115.000
A	03	02	Advocacy on Gender Budgeting	co-mgmt	125.000			30.000	50.000	25.000	20.000
A	03	03	Training and Monitoring Gender Budgeting	co-mgmt	549.000			150.000	200.000	149.000	50.000
A	03	04	Equality in strategic LG positions	co-mgmt	151.000			50.000	70.000	31.000	
A	04	<i>Sector Coordination</i>			400.000	2%		100.000	100.000	100.000	100.000
A	04	01	policy coordination and analysis (incl 1 NTA)	co-mgmt	400.000			100000	100000	100000	100000
A	04	<i>Lessons Learnt</i>			300.000	2%		20.000	50.000	110.000	120.000
A	04	01	LED Pilot approach	BTC direct mgmt	170.000			10000	20000	70000	70000
A	04	02	Demand driven capacity building	BTC direct mgmt	130.000			10000	30000	40000	50000
X	Contingencies				720.000	4%		0	200.000	350.000	170.000
X	01	<i>Contingencies</i>			720.000	4%		0	200.000	350.000	170.000
X	01	01	Contingencies co-management	co-mgmt	720.000				200000	350000	170.000

Z General Means				2.895.000	18%	263000	830500	580500	610500	610500
Z 01	Salaries			2.164.800	13%	192.800	493.000	493.000	493.000	493.000
Z 01 01	Program Co-manager	BTC direct mgmt	720.000			180000	180000	180000	180000	180000
	Program Co-manager (preparation phaset)	BTC direct mgmt	90.000		90000					
Z 01 02	Program ITA Finance & Admin	BTC direct mgmt	720.000			180000	180000	180000	180000	180000
	Program ITA Finance & Admin (preparation phase)	BTC direct mgmt	90.000		90000					
Z 01 03	Allocation for SPIU staff (incl PM)	BTC direct mgmt	200.000			50000	50000	50000	50000	50000
Z 01 04	Administration and Finance staff	BTC direct mgmt	204.800		12800	48000	48000	48000	48000	48000
Z 01 05	Drivers	BTC direct mgmt	140.000			35000	35000	35000	35000	35000
Z 02	Investments			260.000	2%	10000	250000	0	0	0
Z 02 01	Vehicles	BTC direct mgmt	210.000			210.000	0	0	0	0
Z 02 02	ICT Equipment	BTC direct mgmt	50.000		10000	40.000	0			0
Z 03	Running Costs			200.200	1%	10200	47500	47500	47500	47500
Z 03 01	Vehicle Operating Costs	BTC direct mgmt	54.000		6000	12000	12000	12000	12000	12000
Z 03 02	Communication costs	BTC direct mgmt	12.500		500	3000	3000	3000	3000	3000
Z 03 03	Missions	BTC direct mgmt	42.000		2000	10000	10000	10000	10000	10000
Z 03 04	External Communication costs	BTC direct mgmt	11.000		1000	2500	2500	2500	2500	2500
Z 03 05	Training	BTC direct mgmt	40.500		500	10000	10000	10000	10000	10000
Z 03 06	Financial costs	BTC direct mgmt	8.200		200	2000	2000	2000	2000	2000
Z 03 07	Other	BTC direct mgmt	32.000			8000	8000	8000	8000	8000
Z 03 08	VAT costs	BTC direct mgmt	0			0	0	0	0	0
Z 04	Audit, Monitoring and Evaluation			270.000	2%	50000	40000	40000	70000	70000
Z 04 01	Monitoring and evaluation	BTC direct mgmt	150.000		50000	10000	10000	40000	40000	40000
Z 04 02	Audits	BTC direct mgmt	60.000			15000	15000	15000	15000	15000
Z 04 03	Backstopping	BTC direct mgmt	60.000			15000	15000	15000	15000	15000
TOTAL				16.500.000		393.000	3.132.500	4.245.500	4.986.500	3.742.500

REGIE	3.915.000
COGESTION	12.585.000

1.030.500	810.500	900.500	910.500
2.102.000	3.435.000	4.086.000	2.832.000

4.2 Human resources

4.2.1 Principles

- The programme will be fully integrated into MINALOC and its agencies and LGs.
- It will be implemented through the normal structures and procedures of MINALOC as much as possible. The Programme Coordination Unit will be anchored in the Single Project Implementation unit of MINALOC.
- There is no distinction between the normal tasks of agents and staff of MINALOC agencies and those falling under this Programme.
- Regarding the considerable workload, specific additional human resources will be provided in 3 different forms:
 - Long-term international technical assistance;
 - Long-term national technical assistance;
 - Short-term and periodic technical assistance.
- TA will be provided for those areas where there is a clear need for additional expertise.
- TA should not substitute MINALOC or LG staff, but is an added value to improve the quality of implementation of the programme. This quality improvement must be mainly achieved through on-the-job support to MINALOC staff and its agencies and the LGs.
- TA should not only be technically proficient but also have clear capacity building skills

4.2.2 Program Staff : Long-Term and Short-Term

The list of the program staff is indicated in the following table (see also organizational structure and of description of responsibilities in chapter 5). Detailed Terms of Reference for the 9 permanent Technical Assistants can be found in Annex 7.7.

Table 8: Long-Term International and National Technical Assistance

Position	Quantity x Duration	Role and HR Set-up	Budget / Line	
MINALOC Director of Intervention	1 x 54 months	Direct counterpart of the BTC funded Decentralisation Co-Manager, Under MINALOC employee contract Funded by the MINALOC	MINALOC	Programme Coordination Unit
Decentralisation Technical Assistant and Co-Manager	1 x 54 months	Support RDSP-ECD and RDSP-DPP Components BTC International Technical Assistant (ITA) Under BTC employee contract Funded by the intervention Full time on the program	100%GM	Programme Coordination Unit
MINALOC Programme Manager	1 x 54 months	Direct Support to the MINALOC DI Under MINALOC employee contract Funded by the intervention Full time on the program	100% GM	
Contract, Administration, Finance and PFM Technical Assistant (CFA)	1 x 54 months	Support RDSP-ECD and RDSP-DPP Components BTC International Technical Assistant (ITA) Under BTC employee contract Funded by the intervention Full time on the program	100% GM	Programme Coordination Unit Support Functions
Procurement Officer	1 x 48 months	Under MINALOC employee contract, Funded by the intervention Full time on the program	100% on General Means	
Senior Accountant	1 x 48 months	Under MINALOC employee contract, Funded by the intervention Full time on the program	100% on General Means	
Project Administration Assistant	1 x 54 months	Under MINALOC employee contract, Funded by the intervention Full time on the program	100% on General Means	

Driver	2 x 48 months	Under BTC employee contract, Funded by the intervention Full time on the program	100% on General Means	
Capacity Building Technical Assistant	1 x 48 months	Support in planning LG CB, coordination, development of systems and procedures National Technical Assistant (NTA) Under BTC employee contract Funded by the intervention Full time on the program	80% R1 20% R5	RGB
LED International Technical Assistant	1 x 48 months	Support to process and systems of LCF Pilot mechanism BTC International Technical Assistant (ITA) Under BTC employee contract Funded by the intervention Full time on the program	80% R2 20% R5	LODA + 8 Pilot Districts
LED Technical Assistant	4 x 48 months	Support to process and systems of LCF Pilot mechanism BTC National Technical Assistant (NTA) Under BTC employee contract Funded by the intervention Full time on the program	80% R2 20% R5	
Drivers LED DISTRICTS	4 x 48 months	Under BTC employee contract, Funded by the intervention Full time on the program	100% on General Means	LODA + 8 Pilot Districts Support Functions
Sector Coordination Technical Assistant	1 x 48 months	Support MINALOC in policy analysis and coordination mechanism BTC National Technical Assistant Under BTC employee contract Funded by the intervention Full time on the program	80% R4 20% R5	MINALOC - CHAIR of DSWG

The Decentralization approaches and activities, including the Technical Assistance made available for the project, must remain flexible. The functions presented below are based on the situation at the time of the formulation. Some **short-term technical assistance on some specific topics** will be necessary during the **preparation phase of the programme**. Furthermore, some needs will be

analysed in detail and confirmed during the **baseline study** done at the beginning of the intervention. Moreover, these needs will also be regularly reviewed and adapted in the annual strategic planning process.

This technical assistance will be solicited **both nationally and internationally** through consultancy contracts. It'll be preferably requested for **short-term and periodic expertise**.

The table below shows a number of areas where technical assistance may be required, with an emphasis on the **preparation phase of the Programme** .

Table 9: Short-term and periodic Technical Assistance

TOPICS	Quantity x Duration	Description of expected Result	Budget / Line	
<p>Development :</p> <p>Performance assessment procedures for assessing and monitoring organizational capacity building</p> <p><i>Period :</i> Preparation phase</p>	<p>1 ITA x 4 months</p>	<p>Develop procedures and manuals to guide adaptative / evolutive organizational capacity assessments in Rwanda's Local Government according to the existing practices</p> <p>Develop a manual for monitoring appropriate performance measures. Coordinate with MINALOC around potential complementary policies and proposals e.g. IMIHIGO, Rwanda Governance Scorecards, performance based grants proposals</p>	<p>100 % R1</p>	SHORT-TERM EXPERTISE
<p>Assessment and Development :</p> <p>Occupational Health and Safety, including HIV/AIDS.</p> <p>HIV/AIDs probably treated separately.</p> <p><i>Period :</i> Preparation phase</p>	<p>1 or 2 ITA x 3 months</p>	<p>Review of exist legal framework and international standards on decent work with a particular emphasis on LODA infrastructure projects.</p> <p>Development of an occupational health and safety manual local governments in implementing their DDPs with a particular emphasis on LODA infrastructure projects</p> <p>Review logical framework and include appropriate indicators on occupational health and safety if required</p>	<p>100 % R1</p>	
<p>Assessment :</p> <p>Integration of Gender in the work place into the RDSP</p> <p><i>Period :</i> Preparation phase</p>	<p>1 NTA - possibly ITA x 2 months</p>	<p>Review the current status of gender equality of the work place in LG institutions and in projects/activities implemented through the DDPs.</p> <p>Work with RALGA, GMO and other stakeholders to develop recommendation on how to enhance gender equality in the work place (considering RALGA current plans for addressing gender equality in strategic positions)</p>	<p>100 % R1</p>	

<p>Assessment :</p> <p>Private Sector and all already existing funds mechanisms</p> <p><u>Period :</u> Preparation phase</p>	<p>1 ITA x 3 months</p>	<p>Assessment of the appetite and capability within the private sector for LED, of existing grant funds national wide. A particular focus on participation in the proposed Local Competitiveness Facility (LCF) to recommend on its specificity.</p>	<p>100% R2</p>	PERIODIC EXPERTISE
<p>Development :</p> <p>Tendering procedures for the LED pilot programme</p> <p><u>Period :</u> LCF Foundation Phase</p>	<p>1 ITA x 2 months</p>	<p>Provide specialized advice and develop standardized procurement documentation for the procurement (call for proposals, detailed bids) for LED partnerships.</p>	<p>100% R2</p>	
<p>Development :</p> <p>Procurement of Marketing and Communication service for LCF</p> <p><u>Period:</u> LCF Foundation Phase</p>	<p>1 NTA x Indicative: 120 days for the 3 implementation phases over 4 years: Foundation/ 2 stage calls/ implementation</p>	<p>Develop marketing and communication collateral for the LCF pilot : website design and management, LCF branding, and LCF communication and information products during implementation LCF complete process (Foundation, Stages 1 and 2 including launch, award, implementation and lessons learnt)</p>	<p>100% R2</p>	
<p>Development :</p> <p>Support for Website management and downloading support</p> <p><u>Period :</u> LCF Foundation Phase</p>	<p>1 NTA Indicative : x 100 days over 4 years</p>	<p>LCF Website : Provide initial support to establishment or integration on LODA website. Download facility for applications, and continuous update and uploading of data</p>	<p>100% R2</p>	
<p>Training :</p> <p>LED Training Technical Experts</p> <p><u>Period :</u> LCF Foundation Phase</p>	<p>1 ITA x 44 days 1 NTA x 52 days Indicative: 6 weeks</p>	<p>LCF foundational phase : Introduction to LED training in 8 districts Provision to be made for 2 teams comprising 1 LTA and 1 NTA assigned 4 districts each.</p>	<p>100% R2</p>	

<p>Training :</p> <p>Experts in training and implementation support to Participatory Competitiveness Assessments</p> <p><u>Period :</u> LCF Application phase</p>	<p>1 ITA x 25 days</p> <p>+</p> <p>x 10 home based distance support</p> <p>1 NTA x 75 days</p> <p>Indicative : 8 weeks</p>	<p>Training of core teams in 4 district secondary city districts +</p> <p>implementation support and coaching for 3 weeks by 1 ITA supporting 4 district NTAs</p>	100% R2
<p>Expertise :</p> <p>Technical evaluation of LED Proposals</p> <p><u>Period :</u> LCF Evaluation phase</p>	<p>Indicative :</p> <p>Step 1 : Concept Note application (1 month) 10 days, NTA 20</p> <p>Step 2 : Detailed Applications (6 weeks 20 days ITA, 80 days NTA)</p>	<p>Panel of Technical and sector assessment experts : to evaluate review of concept notes and detailed proposals for LED pilot projects : review of business plans, partnership arrangements, market analysis and sustainability of the proposed initiatives.</p>	100% R2

4.3 Other resources

4.3.1 Services

- Targeted consultancies and Advisory services
- Cars maintenance, including fuel and insurance
- Concept and feasibility study
- Consultancy for capitalisation exercises
- Legal fees e.g. non-objections

4.3.2 Furniture and equipment

- Limited ICT investments will cover software and consumables.
- ICT online systems
- Purchase of cars under direct management (IT Plates) + running costs.

The 6 cars will be allocated to:

- PCU : 2 cars under the management of the ITA DEL CO, to be shared with the PCU and the NTA Sector Coordination
- Under R2 - District Level : 4 cars under the management of LED ITA and NTAs

- Limited office furniture required for intervention staff (complementary to national contribution)
- Financial management systems
- M&E Systems
- Didactical equipment for the trainings
- Communications

The use of Resources, Furniture and Equipment acquired by the intervention will strictly respect RDSP Manual of procedures. RDSP Manual of procedures will be jointly elaborated in the preparation phase of the intervention and based on BTC Manual of interventions in Rwanda.

5 IMPLEMENTATION MODALITIES

5.1 Introduction

This chapter describes how the intervention will be managed, from start-up until closure, in all its management areas (strategic steering, coordination, technical content management (scope), procurement management, financial management, human resources management, quality management and audit) and is intended to enable stakeholders directly involved in the intervention to:

- Understand which **management system** applies to which intervention management area. There are two possibilities:
 - Use of the Rwandan system (or of an harmonized donor system recognized by Rwanda as its system),
 - Use of the BTC system.
- Be aware of their **responsibilities** and of those of the other stakeholders in the various intervention management areas. There are three modes:
 - **Rwandan responsibility:** the Rwandan partner is responsible. For the finance and procurement management areas, the term “national execution” is used.
 - **Joint responsibility:** both the Rwandan partner and BTC are responsible. For the finance and procurement management areas, the term “co-management” is used.
 - **BTC responsibility:** BTC is responsible. For the finance and procurement management areas, the term “régie or direct management” is used.

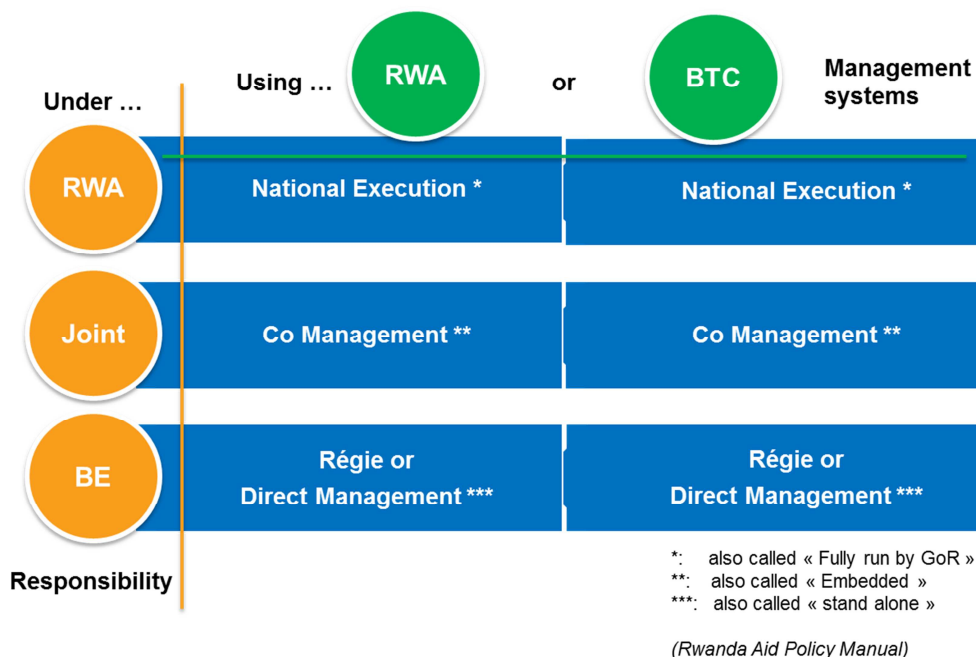


Figure 4: Types of implementation modalities

These possibilities in terms of system and responsibility mode can be related to the three modus operandi for the intervention support as introduced in the Rwanda Aid Policy Manual of Procedures:

- A “**Fully run by GoR**” intervention is an intervention where the Rwandan system is used under Rwandan responsibility (this situation is called “**national execution**” in Belgian terminology).
- An “**embedded**” intervention is an intervention where there is a **joint responsibility**, regardless of the system used (from Rwanda or from BTC).
- A “**stand-alone**” intervention is an intervention run under **BTC responsibility**, usually using the BTC system.

In line with the Paris Declaration, the Aid Agenda of Accra, the Rwanda Vision 2020, this intervention, like all BTC interventions, will combine various modus operandi, depending on the management area. The aim is to come as close as possible to a “fully run by GoR” situation, while taking into account risks and constraints, as assessed by the organizational assessment made end of 2011 and by the formulation mission.

The selected responsibility mode for this intervention is “**joint responsibility**” for all management

Furthermore activities will be delegated to the relevant institutions through Specific Modalities like Execution Agreements (areas of responsibilities of RGB - Result 1) or the so-called “Financing Agreements” (areas of responsibilities of RALGA - Result 3). These processes are described under 5.2 “Specific Modalities”.

Technical assistance, backstopping, audits, MTR, ETR, capitalization services are under Belgian responsibility.

No matter the choices made in terms of systems and responsibility modes, partnership, collaboration, transparency and mutual information will apply in managing the intervention.

5.2 Specific Modalities

Key partner institutions are directly responsible to achieve Results and take responsibility for implementation of the related activities. These key actors are: RGB (Result 1), LODA and private sector enterprises (Result 2) and RALGA (Result 3).

To allow the intervention to collaborate with these key actors in respect with public expenditures regulations of Republic of Rwanda and the Kingdom of Belgium, the intervention will use two specific modalities to contract public and/or private actors.

Execution Agreements, Financing Agreements including Local Competitiveness Facility (LCF) have both specific eligible criteria and modalities to be respected, which are briefly described in the next paragraphs. The Specific BTC guide applies on those modalities⁴².

Execution agreements may be established with partner public institutions.

The basic principle is that any contract must always be awarded following a competition call through a public tendering procedure as prescribed by the law dated 15th of June 2006 (and its implementing Royal Decrees)⁴³.

⁴³ See www.ejustice.just.fgov.be.

5.2.1 Execution agreements (EA)⁴⁴

“An Execution Agreement is a contract that allows an intervention to delegate to an exclusive public third-party partner the execution of part of the activities described in the logical framework of the TFF, one or more results, or an objective or a combination of results to be met by the intervention. The delegated activities must match with the missions assigned by law to the public entity contracted”.

The contract can be directly elaborated with the partner without having to use procurement process under the sole conditions to meet the 3 specific requirements below:

- No participation to private capital
- Real collaboration to execute jointly a common task
- Public interest.

Such collaboration with key partner institutions (**RGB** and **LODA**) is foreseen to achieve Result 1 and Result 2 . Their statutes of public agencies and their mandate make them eligible to this specific modality.

In order to sign an execution agreement **with RGB**, an organizational assessment of capacities of RGB – *strictly linked with the scope of intervention* - will be done. It will be conducted at the beginning of the intervention. Based on this assessment the modalities of the contract will be defined as well as the specific activities for capacity development. The ToR will be decided jointly. BTC is responsible for conducting the assessment.

Based on the same approach, **Result 2 will be achieved** with the close collaboration of **LODA**. If necessary an update of the organizational assessment, conducted during the formulation, will be done. The ToR will be decided jointly. BTC is responsible for the update of the assessment.

5.2.2 Financing agreements (FA)

“A Financing Agreement is a contract that allows an intervention to promote activities by financing a private third-party partner for the execution of part of the activities described in the logical framework of the TFF and to achieve one or more Results or an objective understood as a combination of Results to be met by the intervention. The activities financed must match the missions defined in the statutes. It is a contract that meets the principles of transparency and equal treatment and is signed exclusively with a private organization”

Process of signing such FA follows the procedures required by procurement regulations and respects principles of Transparency, Equal Treatment, Non retroactivity, and Non-Profit.

5.2.2.1 Financing Agreement With RALGA

To achieve Result 3, the intervention will closely collaborate with **RALGA** through the use of a financing agreement since RALGA is a national nongovernmental organization with the objective of promoting local Government entities.

The objective of RALGA is to assist local Government entities in achieving their mission complying with principles of good governance and decentralization. RALGA has the responsibility of representing local Government entities, carrying out their advocacy and capacity building which are relevant for RDSP.

⁴⁴ BTC Execution Agreement with public actors and Financing Agreement with Private actors Manual

According to its above mentioned statute, objectives and responsibilities RALGA is eligible for this FA. At the beginning of the intervention it will be verified that the choice of collaboration with this private actor is still relevant. If needed, an assessment will be done under the responsibility of BTC.

5.2.2.2 Local Competitiveness Facility (LCF)

Referring to chapter 3, the Local Competitiveness Fund is aimed to be a funding instrument for local LED actions implemented by private partnership groups. It will be jointly managed with regards to the financing decisions (LED Division of LODA, BTC and MINECOFIN).

The LCF can be considered as an earmarked fund. .

The description of the functioning of this fund will be defined during the preparation phase of the intervention. Annex 7.6 gives orientations and principles for implementation.

The manual of LCF has to be approved by the Steering Committee (expanded to the Representative of the Belgian Embassy)..

5.3 Intervention duration and lifecycle

5.3.1 Execution phase of the intervention

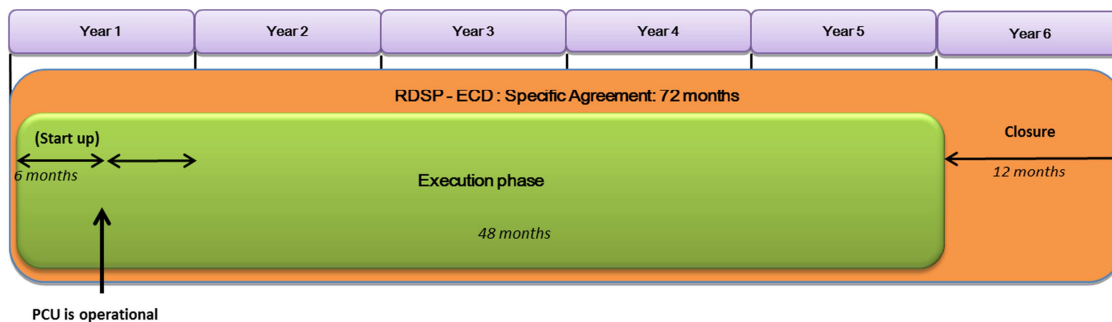
The duration of the Specific Agreement (SA) is 6 years (72 months).

The actual execution phase of the intervention is **4,5 years** (54 months). **The execution phase** includes : a **start-up phase** (6 months), a **preparation phase** (6 months), an **implementation period** and a **closure phase**.

All intervention activities must be terminated at the end of the 4,5 years execution period.

The effective start date of the intervention is the date of signature of the specific agreement.

Figure 5 : Chronogram of RDSP-ECD



Description of phases :

After the signature of the specific agreement, the intervention enters its effective **start-up phase**, of about 6 months, during which intervention human resources will be hired, bank accounts will be opened, first cash call will be made, preparation of baseline activities and first year planning will be done, culminating in the production of the start-up intervention report⁴⁵.

⁴⁵See BTC Start Up Manual and BTC Closure Manual. In order to guarantee a quick start of the intervention and a proper closure, a support by a temporary expertise in charge of this thematic is budgeted (equivalent 4 months during start-up and closure phases (1/3 time over 2 x 6 months). This budget will be used if necessary. It will also be planned and mutually agreed. f

A **preparation phase** of the intervention of 6 months will follow to conduct activities such as : sharing with the Partner the TFF, the BTC Start-up Intervention Guide, launching organizational assessments for RGB and RALGA, launching contract for purchase of vehicles and IT equipment, start the first tasks related to recruitment, organize the preparation phase of the program such as additional studies described in section 3.4.6 and all related activities mentioned in the **first year chronogram** described in this TFF.

The execution ends with a **closure phase** of about 12 months to ensure proper technical and administrative closing and hand-over. During the closure phase, according the BTC's closing manual & procedures, the project will follow up on the activities directly related to the project closure using the BTC tools at its disposal (closure check list)

The Final Report shall be submitted to the PSC members at the final Steering Committee meeting for approval.

The project will be closed at the latest at the end of the validity period of the Specific Agreement

Consolidation activities are planned and budgeted at various moments during the intervention life cycle and during the closure phase.

