Making Decentralized Service Delivery Work

Putting the people at the center of service provision

Policy Note

Kigali, May 2006
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List of Acronyms

ADB  African Development Bank
CDC  Community Development Committee
CDF  Common Development Fund
CFJ  Centre de Formation des Jeunes
CG  Central Government
CPA  Critical Path Analysis
CRA  Centre for Resource Analysis Limited
CSOs  Civil Society Organizations
DC  District Council
DDPs  District Development Plans
DEC  District Executive Committee
DIP  Decentralization Implementation Program
DTB  District Tender Board
ETO  Ecole Technique Officielles
FBOs  faith Based Organisations
FGDs  Focused Group Discussions
GNU  Government of National Unity
GOR  Government of Rwanda
HSSP  Health Sector Strategic Plan
ICT  Information and Communication Technology
LG  Local Government
LGFU  Local Government Finance Unit
MINALOC  Ministry of Local Government, Good Governance, Community Development and Social Affairs
MINECOFIN  Ministry of Finance and Economic Planning
MINEDUC  Ministry of Education, Technology and Scientific Research
MININFRA  Ministry of Infrastructure
MINITERE  Ministry of Lands, Environment, Water, Forestry and Mines
MTEF  Medium Term Expenditure Framework
NCS  National Census Service
NIS  National Investment Strategy
NSGC  National Service for Gacaca Courts
PRSP  Poverty Reduction Strategic Plan
PTA  Parents and Teachers’ Association
RADA  Rwanda Agricultural Development Authority
RALGA  Rwandese Association of Local Government Authorities
RARDA  Rwanda Animal Resources Development Authority
SWOT  Strengths, Weaknesses, Opportunities and Threats
UNDP  United Nations Development Program
USAID  United States Agency for International Development
WDR  World Development Report
Executive Summary

This policy note presents an approach to enhance accountability and address key capacity bottlenecks for improved decentralized service delivery in Rwanda. The government of Rwanda’s vision for decentralized service delivery seeks to ensure effective and sustainable use of public resources, to guarantee transparent, accountable and participatory decision making, and to enhance delivery of basic services.

A DECENTRALIZED SERVICE DELIVERY FOR BETTER ACCOUNTABILITY

The government promotes a new approach to enhance accountability. This approach can be summarized by the Framework of Decentralized Accountability Relationships below which advocates that beneficiaries have strong influence over availability and quality of services. They can influence policy, strategies and expenditure priorities at different levels of policy makers (national and local) according to their aspirations and preferences. They can exercise power over service providers and hold them accountable for the access, the quantity and the quality of services. Strengthening beneficiaries’ voice motivates policy makers to be responsive to the needs of communities and stimulates demand for better public services from service providers through regulation, contracts-compacts, monitoring and evaluation systems.

The Framework of Decentralized Accountability Relationships

Concretely, this approach involves tools and mechanisms to strengthening voice and client power. In order for decentralized service delivery to happen, local governments will incorporate participatory approaches to promote bottom-up planning where communities can decide what their development needs and priorities are. Participation refers to a broad range of actions that citizens, communities and civil society organizations can use to hold government officials, bureaucrats and service providers accountable. These include citizen participation in public policy making, participatory budgeting, public expenditure tracking, citizen monitoring of public service delivery, lobbying and advocacy. In practice, several participatory initiatives already exists in Rwanda. The will of the Government is to strengthening and scaling up these initiatives and to introduce new ones when needed.

The framework also involves developing new arrangements with the public and/or private providers for better and more accessible service delivery. Appropriate incentives structures and systems have to be put in place to ensure efficient management of public services delivery by service providers. For instance, “compacts” can be used to frame service delivery. A compact refer to performance managing contracts when the service is contracted out to public or private actors or other types of agreements on public sector provision when the government provides the service. The compact specify the features of the service that will be delivered – access, quantity, quality and details on responsibilities, financing, other resources, performance supervision and monitoring. These features have to reflect the aspiration of the users of services – including the poor. Without compacts, it is hard to impose sanctions for inappropriate performance or provide rewards when performance is appropriate. Instructions to providers must be clear and backed with sufficient resources for adequate compensation.
SERVICE DELIVERY ASSIGNMENT AND ACCOUNTABILITIES BY SECTOR

Using the decentralized accountability framework, the policy discussion note presents objectives, achievements and challenges in four key sectors: education, health, water and agriculture.