5.3.2 Chronogram

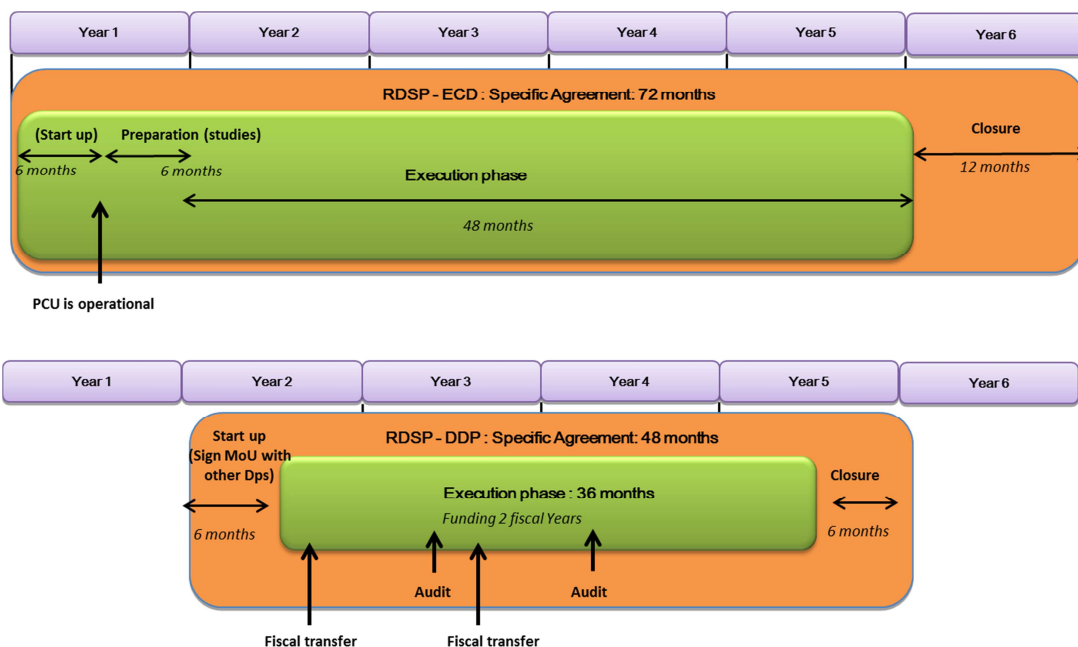
The RDSP Program is to be seen as a combination of two sub-interventions called RDSP-ECD and RDSP-DDP⁴⁶ which are closely linked since they have a common Global Objective.

Regarding the chronology of implementation the objective of Rwanda and Belgium is to start commitments and implementation of the enhancing Capacity Development to LGs intervention before engaging with the Financial Support to DDPs (through LODA).

Figure 6: Chronogram of interlinkage between RDSP-ECD and RDSP-DPP

not useful, the PSC will decide of its destination. Specific ToRs for these assignments will be jointly developed by BTC and Minaloc. This support will not include decisions related to the scope of the intervention but will be limited to logistical and administrative matters.

⁴⁶ RDSP programme amount 28M° Eur and is combining Intervention 1 known as RDSP-ECD (16.5 M°) and Intervention 2 known as RDSP-DDP (11.5M°). Both interventions are under the management of the PCU of the RDSP.



The chronogram provided in this TFF will only cover the first year of implementation of the first intervention. This is mainly due to two reasons:

- First of all, an important **amount of flexibility** is required for this 54 months duration intervention. In fact, as described in chapter 3, work on the different Expected results will start with a preparation phase of the intervention during which the intervention strategy will be refined and, if necessary, adapted. In this context, it is not useful to provide a chronogram for the period beyond the first year.
- Secondly, work on the different Expected results and components will start in the second year and will most likely **last until the end** of the intervention. Given the amount of details provided in this TFF, this would make for a chronogram with **continuous activity on all components**. Again, in this context, it is not useful to provide a chronogram for the period beyond the first year.

Below, the **chronogram for the first year** of implementation is provided.

Table 10: Chronogram for the first year of implementation

Results and Activities	Year 1			
	Q1	Q2	Q3	Q4
Start-up phase (after Signature of CS + 6 months)				
Installation of PCU (including logistics)				
Organizational assessment RALGA and financing agreement				
Organizational assessment RGB and execution agreement				
Organizational assessment Review LODA and financing agreement				

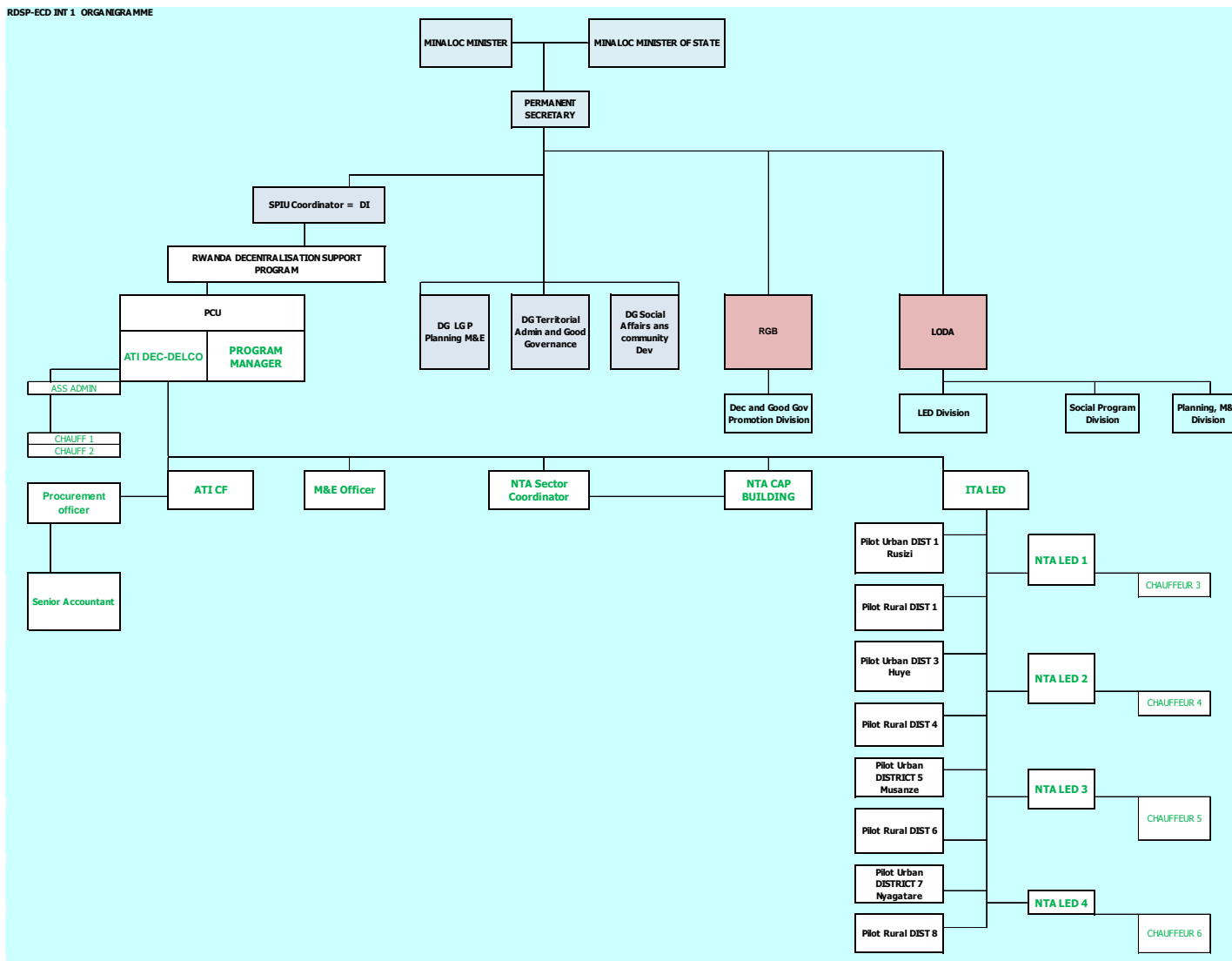
Results and Activities	Year 1			
	Q1	Q2	Q3	Q4
Preparation phase (6 months)				
Assessment of Private sector (Result 2)				
LCF manual of procedures (Result 2)				
Selection of pilot district (Result 2)				
Baseline study and installation of M&E system for the intervention (for both components)				
Activities under Result 1				
To be defined				
Activities under Result 2				
Activities under Result 3				
Activities under Result 4				
Activities under Result 5				
To be defined				
Planning				
Operational planning year 2				

5.4 Intervention organization and anchorage

5.4.1 Organizational structure and institutional anchorage

As the intervention aims at bringing deep and sustainable changing in the functioning of the MINALOC, the intervention integrates its support functions into the Single Project Implementation Unit (SPIU).

At the time of formulation and drafting the present TFF, the Program Coordination Unit organizational structure, anchored in the SPIU was defined as mentioned in the organogram below.



5.4.2 Intervention Steering Committee (PSC)

5.4.2.1 Role

The PSC is the highest level of decision in the intervention. It is in charge of the strategic steering of the intervention. The main responsibilities of the PSC are:

- Defining the intervention strategy, validating main changes in the intervention strategy and ensuring their alignment to the also evolving overall MINALOC strategy (strategic planning, annual planning and budgeting),
- Assessing the development Results obtained by the intervention (strategic quality assurance and control) and approve intervention reports and planning, including the Rwandan contribution to the intervention
- Managing strategic changes on overall and specific objectives, on total intervention budget and/or on duration) and other important changes like budget line and intermediate Results changes, changes on implementation modalities as well as the adaptation of the intervention organization and anchorage to SPIU MINALOC,
- Solving problems that cannot be solved at the operational level and management level in the PCU,
- Enhancing harmonization among donors.

5.4.2.2 Composition

The **voting members** of the PSC are:

- The Permanent Secretary (also Chief Budget Officer) of the MINALOC is the chair of the PSC
- The BTC Resident Representative, or his delegate, is the co-chair of the PSC
- A representative of the MINALOC (DG),
- A representative of the RGB,
- A representative of the LODA,
- A representative of RALGA
- A representative of the MINECOFIN
- A representative of the NCBS

Minutes of Steering Committees are signed

Non-voting members of the PSC that can be invited are:

- A representative of the MINAFFET
- A representative of Private sector federation
- A representative of the Civil society platform
- Representatives of the DPs⁴⁷, including the Belgian Embassy, involved in the Decentralization sector for issues of donor coordination

⁴⁷ Depending on the synergies and collaboration during implementation

The members of the Intervention Management Unit participate as regular observers and informants.

The PCU acts as the secretariat of the PSC.

5.4.2.3 Operating rules of the PSC⁴⁸

The PSC will establish its Operating Rules.

It meets at least every six months by invitation of the chairperson and at any other time deemed necessary. The invitation must be received by the members at least 7 days before the meeting. The invitation includes an agenda, suggested decisions and supporting documents. A PSC meeting will only take place if at least 2/3 of its voting members are present, with an obligation to have always representatives of MINALOC and of BTC.

Decisions are taken by consensus. Observers and informants have no voting power if no consensus can be found.

Decisions of each meeting of the PSC are recorded in minutes signed by the Permanent Secretary of the MINALOC and the MINECOFIN Representative for the Rwandan Party and by the BTC Representative for the Belgian Party.

The PSC may invite external experts or stakeholders as resource people for a particular meeting.

5.4.3 Intervention Coordination Unit (PCU)

5.4.3.1 Role

The PCU is the operational level in the intervention. It prepares strategic decisions for submission to the PSC and implements decision taken by the PSC. At operational level, the PCU takes operational decisions and manages intervention activities on a day to day basis in order to fully implement the intervention strategy, in time and within budget, as approved by the PSC. The main responsibilities of the PCU are to:

- Perform the necessary analysis in order to prepare strategic decisions by the PSC
- Implement decisions taken by the PSC
- Develop, propose and implement the intervention strategy and corresponding operational plans
- Prepare consolidated ⁴⁹quarterly and annual reports for the stakeholders,
- Coordinate and provide quality assurance and quality control in the processes of procuring the capacity building services and any other services, goods or works requested by the intervention (content management), as well as proper monitoring and evaluation of the intervention.
- Ensure proper management and apply stringent accountability arrangements for the management of the financial resources allocated to the intervention,
- Ensure that procurement processes and procedures used by the intervention are conform to the applicable procurement guidelines,
- Ensure proper human resources management practices conforming to the applicable

⁴⁸ The intervention will elaborate a Specific Manual of Procedures at the beginning of the intervention ; reference will be made to the BTC Rwanda Manual of procedures and to MINALOC Manual of procedures if this one exists.

⁴⁹ Quarterly and annual reports will also be provided by RGB, LODA and RALGA under their respective financial/execution agreements

guidelines,

The PCU will be located in the MINALOC SPIU premises.

The responsibilities of the PCU are further developed in the following paragraphs.

5.4.3.2 Composition

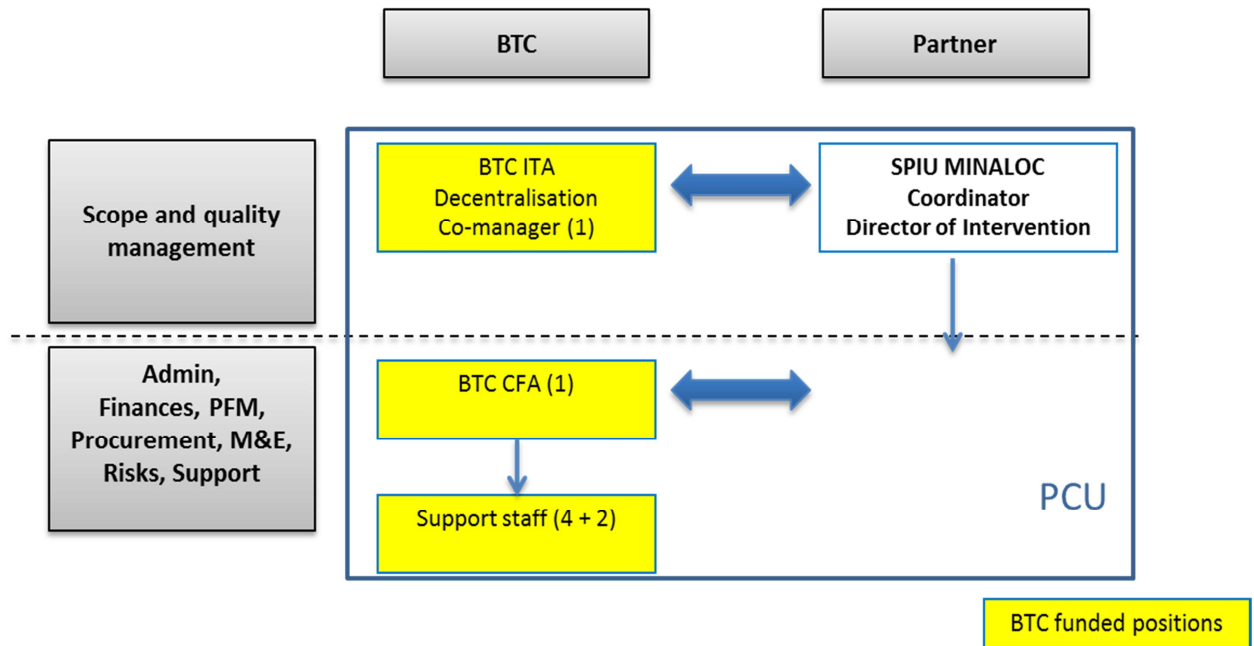
It is proposed to split the **PCU joint-responsibility function** into two domains:

- a) Technical content and quality management (M&E, Consolidation) of the intervention
- b) Administration, Financial Management, Procurement, HR, Risk management, Reporting and Communication.

This proposal is based on the lessons learned from previous interventions where the BTC Co-manager (DEL CO) was overwhelmed by administration, procurement and financial management-related activities and had little time left to really work in his area of expertise. Given the complexity of the current program set up and the different modalities to be used, reinforcing the intervention with a Contract and Finance Technical Assistant (CFA) (responsible for management of contracts, execution and financing agreements Finance, Administration Procurement and PFM issues), the intervention makes the best use (value for money) of the proposed expertise.

Given the selected implementation modality (co-management) where both the Rwandan partner and BTC have to be represented, the following structure mirroring the roles and responsibilities in the two different components (Scope / Admin-Fin-Procurement) is proposed:

Figure 7: PCU setup and anchorage in MINALOC



The members of the PCU are:

- A MINALOC appointed **Director of Intervention (DI)**, acting as a sponsor / senior change manager and as an authorizing officer for the Rwandan side for all matters executed in joint responsibility. The Director of Intervention chairs the PCU.
- A MINALOC appointed **Program Manager (PM)**, **directly under the Director of Intervention**. He's acting as a day-to-day intervention manager.

- A BTC appointed **Decentralisation Technical Assistant and co-manager (DELCO)**. He oversees and guides overall change brought about by the intervention by ensuring global coherence, focus and coordination. This person will be acting as authorizing officer for the Belgian side. The Co-manager coordinates the PCU together with the DI.
- A BTC appointed Responsible for **Contract and Finance TA**, in charge of all administrative, financial and PFM matters.
- Some Support staff : Procurement Officer, M&E Specialist, Senior accountant, Administrative Assistant, 2 drivers

5.4.3.3 Operating rules of the PCU

The PCU meets at least once a month and at any other time deemed necessary.

Meetings of the PCU are prepared, organized, and followed-up by the Director of Intervention and the Co-manager, by default. However other clear arrangements can be decided by the PCU.

For matters executed in joint responsibility, decisions are taken by consensus between the MINALOC Director of Intervention and the BTC Co-manager.

Decisions of each meeting of PCU are recorded in minutes.

5.5 Technical content (Scope) management

5.5.1 Scope management

Technical content management (or scope management) encompasses the processes that transform the intervention strategy into activities that must be properly defined, executed and monitored. It also includes possible backstopping by BTC HQ.

5.5.1.1 Operations definition, execution and monitoring

System:	Not defined, as these processes are not really formalized
Responsibility:	Joint responsibility ⁵⁰

The definition and writing of the specifications (terms of reference) and the technical follow-up (including provisional and final technical acceptance) for all services, goods or works to be procured by the intervention and the definition, execution and follow-up of the activities lead by the intervention team itself, are a joint responsibility of the DI and the Co-manager, except if expressly stated otherwise here under.

The DI and the co-manager are supported by the other members of the intervention team, by other MINALOC staff, depending on the activity.

For the Execution Agreement and Financing Agreements, systems and responsibilities are defined in details in the Agreement itself. Conclusions of organisational assessments are taken into account.

5.5.1.2 Operations coordination

System:	Not defined, as these processes are not formalized
Responsibility:	Joint responsibility

⁵⁰ According to the new Rwandan Manual of Projects (2014 Edition), Joint Responsibility will be guaranteed in the following way: "BTC gives NO at the major technical steps of execution of the contract". See Manual.

The PCU meets formally at least once a month, in order to review intervention progress, identify issues and risks and proactively take actions.

5.5.1.3 Technical backstopping

System:	BTC system
Responsibility:	BTC responsibility (or Direct Management) or joint responsibility

Technical backstopping is the possibility for the intervention or the PSC to ask the support of experts at the level of BTC HQ.

A backstopping mission can also be decided by BTC representation or BTC HQ.

Backstopping findings and recommendations are presented to the PSC.

5.6 Procurement management

For MINALOC, the Chief Budget Officer is the Permanent Secretary or his delegate. For RGB, LODA and RALGA, these agencies have their own Chief Executive Officers or Director Generals acting as Chief budget officers. For BTC Side, the Resident Representative is the principal Chief Budget Officer⁵¹.

Procurement processes shall be implemented according to the Rwandan Law on Public Procurement and the Manual of Procedures of Partner Institutions. In addition, specific BTC requirements apply, as described in BTC Intervention implementation Guidelines for Rwanda.

The procurement modalities of the execution and financial agreements will be stipulated in the agreement itself.

5.6.1 Procurement planning

System:	RWA system <u>and</u> BTC system
Responsibility:	Rwandan responsibility for the RWA system Joint responsibility for the BTC system

BTC requires a quarterly procurement plan.

Procurement planning is performed by the CFA and the MINALOC Intervention Coordinator, with the support of the procurement services of Minaloc and of the Procurement officer.

The DI and the BTC Change Manager both approve the quarterly procurement plan in joint responsibility.

5.6.2 Procurement execution

System:	RWA system by default, BTC system for some clearly defined activities (see below)
Responsibility:	Joint responsibility when the RWA system is used BTC responsibility when the BTC system is used

⁵¹ Refer to BTC Mandate definition for further details

In addition to the Rwandan system, “no objection” by BTC is required at 3 key moments during the tendering process: before launching and before awarding and at contract signing. The contract must be signed by Rwanda with the BTC Visum for non-objection.

Under execution and financing agreements, the modalities will be defined in each EA/FA. In most cases there will be an ANO for tenders above a certain threshold.

Table 15: The authorizing power, depending on thresholds, for launching and awarding is distributed as indicated here under.

RWA	BTC <i>(according to BTC mandates)</i>	Threshold (x Equivalent EUR):
MINALOC SPIU Director of Intervention	Co-manager	$X \leq 25.000$
“Chief budget officer”	Resident representative, after review by local independent lawyer appointed by BTC	$25.000 < X \leq 200.000$
“Chief budget officer”	Resident representative, after review by local independent lawyer and by BTC HQ	$X > 200.000$

X is the amount of the tender, VTA included, in EUR or converted from FRW in EUR on the day of publication, using the EUR buying rate of exchange on the National Bank of Rwanda website.

Use of the BTC procurement system:

The tendering processes that will use the BTC procurement system under BTC responsibility are:

- Consulting services for supporting BTC backstopping, if required
- Audit services for intervention audit on behalf of BTC
- Consulting services for the mid-term review
- Consulting services for the end-term review
- Consolidation services (BTC framework contract)
- Other procurements validated by the PSC

5.7 Finance management

All finance management processes must use the BTC system, as described in the global and Rwandan BTC guidelines on intervention execution (administration and finance), most of them in joint responsibility. Where possible the processes will be aligned to the Rwandan System

The financial modalities of the execution and financial agreements will be stipulated in the agreement itself.

5.7.1 Budget management

5.7.1.1 Budget planning

System:	RWA system <u>and</u> BTC system
Responsibility:	Rwandan responsibility for the RWA system Joint responsibility for the BTC system

The budget attached to the TFF sets out the budgetary limits within which the intervention must be executed. It also indicates expected disbursements per (BTC financial) year.

Budget planning processes have to be implemented both in the BTC system and in the Rwandan system in order for Rwanda to be able to track intervention progress in its own financial system. This must be executed under its own responsibility.

The Budget planning modalities of the execution and financial agreements will be stipulated in the agreement itself.

5.7.2 Budget follow-up and review

System:	BTC system and RWA System
Responsibility:	Joint responsibility for the BTC System Rwandan responsibility for the RWA system

The intervention expenses cannot exceed the total budget of the intervention and the budget per responsibility mode may not be exceeded.

Any change to the budget must be approved by the PSC on the basis of a proposal that is drawn up by the PCU, according to the BTC rules in this respect.

The use of the budgetary reserve requires a budget change proposal to be validated by the PSC.

Quarterly reports on budget execution are produced by the CAF, as part of the financial reporting.

The Budget follow-up and review modalities of the execution and financial agreements will be stipulated in the agreement itself.

5.7.3 Accounting, financial planning and reporting

5.7.3.1 Accounting

System:	BTC system
Responsibility:	Joint responsibility

Accounting is done on a monthly basis according to BTC rules and regulations and its own financial system.

Accounting tasks are performed by the intervention accountant under supervision of CFA. The DI and the BTC Co-Manager both approve the monthly accounting in joint responsibility. After approval, the monthly accounting must be transmitted to the BTC representation every month.

The Accounting modalities of the execution and financial agreements will be stipulated in the agreement itself.

5.7.3.2 Financial planning

System:	BTC system
Responsibility:	Joint responsibility

The PCU elaborates quarterly a financial plan, according to BTC rules and regulations and its own financial system, to inform the PSC. Financial planning is based on the quarterly action and procurement plans.

Financial planning tasks are performed by the intervention accountant, based on the operations planning. The DI and the BTC Co- Manager both approve the quarterly financial plan in joint responsibility. This plan must be forwarded to the BTC representation.

The financial planning modalities of the execution and financial agreements will be stipulated in the agreement itself.

5.7.3.3 Financial reporting

System:	BTC system <u>and</u> RWA system
Responsibility:	Joint responsibility for the BTC system Rwandan responsibility for the Rwandan system

Financial reporting processes have to be implemented using the BTC system and could additionally be adapted to the Rwandan system, in order for Rwanda to be able to track intervention progress in its own financial reporting system.

5.7.4 Cash management

5.7.4.1 Managing intervention accounts and payments

System:	BTC system
Responsibility:	Joint responsibility or BTC responsibility

Supporting documents for all payments must be kept in the intervention office.

Accounts in joint responsibility:

As soon as the specific agreement has been signed, an account in EUR (main account) and one operational account in Rwandan Franc will be opened at the National Bank of Rwanda (NBR). Payments from these accounts require a double authorization (BTC and RWA), according to the following specifications:

Authorizing officer for RWA	Authorizing officer for BTC (according to BTC mandates)	Threshold (EUR):	Type of account
Director of Intervention or delegated	ITA CFA DE LCO	< 25.000	Operational

Chief budget officer or delegated	Manager Administration & Finance (BTC MAF) or ITA CFA Resident Representative	> 25.000 ⁵²	Main
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For logistical reasons, other accounts in joint responsibility may be opened with the approval of the “chief budget officer” and the resident representative.

Account in BTC responsibility:

For local expenses under BTC responsibility, a intervention account will be opened at BTC, with double BTC authorization.

5.7.4.2 Managing cash and transfers

System:	BTC system
Responsibility:	Joint responsibility or BTC responsibility

First transfer on the main account:

Once the signed specific agreement has been notified to BTC, a first cash call can be sent by the PCU to the BTC representation, per responsibility mode. The requested amount must correspond to the needs for the first three months of implementation.

Following transfers on the main account:

The main account is replenished quarterly according to BTC rules and regulations and its own financial system.

Cash management tasks are performed by the intervention accountant. The Intervention coordinator and the ITA CF both sign the quarterly cash calls in joint responsibility. The first cash call can be signed by the BTC Program Officer if the RAF has not been appointed yet.

5.7.5 Assets and inventory management

System:	BTC system for PCU's assets Rwandan system for assets officially transferred
Responsibility:	Joint responsibility for PCU's assets Rwandan responsibility for assets officially transferred

According to the intervention's objectives, the PCU can acquire infrastructure, equipment and goods to support the partner organization. Assets acquired by the PCU for its own use must be registered in an inventory updated on a quarterly basis according to BTC rules and regulations and its own administrative system. Their use is strictly limited to the activities of the intervention. At the end of the intervention, PCU's assets can be transferred to a partner institution after decision by the PSC. It must be formalized by an official transfer statement signed by all parties.

Transfer of equipment, infrastructure and goods to a partner institution has to follow rules and

⁵² According to BTC systems

procedures from Rwanda in terms of inventory management.

5.7.6 Expenses before the signature of the specific agreement

The following expenses can be incurred by BTC before the signature of the specific agreement, in order to speed up the start of the intervention:

- Investment costs: IT equipment and vehicles;
- Costs for the recruitment of the international and national staff for:
 - intervention management
 - administrative and financial management
 - support functions

Table 11: Expenses before notification of the execution agreement to BTC by DGD

Description	Amount in Euros	
Recruitment costs	35.000	National & International staff
Capital Investment	210.000	6 Vehicles
	50.000	ICT equipment
Total	295.000	

5.7.7 Financial closure

5.7.7.1 Financial balance

From six months before the end of the intervention execution phase, the PCU must elaborate each month a financial balance forecast according to BTC procedures

The PSC will be responsible to implement the closing process according the guideline “Closing procedures” of BTC. One year before the end of the project the PCU will draft a closing action plan which needs to be presented to and validated by the PSC (C-1).

5.7.7.2 Closure of specific accounts execution & financing agreements

The project commits itself to close the specific accounts at the end of the execution & financing agreements of the project.

5.7.7.3 Destination of balances at the end of intervention operations

According to the modalities of the Specific Agreement, balance allocation is decided by mutual agreement between Rwanda and Belgium during the last PSC.

5.7.7.4 Expenses beyond the end date of the specific agreement

No commitment can be made in the last six months of validity of the specific agreement without prior approval of the PSC and on exclusive condition that activities close before the end of the specific agreement. After the end date of the specific agreement, no expenditure will be authorised except if it is related to commitments signed before the end of the Specific Agreement and mentioned in the minutes of a PSC. Operational expenditures after the end of the Specific Agreement will not be accepted.

5.8 Human resources management

The following modalities apply:

System:	BTC system for BTC Staff RWA system for non BTC Staff
Responsibility:	Rwandan responsibility for SPIU MINALOC employees BTC responsibility for BTC employees, with many aspects of joint responsibility as detailed below.

The intervention will fund the following employee positions:

Program Coordination Management Staff - integrated in SPIU MINALOC (100% dedicated to the Program)

- 1 ITA Decentralisation - Co-Manager
- 1 ITA CFA
- 1 Programme Manager
- 1 M&E Specialist
- 1 Procurement Officer
- 1 Senior Accountant
- 1 Administrative assistant
- 2 Drivers

Technical Staff (100% dedicated to the Program)

- 1 NTA CB
- 1 ITA LED
- 4 NTA LED
- 1 NTA Sector coordination
- 4 drivers

Table 12: Responsibility mode per HR management process and by position

Positions PCU/SPIU	SPIU Program Manager	SPIU Procurement Officer	SPIU M&E Officer	SPIU Senior Accountant	SPIU Admin. Ass	BTC ITA DELCO	BTC ITA CF	BTC Driver (2)
HR processes								
Piloting of recruitment process	SPIU	SPIU	SPIU	SPIU	SPIU	BTC	BTC	BTC
- ToR (job description and profile) – in the TFF	Joint	Joint	Joint	Joint	Joint	Joint	Joint	BTC
- Short listing	Joint	Joint	Joint	Joint	Joint	Joint	Joint	BTC
- Assessment	Joint	Joint	Joint	Joint	Joint	Joint	Joint	BTC
Contracting	SPIU	SPIU	SPIU	SPIU	SPIU	BTC HQ	BTC HQ	BTC
Orientation	Joint	Joint	Joint	Joint	Joint	Joint	Joint	BTC
Probation and performance appraisal	Joint	Joint	Joint	Joint	Joint	Joint	Joint	BTC
Training	SPIU	SPIU	SPIU	Joint	SPIU	Joint	BTC	BTC
Missions and leave	SPIU	SPIU	SPIU	SPIU	SPIU	Joint	Joint	BTC

Positions RGB/LODA/Pilot DISTRICTS	BTC NTA LED (4)	BTC NTA Sector coord (1)	BTC ITA LED (1)	BTC ADMIN	BTC Drivers (4)
HR processes					
Piloting Recruitment	BTC	BTC	BTC	BTC	BTC
- ToR (job description and profile) – in the TFF	Joint	Joint	Joint	BTC	BTC
- Short listing	Joint	Joint	Joint	BTC	BTC
- Assessment	Joint	Joint	Joint	BTC	BTC
Contracting	BTC	BTC	BTC	BTC	BTC
Orientation	Joint	Joint	Joint	BTC	BTC
Probation and performance appraisal	Joint	Joint	Joint	BTC	BTC
Training	Joint	Joint	Joint	BTC	BTC
Missions and leave	BTC	BTC	BTC	BTC	BTC

Additional remarks:

All positions are open for men and women. Female candidates will be encouraged to apply.

If the ToR defined in this TFF must be revised before advertisement, the revised ToR need to be approved by the PSC.

The Program Manager, the M&E Specialist, the Procurement Officer, the Senior Accountant and the Administrative Assistant will be trained by BTC as they will use many aspects of the BTC management system, in addition to their duties in the Rwandan management system.

No training other than on the use of the BTC systems is foreseen for the co-manager, except on explicit request from the DI.

Intervention objectives are included in the performance contracts of both the MINALOC Director of intervention and the Program Manager.

5.9 Quality management : monitoring, review and consolidation

The intervention will establish an M&E framework that is to be used for **accountability** and, **systematic learning**, and for **steering purposes** at all levels of the intervention, up to the specific objective. Indicators will be aligned to the specific activities developed through the annual work plans presented to the Steering Committee by MINALOC and its implementation agencies. The annual work plans can be viewed of containing sub-activities of the broader outline activities included in section 3.4. Mutual accountability will be ensured by the alignment of the RDSPs annual work plans and budgets to the GoR decentralization strategic planning framework.

The logical framework in section 7.1 includes Result (Objective⁵³) and objective level indicators. The Result indicators are primarily based on indicators included for the relevant strategic areas in decentralization sector strategic plan. The result report after the first year of implementation will include numbers for each indicator.

The monitoring system consists of the components described and pictured below.

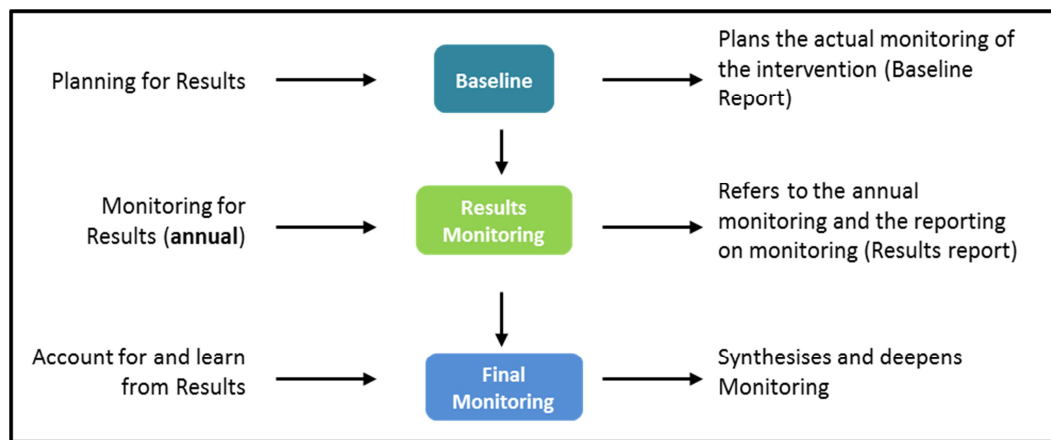


Figure 8: Monitoring processes

⁵³ As per the ToR for the Formulation team p 41

5.9.1 Monitoring

The different processes are briefly explained below. For every Monitoring process, both the Co-manager and the DI (with the support of the PCU team) are responsible for the delivery and quality of monitoring.

5.9.2 Baseline

System:	BTC system, making use of RWA frameworks systems whenever possible
Responsibility:	Joint responsibility

The Baseline is the first component of the Monitoring process. The baseline is about preparing the monitoring of the intervention and is also an opportunity to make sure:

- That stakeholders are on a **same level of understanding** of the change process (the intervention) that is supposed to take place
- That everybody knows how **progress towards this change** (compared to the starting situation) will be measured
- That risks are identified and taken into account in the implementation strategy.

By providing the intervention with a finalized and realistic monitoring framework, the baseline is the link between formulation and implementation⁵⁴. The **Baseline report** is the final Result of the baseline process which contains:

- *the monitoring matrix*: updated logical framework with indicators – including (to the extent possible) the relevant findings of pre project studies, the baseline, target and intermediate values, sources of verification, frequency of data collection and responsible for data collection and analysis (i.e. indicators protocols).
- *the risks management plan*: a listing of major risks, their analysis and **the response measures that will be taken**

Establishing the baseline in the beginning of the intervention is a BTC system requirement. The intervention M&E framework will be aligned with existing frameworks and methodologies already used by MINALOC or other stakeholders (e.g. RGB, LODA, Raiga, NCBS).

The generic ToR of the Baseline work plan are provided under Annex 7.5 and will be completed by the Co-manager at the beginning of the intervention.

The Baseline Report needs to be established at the beginning of the intervention (within the 9 months after the first intervention steering committee (start-up PSC) and with the involvement of the co-manager and no later than 6 months after his/her arrival).

The DI and Co-Manager are jointly responsible for the elaboration of the Baseline Report. The Baseline Report is presented to PSC for approval.

5.9.3 Operational monitoring (including planning)

System:	BTC system making use of RWA frameworks systems whenever possible
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⁵⁴ It is expected that at the end of the baseline, a participatory review of the logical framework will take place where the theory of change approach will be applied

Responsibility:	Joint responsibility
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Operational monitoring refers to both planning and follow-up of the intervention’s management information (inputs, activities, Results). It is an **internal** management process of the intervention team and is done every 3 months.

5.9.3.1 Results Monitoring

Results⁵⁵ Monitoring refers to an annual reflective action process in which intervention team reflects on the performance in terms of progress towards the specific objective and delivery of the expected

System:	BTC system making use of RWA frameworks systems whenever possible
Responsibility:	Joint responsibility

Results, analyses this progress and identifies actions/decisions to be taken in order to ensure the achievement of the specific objective. Results monitoring focusses on the past year and looks forward on the year to come.

- Annual Results monitoring is the centre-piece of monitoring as it is a recurring, annual process that is crucial for learning, strategic steering and accountability. It might lead to following changes :
Modification of the intervention strategy:
- Modification of progress indicators (add or delete) of the M&E framework. Modifications are to be duly justified in terms of information that is needed to steer and analyse the change process. Modifications cannot be proposed to performance indicators.

The PSC has the mandate to approve or reject the proposed modifications of the PCU.

5.9.3.2 Final Monitoring

Final monitoring is the final piece of the Monitoring process through which:

System:	BTC system making use of RWA frameworks systems whenever possible
Responsibility:	Joint responsibility

- Results achieved at the end of the implementation of an intervention are summarized
- lessons learned are documented after a final reflection on the development process supported by the intervention

The purpose of final monitoring is to ensure that the key elements on the intervention’s performance and on **the development process are transferred** to the partner organisation, the donor and BTC **and captured in their “institutional memory”**. This enables the closure of the intervention (legal obligation for back-donor of BTC), the hand-over to the partner organisation and the capitalisation of lessons learned. It can be considered as a summary of what different stakeholders might want to know at closure or some years after closure of the intervention.

5.9.3.3 Monitoring and Evaluation to support change

The Design of the M&E framework for the RDSP is intended to contribute to the M&E framework of the decentralization sector. By looking at an M&E system in terms of **systematic learning and strategic**

⁵⁵ Results stands for monitoring the level of expected Results and of the specific objective.

steering, it is clear that M&E cannot be treated as a one shot activity at the end of an intervention.

M&E must contribute to a process of continuous improvement of the intervention strategy.

Therefore, M&E must accompany the change process, facilitated by the intervention, by performing continuously repeating Plan-Do-Check-Act cycles. In the intervention, M&E will be treated as an integral part of project management that has an important role in guiding the intervention strategy and thus the strategic and operational planning. Specific indicators are proposed in section 3 on the objective and Result levels. Given the cyclic nature of M&E, these indicators will have to be refined and complemented on a regular basis in order to reflect the change process the intervention is facilitating.

First, how the decentralization reform process will evolve, ultimately depends on major policy choices with respect to the role and structure of the Rwandan State. In practice, the scope and pace of the reform will be dictated by progress of the economic transformation and other reforms. Flexibility and continuous adaptation will be necessary to strategically manage the reform and take advantage of opportunities to advance them. **The Belgian support must therefore help MINALOC and its agencies to develop a vision and roadmap of the reform, but also to monitor the evolving context.**

Second, Capacity Development (CD) entails a *change process within people, organizations or systems*. **RDSP activities will thus have to contribute to this by stimulating and facilitating change.** However, since change cannot be forced, stimulating and facilitating change is not a straightforward process. It follows that the RDSP Program Results can only partially be determined at the program inception and will be bound to change in the course of the implementation. Some principles for the CD strategies to be developed have been mentioned above (dual track approach, combining universal/selected assistance), these will have to be fine-tuned during implementation according to the evolving context and with each actor.

5.9.3.4 Indicators and Means of Verification

The logical framework included in the TFF focuses on indicators at the Result and objective levels. The formulation team relates Results indicators to the Objective level as defined in the ToR for the formulation. Results are seen as the planned direct consequence of inputs and hence only provide limited information on whether the activities chosen will contribute toward the achievement of objectives. **Result indicators should be included in annual budgets and work plans for accountability purposes** in line with good practice in Result based budgeting. This will **facilitate alignment** with the Rwandan planning, budgeting and IMIHIGO performance contract process on an annual basis.

5.9.4 Evaluation: Mid-term review and End-term review

System:	BTC system
Responsibility:	BTC responsibility

In this context, the term 'review' is used for external evaluations at project level. The main function of a review is to offer an external perspective on the intervention's performance as well as to analyse in-depth the on-going or completed development process. In doing so, reviews are used to:

- analyse if interventions have to be re-oriented in order to achieve the objective of development
- inform strategic decisions
- identify and reflect upon lessons learned

Performed by an independent external actor, reviews play an important role in the **accountability** of the intervention's performance.

Reviews are organized twice during the lifetime of the intervention:

A **Mid-Term Review (MTR)** will be organized after two years of implementation. In the MTR the focus is on **strategic decision making** for the intervention. Therefore, special attention will be given to the validity of and functioning of the intervention's Theory of Change.

An **End-of-Term Review (ETR)** will be organized at the end of the intervention. In the ETR, the focus is on **learning**. Therefore, special attention will be given to expected and unexpected change at the level of beneficiaries by using a Most Significant Change (MSC) methodology.

Reviews are organised twice in a lifetime of an intervention: at mid and end of term. BTC-HQ is responsible for organising the reviews. The ToR of the reviews and their implementation are managed by BTC HQ, with strong involvement of all stakeholders (see chapter 3). The role of the PSC is to approve or disapprove the recommendations made in the reviews.

5.9.5 Consolidation

System:	BTC system
Responsibility:	Joint responsibility

A specific budget line is introduced to allow for consolidation and communication activities during the lifecycle of the intervention.

5.10 Audits

5.10.1 Intervention audits by BTC

System:	BTC system
Responsibility:	BTC responsibility

Audits will be organised by BTC during the intervention implementation period. A qualified external financial auditor selected and contracted by BTC, will execute the auditing. BTC will elaborate the Terms of Reference and select the audit firm. The audit will include the following items:

- verification of the existence and the respect of procedures;
- verification if the accounts of the intervention reflect reality

The auditor's reports will be presented to the PSC. If necessary, the intervention team will elaborate an action plan in order to improve the intervention procedures and to prove that corrective measures have been taken.

Terms of Reference of BTC audits are a BTC responsibility and will be shared with MINALOC for information.

5.10.2 Intervention Audits by External Control Bodies

System:	BTC system or RWA system
Responsibility:	BTC responsibility or RWA responsibility or Joint responsibility

Each year, BTC accounts are audited by the Belgian government auditors, who have the right to audit any intervention implemented by BTC. BTC internal audit chief officer is also free to decide to audit any intervention implemented by BTC.

The Rwandan authorities, either SPIU or its parent ministry MINALOC or the Office of the Auditor General for State Finances of Rwanda can also decide to audit the intervention. In this instance, the Director of Intervention is the primary respondent to the auditor's requests. An annual audit is recommended from the Ministry of Finance.

Intervention audits reports are mutually shared and presented to the PSC.

In case the intervention is audited by the Auditor General Office of Rwanda, it will be clear at the beginning of the audit which systems are to be used. It should be avoided to audit the intervention compliance to the Rwandan system where the TFF clearly states that the BTC system must be used.

Moreover the scope of control will focus on the co-management budget whereas the direct management budget will remain under full responsibility of BTC and therefore governed by the jurisdiction of its external control bodies (Belgian Government auditors). If necessary, information on amounts spent in "direct management" can be provided.

5.11 Modification of the TFF

The present TFF may be amended by mutual consent of the parties.

It is essential to install an attitude of expecting and encouraging a practice of regular modifications based on the insights gained during the implementation. The task of the intervention management unit and the PSC is to assess the quality of the argumentation for the suggested changes and to request further explanation if necessary

Careful consideration must be given not to change the present TFF in a way that would unnecessarily change the Objective of the intervention as originally agreed between the parties. A formal agreement by the Belgian government is needed for the following changes:

- Modification of the duration of the Specific Agreement;
- Modification of the total Belgian financial contribution;
- Modification of the Specific Objective of the intervention.

The request of the above modifications has to be approved and motivated by the Steering Committee. The exchange of letters requesting these modifications shall be initiated by the Rwandese party and shall be addressed to the Belgian Embassy. The following changes to the TFF will have to be approved by the Steering Committee:

- The execution modalities;
- The program Results and activities and their respective budgets;
- The composition and responsibilities of the Steering Committee;
- The mechanism to change the TFF.

All other changes to the TFF should be approved by the chairman of the PSC and the BTC resident representative. The adapted version of the TFF shall be communicated to the BTC headquarters and to the Attaché for International Cooperation (DGD) in Kigali.

6 CROSS CUTTING THEMES

6.1 Environment

The mainstreaming of environmental compliance issues in sustainable local development management is already well established in Rwandan environmental law and practice. To effectively manage environmental challenges such as soil erosion, deforestation, wetland drainage, water degradation, climate change and the loss of biodiversity, the Government of Rwanda established the Rwanda Environmental Management Authority (REMA), under Organic Law No.04/2005, to coordinate and oversee all aspects of environmental management for sustainable development. The Organic Law (Article 67) requires that projects, programmes and policies that may affect the environment shall be subjected to environmental assessment before obtaining authorization for implementation.

All developments by both public and private parties at district level are required to undergo a process of environmental assessment, and if necessary a full environmental impact assessment, and that the systems are now in place to ensure full compliance at district level. The responsibility for facilitating assessments for both investors and the public sector lies with the Rwandan Development Board. It is acknowledged that there was a high level of non-compliance by districts, particularly with regard to district managed infrastructure development projects, but that the level of compliance has improved. However, there is still a need to further improve environmental compliance with environmental assessment and other relevant regulations. This issue has been identified as an activity level for Result Area 2.

A key development with implications for the RSDP is the establishment of the Fund for Environment and Climate Change (FONERWA) to facilitate access to sustainable financing and to support the implementation of the National Strategy on Climate Change and Low Carbon Development which was adopted in 2012. As a financing instrument, FONERWA has 4 thematic financing windows, namely conservation and sustainable resources management, Research and Development Transfer and Implementation, Environment and Climate Change Mainstreaming and Environmental Impact Assessment, monitoring and enforcement.

The key relevance of FONERWA to the current intervention is that it operates on a “Challenge Fund” principle, similar to the proposed Local Competitiveness Facility (LCF), and is targeted at government, private sector and civil society. The fund has assigned 20% of its funds for the private sector and another 10% for districts. A meeting was held with FONERWA staff responsible for private sector and district financing during the formulation, the team was informed that the submissions for the First Call for Proposals had been assessed,. There had been 391 applications from private sector parties, of which only 11 had reached the necessary threshold level⁵⁶. It seems that many of the applications were of a poor quality, and that in terms of objectives may well have been better suited to the objectives of the proposed Local Competitiveness Facility (LCF) if it was in operation. In terms of private sector targeting, for the first two years, the majority of resource allocations to the private sector) will be in the form of grants until guarantee and concessional loan facilities are introduced. The goal is to ensure that in the Medium-term (2-5 years) instruments will include more complicated low interest and/or concessional loans, and for equity investments in the longer term. These instruments are all currently under development.

⁵⁶ (Selen Kesrelioglu, FONERWA Private Sector advisor, Interview 11/10/2013 – the first call of proposal following the official launch on 26th July as been assessed for a 15th August deadline

The lack of a district presence in the FONERWA⁵⁷, had been a major obstacle to stimulating quality applications from the districts, and that only 2 proposals had been forthcoming. 10% has been earmarked for districts. There are strong synergies between the RDSP and FONERWA initiative, and there are opportunities for districts in general, and for the pilot districts in particular to leverage this synergy for the benefit of local economic development. There should also be strong liaison between the implementation of the LCF and the FONERWA process.

A significant opportunity for cross cutting linkages with the RSDP programme lies in the forestry sector. Since there is a new emphasis on supporting private sector involvement in forestry and exploiting forestry processing opportunities⁵⁸. The presence of the proposed Local Competitiveness Facility (LCF) providing an important instrument for private sector forestry role players at the district level is an opportunity to engage with forestry related enterprise issues. Opportunities included timber production, electrical pole production, modern charcoal making. More than 80% of the forest lies in private hands (community, individuals and religious groups). The GOR had recently signed an agreement with a private investor, the UK owned New Forestry Company, to promote an investment in a modern, value added wood products industry around the Nyungwe buffer zone which comprises over 11,000 hectares of forest. The Company plans to invest and establish a series of manufacturing industries to make products for the rapidly growing construction and house building sector including lumbering, construction saw mills, secondary processing of doors, panelling, framing and windows and basic assembly furniture like school and office desks. It is estimated that the venture will create 1200 new jobs. A further key issue relates to the close integration between forestry cover and the commercial sustainability of the tea industry in Rwanda. Due to the tea processing technology a ½ hectare of forestry is required every year for a hectare of tea. It is important to note that BRC have also invested significantly in this area through a project supporting sustainable forestry management. The RDSP should seek to develop synergies with this programme which is in its latter stages.

In terms of the related issue of land use planning, the Rwandan Government passed Law 24/2012 relating to the planning of land use. The law makes provision for every district to prepare a land use plan based on the District Development plan, and thereafter each district will be required to develop an urban development plan. The final phase would involve the development of area plans.

6.2 Gender

Gender is both a priority result area and a cross-cutting theme. This is because experience has shown that the inclusion of gender indicators is normally critical to progress in this area.

In reporting on Gender and Development related to the current Belgian Indicative Cooperation Programme, (ICP), BTC have recommended that the following issues should be addressed related to gender cross-cutting issues:

- Policy dialogue: discuss possible policy interventions with the aim of mainstreaming gender in policy formulation, implementation, monitoring and evaluation;
- Contributing to gender mainstreaming in District Development Plans (DDPs) and ensuring that gender dimension is taken into consideration through implementation, monitoring and evaluation;

⁵⁷ The co-ordinator for the districts, Teddy Mugabo (interview 11/10/2013) indicated the weak participation of the Districts and the lack of representation in the Fund

⁵⁸ Indicated by The Deputy Director of the Forestry and Nature Conservation Department (FNCD) within the Rwandan Nature Resources Authority (interview 4/10/2013)

- Support effective decentralization of National Women Council (NWC) to improve dissemination of information, advocacy and policy dialogue through affirmative actions;
- Participating in the implementation of capacity building strategy for local governments taking gender dimension into consideration;
- Contributing in reducing poverty among women through existing country initiatives and facilitating access to market;
- Supporting coordination of district interventions through District Joint Action for Development Forum (JADF).
- The RDSP has directly addressed a number of these issues in its results areas. The following actions will be addressed:
 - At the policy level, the RDSP will support gender mainstreaming through advocacy gender responsive budgeting in line with the guidelines developed by MINECOFIN and UNCDF with the support of a number of partners including Belgium. It is expected that RALGA will cooperate with the GMO and NWC on this issue
 - Gender responsive planning and budgeting at the district level will also be a key feature of capacity building activities under result 3.
 - Information on areas where capacity building support is delivered will be disaggregated by gender by RGB. Tools to ensure this is done will be included in the proposed capacity building M&E system referred to in section 3.4.1.3. In addition, a specific activity is planned under RDSP-ECD result 3 to address issues related to equality in the workplace at local government levels
 - It is proposed that gender equality criteria will be used in the evaluation of LED pilot project partnerships – the current proposal is to include gender criteria at the small enterprise/community level.