**Vision of effective service delivery in the education sector**

The Education Sector Strategic Plan (ESSP) 2005-2010 underscores the Rwandan government’s commitment to improve access, equity, and quality throughout the education system. Several actions required to improve decentralized service delivery in education are presented in the note:

- Enhancing accountability would stress leveraging the interest that local parents have in ensuring that their kids received a satisfactory education.
- Citizen Report Cards (CRCs) could serve as a further important mechanisms to enhancing accountability.
- A potential mechanism would be to extend the present capitation grant to wages, and allow facilities to hire teachers and manage their payment.
- A contract between local government and autonomous schools could further leverage a capitation grant against performance indicators.

**Vision of effective service delivery in the health sector**

Strengthening client power through contract-out arrangements has been at the heart of the health sectors approach to enhancing basic health services. Several actions required to improve decentralized service delivery in health are presented in the note:

- Given the autonomy of health facilities, performance based contracts offer an avenue for promoting accountable service delivery.
- Hospitals remain the responsibility of the central level or the province. Hence accountability arrangements are best subject to a contract between a central agency and hospitals.
- For the health centers, options include a performance contract between the local governments (districts) and the health centers. Local governments would be responsible for monitoring performance.
- Additional options include a performance contract between the sectors and mutuelles.

**Vision of effective service delivery in the water sector**

Developing of a more efficient management of existing water supply systems, by promoting in all districts best management practices, by involving local operators contracted by district authorities, and by supporting the implementation of private management contracts, is at the center of the Government strategy in the water sector. Several actions required to improve decentralized service delivery in water are presented in the note:

- Initiating a sector-wide approach (Swap)for scaling-up reform and investment to increase access to reliable, affordable, and sustainable water services in rural areas (ongoing project).
- Budget support through the establishment of an operational framework for supporting districts financially and technically to plan, execute, and manage water supply and sanitation systems, and to implement water resources management activities at the community and district levels.
- Measures to enhance client power include strengthening users committees.
- Create a technical support unit for reinforcing the capacity at district level (ongoing).

**Vision of effective service delivery in the agricultural sector**

The GoR Agricultural policy and Strategic Plan for Agricultural Transformation (PSTA) were elaborated in 2004 through strong participatory processes and needs assessments. The PSTA’s ultimate objective is to contribute to national economic growth, improve food security and the population’s nutritional status, and increase rural households’ revenue. To achieve this, there has been institutional restructuring in order to provide stakeholders with a comprehensive and strengthened support system.
which is accountable at decentralized levels. The empowerment and capacity building of farmer and inter-professional organisations and new partnerships between civil society, public and the private sector are all important features in delivering client oriented, demand-driven agricultural services. The note identifies several ongoing actions that could be scaled up to contribute to better service delivery and accountability in the agricultural sector:

- **RADA (Rwanda Agricultural Development Authority) and RARDA (Rwanda Animal Resources Development Authority)** were created for providing agricultural and animal production advisory, outreach and extension services to stakeholders in agriculture (e.g. New Regions, Districts, Sectors, NGOs, farmers and farmers organizations, private entrepreneurs). They operate through their satellite centres in different agro-ecological zones.

- **The restructuring of ISAR (Institute of Science and Agricultural Research),** which focuses on the scientific and technological development and capacity building of Rwanda agriculture and animal production, now operates through satellite centres.

- **The spirit of community action planning (Ubudehe mukurwanya Ubukene),** successfully piloted in Butare province and currently being replicated in other parts of the country, has been successfully used to mobilize local people into cooperatives and associations, mainly around agricultural production interests. In a number of districts, these organized groups have benefited from savings and credit services; while others have received technical and financial support from external development projects. In some districts, local authorities have allocated land (marshlands) to local associations to engage in commercial farming activities.

- **The Local Government and local farmers in Bungwe district, Byumba Province, through a partnership with private investors, constructed a sale outlet from where farmers sell their produce to private dealers, who then sell to the domestic market or are exported.**

**MATCHING RESPONSIBILITIES and RESOURCES**

**Local government reforms**

Under the recent territorial reform, there are 4 provinces; Kigali City Council; 30 districts; 416 sectors; and 2148 cells. The new configuration of roles and responsibilities between levels is the following:

**Provincial administration:** as a deconcentrated level of CG, the PA is primarily responsible for ensuring that local government development planning is in line with the national policies; and promoting socioeconomic development of the province, based on its resource endowment.