6.3 Decent Work

Work is central to people's well-being. In addition to providing income, work can pave the way for broader social and economic advancement, strengthening individuals, their families and communities. Such progress, however, hinges on work that is decent. Decent work sums up the aspirations of people in their working lives.

The ILO has developed an agenda for the community of work. It provides support through integrated Decent Work Country Programmes developed in coordination with its constituents. Putting the Decent Work Agenda into practice is achieved through the implementation of the ILO's four strategic objectives, with gender equality as a crosscutting objective:

- Creating Jobs – an economy that generates opportunities for investment, entrepreneurship, skills development, job creation and sustainable livelihoods.
- Guaranteeing rights at work – to obtain recognition and respect for the rights of workers. All workers, and in particular disadvantaged or poor workers, need representation, participation, and laws that work for their interests.
- Extending social protection – to promote both inclusion and productivity by ensuring that women and men enjoy working conditions that are safe, allow adequate free time and rest, take into account family and social values, provide for adequate compensation in case of lost or reduced income and permit access to adequate healthcare.

Promoting social dialogue – Involving strong and independent workers' and employers' organizations is central to increasing productivity, avoiding disputes at work, and building cohesive societies.

The RDSP will address the following issues related to decent work:

Sustainable job creation and improved livelihoods is at the centre of the RDSPs strategic objectives and has been included as one of the objective level indicators. While the RDSP will support LGs in job creation through implementation of their DDPs, it will have a particular focus on sustainable jobs by strengthening feasibility and operation and maintenance aspects of these investments. Furthermore, the LED Pilot programme will seek to form partnerships between larger and smaller enterprises, with an emphasis on delivering employment and livelihood benefits to poorer people at the community level. This will be key criteria in the selection of LED pilot actions to be supported by the RDSP.

Given the nature of RDSPs support to capital investment (including through RDSP-DDP), the programme has a specific focus on decent work related to occupational health and safety. This is particularly relevant in areas of infrastructure development and manufacturing (also potentially mining under LED pilots) which can be extremely hazardous environments to work within. Section 3.4.2.2 includes the details of the actions to be taken by the RDSP in addressing this issue. It is also important to recognise that by reducing accidents and incidents and hence lost days of work, economic benefits also accrue from good occupational health and safety practices.

As referred to above, gender equality is a cross cutting theme both in the decent work policies of the ILO and within the RDSP. While there are specific activities related to gender responsive budgeting and gender in the work place within local governments institutions (see 3.4.3.2 – 3.4.3.4), there is also a significant opportunity to measure progress in gender equality in the work place. It is therefore proposed that the RDSP will adopt the ILO decent work indicator⁵⁹:

Share of women in wage employment in the non-agricultural sector (for LG projects supported by the RDSP.

It is proposed that the RDSP may also address the issue of gender equality in the work place for DDP projects supported by RDSP. This issue was not addressed directly during the formulation with the partners, and therefore it is proposed that a short term local consultant will be recruited in the first year of the project to investigate how this issue can be integrated into the RDSP under RDSP-ECD result 3.

The RDSP also provides for capacity building of all stakeholders in implementing the Labour Law and more particularly those aspects concerning health and safety and non-discrimination.

Decent work is also closely related to non-discrimination at the workplace, particularly for stigmatized groups such as people living with HIV/AIDS (PLWHA). The development and implementation of HIV/AIDS workplace policies that are adapted to their respective needs will also be supported.

6.4 HIV

In spite of all the progress that Rwanda has made in fight against HIV/AIDS over the past years, stigma and discrimination of HIV/AIDS affected people continues to be a problem. People living with HIV/AIDS still have insufficient access to credit and their rights are not well-protected in public services and at the work place.

HIV is addressed as a priority activity in all 12 EDPRS economic sectors, which include not only ministries and public institutions, but also private and community organizations in the same field of activities. HIV/AIDS activities implemented by each sector at the district level are integrated in the five-

⁵⁹ Decent Work Indicators: Concepts and Definitions (1st version). ILO (2012) p131

year District Development Plans (DDP) and district annual work plans.

Under the coordination of the respective lead ministry each of the 12 EDPRS sectors has a strategic plan, as well as an annual work plan which HIV/AIDS activities are integrated. Each sector also has a HIV focal point, which is responsible to coordinate the implementation of the HIV priority activities at central and decentralized levels. The coordination of the HIV response at district level is located within the District Health Unit, which is in charge of planning and monitoring all health interventions in the district.

The National Strategic Plan on HIV 2013-2017 has identified the workplace as one of the key environments for HIV/AIDS prevention through information, communication, social marketing of condoms and facilitating access to HIV/AIDS counselling, testing and treatment. The workplace programme is implemented by the both the private and the public sector. The Private Sector Federation intervenes in the private companies' workplaces such as agriculture, commerce, financial institution, liberal professionals, tourism, industries, arts crafts and artisans, women entrepreneurs, young entrepreneurs and ICT private institutions. The public sector, and more particularly the Ministry of Public Service and Labour (MIFOTRA) intervenes in ministries, district offices and other public institutions through the respective HIV/AIDS focal points. Promoting the protection and non-discrimination of pregnant women and young mothers is also an important issue. In Rwanda People infected and affected by HIV (PLWHA) are entitled to enjoying have the same opportunities as the general population. Local economic development has a key-role in involving PLWHA in market oriented economic activities and in supporting the organization of PLWHA in cooperatives.

7 ANNEXES

7.1 Log Frame RDSP Int-1

	Intervention logic	Indicators	Sources of verification	Assumptions
GO	<p>Global objective</p> <p>To sustainably enhance the capacity of LGs to deliver services and to develop an enabling environment for LED in respect of best governance practice</p>	<p>% of citizens expressing satisfaction with the quality and timeliness of service delivery at the local level (baseline : 85,54%), satisfaction with access to electricity 16%)⁶⁰</p> <p>% of entrepreneurs and cooperatives who are satisfied with the business environment for LED</p>	<p>Key Performance Indicators (KPI) in Sector Performance Reports</p> <p>Key Performance Indicators (KPI) in Sector Performance Reports</p>	<p>LED investments are targeted at all citizens and hence will be reflected in their views on the satisfaction with service delivery</p> <p>Investments in LG and private sector capacity building and LED lead to higher levels of satisfaction in service delivery among the general community and in the private sector.</p>
SO	<p>The efficiency and effectiveness of decentralization sector capacity building is sustainably enhanced at national and sub-national levels including capacity to develop an enabling environment for Local Economic Development</p>	<p>% of staff positions filled in the revised organizational structures</p> <p>Nr of temporary (construction phase) and Number of sustainable employment opportunities created (on and off farm)</p> <p>Baseline against which this indicator</p>	<p>Annual reports from RGB</p> <p>Annual reports from LODA (job creation is included in feasibility studies for all projects)</p>	<p>MINALOC and local governments continue to seek better ways of strengthening organisation capacity assessment and plans based on evidence</p> <p>Local Governments value the private sector as a driver of economic development</p>

⁶⁰ Source : Rwanda Governance scorecards 2012

		can be defined : off farm jobs created 63,9% ⁶¹		
R 1	Local Governments are supported through Locally Driven, Coordinated and Evidenced Based Capacity Building	<p>Rate of Local Government Staff turnover reduced (%).</p> <p>Baseline to be defined with KPI Decentralization Strategy 2017/2018 when approved</p> <p>% of districts that are compliant regarding the timeliness of quality of M&E reports</p> <p>% of Districts with unqualified audit reports</p> <p>Baseline to be defined according to WB target to be reached in FY 2013/2014 (est. 17%)</p> <p>Change processes</p> <p>% of RDSP capacity building activities where improved performance can be verified</p> <p>% of capacity building activities where RGB has a data base of cross-sector training inputs and outputs at the LG level and produces analysed</p>	<p>Sector KPI</p> <p>LODA annual reports</p> <p>Annual OAG reports</p> <p>RDSP annual reports. Specific performance indicators to be included in annual work plans</p> <p>RGB M&E systems</p>	<p>High quality evidenced based performance assessments are a priority of all sector stakeholders</p> <p>GoR is committed to decentralisation of resources including capacity building</p>

⁶¹ Source : Rwanda Governance scorecards 2012

		information in their annual reports		
R 2	LGs capacity to plan, implement and sustainably manage capital development services and local economic development is enhanced	<p>% of LODA LED investments compliant with guidelines on project feasibility including environmental assessment (by value and number of projects)</p> <p>% of LODA LED investments with operation and maintenance compliant with guidelines including assessment of recurrent costs (by value and number of projects)</p> <p>Occupational health and safety</p>	<p>LODA annual reports (verified by individual feasibility study reports for each investment)</p> <p>LODA annual reports (verified by individual O&M study reports for each investment)</p>	<p>Local Governments are committed to national policy on the role of the private sector.</p> <p>The LGs adopt new skills on O&M and feasibility (i.e. compliance is the result of capacity building inputs)</p> <p>The private and public sectors are willing to co-invest in projects to deliver LED</p>

		<p>indicators to be agreed once the proposed LODA health and safety manual is developed. Current ILO decent work indicators may not be measurable</p> <p>Number of emerging enterprises integrated into partnership value and supply chain</p> <p>Change processes</p> <p>% LODA LED investments with feasibility studies including assessments of economic criteria</p> <p>Operation and maintenance costs for LED investments are assessed prior to project implementation</p> <p>% of LODA with monthly health and safety reports</p>	<p>Result 2 progress reports</p> <p>LODA analysis of Project feasibility studies</p> <p>LODA analysis of Project O&M plans</p> <p>LODA analysis of project health and safety reports</p>	<p>The public and private sector adopt decent work practices on health and safety</p> <p>Emerging enterprises form together as partnerships and clusters as envisaged in the LED pilots</p> <p>LODA engineers and District labour officers take the primary responsibility for ensuring that contractors comply with reporting on health and safety</p>
R 3	Inclusive participation and Equality are strengthened in key decentralization processes	<p>% of LGs integrating gender responsive criteria in their budgeting process (as assessed by RALGA and the GMU)</p> <p>% of citizens satisfied with their participation in decision making</p>	<p>LG annual budgets</p> <p>RALGA annual reports based on selected position in District staffing lists</p> <p>Surveys by RALGA and District LED</p>	Local Governments will comply with national policy on gender equality

		<p>processes (gender disaggregated) . Baseline 87%⁶²</p> <p>Change processes</p> <p>% of senior LG staff⁶³ positions that are filled by women/men</p> <p>Share of women in wage employment in the non-agricultural sector (for LG projects supported by the RDSP) baseline 10% of Mayors are women ; 6;7% of Executive Secretary of Districts are women⁶⁴ .</p>	advisors based on a sample of RDSP investments	
R 4	The effectiveness of sector coordination mechanisms is enhanced through support to policy analysis	<p>% of analysed sectorial decentralised services costs to ensure budgets are commensurate with the mandate</p> <p>Baseline 90%⁶⁵</p> <p>% of LGs local own revenues in relation to their total District budget (KPI)</p> <p>Baseline 10%⁶⁶</p>	<p>Sector Key Performance Indicator (Sector annual report)</p> <p>DSWG Minutes</p> <p>Annual analysis of OSR</p> <p>PEFA indicator due to be assessed in 2015 and 2020 (aligned to the</p>	<p>MINALOC will define strategic areas for sector coordination and encourage participation of sector and cross-sector stakeholders</p> <p>Policy dialogue at DSWG and LED TWD retains a focus on OSR</p> <p>GoR LODA transfers are based on clear and transparent criteria through</p>

⁶² Source decentralization strategy 2017:2018

⁶³ The staff positions to be monitored will be defined at the time of the baseline

⁶⁴ Source : RALGA

⁶⁵ Source : Decentralization strategy 2017/2018

⁶⁶ Source : decentralization Strategy 2017/2018

		<p>% of total LODA resources aligned to fair and transparent allocation formula (as per PEFA PI-8 guidelines on “transparency of inter-governmental fiscal relations”).</p> <p>% LODA funds that are transferred on time to the districts in line with current regulations (using the criteria PEFA HLG-1 Indicator on the predictability of transfers from higher levels of government)</p> <p>Change processes</p> <p>Nr of DSWG meetings held per Fiscal Year</p>	<p>recommended 5-year PEFA cycle)</p> <p>PEFA indicator due to be assessed in 2015 and 2020 (aligned to the recommended 5-year PEFA cycle)</p>	<p>the IGFT systems</p> <p>GoR revenue forecasts are accurate and facilitate timely transfers to LGs. Improved timeliness of LG reporting facilitates timely transfers</p>
R5	<p>Lessons learnt on capacity development and LED contribute to an evidenced based policy framework for decentralization</p>	<p>Performance based assessments are integrated in organizational capacity development guidelines by MINALOC</p> <p>Recommendations on LED Pilots adopted into MINALOC guidelines</p> <p>Change processes</p> <p>LED pilots are approved in District and LODA annual work plans</p>	<p>RDSP annual reports</p> <p>RDSP annual reports</p>	<p>Lessons learnt in 8 target districts are applicable to other districts</p>

	Activities to reach Result 1	Means	Belgian Contribution
R 1	RGB and LGs are empowered to deliver their mandate on capacity building		Costs in Euros
A 1.1	<p>A 1.1 Support to the Implementation of LG Capacity Building</p> <ul style="list-style-type: none"> - Evidenced based (see performance assessment in A 1.1) & Demand driven (ideally CB grants will eventually be decentralized – see positive list in line with best practice)) - Specific activities will be based on RGB annual plans presented to the Steering Committee, Current specific RGB priorities from their review of District CB needs include: - Support to Coaching programme (with organizational development results) - Support to LG PFM committees - peer learning (aimed at enhanced governance, audit) - Support to LG planning processes (including coaching at ToT aimed at sector level) – must be coordinated with LG planning support in result 2 around Feasibility, Market assessment and O&M) - LG Reporting Skills (timeliness is a significant challenge expressed by RGB) - Own sourced Revenues (in coordination with MINALOC, MINECOFIN & FDC) 	Financial Support Long term TA Short term TA Trainings Logistics and Material Manual Development	3,250,000
A 1.2	<p>A 1.2 Support to the implementation of RGBs CB Role</p> <ul style="list-style-type: none"> - Strengthening the Implementation and Monitoring of RGB Coaching programmes - Coordination in Sectoral Decentralization 	Financial Support Long term TA Short term TA Trainings Logistics and Material	525,000

A 1.3	A 1.3 Support to Performance Based Organizational Assessment of LG - Strengthening organizational capacity building linked to performance	Financial Support Long term TA Short term TA Training Manual development	350,000
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	Activities to reach Result 2	Means	Belgian Contribution
R 2	LGs capacity to plan, implement and sustainably manage capital development services and local economic development is enhanced		Costs in Euros
A 2.1	A 2.1 Support to LGs in the Planning of Infrastructure and LED - Feasibility and Market Assessment (LODA) - Supporting Peer Learning on LED planning between LGs (incl. non-focus LGs) (RALGA)	Financial Support Long term TA Short term TA Training Manual development Logistics	550,000
A 2.2	A 2.2 Support to the Safe and Sustainable Implementation and Management of LG Infrastructure and LED - O&M - Recurrent budgeting and O&M within PPP arrangements - Health and safety in local infrastructure development - Environmental Assessment	Financial Support Long term TA Short term TA Training Manual development Logistics	450,000
A 2.3	LED Competitiveness Pilot programme - Setting the Foundation: Establishment of the LCF Pilot Management System	Financial Support Long term TA Short term TA	4,088.000

	<ul style="list-style-type: none"> - LCF Pilot District Awareness, Mobilization and Capacity Building - Design, Development and Launch of Public Call for Proposals LCF Concept Proposal: Window 1 - Launch of Public Calls for Proposal: LCF Window 1: Concept Notes - Administrative Compliance and Evaluation of Concept notes - Detailed LCF application (Phase 2) (60 days - TBD) - Administrative Compliance, Evaluation, Award and Contracting - Implementation Management and Monitoring and Evaluation 	<ul style="list-style-type: none"> Training Manual development Logistics Supervision Coordination 	
	Activities to reach Result 3	Means	Belgian Contribution
R 3	Strengthening Inclusive participation and Equality in key decentralization processes		Costs in Euros
A 3.1	<p>A 3.1 Strengthen inclusive participation in LED</p> <ul style="list-style-type: none"> - Support JADF and Districts Councils Economic Commissions in 8 pilot districts - LED Peer Learning (public and private sectors) - Study Tours - Competitions - Coaching - Private sector surveys 	<ul style="list-style-type: none"> Financial Support Long term TA Short term TA Training Manual development Logistics 	660,000
A 3.2	<p>Advocacy on the integration of gender responsive budgeting</p> <ul style="list-style-type: none"> - LG Budgeting processes - IGFT transfer system 	<ul style="list-style-type: none"> Financial Support Short term TA Training Manual development Logistics 	125,000

A 3.3	Building capacity of Districts in the use of analytical on gender budget statements - Use of tools development by MINECOFIN with UNCDF support (incl. Belgium)	Financial Support Short term TA Training Manual development Logistics	549,000
A 3.4	Strengthening equality in gender participation strategic positions - Advocacy on women's role in Local Government administration - Gender monitoring on RDSP DDP projects related to equality in employment	Financial Support Short term TA Training Manual development Logistics	151,000

	Activities to reach Result 4	Means	Belgian Contribution
R 4	The effectiveness of sector coordination mechanisms is enhanced through support to policy analysis		Costs in Euros
A 4.1	Support to policy coordination and policy analysis <ul style="list-style-type: none"> - Provide technical expertise to MINALOC is cross sector policy analysis - Support the functioning of the DSWG by reviewing key issues for discussion - Support the functioning of the TWG by contributing experiences and lessons learnt from the RDSP implementation 	Long term TA Documentation	330,000
	Activities to reach Result 5	Means	Belgian Contribution
R 5	Lessons learnt on capacity development and LED contribute to an evidenced based policy framework for decentralization		Costs in Euros
A 4.1	Lessons learnt from LED Pilot approach <ul style="list-style-type: none"> - Lessons learnt for future Decentralisation policies on the role of the private sector 	Financial Support Long term TA Consultants Training Manual development	100,000
	Lessons learnt from demand driven capacity building <ul style="list-style-type: none"> - Lessons learnt for future Decentralisation policies and grants transfers related to LG capacity Building 	Financial Support Long term TA Consultants Training Manual development	65,000

7.2 Definition of Indicators

Figures and targets will be included in the first annual report of the intervention. A baseline will be undertaken at the beginning of the intervention (see section 5.9 “Quality Management”)

Logic of the intervention	Indicators	Definition/Description
<p>Global Objective</p> <p>To sustainably enhance the capacity of LGs to deliver services and to develop an enabling environment for LED in respect of best governance practice</p>	<p>% of citizens expressing satisfaction with the quality and timeliness of service delivery at the local level</p> <p>% of entrepreneurs and cooperatives who are satisfied with the business environment for LED</p>	<p>Measures whether citizens are satisfied with Local Government performance (the impact of capacity building and capital investment) in service delivery</p>
<p>Specific Objectives:</p> <p>The efficiency and effectiveness of decentralization sector capacity building is sustainably enhanced at national and sub-national levels</p> <p>Districts have the capacity to develop an enabling environment for inclusive Local Economic Development</p>	<p>% of staff positions filled in the revised organizational structures</p>	<p>Measures if organizational capacity building activities is resulting in improved LG ability to deliver services as per revised structures and mandates</p>
	<p>Nr of temporary (construction phase) and permanent jobs created through LG LED investments</p>	<p>Measures the level to which LED is contributing to employment (a key indicator of economic growth)</p>

<p>Result 1:</p> <p>Local Governments are supported through Locally Driven, Coordinated and Evidenced Based Capacity Building</p>	<p>Delivery of the result</p>	
	<p>Rate of Local Government Staff turnover reduced (%).</p>	<p>Verifies whether capacity building activities result in lower staff turnover</p>
	<p>% of districts that are compliant regarding the timeliness of quality of M&E reports (LODA financial and narrative reporting)</p>	<p>Measures whether capacity building improves LG reporting – one of the major capacity development issues identified by stakeholders. Accurate reporting also provides information on LGs implementation capacity</p>
	<p>% of Districts with unqualified audit reports</p>	<p>Measures capacity of districts to comply with the decentralization regulatory framework</p>
	<p>Change processes</p>	
	<p>% of RDSP capacity building activities where improved performance can be verified</p>	<p>Assesses whether capacity building initiatives are progressively designed to enhance organizational capacity</p>
	<p>% of capacity building activities where RGB has a data base of cross-sector training inputs and outputs at the LG level and produces analysed information in their annual reports</p>	<p>Assesses whether there is an improving level of coordination of capacity building at the national (RGB) and sub national (District) levels</p>
<p>Result 2:</p> <p>District Councils capacity to plan, implement and sustainably manage capital development services and local economic development is enhanced</p>	<p>Delivery of the result</p>	
	<p>% of LODA LED investments compliant with guidelines on project feasibility (by value and number of projects)</p>	<p>Verifies if LGs compliance with feasibility study guidelines has improved after capacity building</p>
	<p>% of LODA LED investments compliant with operation and maintenance guidelines (by value and number of projects)</p>	<p>Verifies if LGs compliance with O&M guidelines has improved after capacity building</p>
	<p>Number of emerging enterprises integrated into partnership value and supply chain through LED Pilots</p>	<p>Verifies if the LED pilot is contributing to DSSP outcomes on establishment of PPPs</p>
	<p>Occupational health and safety indicators to be agreed</p>	

	once the proposed LODA health and safety manual is developed. Current ILO decent work indicators may not be measurable	
	Change processes	
	% LODA LED investments with feasibility studies including assessments of economic criteria	Assesses whether LED infrastructure investments are progressively based on well analysed capital and recurrent costs and planned economic benefits
	Operation and maintenance costs for LED investments are assessed prior to project implementation	Assesses whether LGs are basing decisions on the sustainable delivery of the intended services in considering recurrent costs in addition to capital costs
	% of LODA with monthly health and safety reports	Assesses whether LG infrastructure projects are changing their attitude towards health and safety
Result 3: Participation and Equality are strengthened in key decentralization processes	Delivery of the result	
	% of LGs integrating gender responsive criteria in their budgeting process (as assessed by RALGA and the GMU)	Verifies if districts are implementing gender responsive planning and budgeting
	Change process & early performance indicators - examples	
	% of senior LG staff ⁶⁷ positions that are filled by women/men Share of women in wage employment in the non-agricultural sector (for LG projects supported by the RDSP).	Measures whether women are increasingly achieving equality in terms of employment
Result 4:	Delivery of the result	

⁶⁷ The staff positions to be monitored will be defined at the time of the baseline

The effectiveness of sector coordination mechanisms is enhanced through support to policy analysis	% of analysed sectorial decentralised services costs to ensure budgets are commensurate with the mandate	Measures whether sectorial decentralization is being implemented in line with the decentralization policy framework
	% of LGs local own revenues in relation to their total District budget (KPI)	Measures if Sector policy and dialogue is facilitating enhanced ownership of LGs over their budgets
	% of total LODA resources aligned to fair and transparent allocation formula (as per PEFA PI-8 guidelines on “transparency of inter-governmental fiscal relations”).	Measures if LG transfers are equitable fair and transparent (PEFA indicator measured every 5 years) and forms a basis for dialogue and reform on this issue
	Change process & early performance indicators - examples	
	Nr of DSWG meetings held per Fiscal Year	Assesses whether there is a progressive change in SWG functionality
Annual change in the % of LODA funds that are transferred on time to the districts in line with current regulations	Assesses in LG financing is progressively more predictable and reliable. It also assesses whether LGs are improving their performance in budget implementation	
Result 5: Lessons learnt on capacity development and LED contribute to an evidenced based policy framework for decentralization	Delivery of the result	
	Performance based assessments are integrated in organizational capacity development guidelines by MINALOC	Verifies if the relationship between capacity and performance is integrated into LG capacity building
	Recommendation of LED Pilots adopted into MINALOC guidelines	Measures if LED pilots are resulting in improved performance in LED
	Change process & early performance indicators - examples	
	LED pilots are approved in District and LODA annual work plans	Assesses if there is a willingness to use new approaches to LED, including acknowledging the comparative advantages of the private sector

7.3 ToR long-term personnel

7.3.1 ToR of DEL CO (International TA)

Duration: 54 months

Function:

As BTC DELCO

- Working under the authority of the BTC Resident Representative
- Responsible of the overall co management of the programme and of the team of ITAs
- Provide decentralization expertise

Tasks:

- DELCO Responsibility, following the BTC procedure.
 - Prepare the annual planning and budgeting
 - Prepare and control the execution and financing agreements for Intervention RDSP-ECD and their implementation
 - Control the MOU for Intervention RDSP-DDP and its implementation
 - Coordinate the International Technical Assistants
 - Reporting to the Programme Steering Committee
 - Reporting of the monthly accounting system (FIT)
- Support the Project Manager and managers of the MoUs, execution agreements and financing agreements:
 - Actively follow up and support the implementation and monitoring of the Memorandum of Understanding (MoU) and the Joint Financing Agreement (JFA) for RDSP-DDP; making recommendations for their improvement to the relevant stakeholders through the DSWG.
 - Contribute to the annual planning and budgeting process for each Result area of the RDSP in partnership with the implementation agencies
 - Ensure all results areas are well coordinated around the achievement of the specific objectives
 - Support partners in the development of programme Monitoring and Evaluation. This will include participation in regular field missions in support or RDSP objectives (monitoring, mentoring, support supervision)
 - In coordination with the ITA Finance, support implementation agencies in improving financial and narrative reporting
 - Establish the required processes to ensure timely reporting for all implementation agencies

- Provide management support to implementation agencies and TA in the development of ToR and procurement documentation for studies, short term consultancies and other contracts as per the agreed annual work plans
- Propose capacity building measures to the Steering Committee related to the management capacities of the implementation agencies where required
- Suggest issue to the TA on sector coordination to be included in policy dialogue
- Coordinate the result on lessons learnt from the interventions (Intervention RDSP-ECD, Result 5)
- Provide technical expertise to stakeholders, including the Belgian Embassy and BTC at the sector working group level (Support in policy dialogue)
 - Support LED and capacity building TA sector coordination at the level of the technical working groups.
 - Provide management support to the TA on sector coordination.
 - Upon request, coordinate inputs on behalf of Belgium in sector studies, the formulation of new projects and programmes (both GoR and development partner) and reviews as requested by the Res Rep
 - Participate in annual Joint Sector Reviews of decentralisation and monitor progress in sector indicators including RDSP indicators
- Give technical and methodological back up to MINALOC in the management and delivery of the RDSP
 - Participate in routine management meetings related to the implementation of the RDSP
 - Provide management coaching to key MINALOC staff as agreed in the Steering Committee
 - Keep updated with sector dynamics (e.g. political, organizational or institutional change) and propose the necessary steps to address these dynamics as they arise
 - Participate in field missions in collaboration with MINALOC
 - Oversee procurement of pilot LED and management of LED pilots, including ex-ante control (technical control) – see if technical evaluation committee is needed (implementation agencies)
 - Oversee studies to be undertaken during preparation phase including procurement systems for LED pilots (no objection on procurement documentation (Belgium and/or Rwanda))

Profile:

- MSc in Development, Public Administration, Management or other relevant discipline.
- At least ten years of the experience in the management of development programmes with significant experience working at national and sub-national levels of government.
- Excellent skills in project planning, budgeting and M&E, as well as public procurement systems and management of works and services contracts.

- At least five years of experience in the public sector in the East and Central Africa region.
- Proven expertise of reform processes in the decentralization sector (LG planning, participation, governance, administration, political and fiscal issues).
- Excellent financial and narrative reporting skills
- Flexible attitude, facilitation skills and working in multidisciplinary teams.
- Strong knowledge of socio-economy of gender and gender mainstreaming processes.
- Working knowledge of English and French and able to demonstrate strong communication skills within a multi-stakeholder environment.
- Familiarity with the Rwandan context and experience in the development cooperation sector in Rwanda would be an asset

7.3.2 ToR for SPIU Programme Manager (MINALOC contract)

Duration: 54 months

Function: Programme Manager

In the spirit of co-management of the Programme, the Program Manager will work together with the BTC programme co-manager and report to the SPIU Coordinator. He/she will be responsible for the following:

- Manage all aspects of the project including planning, budgeting, implementation, monitoring, evaluation and reporting on progress particularly with respect to all Result Areas of the Programme.
- Be responsible for contracting the national experts/consultants including drafting contracts and providing input into the development of Terms of Reference to ensure the scope of work fits with the needs of the project.
- Establish and implement robust processes and procedures to monitor and evaluate the work of all consultants hired under this project with a view to ensuring services are satisfactorily accomplished in compliance with Terms of Reference.
- Evaluate the impact of the project on a regular basis with a view to determining value for money and provide strategic input into the direction of the project based on emerging needs
- Adopt a holistic approach to project management to ensure all not only that all key components within this project are fully aligned but that the design also takes into account the other work being undertaken in GoR to avoid duplication of effort and ensure maximum impact.
- Oversee the completion of all necessary procurement processes, ensuring full compliance with the National procurement guidelines at all times.
- Work with the Project Accountant to ensure timely and accurate financial planning and reporting for the project, raising any potential issues regarding underspend / overspend with the SPIU Coordinator in a timely manner
- Ensure accurate documentation for the project is kept in an ordered manner and is made available for reference for all stakeholders on request.

Required Profile

- Upper Second Class (2:1) Honors degree or above in Economics, Business Administration, Management or equivalent
- A minimum of 7 years working in public sector, including project experience.
- A minimum of 5 years of experience managing, complex multi-faceted projects – specific experience working with development partners would be an advantage.
- Ability to think logically and to interpret project information with a view to preempting potential challenges related to project implementation and proposing solutions to address the situation before.
- Experience in the planning and execution of the operational aspects of a project, with a focus on attaining results and respecting deadlines
- Experience in developing robust Terms of References that reflect current needs and managing Consultants / Technical Experts
- Experience in the preparation and execution of large, long-term budgets Strong communication and interpersonal skills
- Ability to build strong relations with multiple stakeholders
- Fluent in English and Kinyarwanda, knowledge of French is an asset.

7.3.3 ToR for Contracting and Financial Advisor (International TA)

Duration: 54 months

Under BTC international contract

He/she works under direct supervision of the DEL-CO.

Tasks:

- Financial management of the program
 - Assist the implementation agencies and PCU in budget preparation and financial planning
 - Validate annual budgets
 - Supervise accounting of main account and operational accounts
 - Control and approve the accounting of the implementing units
 - Control and validate financial reports of the implementing units
 - Validate consolidated financial reports
 - Monitor budget execution
 - Control and validate cash requests from implementing units and prepare cash requests to fund main account
 - Control and validate all financial issues related to the Local Competitiveness Facility

- Manage audits and draft actions plans
- Execute payments or provide non-objection for payments
- Provide non-objection for commitments
- Forward requests for no-objections for procurement documents and contracts to BTC and ensure timely follow up
- Draft implementation agreements
- Technical assistance
 - Provide advice to the MINALOC in order to improve the financial management and procurement (on request of the MINALOC)
 - Provide assistance in the development of new procedures and tools
 - Provide advice in development of decentralized PFM systems and participate in policy dialogue when relevant
 - Monitoring Rwanda's PFM indicators and provide relevant information to the PCU
 - Provide assistance in the development of the management procedures of the Local Competitiveness Facility.

Profile:

- Qualified in accountancy, financial management or similar discipline
- More than 10 years of experience in financial management and procurement
- Experience in PFM assessments and reform processes
- Experience in the use of IT based financial management and accounting tools
- At least 5 years of experience in developing projects with the public sector
- Proven ability to oversee the financial management of a number of implementation entities
- Working knowledge of English and French and able to demonstrate strong communication skills within a multi-stakeholder environment.
- Familiarity with the Rwandan context and experience in the development cooperation sector in Rwanda would be an asset

7.3.4 TOR for LED Technical Advisor (International TA)

Duration: 48 months

Under BTC international contract

He/she works under direct supervision of the DEL-CO.

Tasks:

- Management Responsibility
- Manage and monitor the performance of the LED Results and Activities
- coordinate a LED Technical Unit which includes 4 District LED Technical assistants, administrative assistants and Short Term Technical Assistants providing services to the implementation of the LED components of the RDSP which includes:

- Capacity building in Project Feasibility, Market Assessment, Operation and Maintenance and Occupational Health & Safety and Gender & LED including the recruitment of short term experts, overseeing project activities and coordination with MINALOC, LODA, the LGs and other stakeholders
 - Local Competitiveness Project marketing and communications, IT support, LED and PACA training, STE origination support, Technical Assessors, Financial and Due Diligence Assessment
 - Support to RALGA in its implementation of RDSP LED initiatives
 - Provide coaching and technical support to the 4 National District LED Advisors in the execution of their duties
- Provide support to the LODA and DEL-CO in the annual planning and budgeting and monthly, quarterly and annual reporting requirements for the LODA/LED component of the RDSP as required
- Technical assistance
 - Provide strategic management support to the LODA LED Division in the design and development of its LED programmes and the new Pilot Local Competitiveness Facility, its phased implementation and its handover and its institutionalization within the LODA by the end of the pilot project period ;
 - Provide ongoing technical and strategic support to LODA regarding the broader planning and implementation of LED, with particular reference to the role of local government and the private sector in LED.
 - Provide technical support to the LODA and the RDSP Programme Coordination Unit (PCU) through the BTC DEL CO in the development of all formats and processes required for the successful implementation of the LCF fund system including Public Call For Proposals, application formats, guides, selection and evaluation guidelines, award, contracting and implementation procedures including interim narrative and financial reporting formats, grantee procurement and project cycle management guides.
 - Provide support to the Del- CO and Contracting and Financing Advisor with respect to procurement and contracting issues of the LCF as required.
 - Provide technical support to the LODA, the districts and the District LED advisors with respect to the mobilization, engagement of district LED role players with the LCF and broader issues of LED
 - Take responsibility for the formulation of the Terms of Reference for the provision of key services in the LCF project including marketing and communications, IT support, LED and PACA training, STE origination support, Technical Assessors, Financial and Due Diligence Assessment
- Profile:
 - Post Graduate Qualification in Development, Economics, Management or Related fields.
 - 10 years of experience of managing Local Economic Development (LED) strategy, systems, tool and processes

- Experience in grant making and fund management systems and processes
- Experience of working with public and private sector institutions at both the local and national level
- Experience of International Donor and public sector management systems
- Experience of managing short term technical assistants
- Proven experience to manage and work in intercultural teams
- Good communication, analytical and writing skills
- Fluency in spoken English and excellent writing skills in English; knowledge of the French language will be a strong asset
- Familiarity with the Rwandan context and experience in the development cooperation sector in Rwanda would be an asset

7.3.5 ToR Local BTC Accountant

Duration: 48 months

Basic functions

The Project accountant is under BTC local contract , financed by this intervention and is responsible for a variety of finance-related tasks including the ones listed below (this list is not exhaustive).

He/she works under direct supervision of the ITA Finance Management and of both co-directors for all Co-management-related expenses.

He / She is responsible for a variety of finance-related tasks including the ones listed below:

Main duties and responsibilities :

Banking & cheque and cash management

- Prepare, register and keep cheques
- Prepare staff payroll for bank transfers at the end of each month.
- Ensures all invoices from external parties (contractors, suppliers,...) are paid in due time, by bank transfer, cheque or cash and arrange those documents by date: her/his task of preparing bank transfer and cheque documents. And manage pipe line payment to external parties.
- Check and approve document requested by Secretary and further the request to Finance officer then finally to co-manager for final approval.
- Attend and record all bank transactions, maintain bank accounts, ensure monthly bank statements and account overviews
- Final responsibility for the cash management, and supervision of secretary in this task: this includes regular daily cash counts, verification of balance of cash book and cash-on-hand, assistance of cashier in solving imbalances, establishment and signature of cash count statements.
- Ensure liquidation of any internal advances and update advance outstanding by the end of each month and report to Finance officer.

- Responsible for sound cash planning & cash withdrawals, so as to avoid cash shortages or large amounts cash in safe (security issue).
- Updates fixed asset register, follow up consultancies, contractor contract and stock of stationary.

Financial activity reporting

- Record all project expenses properly in FIT, following guidelines and within the deadlines the latest 15th of the following month.
- Produce FIT statements for control by the Project Management, make all necessary corrections and make all preparations for the monthly closing of the accounting.
- Monitor daily entry of expenses in the cashbook by the implementation agencies.
- Produce FIT statements for control by the PM, make all necessary corrections and make all preparations for the monthly closing of the accounting.
- Check and control to ensure quality and completeness of justification and supporting accounting documents of all expenses following guidelines
- Ensure accounting coding and budgeting lines are correct: this includes verification of financial reports, expenses and supporting documents.
- Keep track accounting data by putting reference as GT and AT on the specific documents on the monthly basic.
- Ensure monthly balance of FIT/Cashbooks/Cashboxes and bank statements are the same, and responsible for completion and approval of reconciliation statements if any.
- Responsible for transparent and consistent filing of all accounting, banking and cash management documents (that arranged by secretary).
- Organize that copy of all supporting Bank documents and check cash document copy by cashier, before sent to LAF on a monthly basis.

Financial Administration

- Check to ensure correct application of allowances by implementation agencies.
- Assist the PM with a variety of tasks: e.g. cost calculations, filing finance-related documents, monthly and weekly financial planning, managing pipeline payments...etc.

Budgeting and financial planning

- Provides all necessary accounting data and information to the PM, for him to be able to follow up on budget and planning.
- Assist the PM in the elaboration of reports, budgets or plans.

Profile:

- Degree in accounting;
- Minimum 5 year experience accounting and project administration is an advantage;
- Experience with an international organization or NGO;

- Very good hands-on knowledge of excel and word is a requirement. Other programs (Database, accounting programs) a strong advantage;
- Fluent in English, French and Kinyarwanda
- Mature, good communicator and team player;
- Able to work under stressful conditions and not objecting to overtime and field missions.

7.3.6 ToR NTA Capacity Building (National TA)

Duration: 48 months

Tasks linked to RDSP management:

- Support partner institutions (RGB, RALGA and assist LODA in coordination with LED TA), in delivery of RDSP capacity building project activities which are managed by the partner institutions but supported by the RDSP;
- Contribute to the quarterly and annual reports required by BTC's internal procedure, as guided by the DEL-CO
- Provide technical guidance to the Programme Steering Committee's in their decision making process related to annual approval of workplans related to CB activities
- Report to the PCU and PSC on progress on implementation for the RDSP capacity building activities (for results 1 and 3);
- Coordinate with the implementing partners and the PCU's in the preparation of project annual work plans and budgets including advising RGB on appropriate annual output indicators;
- Support the PCU and partners (RGB, RALGA) in preparation of technical aspects for procurement of goods and services related to capacity building; Prepare or assist in preparing tender evaluation reports, contracts, etc.
- Participate in the contracting of international and local technical consultancy in close collaboration with the partners and the PCU;
- Participate in the monitoring and evaluation of the Project implementation for results 1 and 3: follow-up that all M&E activities are implemented in time, follow-up M&E missions, analyses and consolidate monitoring reports and prepare recommendations to the PCU/PSC;
- Contribute to the preparation of the contents and agenda of the PSC meetings;
- Participate in coordination meetings of BTC projects in the same sector;
- Ensure close collaboration with the Belgian support to NCBS and ensure the correct application of the NCBS capacity development framework.
- Participate in all relevant PCU meetings as requested by the DEL CO;

As Expert in Institutional Capacity Building, the TA will assume the following tasks:

- Support actively the RGB, RALGA and PCU's in preparing the project work plans and budgets, with particular reference to ensuring VFM, and ensuring all activities have the potential to result in measurable improvements at the organizational level
- Advise RGB on the implementation of their current strategy and propose additional strategic issues related to coordination and oversight on LG capacity building as required

- Advise and support RGB on the development of capacity building strategies for Lower levels of local government (sectors, cells and non-budget agencies) including the role of the district staff as coaches, mentors, trainers and in support supervision.
- Advise RGB on the development of appropriate instruments for financing decentralized, demand driven LG capacity building.
- Explore potential linkages between demand driven capacity building, performance assessment and performance based grants or other appropriate incentives for improved organizational performance
- Monitor progress in RDSP capacity building (results 1-3) activities, results and indicators.
- Support the development of an internal M&E system on project implementation progress.
- Contribute to M&E development for measuring overall LG organizational performance
- Contribute to policy development and policy reviews as requested by the RGB
- Contribute & review the periodic progress reports of the intervention in capacity building areas
- Liaise with other “like-minded” donors and projects for incorporation of lessons learned & existing tools (including with projects working on LG capacity in sectoral ministries and LGs)
- Act as a resource person in workshops and trainings for the RDSP
- Contribute to the capitalization and dissemination of the lessons learned of the projects (result 5)
- Develop terms of reference for short term consultants for results1 and 3
- Provide guidance and monitor short term consultants and review their outputs

Support in policy dialogue

- Provide technical support to stakeholders, including the Belgian Embassy and BTC at capacity building technical working group level.
- Provide support to the DEL-CO and TA on sector coordination at sector working group level.
- Upon request, coordinate inputs on behalf of Belgium in sector studies, the formulation of new projects and programmes (both GoR and development partner) and reviews related to capacity building
- Participate in annual Joint Sector Reviews of decentralisation and monitor progress in sector capacity building indicators including RDSP indicators

Profile:

- Ten years of experience in public sector capacity building & reform of which a substantial part related to local government capacity building
- Masters degree in public administration, institutional development or related field
- Strong skills in dealing with complex and sensitive working environments
- Fluent in English, French and Kinyarwanda
- Good communication, analytical and writing skills

- Mature, good communicator and team player;
- Able to work under stressful conditions and not objecting to overtime and field missions.

7.3.7 ToR NTA Sector Coordination (National TA)

Duration: 48 months

Tasks:

- Establish and maintain good working relations with MINALOC and its agencies, the Rwanda Association Local Government Authorities (RALGA) and related GoR ministries and institutions; and liaise proactively with MINALOC staff through and in coordination with the DSWG.
- Support the chair of the DSWG in identifying and analysing key policy issues to inform discussion and decision making through the DSWG
- Support the chair of the DSWG in bringing the conclusions and recommendations of the DSWG to higher level technical and political coordination mechanisms within the Government of Rwanda
- Develop and maintain an in-depth knowledge and understanding of the decentralization sector in Rwanda, including through networking with MINALOC and its agencies, local government associations, research institutes, non-government actors (NGOs) and district support programs funded through bilateral and multilateral agencies.
- Contribute to the strengthening of Decentralization sector coordination mechanisms. Assist MINALOC in ensuring that meetings are held as scheduled, points of action are closely followed up and relevant stakeholders provide the expected inputs (analysis, reports, presentation, and minutes) to the DSWG in a timely and professional manner. Assist the DSWG members in monitoring and following up on agreed activities decided within the DSWG and between the stakeholders.
- Assist the DSWG in improving the communication flow between them and other stakeholders (Local Government Associations, MINECOFIN, lead sectoral decentralisation line ministries private sector, auditor general, parliament, etc.).
- Contribute to the planning of the Joint Sector Reviews (JSR) and follow up JSR recommendations with the respective agencies under the supervision of the DSWG chairperson
- Coordinate with the chair of the development partner decentralization working group as in cooperation and under the supervision of the MINALOC leadership of the DSWG
- Liaise with the RDSP programme manager, DEL-CO and RDSP TA on key issues concerning RDSP and overall sector coordination. Where appropriate, contribute to the implementation of the RDSP as requested, but under the supervision of the DSWG chair
- Liaise with BTC Representation on common areas of interest as requested by them, but under the supervision of the DSWG chair
- Report on a quarterly basis to the RDSP PCU and Steering Committee. Coordinate with the ITA Contract and Finance on financial reporting requirements

Profile:

- Ten years of experience in public sector development of which a substantial part is related to local government policy analysis
- Masters degree in public administration, political science, institutional development or related field
- Excellent analytical and reporting skills
- Strong skills in dealing with complex and sensitive working environments
- Fluent in English, French and Kinyarwanda
- Mature, good communicator and team player;
- Good communication, analytical and writing skills
- Able to work under stressful conditions and not objecting to overtime and field missions.

7.3.8 National Technical Advisor: LED Local Government Advisors x 4 (National TA)

Duration: 48 months

1 National LED TA will be located in each of the 4 provinces for the duration of the intervention (4 years) to support the implementation of RDSP LED investments including the Local Competitiveness Fund pilot project managed by the Rwandan Local Development Support Fund (LODA) in 2 selected districts per province in conjunction with a designated counterpart official(s) in the District.

Tasks:

- Provide strategic, management and capacity building support to pilot districts to engage with private sector partnership-based LED initiatives, with specific reference to the piloting of the Local Competitiveness Facility in the pilot districts.
- Support other RDSP LED activities implemented through LODA, RALGA and the Local Governments

Specific Tasks include:

- To provide support to the District Council and relevant district role players to engage with, and to create an enabling environment for Local Economic Development in general, and to pilot the implementation of the Local Competitiveness Facility in particular.
- To assist district role players to identify and exploit economic opportunities, and to establish sustainable and innovative partnerships to pursue job creation and economic growth initiatives.
- To create maximum awareness of the LCF fund in the district through regular meetings and presentations with relevant organizations and district co-ordinating structures to clearly communicate the objectives, procedure and approval systems for LCF partnership applications.
- To provide ongoing advice and support to potential applicant partnership groups during the LCF application process to ensure that applications are relevant, high quality and aligned to the objectives, and compliant with the administrative and technical requirements of the LCF.

- To liaise with all relevant economic and business service units in the district to ensure optimal co-ordination and alignment of their respective services in support of LED and the LCF (e.g. loan finance, business planning, land acquisition and registration, development planning, environmental compliance etc.), that can facilitate development of sustainable private sector partnerships that result in job creation and inclusive growth.
- In conjunction with the district counterpart unit, to provide a front office enquiry and administrative support function in the District for the LCF including the provision of application packages and the receipt of applications.
- To provide capacity building support to successful partnership groups to adopt proper project cycle management, procurement and financial systems to meet the requirements of the LCF matched grants; to provide a monitoring, oversight and risk management function to the contracted partnerships and the LCF.
- To provide reports and to undertake activities as required by the Rwandan Local Development Support Fund and the National LED advisor to achieve the objectives of the LCF
- To build the capacity of the District, particularly of the counterpart district unit and official(s) for handover and institutionalization of the function within the District administration during the pilot project period
- To monitor and support all RDSP LED activities implemented within the province including but not limited to Project Feasibility, Market Assessment, Operation and Maintenance and Occupational Health & Safety and Gender & LED
- To report on a quarterly basis to the National LED Advisor and to provide additional reports as required by the Programme Coordination Unit and the National LED advisor

Profile:

- A degree in Economics, Business Management, Development, Planning or related qualification.
- They will have at least 10 years of quality and relevant experience of working in Local Economic Development (LED) or in a related field of development, planning, and enterprise and entrepreneurship development, business management and private sector development.
- They will have experience of working with and/or within both the public and private sector.
- They will have strong communication and facilitation skills; skills and knowledge of participatory :LED tools will be a strong asset
- They will have strong organizational and administrative skills.
- They will have project management, business planning and analytic and report writing skills and experience. The ability to analyse and interpret financial statements will be a strong asset.
- Good communication, reporting and writing skills
- Fluent in Kinyarwanda, English and French
- The office will be located in the province (most likely in a secondary city district). Location in the province for the duration of the project will be a requirement.

7.4 Selection of Pilot Districts of the LCF component

This section focuses on selection of these pilot districts and indicative eligible project actions. A detailed overview of operational aspects of the LCF is also included in ANNEX 7.5.

It is recommended that the selection of the LCF pilot districts be aligned with the key priorities identified in both the Decentralization policy and the Economic Development and Poverty Reduction Strategy II (EDPRS II) where the pilots can make a contribution towards the achievement of these objectives.

1. Decentralization

It is proposed that the districts are drawn from the 4 provinces and do not include the City of Kigali and its districts, as it is felt that the private sector is there already active, economic activity better integrated, with a quick development of sustainable jobs, and the RDSP can offer no added value. In order to be able to test the model across a representative sample of the country, it is proposed that the LCF is tested in two districts per province in all 4 provinces. The LCF pilot will make provision for the sharing of lessons and practice to take place with the “non-pilot” districts in all 4 provinces to facilitate systematic learning and capacity building from the pilot experience. RALGA will work closely with the LCF pilot implementers and coordinate this peer learning effort (see Result 3).

2. EDPRS 2: Economic Transformation (Urbanization and LED)

The EDPRS 2 places strong emphasis in the Economic Development Transformation thematic on two priorities with high alignment with Local Economic Development objectives and the proposed interventions namely:

- Priority 1: The establishment of targeted economic zones including the development of four provincial industrial zones (Huye, Rusizi, Nyabihu and Bugesera)
- Priority 4: Secondary cities to be developed as regional centres of growth and investment (Huye, Muhanga, Musanze, Nyagatare, Rubavu, Rusizi)

The districts targeted for provincial industrial zones (PIZ) have already been identified by the GoR with the specific objectives of (i) facilitating access to key public services for investors in priority sectors of the economy (ii) attracting large firm and investors and (iii) reshaping the economic geography of Rwanda by investing in economic zones outside of the capital. These districts would constitute areas for future increased private sector investment, particularly in the industrial and manufacturing sector, and would provide important sites for piloting the LED initiative.

Similarly the districts containing secondary cities would also be suitable to serve as pilot sites. These cities have already been identified and selected as secondary cities which according to the EDPRS, “provide opportunities for increased access to off farm employment for a large proportion of the rural population”. They have also been identified in the EDPRS 2 as targets for strategic investment and economic projects, and therefore constitute areas of potential increased private investment and activity. There is therefore a high synergy between the EDPRS objectives and the pilot intervention

Given that some of the provinces contain two identified secondary cities, and that some of the districts selected for provincial industrial zones overlap with the selection of the districts containing secondary cities, it would be prudent that the selection of the districts based on the Economic Transformation thematic priorities be rationalized between the two EDPRS 2 objectives (districts with provincial industrial zones and districts with secondary cities).

Previous international practice with the Local Competitiveness Facility indicates that it requires districts of sufficient economic dynamism and sufficient private sector activity and investment to be present, in order for the instrument to be optimally taken up and utilized.

For this reason the following 4 districts are strongly recommended as pilot districts based on their status as provincial industrial zones and/or secondary cities.

- Western Province – Rusizi
- Southern Province – Huye
- Northern Province - Musanze
- Eastern Province - Nyagatare

The 4 other pilot districts will be selected by the PSC according to the proposed criteria.