**Kigali City Council (KCC):** KCC will be responsible for: Strategic planning for urban development; Coordination of the LG development plans; monitoring and evaluation to ensure uniform development of the city; providing services regarded as complex or cut across jurisdictions of individual district authorities.

**Districts:** as a legal decentralized entity, the district is responsible for overall coordination of economic development, and ensuring the coordination of planning, financing and implementation of service delivery at sector levels as well as promoting cooperation with other local governments. An elected council, a Mayor and an executive committee will run the districts.

**Sector levels:** The sectors will be responsible for the delivery of services, coordination and the management of several basic services such as local development planning, local tax collection, statistics, education and social affairs, land planning, housing, and local infrastructures, etc. Sectors will be run by an executive secretary and supported by several employees.

**Cells:** Their main responsibilities will remain the same, community action mobilization.

**Assigning responsibilities for a new decentralized service delivery framework**

The theory and the international practice have shown that a sound intergovernmental system is grounded on a clear definition of spending and revenue responsibilities between each level of government. Failing to clarify assigned responsibilities will surely result in inefficiency and instability.
Adequate financing for basic service delivery responsibilities

The basic principle of a sound intergovernmental system is that financing should follow expenditure assignment. In other words, each level of government needs the appropriate resources to finance its expenditure responsibilities.

Ideally local governments will finance a significant part of local expenditures from own source revenues. For a number of reasons, local own source revenues will typically not be enough to finance even the most basic expenditure assignments and sectoral priorities assigned.

A number of financing and grant mechanisms (transfers) from higher levels of government will be necessary, not only to support substantial proportion of service delivery, but also to ensure a basic level of national “horizontal” equity across regions. This will require to set up a predictable transfer system with a clear definition of allocation formulas for intergovernmental transfers. Yet, central transfers should not undermine the fiscal soundness of localities, and hard-budget constraint also need to be imposed to help dealing with the current financial problems of local debts and arrears.

Staffing needs for local governments

Public sector human resources are a critical element of successful service delivery: localities need an effective, accountable and motivated decentralized workforce. Local governments are labour intensive, and hence managing these costs effectively are of special concern at the decentralized level.

International experience suggests that the amalgamation of provincial and local governments will not necessarily lead to reductions in costs. If anything, amalgamation has often significant costs, as transition costs would be incurred. Notably, the cost of eliminating redundant staff will require careful attention and management during the transition period, where current staffing levels and projected staffing levels will be compared.

KEY ISSUES FOR POLICY IMPLEMENTATION

The policy note identifies 5 key issues for policy implementation:

1. Capacity building to strengthen accountability mechanisms
2. Financing decentralized service delivery
3. Sectoral collaboration
4. Donors’ harmonization and coordination
5. Planning an M&E system for decentralized service delivery

CHANGE MANAGEMENT STRATEGY

Decentralized service delivery in Rwanda raises the challenge of changing the behaviors that characterize the current management culture of the public service. Such reform must expect some resistance along the way. This is why a change management strategy must be carefully designed with the idea of assessing and controlling the risks of failure. To be effective, the change management strategy will need to address at least seven issues identified in the policy discussion note:

1. **Leadership**: the level of support behind the policy from the high level management.
2. **Employee readiness and resistance**: understand the situation and the insecurity generated by the reform and how the employees will contribute to the success of the policy implementation.
3. **Vision and strategy**: the final policy discussion note will be useful in order to communicate effectively the intended changes to all stakeholders.
4. **Roles and responsibilities in implementation**: identify who is responsible for what?
5. **Empower stakeholders for action**: capacity building support and training.
6. **Generate short-term wins**: the momentum of a reform has to be sustained by short-term results so that those in charge of the reform and the beneficiaries will see evidence that the policy is working.
7. **Milestones and sequences**: The reform will be implemented by sequence and top priorities will receive more resources at the beginning until visible results are achieved and the credibility gained from the quick-wins push the reform forward and faster.
1. INTRODUCTION

Rwanda is in the process of developing and implementing an integrated policy framework to strengthen decentralized accountability and service delivery. This policy note presents an approach and key considerations to meeting these goals and addressing likely key capacity bottlenecks in Rwanda, building on a process of broad-based stakeholder deliberation.

A National Conference on Decentralization, Accountability and Service Delivery held in Kigali from September 15 to 17, 2005 contributed significantly to the participatory assessment of the strategies to be adopted towards an accountable and efficient service delivery framework for all Rwandan. The conference brought together 270 key Rwandan and international stakeholders for a three days consultation on service delivery and territorial reform. These included representatives from concerned sectoral and cross-cutting ministries, and representatives from the provincial and local level.