3. EDPRS 2: Rural Development and Local Economic Development

As the first 4 proposed districts have a strong urban and industrial orientation, it would be important for testing and learning, that the pilot sites reflect a mix of urban and rural development contexts. For this reason it would be proposed that the 4 remaining districts (one per province) articulate with EDPRS 2 Rural Development thematic priorities with specific reference to:

- Priority 2 Increasing the productivity of Agriculture
- Priority 4 Connecting Rural Communities to Economic Opportunities

Lessons learnt from previous international experience of selecting district pilots, is that considerable time and unnecessary costs can be committed to the process of selecting of district sites, resulting in unnecessary delays and heightening contestation around which sites are selected and which are not. For that reason, it is strongly recommended that a clear but simple set of guiding considerations be used to ensure that the selected sites meet the key requirements of the objectives of the pilot intervention including:

- That the “rural” district adjoins the selected “urban” district site. This is to ensure that the rural district meets the requirement of both the EPDRS 2 Priority 4 objective and the LCF district pilot requirements that there would need to be significantly high levels of rural-urban economic linkages with the secondary city site, including the potential for increased value and supply chain integration where the secondary cities are/or have the potential to be the principal centres for processing, marketing, distribution, information and support services. Furthermore it would ensure that the 2 districts are part of the same sub-regional economy, rather than two fragmented district local economies with little inter-connectedness. On this basis, the selection of Gatsibo district in the Eastern Province and Nyamasheke in the Southern Province would be recommended.
- Where there is more than one rural district adjoining the selected Secondary City District (Northern and Southern Province), further considerations would include:
 - The selection of an adjoining rural district with a unique or high competitive and comparative advantage in a particular sector (tourism, livestock, agricultural cropping, arts and crafts and possibly others) to take advantage of the Local Competitiveness Facility;
 - A district where large and medium sized private sector are active in rural economic development activities, or have a high potential for private sector investment and inclusive value and supply chains.

- Adjoining district where there is already evidence of good LED practice which could form the basis for future initiatives that could take up the opportunities offered by the LCF fund.
- Rural Districts where there is already existing practice or high potential for private sector investment and involvement in agro-processing or other related value added industrial, manufacturing or service activity;
- A final factor to be considered would be an avoidance of competition with an existing GoR or Donor funded programme with similar objectives

4. Process for Selection

- a) The recommendation for the specific selection of the “Urban” districts - Rusizi, Huye, Musanze and Nyagatare is reviewed by the RDSP Steering Committee for a final decision;
- b) The recommendation for the selection of Gatsibo (Eastern Province) and Nyamasheke (Western Province) as the rural pilot districts for the two provinces is reviewed by the RSDP Steering Committee for a final decision.
- c) The LODA LED Division takes responsibility for making a well-elaborated recommendation on the two remaining rural districts for the Northern and Southern Districts based on the criteria set out above and a desk top review of the respective potentialities reports and District Development Plans for the eligible rural pilot districts namely;
 - Northern Province – Gakenke, Burera
 - Southern Province – Nyamagabe, Nyanza, Gisagara, Nyaruguru

This exercise will be facilitated by preparatory study the capacities and appetite of the private sector and other stakeholders to participate in pilot LED initiatives and will be shared in LED TWG.

- d) Thereafter the matter is referred to the RSDP Steering Committee for review and a final decision

7.5 Additional background and technical appendixes : LCF framework

7.5.1 Local Competitiveness Facility framework

The purpose of this operational annex is to provide role players and stakeholders with a complete overview of the Local Competitiveness Facility (LCF) Framework and a detailed set of activities to provide as clear a guide as possible to implementers regarding both design and implementation experience to date with the instrument. Obviously both the design and implementation procedures may need to be adjusted during the implementation process due to specific conditions pertaining to Rwandan socio-economic conditions and/or specific financial management and procurement procedures.

7.5.1.1 Implementation Framework for the Local Competitiveness Facility framework

Overall management of the LCF pilot intervention will be anchored in the LODA, specifically in the Local Economic Development division, which has recently been assigned a new public-private partnership component in terms of the new structure to assist facilitate the framework for public-private partnerships at district level. International Technical Assistance will be provided to the LED Division in order to support the management of the intervention. The management functions would include: strategic management support, process management and co-ordination, fund advice, evaluation support, contracting support and monitoring and evaluation. The districts will be supported with 4 National Technical Assistants (TA) who will each provide support to 2 districts for each of the provinces. The Technical Assistants will be located in the provinces for the duration of the programme.

The Local Competitiveness Facility (LCF) will be targeted at private partnership groups in the 8 districts, who will be mobilized through a competitive and transparent Public Call for Fund Proposals and a 2 stage application process comprising:

- A Call for LCF Concept Note Proposals and evaluation (Phase 1)
- A detailed LCF application from partnership groups whose Concept Note proposals have been approved in Phase 1 and who are invited to submit detailed applications. (Phase 2)

The Districts with the support of the National Technical Assistants will play a key role in creating awareness amongst economic actors in the respective districts, and for project stimulation and generation based on the respective economic potentialities and strategic economic sectors of the respective districts. The District would also play a key role in project implementation support and monitoring and evaluation during implementation of the project actions.

A detailed LCF fund guide for applicants, application formats and evaluation criteria will be provided and will be accessible on district websites, and in electronic format on Compact Disk (CD) at district offices. Prospective Partnership group applicants will also be able to visit the District offices for information and advice regarding administrative and technical compliance requirements.

Who are the partners?

Two type of partners may be considered:

Partnerships between established large/medium and emerging local enterprises: partnerships focused on value chain integration by linking emerging enterprises (micro –small enterprises, co-operatives) to markets, developing technical standards of goods and services and minimizing financial and operational risk to partners.

Clusters: partnerships between enterprises within the same value chain in a specific locality

which produce complementary products and face common opportunities and challenges. These partnerships should be focused on realising efficiency gains through the reduction of transaction costs, joint market development and joint production. These partnerships could also include support institutions and would encourage the development of specialised skills and services to support the development of the cluster partners.

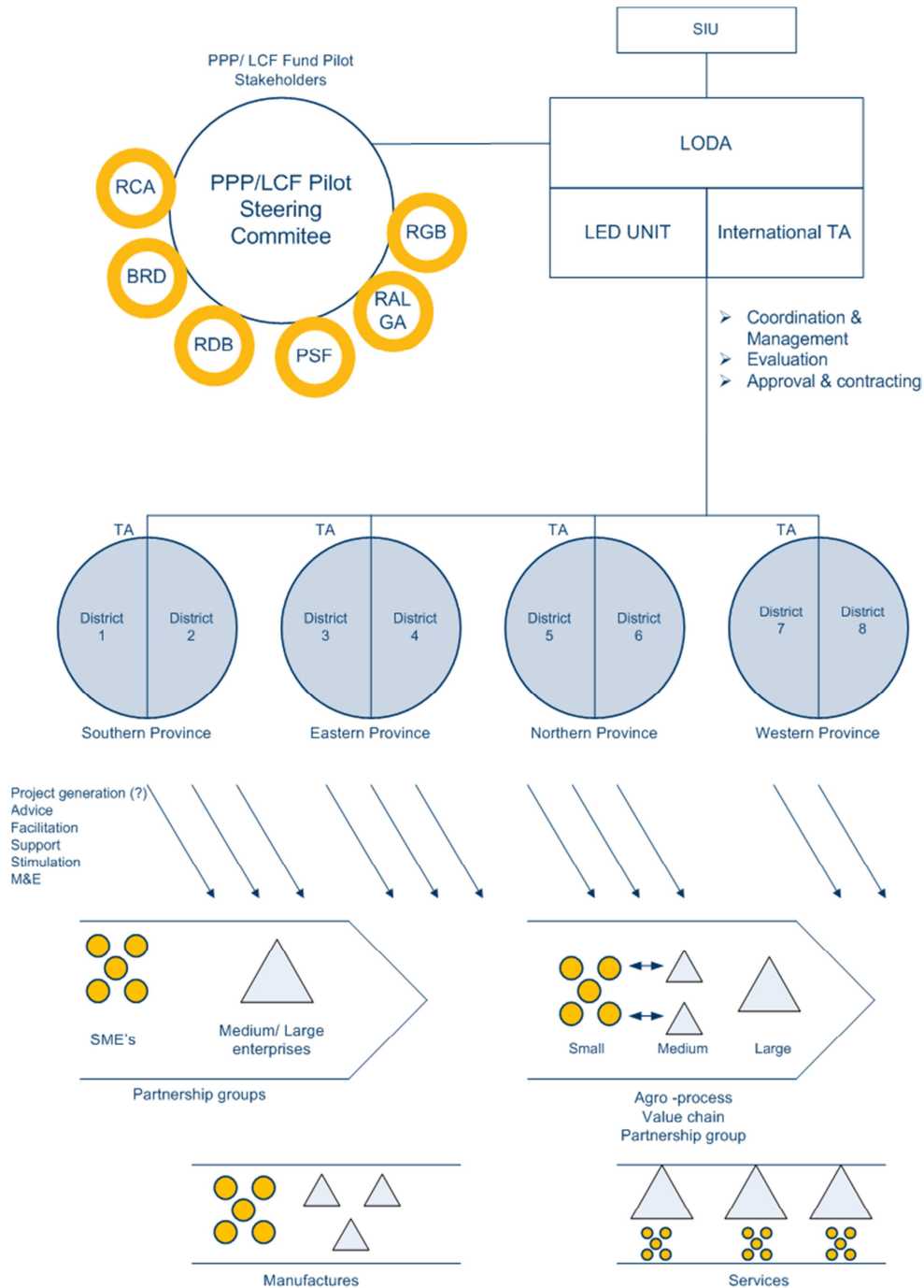


Figure 1: Schema of the LCF framework

7.5.1.2 LCF Financial Instrument

The Local Competitiveness Facility is a matched funding grant instrument for Local Competitiveness project implementation actions. Successful applicant partnership groups will be required to match the LCF grant allocation with their own finance (loan finance, equity or cash) on the basis of the following indicative formula:

Window 1: 30% minimum own financial contribution for LCF grants between E70 000 and 140 000

Window 2: 50% minimum own financial contribution for LCF grants between E300 000 and 500 000

LCF Window 1: Small Medium LCF Action

This will be for joint (public-private financed) project actions between the value of 100 000 and 200 000 euro, the grant component will be between 70 000 and 140 000 Euro, and a minimum 30% will be co-financed by the beneficiary partnership group who has been approved through the open call and the two stage selection, evaluation and due diligence process. The intention is that this window will be launched first during the programme intervention phase

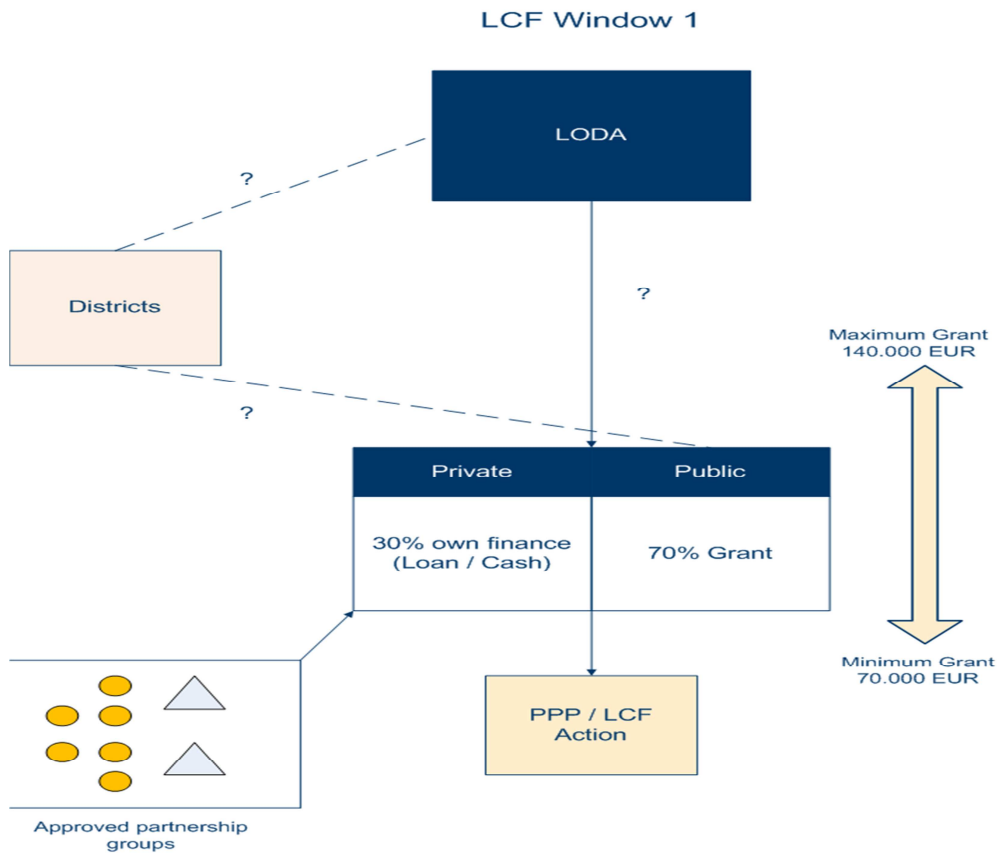


Figure 2: Schema of LCF Window 1

LCF Window 2: Large LCF Actions

This is for LCF project actions of between 500 000 and 1 000 000 Euros, where the funding grant will be between 250 000 and 500 000 Euros, and the approved LCF partnership group will be required to match the grant on a 1:1 basis. The plan is to launch this Window following the experience gained from the launch of Window 1.

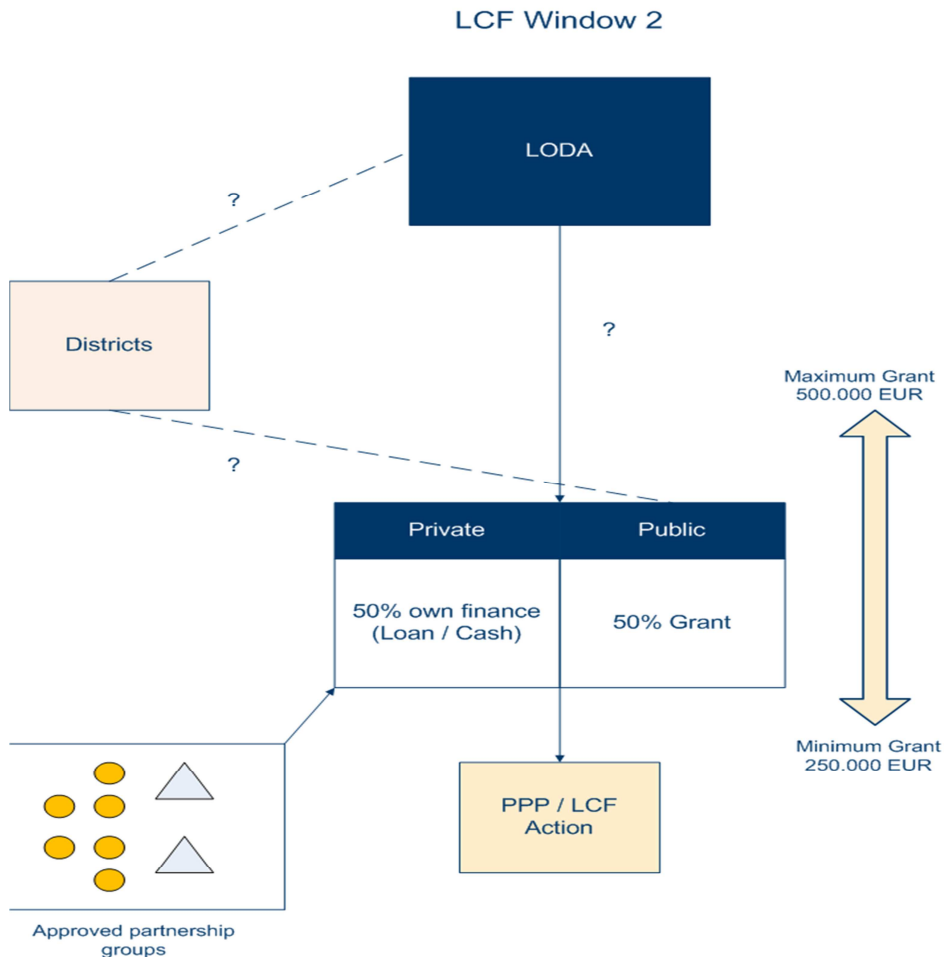


Figure 3 Schema of LCF Window 2

These indicative funding ratios will be further assessed through a study to be undertaken in the preparation phase to establish the appropriateness of the indicative funding formula in terms of both the risk appetite and affordability to the private sector to meet the financial requirements of the fund. The funding formulas may also be adjusted during the implementation period of the fund, based on lessons learnt from the Fund call experience.

The TTF recommends that Window 1 is launched first to test the model, and that Window 2 is launched following the contracting of Window 1 approved projects. The timing and sequencing is however flexible, and the Steering Committee can decide at any time to commence the 2nd window.

It should be emphasised that the fund is not targeting SMME, co-operatives or start ups for their normal financing requirements. There are already a number of existing financial instruments in

Rwanda that are specifically targeting Co-operatives and small enterprises through the Business Development Fund (BDF), Umurenge SACCOS and others, and it is not the intention of the LCF to duplicate existing financial instruments to this sector. Nor is it intended to distort financial markets by funding large or even medium size businesses that have sufficient collateral and capital to secure commercial finance for their own normal business expansion. The fund is specifically designed to leverage partnerships between large, medium and SMMEs or co-operatives, to meet pro-poor developmental objectives and to mitigate the cost and risk barriers that inhibit the development of innovative private-led partnerships that promote competitive but inclusive value and supply chains in strategic economic sectors or sectors with high potential in the respective district local economies. The project action must contribute towards positive LED results for the local/district economy, and not only for the benefit of a single business beneficiary

7.5.1.3 Indicative Eligible Project Actions

The table below sets out the indicative project actions that the LCF can support. The specific requirements for eligible project actions, eligible applicants, eligible costs will be developed by LODA and other with key intervention partners prior to the launch of the fund, and will be set out in a Guideline to Funding applicants to be developed prior to the Public Launch of the 2 stage application process.

Indicative Eligible Project Actions: LCF
<ul style="list-style-type: none"> • Support to new and innovative economic development ideas; • Support to particular sectors that have a high potential to boost employment, particularly “off farm employment”. This includes, but is not limited to agriculture and agro-processing; tourism; wood and wood products; arts, crafts, cultural and creative industries; information and communications technology; logistics and transport. • Support to specific sectors and clusters in order to reposition the district local economy into higher value-added segments of supply chains, while increasing equitable participation in these value chains; • Promote systemic competitiveness of and grow the efficiencies of different sectors in the local economy by providing a base of infrastructure and services as a platform for increased competitiveness • Support economic development initiatives which are part of District Development Plans (DDPs) • Promote positive pro-poor economic outcomes

7.5.1.4 Indicative Number of applications

The indicative number of applications along the LCF Fund application pipeline, based on past international practice is as set out in the table below. The private sector study should provide further details on the projected fund uptake and the likely conversion rate of applications along the various stages: enquiry- formulation – submission of concept note (Phase 1) – approved project note – detailed application formulation – submission of detailed application (Phase 2) –evaluation – due diligence - approval.

	Phase 1: No of Concept Notes submitted		Number of Concept Notes approved		Detailed Applications submitted for phase 2		Approved Applications	
	Window 1	Window 2	Window 1	Window 2	Window 1	Window 2	Window 1	Window 2
District 1	17	4	4	2	2	1	1	1
District 2	20	3	3	1	2	0	2	
District 3	23	1	5	2	3	1	3	
District 4	8	6	3	0	2	0	1	
District 5	9	3	4	0	3	0	2	
District 6	11	4	3	2	2	2	1	1
District 7	20	3	3	2	2	2	2	2
District 8	18	3	4	2	3	2	2	1
Total	126	29	29	11	20	8	14	4 (5)

Table 1: Indicative LCF Application flow based along the approval pipeline based on comparable South African experience

7.5.2 Detailed Indicative Activities

7.5.2.1 Setting the Foundation: Establishment of the LCF Pilot Management System

The first set of activities will relate to establishing the LCF Pilot Management and Co-ordination System within the LODA and the Technical LCF Pilot Technical Support Unit. Indicative sub-activities should include:

- a) The recruitment and placement of International LED TA in LODA LED Division alongside the LODA PPP Unit. This will also include the recruitment of the 4 National Technical Assistants for the 4 provinces (1 National Technical Assistant per province for 2 districts per province). The ToR for the LED TA are included in Annex 7.4.
- b) Finalize office and logistical requirements for the LED TA and the National Technical Assistants. This would include procurement of vehicles, network connections, and office space requirements.
- c) Finalize LCF counterpart agreement with LODA between International LED Technical Assistant, LODA LED Division management and staff regarding roles and responsibilities, reporting procedures in the LCF co-ordination and management. This would include agreement regarding the recruitment of an office assistant for the International LED TA if the LODA is not able to second an administrative assistant to the LCF technical unit.

- d) Formulation of LCF Pilot Operating Procedures, reporting systems for LCF District TA and Counterpart District Staff;
- e) Procurement of Communication and Marketing service provider; Formulation of marketing and communication materials, and branding. Design of web-based presence of LCF pilot initiative with LODA or procure and register stand alone website for website downloads.
- f) Establish LCF Pilot Advisory Steering Committee

This would also include finalizing the Terms of Reference (TOR) and the establishment of a LCF Pilot Advisory Steering Committee to provide guidance and advice to the LCF planning and implementation process. The Steering Committee should convene on a quarterly basis to take reports on the progress of the LCF pilot and provide strategic advice and feedback on issues arising from the implementation experience. It is recommended that the LCF Pilot Advisory Steering Committee comprises the following representatives:

- LODA (Chair)
- Private Sector Federation (National)
- JADF (RGB)
- Rwanda Local Government Association (RALGA)
- 2 Representatives of Rwandan Financing sector (Business Development Fund and Rwanda Development Bank (BRD)
- Rwanda Development Board (RDB)

- g) Finalize selection of Pilot Districts

Finalize the selection of Pilot Districts by the Steering Committee based on the criteria set out in section 3.4.2.3, including ratification of the selected pilot districts.

The establishment of Pilot District co-ordination, communication and logistics arrangements with Districts including Memorandum of Agreement (MoA) defining roles and responsibility of the District in the LCF process. This phase would include the provision of office space in the districts for the National TA; the secondment of a District LCF Office assistant from the district or the recruitment of a District LCF Office assistant. (There will be a budgetary allocation made if it is not possible for the district to provide an office assistant) (See indicative agreement – Appendix B).

7.5.3 LCF Pilot District Awareness, Mobilization and Capacity Building

Indicative sub-activities in this phase would include the following studies and trainings:

- a) District Economic and LED Institutional Situational Analysis

District Economic and LED Institutional Situational Analysis Report	
Purpose	For LCF National Technical Assistant with the support of District counterpart officials to develop a structured analysis and understanding of the current status of the District local economy and the key LED role players in the public and private sector. To meet and engage with key role players in the District to make them aware of the LCF pilot and to obtain their perspectives on the proposed pilot.

Output	District Economic and LED Institutional Situational Analysis and key stakeholders contact list for district LED role players in the public and private sector. (See Appendix C for indicative District Economic and LED Institutional Situational Analysis report)
Methodology and activities	Desk top research, consultation and interviews with key public and private LED role players, focus group discussions
Responsibility	National Technical Assistant with the support of District counterpart official
Procurement	Nil
Costs	Operational
Duration	1 month

b) Planning and implementation of a Basic Training Course in LED

Basic Training Course in LED (3 days)	
Purpose	To increase knowledge and awareness of LED approach by public and private role players in the District: 25 participants To disseminate information and create awareness of the LCF pilot with respect to objectives and processes.
Output	Training Report and evaluation
Methodology	Contact Training of 25 -35 key LED role players in the district over a 3 day period
Activities	<ul style="list-style-type: none"> • Procurement of service provider in conjunction with RALGA • Invitations, logistics by District TA and counterpart • Venue
Responsibility	National Technical Assistant with the support of RALGA (in coordination with RALGA result 3 activities)
Procurement	Service Provider and venue
Costs	1 Training Service Provider Training materials
Duration	Planning 1 month Training 3 days and 2 day report writing
Additional information	Course Content The course will be based on the Local Competitiveness Training Initiative (LOCATI) and the Hexagon of LED which has already been adapted and developed by RALGA in Rwanda. The training should also be closely linked to the

	<p>communication and marketing of the LCF by the National TA and District counterpart staff on the Pilot LCF objectives and systems.</p> <p>Participants</p> <p>25 – 30 training participants to include key District LED Staff, JADF Economic Commission members, relevant district council members with an economic development mandate, sector departments with an LED mandate, district Private Sector Federation, One Stop Centre (OSC), Business Development Centre (BDC), Business Development Services (BDS), district offices of Business Development Fund (BDF) and District TVET, private sector representatives from relevant sectors (Tourism, Agriculture and Agri-processing), Civil Society with an economic development mandate (Enterprise Development, Value chain and Supply Chain development etc).</p>
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- c) Training of core LED group in Participatory Competitiveness Assessment methodology and implementation of Participatory Competitiveness Assessments by district core group.