The recent territorial reforms present a unique opportunity to realizing Rwanda’s vision of better and more accountable services, especially for the poor and vulnerable. The streamlining of Rwanda’s provinces and local governments (districts, secteurs, cells) means that roles and responsibilities at all levels, and within all sectors, are clarified and that adequate financing and staffing arrangements are put in place. But if poorly managed, the present reforms are not without their risks. Rather than delivering better and more accountable basic public services, delays and disruptions may stall momentum and exact penalties in slippages and opportunities lost for improving key outcome indicators in health, education, water, agriculture, and other critical areas for improving the welfare of all Rwandans.

The policy note proceeds by setting out the basic structures and objectives of Rwanda’s decentralization. It then sets out an accountability framework that emphasizes the ability of citizen’s to hold providers and policy-makers accountable for better service delivery, and illustrates the main challenges for the education, health, water, and agricultural services sectors. The note highlights some key initiatives that Rwanda has already made in strengthening accountability mechanisms. It then turns to individual sectors and ask who the key actors are that need to be involved in service delivery. Are these actors being efficient? Are their accountability relationships effective? If not, what can be done to improve these? The note presents key issues to consider for the Government of Rwanda (GoR) in order to formulate an effective policy for decentralized service delivery.

Using this understanding of service delivery, the note applies the concept of unbundling roles and responsibilities – ranging from policy making to actual delivery -- to clarify the expectations of various levels of government in ensuring effective service delivery. The resulting assignments, mindful of the Rwandan reality, the perspectives of sectoral stakeholders, and international experience, serves to guide the discussion of adequate financing and staffing arrangements to underpin these expectations of service delivery.
1.1. The Local Government Structures

The Republic of Rwanda is divided into provinces, districts, sectors and cells. The province serves as a coordinating organ of the central government to ensure the efficiency and effectiveness in government’s planning, execution and supervision of the decentralized services. As deconcentrated bodies, the provinces are not identified as local governments. The central government retains a strong degree of authority over the provinces and the decision-making remains within the same level of government.

Local government structures refer to the districts, and within them, the sectors and cells. An important political feature of districts’ presently is their elected councils and mayors, and the preparation of their own budgets. On the revenue side, this implies that districts have their own taxing powers and received transfers from higher levels of government. Given the electoral system, the cells and sectors serve as constituencies in their own rights, and hence and important entry point for citizen’s voice. The districts have been originally created as the centre for the decentralized delivery of services. The sector is the next level of administration where people participate through their elected representatives. Within the context of the recent local government reform, the GoR intends to provide this level with more fiscal and service delivery responsibilities. Finally, the cell is the smallest politico-administrative unit of the country. Their main responsibility is community mobilization. An important function of this policy note will be to examine how the specific definition of local government structures and the respective assignment of roles and responsibilities will impact accountability and capacity bottlenecks across the various service delivery functions.

In the context of this policy note, the term “local governments” (LGs) is used to describe districts, whereas local government structures are used to refer to all three levels. We believe this distinction is important, and will use this to specify our discussion where referring to the prevailing national decentralisation laws and policies. The distinction is also coherent with the current territorial reforms.

1.2. Background of the Decentralization Process in Rwanda

The Government of Rwanda adopted the National Decentralisation Policy in May 2000, to achieve three main goals: (i) good governance; (ii) pro-poor service delivery; and (iii) sustainable development. This concept was grounded in the nationwide grassroots consultative processes to determine the causes of genocide and chart out lasting solutions. Bad governance, extreme poverty, and exclusive political processes have been identified as some of the main underlying causes of the genocide.1

On the basis of these findings, and within the GoR’s long term Vision 2020 and the poverty reduction strategy, the decentralization policy implementation programme, was designed and adopted for achieving the above goals.

The decentralization implementation process is being undertaken in three phases:

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1 See for example “Toward a Conflict-Sensitive Poverty Reduction Strategy”, World Bank, June 2005.
The first phase (2000-2003) established democratic and community development structures and attempted to build their capacities. In a bid to facilitate the functioning of these structures, a number of legal, institutional and policy reforms were undertaken, covering roles and responsibilities of central and decentralized structures; financing services and accountability mechanisms.

The current second phase (2004-2008) is meant to consolidate and deepen the decentralization process by emphasizing service delivery to communities through a well-integrated accountability network. This is through community empowerment by ensuring greater participation and involvement in the planning and management of their affairs. As a mechanism to facilitate effective implementation of poverty reduction programs, decentralization principles and practices are mainstreamed in the ongoing work to update the PRSP2, sectoral strategies and plans, and the District Development Plans (DDPs). The strategy and activities in this phase are, thus, building on the achievements, lessons and challenges of the first phase, as well as emerging concepts and priorities in the service delivery systems.

The third phase will be a continuous process of improving, supporting and sustaining the achievements of the first two phases.

1.3. Objectives of Decentralisation

Rwanda’s decentralisation policy has five specific objectives:

To enable and reactivate local people’s participation in initiating, making, implementing, and monitoring decisions and plans that concern them;

To strengthen accountability and transparency in Rwanda by making local leaders directly accountable to the communities;

To enhance sensitivity and responsiveness of Public Administration to the local environment by placing the planning, financing, management, and control of service provision at the point where services are provided;

To develop sustainable capacity for economic planning and management at local levels;

To enhance effectiveness and efficiency in the planning, monitoring and delivery of services.

From the above objectives, it is imperative that decentralization is pursued as a mechanism for effective and efficient service delivery. The performance of decentralization to date has been successful on many respects and there is consensus across Government, development partners, civil society and private sector actors, that it is the most appropriate mechanism for service delivery. A number of challenges have, however, been revealed by various evaluation studies.

2 The PRSPII (so called EDPRS- Economic Development and Poverty Reduction Strategy ) is expected to be finalized by the end of 2006 and is an ambitious update of the 2002 PRSP.
1.4. Important Conclusions of Recent Studies on Decentralisation and Implications for Service Delivery

Recent studies and surveys on Rwanda’s decentralisation process have come up with a number of conclusions of which the critical ones are:

- Lack of capacity at district levels to develop well integrated development and action plans.
- Weak awareness of national laws and bylaws among local government leadership;
- Inadequate financial resources and lack of budget discipline leading to a relatively important budget deficits and debts;
- The need to build LG capacities and facilitate them with adequate resources if they are to meet their obligations to the citizens.
- Inadequate coordination of interventions; un-integrated plans at all levels; and absence of effective monitoring and evaluation systems.
- Tendency for externally funded projects to operate in parallel structures to the decentralised structures, thus denying the districts opportunity to build on synergies and eroding the already weak capacities in LGs;
- Lack of ownership of community development plans by citizens;
- Low access to basic services.

The above findings point to the need to review the policy, institutional and legal frameworks, with a view to making them stronger and more efficient in service delivery. In addition to these findings, one of the inherent weaknesses in the implementation of the decentralisation policy is the inability to operate within designed plans and programmes (the five year DIP).

2. VISION OF THE GOVERNMENT TO ACHIEVE DECENTRALIZED SERVICE DELIVERY

The Human Development Index (HDI) is a composite of three basic components of human development: longevity, knowledge and standard of living. Rwanda has experienced a constant increase in human development indicators (HDI) since 1994. Starting from an extremely low base after the genocide in 1994, Rwanda’s HDI improved rapidly, but still today, Rwanda is only ranked 159th out of 177 countries in the 2005 Human Development Report. Rwanda’s HDI value is 0.45, below the average of Sub-Saharan countries (0.52) and of developing countries (0.69) (see Figure 2). While this situation is characteristic of most developing countries, Rwanda’s case has been exacerbated by extreme violence and genocide, which had devastating and long-term effects on the human resource and socioeconomic infrastructure base in the mid-1990s.

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3 These include: the National Unity and Reconciliation Commission (NURC) surveys on Decentralisation in 2003; the impact evaluation of decentralization of 2003; the 2004 study on fiscal capacities and potentials; A study on Harmonization of interventions and approaches in decentralization (2005); The MINALOC Institutional Study (2005); The MINALOC study on the situation analysis of decentralised service delivery (2005)
The government of Rwanda’s vision for decentralized service delivery seeks to ensure effective and sustainable use of public resources, to guarantee transparent, democratic and participatory decision-making, and to enhance equitable delivery of basic services. Underlying this vision is the firm belief in a society, which offers a peaceful social environment to its people along with the conditions for developing collective and individual potentials of all Rwandans to contribute to poverty reduction and economic development.

The government promotes a new approach to enhance accountability that is based on three main principles:

- **Putting the Rwanda Citizen at the center of service provision** by enabling them to decide what services they should have, select, monitor and discipline service providers through their power as users/clients, by amplifying their voice in policy making.