Training of LED Core teams and Implementation of Participatory Competitiveness Assessments in the District	
Purpose	<ul style="list-style-type: none"> • To undertake a rapid, participatory and action oriented diagnostic of the local economy of each of the 4 selected district learning areas (secondary city) with a focus on identifying realistic and practical opportunities and real barriers to competitive advantage and local economic growth in each of the districts • To facilitate the identification, formulation and initiation of short term (1 - 3 months) catalytic LED initiatives/ projects that will contribute towards the improvement of the local economy and competitive advantage, as well as bring positive results to the LCF pilot and serve as a learning process for district and stakeholders; • To familiarize, educate, and mobilize key district stakeholders in each of the 8 pilot districts of the objectives, concepts, resources and tools of the LCF pilot initiative in particular and LED approaches in general; • To provide a basis for promoting and strengthening dialogue, co-operation and partnership between key stakeholders (government, business and civil society).
Output	<p>Training Report and evaluation</p> <p>Report on the Participatory Assessment of Competitive Advantage per district including list of catalytic LED initiatives and data base of stakeholders</p>
Methodology	See Indicative methodology: Introduction of PACA
Activities	<ul style="list-style-type: none"> • Procurement of 2 Participatory Assessment of Competitiveness specialists to undertake training of 4 core groups from the secondary city districts (5 - 6 participants per district and National Technical Assistants and RALGA LED

	<p>specialist) (in coordination with RALDA result 3 activities)</p> <ul style="list-style-type: none"> • Invitations, logistics, central venue • Initiation and implementation of Participatory Assessments in each district • Coaching and advice support from Competitiveness specialists to 4 secondary city district core groups
Responsibility	International LED TA to co-ordinate overall intervention including procurement of Competitiveness Specialist team. National Technical Assistants to take responsibility for the planning and implementation of Assessments in their respective districts and the final report.
Procurement	2 Participatory Assessment of Competitiveness Specialist for training (2 days preparation, 3 days training + 2 days initiation of assessment support + 8 days coaching support (contact and/or distance)
Costs	<p>Training Service Provider x 2 x 15 days</p> <p>Training materials</p> <p>Venue</p> <p>Travel and incidental costs for core groups x 8 districts</p>
Duration	<p>Planning (1 month)</p> <p>Training (1 week)</p> <p>Initiation, planning and implementation of Competitiveness assessment including final report and (8-9 weeks)</p>
Additional information	<p>Course Content</p> <p>See: PACA indicative methodology: The How to conduct a PACA Manual</p> <p>Participants of Core Team</p> <p>District LED Core teams to comprise LED Manager or designated District official, Chair of JADF Economic Commission, Private Sector Federation leadership representative, Civil Society representative from district NGO/CSO most involved in LED issues (value chain and supply chain development), BDC representative.</p> <p>Planning and Implementation of Participatory Assessment by core Team</p> <p>Participatory Assessments on competitiveness to focus initially on the secondary city districts; Core team to conduct participatory assessment; National Technical Assistant to take responsibility for facilitating assessment by core team and final report; 7 days coaching support</p>

7.5.4 Design, Development and Launch of Public Call for Proposals LCF Concept Proposal: Window 1

Indicative activities would include:

- Finalizing the Guideline for Applicants, clearly setting out the LCF objectives, eligible LCF Actions, Eligible applicants, eligible costs, evaluation grid. This would also include finalizing the Concept Note format, Confirm compliance with GOR and Belgium financing procedures **(See Appendix F -EU format for grants)**
- Finalize design and development of marketing and information collateral for public call. This would include Brochures, preparation of website uploads and placements for the Public Launch, the procurement and placement of newspaper adverts for Public Call for proposals for

LCF coinciding with the Launch date

- c) Undertake preparatory briefing of relevant District structures on the LCF Framework (Objectives, process and application procedure for the Pilot LCF Implementation)

Note: The indicative activities below refer to the first call for Proposals relating to LCF Window 1. Should the piloting of LCF window 1 go according to plan, LCF Window 2 will be launched as LCF Window 1 approved projects reach approval of the release of the second payment tranche in the LCF Implementation project cycle.

7.5.5 Launch of Public Calls for Proposal: LCF Window 1: Concept Notes (40 days - TBD)

Indicative sub-activities would include:

- a) Launch of Public Calls for Proposals

Launch of Public Call for proposals which would include: placement of Public Call for proposals on the RLDCF website and District websites for Guide to applicant and application pack download. This would be accompanied by a District breakfast launch event in each district. National Technical assistants and designated district officials will undertake interviews for community radio stations and local media. Application packs on CDs will be available at the office of the District TA and counterpart. The District LCF administrator will provide electronic versions of the application pack on a CD

- b) LCF Project stimulation, generation, facilitation and advice

The National Technical Assistant with the support of designated District Counterpart staff will provide project stimulation, project generation, facilitation and advice at the district level. This phase would also include further presentations at district level to JADF meetings (Economic Commissions), PSF meetings, meetings with private sector formations (Agriculture Chamber or Tourism Association) and relevant economic clusters.

- c) Submission Deadline date procedures

Closing date submission procedures will be followed at District offices: Registration documents and allocation of proof of submission documentation; safekeeping of Concept note submissions and safe transmission of unopened Concept note submissions to LCF unit at LODA from all 8 districts.

7.5.6 Administrative Compliance and Evaluation of Concept notes

Activities should include:

- a) Administrative Compliance procedure

Terms of Reference approved for the LCF Administrative Compliance Committee by LODA. The process will initiate with opening procedures and administrative compliance check by LODA LCF Administrative compliance committee

- b) LCF Note Concept Note Technical Assessment

The TOR, procurement and contracting of a Technical Assessment panel comprising Short Term Experts (STE) for independent technical assessments of the concept notes.

This would involve the initiation and implementation of the assessment of Concept Notes by an Independent Technical Assessment team drawn from the Technical Assessment panel as per

evaluation requirements. The Technical assessment team will produce an evaluation report comprising the scoring sheet and narrative justification for each of the applications as per the concept note evaluation matrix.

c) LCF Concept Note Evaluation and Approval

An LCF Evaluation Committee will be established through an approved TOR comprising LSDF LED Division Deputy Director General, relevant members drawn from Advisory Committee of the LCF pilot and a secretariat to review, moderate and validate the LCF Technical Assessment Report. Technical Assessment Team will be present to provide clarification. The Committee will ratify the approved short list of successful concept Notes. The secretariat will notify successful applicants and unsuccessful applicants, once the evaluation report has been signed by the members. The secretariat will channel correspondence and enquiries to National Technical Assistants to deal with follow up enquiries and feedback from unsuccessful applicant partnership groups;

7.5.7 Detailed LCF application (Phase 2) (60 days - TBD)

Indicative activities should include:

a) Briefing of Detailed LCF applicants

The Pilot Project will undertake a detailed briefing and training session for short listed LCF applicant partnerships by National LED Technical Assistants and District counterparts (either a single national briefing or briefing per province depending on the number of successful Concept note applicant partnerships).

b) Technical Assistance and Support

The National Technical Assistants will provide ongoing support and advice to short listed LCF partnership groups regarding technical requirements of the application. A budget will also be provided for the recruitment of Short Term Experts, should the technical support and advice requirements become too onerous for the National Technical Assistants to provide on their own.

As applicant partnerships will need to ensure that they have met with the more onerous requirements for approval relating to land availability and ownership, environment approval. This will be the opportunity for District economic services staff in the district (One Stop Centres, District planner, District Land Offices) to provide support to the applicant partnerships in addressing regulatory issues with respect to land identification and acquisition, land tenure, serviced sites, environmental assessments, planning approvals, construction permits through required processes

It will also be the responsibility of other component of the District economic services (Business Development Centres (BDC) , Co-operatives officer to provide support to short listed applicant partnerships where necessary with regard to capacitating emerging enterprises (co-operatives, small enterprises) with regard to partnership development and compliance issues (understanding partnership terms and contractual obligations in partnership agreements, support to interpret and evaluate terms of supply agreements, (pricing, quantity and quality requirements)

c) Deadline and submission processes

Partnership Applicants submit detailed applications. The submission registration processes are administered at the District Submission point by the Technical Assistants and the LCF administrative assistant on the deadline submission date. The TA unit in the district ensures the safe transmission of the unopened detailed applications to the LODA.

7.5.8 Administrative Compliance, Evaluation, Award and Contracting

Indicative sub-activities include:

a) Administrative Compliance

Official opening of submissions as per call procedures, administrative compliance check by Administrative Compliance Committee

b) Technical and Financial Assessment and Due Diligence

Launch of Terms of Reference for Independent Technical and Financial Assessment and Due Diligence Team, and subsequent procurement and contracting. The team undertakes a Technical and Financial Assessment, score the evaluation grid, and provide a narrative report for evaluated applications including ranking.

The team will undertake a due diligence assessment of evaluated applications that score above the threshold score (indicative threshold: 70%)

c) Evaluation and Award

The approved LCF Evaluation Committee will convene to moderate and validate Evaluation Report by Independent Technical and financial Assessment and Due Diligence team. The LCF Evaluation Committee will formally recommend award of LCF projects by the LODA or relevant contracting authority.

The contracting authority will enter into agreement with the Legal entity representing the partnership group. The LCF detailed application and annexure will form the basis for the contract. All matters relating to the contracting including the opening of a dedicated project account, signing of the financial identification form, and the securing of the co-finance (indicative period: maximum of 90 days for applicants to deposit the tranche of co-financing) will be undertaken in this phase of the project as per requirements set out in the Guide to applicants in compliance with the required financial and procurement procedures selected for the pilot, whether Rwandan or Belgian.

7.5.9 Implementation Management and Monitoring and Evaluation

Indicative activities include:

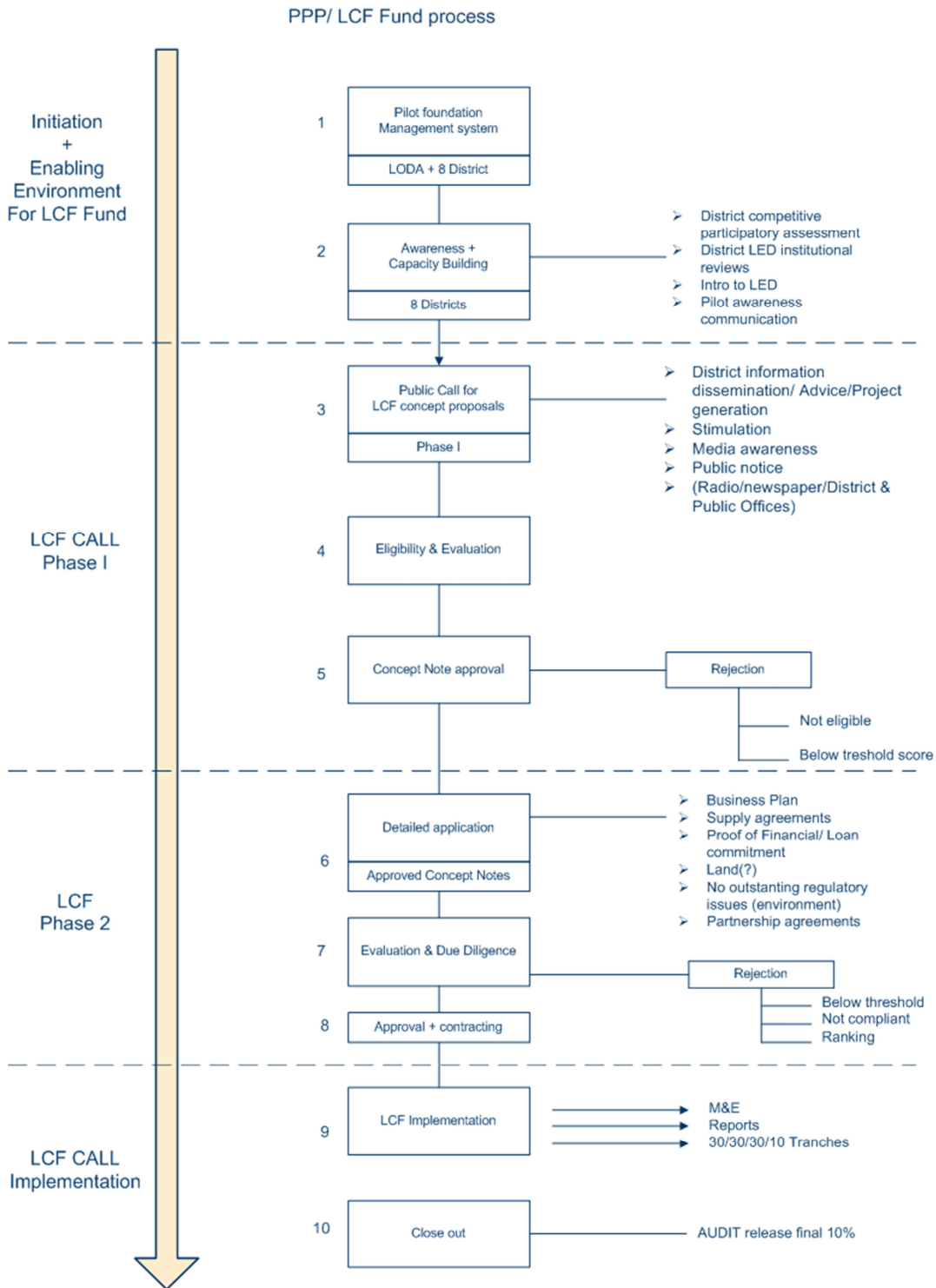
a) Training of beneficiary partnership groups

Training of contracted projects in financial management, reporting requirements, project cycle management and procurement procedures. This will require production of LCF Project Management guides and training workshop inputs.

b) Project Cycle and risk management

The contracted projects will establish Project Steering Committee which will comprise NTAs and District counterpart staff member. The monitoring and evaluation of contracted LCF projects will be undertaken by District Technical Assistants and District Counterparts. The NTAs will ensure the completion and approval of work progress reports, including Interim Narrative and financial reports. The National TA and District counterpart staff will provide support and advice in beneficiary procurement committees to ensure compliance. The NTAs will monitor recommend the release of tranche payments on satisfactory completion of project milestones. It is recommended that the following tranche release is followed to minimize risk. (30%, 30%, 30%,10%); The NTAs and the district counterpart staff will play a vital risk management role, providing for early notification of contract breaches, ineligible expenditure and timely recommendations for contract termination and

fund recovery should the need arise. The International LED Technical Assistant is to provide overall management support to District National TA's and Contracting and Finance on LCF contract management. At the completion of the project, an independent audit will be completed on the project (an amount is to be budgeted within the grant) and the final 10% will be released once the audit has been satisfactorily completed. A summary schema of the activities can be found below.



7.6 ToR for missions during preparatory phase

7.6.1 Generic TORs for the baseline study

BTC will provide generic terms of reference for the baseline study at the beginning of the project. They will be adapted and filled in by the change-co manager and the project director.

The baseline work plan will cover the following topics:

- Project File
- Theory of Change

[Here the project team will try to summarize it's vision on the intervention and the achievement of the intervention's objectives. This implies a description of the logic between activities, outputs, outcome and impact and needs to reflect the intervention's Theory of Change. If useful, this can be illustrated by schemes, photos, etc. Please refer to BTC "MORE RESULTS" (M&E guide) for more details on this approach.]

- Monitoring Matrix

[Showing what elements of the monitoring matrix are already complete at the time of the Baseline Workplan (and what elements need to be addressed in the Baseline)

- Knowledge Gaps identified

[In this chapter the intervention team will describe all issues that need to be addressed by the Baseline.]

- Monitoring Matrix

[In this subchapter the intervention team describes all elements of the Monitoring matrix that need further development (see '3 Monitoring Matrix'). This can thus imply a reformulation of results, reformulating indicators, proposing new indicators, measuring Baseline values (thereby testing those indicators), proposing (intermediate) target values, defining responsibilities for data collection, defining the frequency and timing of measurement, finding SoV, assessing the difficulty of measuring different indicators, etc. If relevant, briefly describe the existing M&E systems at the level of the partner institution and the available data]

- Risk analysis

[In this subchapter, describe what risks were already identified, assessed and what treatments were already planned. Next, this subchapter indicates to what extent the work done is satisfactory and whether these earlier findings (risk identification, and/or assessment and/or treatment proposed) will be followed. If applicable, this chapter will elucidate whether a complementary risk identification and analysis (+ risk mitigation strategy) is required, and determine its scope.]

- Complementary Studies

[Possibly, the Baseline will also need to implement a number of complementary studies in order to arrive at a full Monitoring Plan. If this is the case, the intervention team should clearly delineate and explain what studies need to be done. Provide sufficient details on the precise content, scope, etc. Also indicate why it is important to do this study.]

- Approach

[In this chapter the project team can further elaborate how the different knowledge gaps are to be addressed. If the workplan is included in the TFF, the formulators here need to indicate how the Baseline process will take place. In case a study or multiple studies need be executed by an external consultant before the arrival of the project team, the formulators should elaborate how this will happen. The formulators need refer to the ToR needed for recruiting a consultant (in chapter 8 of this document, the responsibility for launching and managing the tender, the person responsible for quality assurance, etc.]

- Division of Labour & Deliverables

[As different issues need to be addressed during the Baseline, it is quite probable that a division of labour needs to be established (should not be filled in if the whole Baseline is implemented internally): who is responsible for what deliverables and services?]

- Period and Duration

[should not be filled in if the whole Baseline is implemented internally]

- ToR(s) study(ies)

[only needs to be filled in when one or more studies are to be executed before the arrival of the project team]

- ToR(s) Consultants

[should not be filled in if the whole Baseline is implemented internally]

7.6.2 Studies into the capacities and appetite of the private sector to participate in the LCF

TOR: An assessment of the likely demand pattern by the Rwandan private sector for the proposed Local Competitiveness Facility (LCF) matching grant

1. Introduction

BTC is looking for an international or national Local Economic Development and/or Development Finance expert to undertake an assessment of the likely demand pattern by the Rwandan private sector for the proposed LCF matched grant models targeted at private sector partnerships and to validate or revise the proposed model in order to increase its relevance, effectiveness and efficiency in meeting its objectives.

2. Background

The Rwandan Decentralization Support Programme has been designed to assist the Government of Rwanda to enhance the capacities of Districts to deliver services and to implement their local economic Development. Under Result 2 of the intervention District Councils capacity to plan, implement and sustainably manage capital development services and local economic development is enhanced, an activity has been identified as follows:

“Economic Partnerships facilitate public and private investment to create sustainable decent jobs and enterprise growth with pro-poor outcomes in 8 pilot districts”.

The activity intends to support LED private partnerships at district level that can be facilitated through a matched grant instrument called the Local Competitiveness Facility (LCF). It is proposed that responsibility for managing and co-ordinating the planning and implementation of the Local Competitiveness Facility (LCF) will be located with the Local Economic Development (LED) Division of the Rwanda Local Development Support Fund which has a mandate to transfer funds for Local

Economic Development. An International LED Technical Advisor and 4 District LED Advisors will support the implementation of the LCF in 8 pilot districts.

There is previous experience in implementing this innovative funding instrument in developing and transition economies, namely South Africa and also in Eastern Europe by means of EU structural funds. But it will need to be tested and possibly refined and adapted for specific Rwandan conditions at the district level. For this reason, this result area will initially be piloted in 8 districts of Rwanda for the duration of this intervention. Once tested, refined and adapted, and if found to be relevant, efficient and effective, the instrument can then be rolled out in all 30 districts in Rwanda going forward after the 4 year period, financed through Rwanda's own public funds and managed and administered in terms of the current legal mandate and policies of the LODA LODA and the districts. More details on the proposed Local Competitiveness Facility, its framework and proposed funding formula can be found in Annexure A

3. Description and Scope of the Assignment

The overall objective of the assignment is to assess in the pre-project phase the likely demand pattern by the Rwandan private sector of the proposed Local Competitiveness Facility (LCF) instrument, and to validate the current model in terms of the following:

- the willingness (appetite) and capacity of the private sector to engage with the proposed LCF and to form partnerships and submit credible actions for support by the fund;
- the co-financing ratios of the grant, and their affordability to private sector partnerships in terms of securing loan financing, and its impact on the pattern of demand;
- the current grant size and threshold values of the matching grants in the 2 proposed LCF windows and their appropriateness with regard to potential demand led LCF actions in the pilot districts;
- the capacity of private sector partnerships to meet contractual obligations in the implementation of the actions relating to Project Cycle Management (PCM) and procurement procedures required to manage the funds during the implementation of the actions.

4 Methodology

The assessment would need to be undertaken by consulting a sample of key private sector role players in Rwanda through face-to-face interviews including:

- Private Sector Federation at the national and district level
- A small sample of large and medium private companies (International and national) from the private sector at national level (Kigali)
- A small sample of large and medium private companies from 1 of the 4 identified secondary city pilot districts (Rusizi, Huye, Musanze, Nyagatare) and 1 rural neighbouring district.

5. Assessment Questions

5.1. Private sector participation and capacity

- What are the opportunities and constraints likely to arise with respect to the private sector engaging and optimizing the LCF instrument with respect to:
 - The requirements that only partnerships are eligible to secure support from Fund?
Is there willingness on the part of private sector partners, particularly large and

medium companies to enter into partnership arrangements with emerging enterprises (small enterprises, co-operatives) for the purpose of the action?

- o What is the capacity of the private sector, particularly large and medium sized companies acting as “Lead Applicants” to meet the administrative, technical and contractual compliance requirements of the fund (the submission of concept notes, detailed applications, business plans, audited financial records, legal contracts)?
- o What is the capacity of the private sector to manage the funds in terms of contractual requirements per funding agency requirements which would include implementation of Project Cycle Management and procurement procedures, regular financial and narrative reports and audit on completion of the action

5.2 Co-funding ratios

- To validate whether the proposed co-financing formula ratios for Windows 1 (30/70) and Window 2 (50/50) are appropriately set particularly in terms of what established partners (medium and large companies) can afford to co-finance through loan finance and own equity on behalf of the partnerships? How might changes in the ratios impact on the pattern of demand (appetite) for the funds from the private sector?
- To validate that the proposed co-funding ratios for Window 1 and 2 are appropriately set to sufficiently mitigate risk so as to stimulate partnership initiatives that would not normally be pursued through conventional commercial operations? How might changes in the ratio impact on the risk appetite of the private sector applicants? The LCF to meet the principle of additionality and non-distortion - grants must target activities and investments which would not have happened without the LCF and where the uncertainty and risks involved precludes access to conventional sources of funding.

5.3 Grant size

- To validate that the grant sizes and the threshold minimum and maximum amounts in the two windows are appropriately set in terms of the types of initiatives that the partnerships would be seeking to implement, and the “financial fit” with clearly defined potential LCF actions in the district?

6. Outputs

Assessment Report

7. Requirements

- National or international LED with 10 years of experience of grant management and resource mobilization for LED or a Development Finance specialist with 10 years of experience of resource mobilization for LED
- National Development Finance specialist with 10 years of experience in development finance in Rwanda

No of man days	prep	assessment	Drafting and validation
International LED/Development Finance Expert	1	7	4

Annexure A

1.1 Understanding the Local Competitiveness Facility Framework

Overall management of the LCF pilot intervention will be anchored in the LODA, specifically in the Local Economic Development division, which has recently been assigned a new public-private partnership component in terms of the new structure to assist facilitate the framework for public-private partnerships at district level.

International Technical Assistance will be provided to the LED Division in order to support the management of the intervention. The management functions would include: strategic management support, process management and co-ordination, fund advice, evaluation support, contracting support and monitoring and evaluation. The districts will be supported with 4 National Technical Assistants (TA) who will each provide support to 2 districts for each of the provinces. The Technical Assistants will be located in the provinces for the duration of the programme.

The Local Competitiveness Facility (LCF) will be targeted at private partnership groups in the 8 districts, who will be mobilized through a competitive and transparent Public Call for Fund Proposals and a 2 stage application process comprising:

- A Call for LCF Concept Note Proposals and evaluation (Phase 1)
- A detailed LCF application from partnership groups whose Concept Note proposals have been approved in Phase 1 and who are invited to submit detailed applications. (Phase 2)

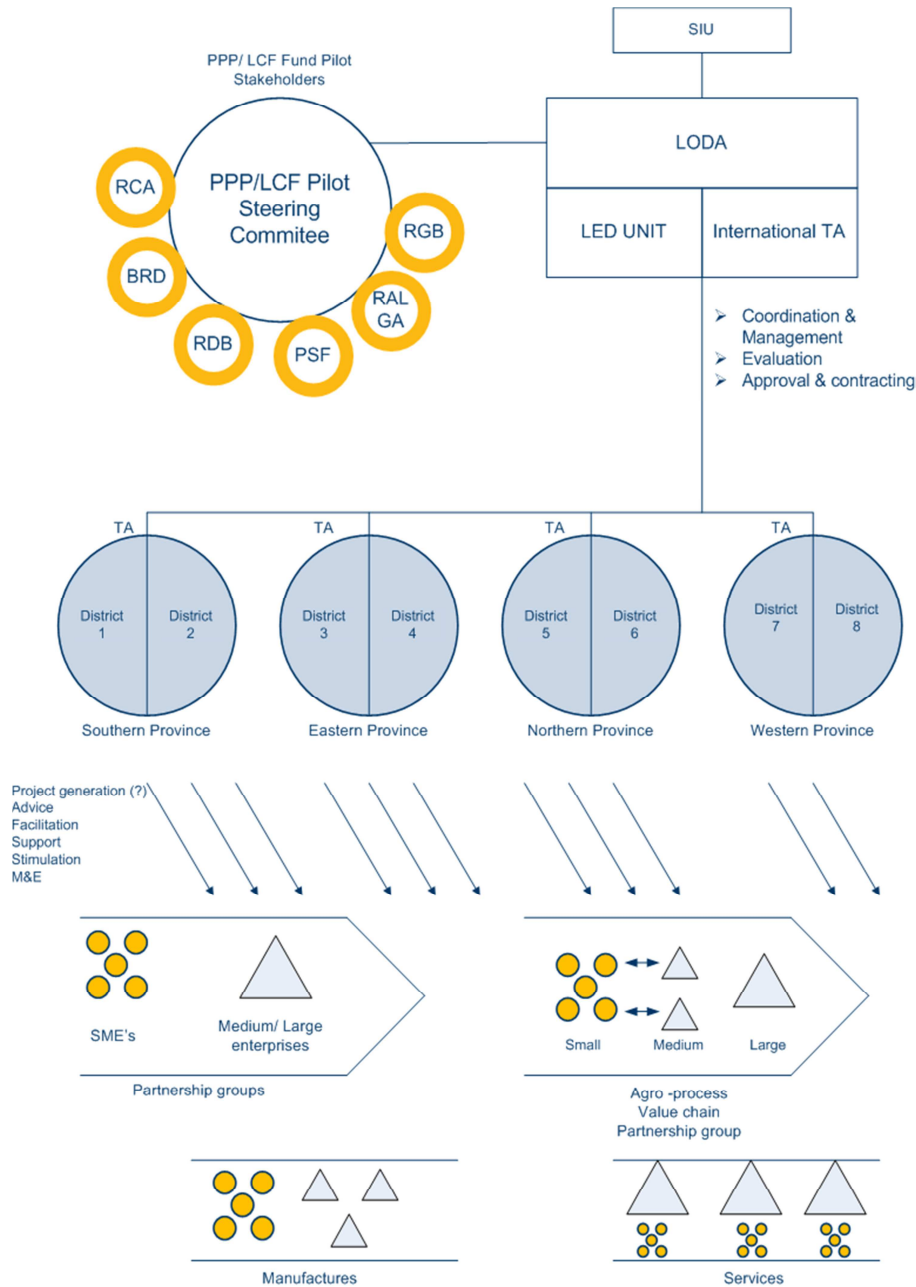
The Districts with the support of the National Technical Assistants will play a key role in creating awareness amongst economic actors in the respective districts, and for project stimulation and generation based on the respective economic potentialities and strategic economic sectors of the respective districts. The District would also play a key role in project implementation support and monitoring and evaluation during implementation of the project actions.

A detailed LCF fund guide for applicants, application formats and evaluation criteria will be provided and will be accessible on district websites, and in electronic format on Compact Disk (CD) at district offices. Prospective Partnership group applicants will also be able to visit the District offices for information and advice regarding administrative and technical compliance requirements.

Who are the partners?

Partnerships between established large/medium and emerging local enterprises: partnerships focused on value chain integration by linking emerging enterprises (micro –small enterprises, co-operatives) to markets, developing technical standards of goods and services and minimising financial and operational risk to partners.

Clusters: partnerships between enterprises within the same value chain in a specific locality which produce complementary products and face common opportunities and challenges. These partnerships should be focused on realising efficiency gains through the reduction of transaction costs, joint market development and joint production. These partnerships could also include support institutions and would encourage the development of specialised skills and services to support the development of the cluster partners.



GRAPHIC: SCHEMA OF THE LCF FRAMEWORK

1.2 LCF Financial Instrument

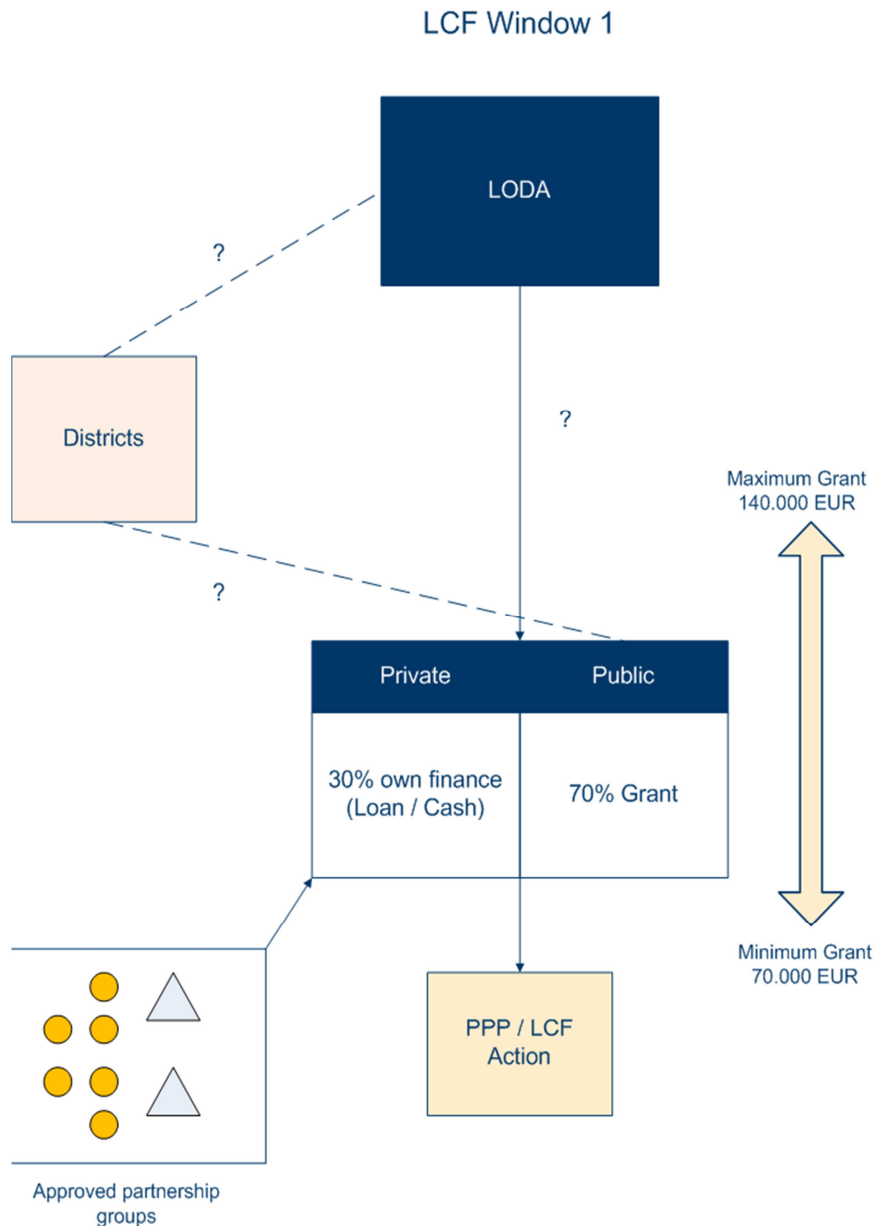
The Local Competitiveness Facility is a matched funding grant instrument for Local Competitiveness project implementation actions. Successful applicant partnership groups will be required to match the LCF grant allocation with their own finance (loan finance, equity or cash) on the basis of the following indicative formula:

Window 1: 30% minimum own financial contribution for LCF grants between E70 000 and 140 000

Window 2: 50% minimum own financial contribution for LCF grants between E300 000 and 500 000

1.2.1 LCF Window 1: Small Medium LCF Action

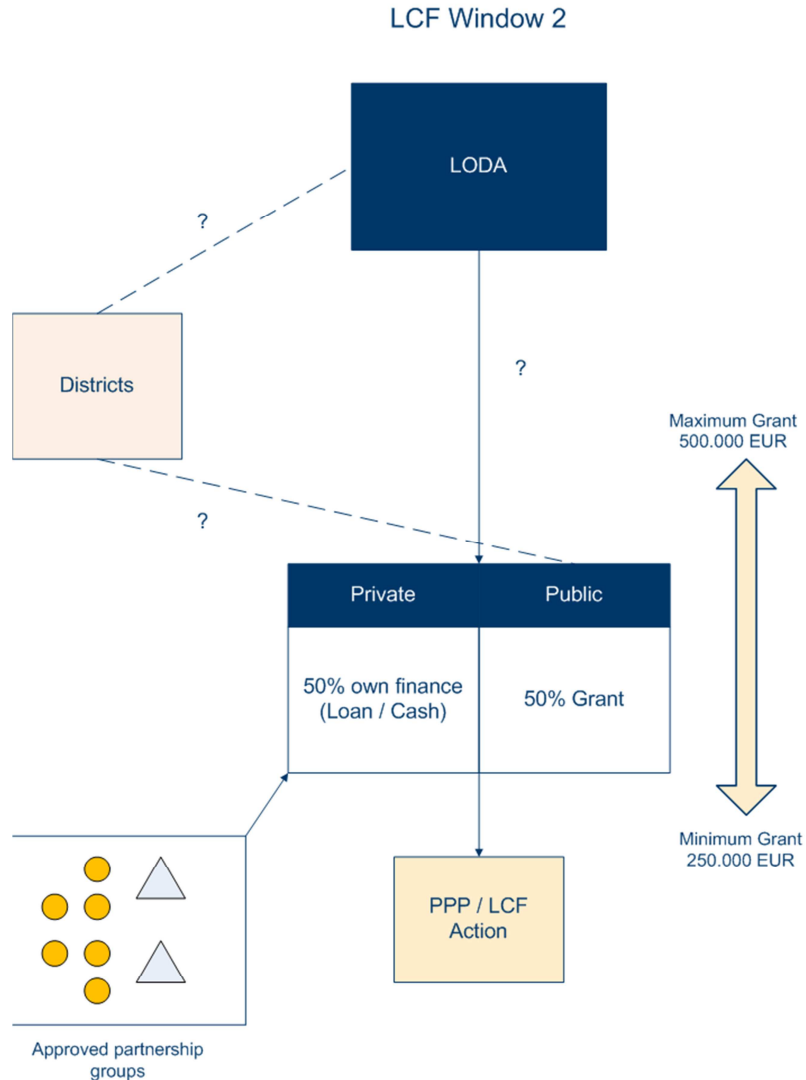
This will be for joint (public-private financed) project actions between the value of 100 000 and 200 000 euro, the grant component will be between 70 000 and 140 000 Euro, and a minimum 30% will be co-financed by the beneficiary partnership group who has been approved through the open call and the two stage selection, evaluation and due diligence process. The intention is that this window will be launched first during the programme intervention phase



1.2.2 LCF Window 2: Large LCF Actions

This is for LCF project actions of between 500 000 and 1 000 000 Euros, where the funding grant will be between 250 000 and 500 000 Euros, and the approved LCF partnership group will be required to match the grant on a 1:1 basis. The plan is to launch this Window following the experience gained

from the launch of Window 1.



These indicative funding ratios will be further assessed through a study to be undertaken in the pre-project phase to establish the appropriateness of the indicative funding formula in terms of both the risk appetite and affordability to the private sector to meet the financial requirements of the fund. The funding formulas may also be adjusted during the implementation period of the fund, based on lessons learnt from the Fund call experience.

It should be emphasised that the fund **is not** targeting SMME, co-operatives or start-ups **for their normal financing requirements**. There are already a number of existing financial instruments in Rwanda that are specifically targeting Co-operatives and small enterprises through the Business Development Fund (BDF), Umurenge SACCOS and others, and it is not the intention of the LCF to duplicate existing financial instruments to this sector. Nor is it intended to distort financial markets by funding large or even medium size businesses that have sufficient collateral and capital to secure commercial finance for their own normal business expansion. The fund is specifically designed to leverage partnerships between large, medium and SMMEs or co-operatives, to meet pro-poor developmental objectives and to mitigate the cost and risk barriers that inhibit the development of innovative private-led partnerships that promote competitive but inclusive value and supply chains in

strategic economic sectors or sectors with high potential in the respective district local economies. The project action must contribute towards positive LED results for the local/district economy, and not only for the benefit of a single business beneficiary.

1.2.3 Indicative Eligible Project Actions

The table below sets out the indicative project actions that the LCF can support. The specific requirements for eligible project actions, eligible applicants, eligible costs will be developed by LODA and other with key intervention partners prior to the launch of the fund, and will be set out in a Guideline to Funding applicants to be developed prior to the Public Launch of the 2 stage application process.

Indicative Eligible Project Actions: LCF
<ul style="list-style-type: none">• Support to new and innovative local economic development ideas;• Support to particular sectors that have a high potential to boost employment, particularly “off farm employment”. This includes, but is not limited to agriculture and agro-processing; tourism; wood and wood products; arts, crafts, cultural and creative industries; information and communications technology; logistics and transport.• Support to specific sectors and clusters in order to reposition the district local economy into higher value-added segments of supply chains, while increasing equitable participation in these value chains;• Promote systemic competitiveness of and grow the efficiencies of different sectors in the local economy by providing a base of infrastructure and services as a platform for increased competitiveness• Support economic development initiatives which are part of District Development Plans (DDPs)• Promote positive pro-poor economic outcomes

7.6.3 Development of Procurement procedures for the LCF

Outline ToR for the development of procurement procedures and contract documents for the Local Competitiveness Facility

(to be reviewed and completed by BTC procurement experts as the formulation team are not certified experts in this area)

Background

Contract Management and Procurement expertise is being contracted/appointed to develop procurement procedures and contract documentation for use in the BTC supported **Local Competitiveness Facility (LCF)** in Rwanda

In developing the Procurement Procedures for the LCF, two broad options will be considered:

- a) Use of Belgian Procurement and Financial Management systems through BTC Own-managed contracting
- b) Use of Rwandan procurement procedures through co-management arrangements between BTC and MINALOC – where the financial management procedures will include both Belgian and Rwandan requirements

It is expected that whichever option is recommended by the experts, the experts will develop the appropriate generic contract documents for each stage of the LCF procurement and contracting process, and they will be forwarded to BTC HQ for “no objection”. This will be the main deliverable of the current assignment.

Option A: BTC own-managed

Where BTC is the contracting authority, it is not normally possible to use grants for a competition such as LCF, and hence a ('classical') 'service contracts' are normally used.

The current BTC Financing Agreements between BTC and Private Entities (which are in reality also service contract, but with particular execution modalities) are meant to be concluded with not for profit entities – hence it needs to be determined whether the use of the Belgian Funds for LCF are classified as “not for profit” activities under the legal framework.

The procurement expert should first confirm whether it is possible to use a grant type procedure, as this procedure is seen as most appropriate by LED experts. In doing so s/he should refer to Annex A, the “Operational Manual for Grant Schemes Implemented Under The “Local Economic Development In Kwazulu Natal Province” Programme”. This manual was approved for procurement of Local Competitiveness Facilities in line with EU procurement Law – which are expected to be similar to Belgian Procurement law.

There are various possibilities (including the above grant type procedure) to be considered by the procurement experts, it is not possible to say now without any details which procedure would be most suitable. The three possibilities proposed to date are:

- A procedure for grants similar to the EU experience in Kwazulu Natal, South Africa (see appendix G) referred to above and the current BTC Financing Agreement for “not for profit”
- A possible procedure is the Belgian design contest if certain conditions are respected
- A Belgian negotiated procedure is possible with publicity if tender < 200.000 €.

Therefore the procurement experts will first consider the following procedures under Option A:

First Procedure to be considered for Windows 1 and 2 under BTC own-management

The experts will review Belgian procurement law of the EU approved procedure for the LCF in Kwazulu Natal, South Africa and the current BTC Financing Agreements for private entities. One of the key issue is to determine whether the grants are to be used by the private entity for “not for profit” activities.

In the KWA Zulu Natal case: (Specific attention is drawn to 5.1.7, page 30 (non profit) of Annex, which refers in the 2nd paragraph to):

However, in the case of actions designed specifically to strengthen the financial capacity of a beneficiary (partnership), profit is defined as the distribution of the surplus revenue resulting from its activity to the members making up the beneficiary body, leading to their personal enrichment.

This relates to the earlier definition of profit in 5.1.7 of Annex A, namely, *a surplus of aggregate receipts over costs for the action in question at the time when the request is made for final payment of a grant for an action*

As these will be LCF action projects for works and services, projects will close out once the grant and co-finance has been expended as per the project work plan as per the contract, and aggregate receipts will not have exceeded costs, nor will surplus revenue have been distributed leading to

personal enrichment.

Therefore, under these circumstances, grants arrangements and BTC financing agreements may be considered as appropriate procedures.

Second procedure to be considered under BTC own-managed for Window 1

For window 1, the procurement experts should consider the possibility to launch directly “a negotiated procedure with publication” (a new BTC approved new procedure since 1st of July) as the amount for award is less than 200.000 €. This is possible for window 1 where the award will be a maximum of 140,000 Eur. It should be confirmed by the procurement expert that the project design of the LCF are fully compliant with the conditions of the design contest as laid out in Annex B.

Second procedure to be considered under BTC own-managed for Window 2

A design contest, which is similar to a call for proposals, is applicable for window 2 as it is over Eur 200,000, as long as certain conditions are followed. After the design contest, a negotiated procedure is possible.

The conditions for the design contest are laid out in Annex B (GL_129_ Procurement Design Contest). It should be confirmed by the procurement expert that the project design of the LCF are fully compliant with the conditions of the design contest as laid out in Annex B.

Option B: Co managed (Rwanda system)

As with the option A, the issues to be considered for option B will once again depend on the definition as to whether the proposed activities will be funding “for profit” activities

BTC procurement specialists have given the view ⁶⁸(that co-management grants for 'for profit entity' can be possible if the following conditions are respected :

1. BTC will not be contracting authority (cfr. mechanism public procurement, where BTC gives no objections and the partner institution is the contracting authority;
2. According to Rwandese legislations/procedures, the partner can grant for profit entities, those procedures/regulations respect the main principles for grants, such as transparency, equal treatment, non-retroactivity, no profit. (same principles as mentioned PRAG)

The experts will identify whether it is feasible to use Rwandan Procurements systems for the LCF. However, it is noted that the Ministry of the Environment (FONERWA) in partnership with DFID UK have set up such as system specifically for financing Climate Change related issues. It has taken 5 years to have these procedures approved in Rwanda. Therefore, if suitable procedures do not exist, the euse of Rwanda procedures will not be a viable option.

Expected Outputs

- Review existing Belgian and Rwandan Procurement, Operational and Financial Management Procedures and good practice elsewhere in identifying appropriate procedures for the contracting arrangement of the LCF;
- Recommend the most suitable procedure to BTC HQ for outline approval
- Develop recommend procurement procedures and contract documents for the LCF
- Submit the draft procurement procedures and contract documents I to BTC HQ for review

⁶⁸ email Janssens to Flahaut on 13/10.2013)

- Make any amendments as required by BTC and submit for “no objection on procedures” and final approval

7.6.4 Development of operational modalities including procurement procedures for procuring private sector LED partners

It is noted that the approval of the procurement procedures will have to take place before the Operational Manual is developed, as procurement is one of the most important areas to be addressed within the operational manual.

Outline ToR for the development of an Operational Manual for the implementation of the proposed Local Competitiveness Facility in 8 districts in Rwanda

Background

The implementation of the Local Competitiveness Facility in 8 pilot districts in Rwanda will require an Operational Manual that will describe in detail procedures for the grant scheme (or service contracts) concerning preparation, submission, evaluation and selection of project proposals group, awarding of grants (or service contracts) and the implementation of approved projects by private sector partnership groups.

The operational Manual will provide guidance and necessary information particularly to:

- The Rwandan Local Development Support Fund (RLDSP) and the LED Technical Unit appointed through Belgian development support to provide technical assistance in the implementation of the programme
- Members of the Evaluation Committee
- Assessors

The development of the manual will follow the guidance provided by two prior studies to be undertaken with respect to the Local Competitiveness Facility, namely (a) an assessment of the likely demand pattern by the Rwandan private sector for the proposed Local Competitiveness Facility (LCF) matching grant, (b) ToR for the development of procurement procedures and contracts for the Local Competitiveness Facility. The latter will determine the basis on which projects to private sector partnership groups may be authorized, and in terms of whose authority.

Once clarity has been reached, it will be the responsibility of a short term technical assistant to develop in detail the operational manual which can provide certainty and clarity on the procedures to be followed during the life of the project to ensure that the project’s execution is strictly in compliance with recognized and standardized procedure.

Appendix G provides a specimen “Operational Manual for Grant Schemes Implemented Under the Local Economic Development in KwaZulu-Natal Province Programme, which can provide guidance regarding the scope, methodology and content of the Operational Manual.

7.7 Donor Mapping in the Decentralization sector

Development Partner	Program Components, Area of Intervention	Current Status	Project Partner Institution	Financial contribution
<p>German Financial Cooperation (KfW) Co-Chair of Decentralization SWG</p>	<p>Support to Districts for <u>financing of local infrastructure projects through LODA</u>; no sector or geographic earmarking; aligned to the national budget process</p> <p>Financing of consultancy services to ensure quality of local projects:</p> <ul style="list-style-type: none"> - Operation and Maintenance manual for local infrastructure - Monitoring and Evaluation system of LODA - Guidelines for feasibility studies for LODA - Support to Local Economic Development (LED) section of RLSDF <p>Support to the Public Financial Management Reform and Basket Fund</p>	<p>Financing of District priority projects as defined in DDPs on-going, focus on infrastructure to support economic development (Roads, electrification, water supply, markets etc.)</p> <p>Planned: mapping of Districts projects and establishment of a citizen monitoring platform, that will capture citizen feedback on Districts projects via phone, SMS, radio and will make information publicly available on LODA or District website</p> <p>Support to the implementation of the PFM Strategy</p>	<p>Project Executing Agency: LODA Sector Dialogue: MINALOC</p> <p>MINECOFIN</p>	<p>EUR 12 Mio (2012-14)</p> <p>EUR 3 Mio for three years</p>
<p>German Technical Cooperation (GIZ) Co-Chair of the TWG on voice, accountability and citizen participation</p>	<p>(1) Support to <u>Fiscal Decentralization</u>, to increase local gov. revenue through own resources and more efficient central gov. transfers, improvement of financial reporting</p> <p>(2) <u>Capacity Building</u> of Districts, support to CB plans, development of a TA-basket fund</p> <p>(3) Support to <u>Civil Society</u> Organizations, in order to increase citizen participation, local gov. accountability,</p>	<p>(1) new law on sources of local gov. revenues (taxes, fees) and related ministerial orders have been adopted and published</p> <p>(2) Capacity Building plans have been developed for all Districts, accompanied by quality assurance process</p> <p>(3) Launching of “Integrity Pacts” in 4 pilot Districts, analysis of the auditor general report for all Districts, National Budget published in a citizen guide</p>	<p>B, MINECOFIN (fiscal decentr.), MINALOC, NCBS, RALGA CSOs : TI Rwanda, SDA Iriba, Platform etc.</p>	<p>EUR 8,377 MIO (2012-2015)</p> <p>additional 1,5 MIO expected</p>

Development Partner	Program Components, Area of Intervention	Current Status	Project Partner Institution	Financial contribution
Netherlands Co-Chair of LED TWG	<ol style="list-style-type: none"> 1) Support to Districts for financing of local infrastructure projects, mainly LED oriented projects 2) Support to Capacity Building of LODA 3) Support to JADF strengthening program 	<p>New phase of support to commence by July 2013 for 3 year, for continued financing of District infrastructure projects with a focus on food security and support to the LED process and projects</p> <p>The current support is ending by 30 June 2013. A new phase is to start by July 2013 for 3 years for a contribution of EUR 3 million</p>	Main partners: LODA, RALGA, SNV, RGB	EUR 34 Mio (2013/14-2015/16)
Switzerland	Direct support to Districts in Western Province in the following areas: health, water, water and sanitation, climate responsive building material production, market responsive skills development and agriculture/nutrition in the framework of a regional programme of support to the Great Lakes Region	On-going Programme of Support implemented by Swiss Contact, SKAT Consulting and the Swiss TPH	Rutsiro, Nyamasheke, Karongi, Ngororero and Rusizi Districts in the Western Province	
DFID	<p>Support to Social Protection Programmes in the Districts through LODA</p> <p>Support to the Auditor General, the Public Accounts Committee to strengthen Public Audit, the Media as accountability and oversight institutions</p> <p>Support to Civil Society Organizations and the Public Policy Information Monitoring and Advocacy Programme</p> <p>Support to the Public Financial Management Reform and Basket Fund</p>		DA, PAC, OAG, MINECOFIN, CSOs	
European Union	Support to Governance issues, strengthening of civil society organizations, mainly to increase downward accountability	Implementation of the new commitment will start by 2014, currently in the preparation phase. A mapping of CSOs will be	CSOs, media, RGB, LAs, MINALOC	

Development Partner	Program Components, Area of Intervention	Current Status	Project Partner Institution	Financial contribution
	<p>and oversight activities through civil society, Parliament, the Media etc.</p> <p>Grants to RALGA and to Local Authorities to implement specific priorities through the Local Authority programme (overall envelope 600,000 EUR/year)</p> <p>Sector Budget Support Programme (SBSP) for Decentralised Agriculture with emphasis on Districts, Food Security and Soil Conservation.</p>	<p>conducted for this purpose, as part of the strategy to define a roadmap according to the EU Council conclusions and in line with the Cotonou agreement signed between the GoR and the EU.</p> <p>The operational period lasts 69 months from the signing of the Financing Agreement (19/04/2010) to 31/12/2015.</p>	MINAGRI	40 M€
UNDP Co-Chair of TWG on evidence based planning	Support to the Governance Sector		RGB	
USAID	<p>Support to the Governance Sector, Media Institutions, Media reform</p> <p>Support to public sector capacity building in decentralized entities planned</p>			
World Bank	Sector Budget Support to the Social Protection and Decentralization Sectors	<p>Sector Budget support disbursed to the GoR (USD 50 Mio Social Protection and USD 50 Mio for Decentralization)</p> <p>Main Policy Areas:</p> <ul style="list-style-type: none"> • Strengthened policy framework for decentralization; • Capacity development for quality service delivery by local governments; • Improved government transparency and accountability to citizens; 	MINECOFIN, MINALOC	USD 100 Mio

Development Partner	Program Components, Area of Intervention	Current Status	Project Partner Institution	Financial contribution
		<ul style="list-style-type: none"> <li data-bbox="824 323 1026 438">Enhanced local government fiduciary accountability. 		