- **Strengthening the incentives for providers to serve the poor and to improve accountability and transparency** through increasingly i) separating the provision role to be exerted by autonomous agencies and the policy, financing, regulation and monitoring role to be exerted by the government and ii) developing a contractual relationship between government and providers explicitly benchmarking performance.
• **Increasing the effectiveness of all resources available** (from government, donors, service providers, civil society and the population itself), through rational allocation and efficient and coordinated utilisation of resources.

![Figure 2: Selected Human Development Indicators](image)


With service delivery, the government’s vision reinforce the ongoing decentralization process in Rwanda as it focuses on empowering Rwandan citizens and increasing their influence and control over the basic services that are normally delivered locally or regionally like judicial services (*Gacaca and Abunzi*); social services such as health, education, water & sanitation; economic infrastructure like roads, bridges, markets and energy (electricity and fuel); agricultural services like technology transfer, extension services, agro-processing or marketing; environmental management; information and some administrative services. Decentralized service delivery is meant to meet the various and often uniquely diverse needs expectations of the population, as the case of former Nyagisagara district, ex-Gisenyi province in box 1 below demonstrates.

The vision is designed to contribute to attaining the objectives of the Poverty Reduction Strategy (PRSP), the Millennium Development Goals, the Vision 2020 and the good governance programme. The PRSP (2002) clearly stipulates that mechanisms would be put in place to promote the poor’s access to services, and significant progress has been achieved in this respect, which needs to be sustained and deepened. Using the decentralized service delivery approach to increase poor citizen’s voice will increase their influence on policy makers and providers and help them monitor providers for better services. The approach directly supports some of the core elements of the PRSP and its subsequent versions (e.g. PRSPII under preparation). For instance, decentralized service delivery will contribute to build the economic infrastructure of the country, will support the implementation of the governance strategy and will strengthen social capital and responsiveness to the needs of vulnerable groups. The vision 2020 will also benefit directly from this approach, especially in
the area of human resource development, the improvement of basic infrastructure and the expansion of entrepreneurship and strengthening the private sector, which are pillars of the vision. Finally, the decentralized service delivery approach will affect positively the governance programme implementation as it emphasises building transparency and accountability mechanisms, the electoral mechanism and people’s empowerment.

Box 1: Communities initiatives to bring services closer: The case of health posts in the former Nyagisagara district.

Nyagisagara is a remote district in ex-Gisenyi province, in the Western part of the Country. Local communities faced the problem of long distance to health centres which is perpetuated by poor road networks. Because of the far away locations of the health centres and lack of motorised transport, even those who subscribed to mutelles de santé felt they did not benefit. The local leaders mobilised the communities and established health posts (to serve as outposts to health centres) and recruited staff, using the contributions from mutelles. This initiative paid off: health services came closer to the people; and as this resulted in increased subscriptions to Mutuelles de santé. Because the health posts and the staff are managed by the communities, the level of services is satisfactory. All sectors in Nyagisagara have established health posts. The Nyagisagara innovation has been applauded by the Ministry of Health, which is planning trying to get it adapted to other areas.

There are two major observations from this case study: the communities identified their main problem as distance to health facilities; and that the local community mobilisation was effective because of the visionary and trusted leadership – all of which are fruits of decentralisation.
3. A DECENTRALIZED SERVICE DELIVERY FRAMEWORK FOR BETTER ACCOUNTABILITY

One of the main reasons why service delivery has often failed in the past is the lack of accountability mechanisms between a country’s citizens, the policy makers and the providers. Practically, this means to enable citizens to take part in policymaking and to encourage and empower them to monitor and make service providers more accountable. The Government is now aiming at providing an integrated policy framework to clarify roles and responsibilities of various stakeholders to ensure an efficient use of existing resources with the clear goal of enhancing efficiency and equity in Rwandese service delivery.

3.1. Stakeholders and Accountability Relationships

To make the principles of the Rwanda decentralization a reality for all Rwandans, the main strategy of the government is to develop and enhance “accountability relationships” between institutional actors. But this requires that policy makers and planners, service providers and facilitators (e.g. donors, advocacy CSOs) and the beneficiaries themselves (individuals, households, and communities) think about services from the perspective of a client needs, rather than individual sectors or institutions. Under decentralization, the main actors in Rwanda’s service delivery system are:

- **Citizens**: population and communities making private choices as users (or clients) of services and actors in decisions over collective choices in their role as citizens involved.

- **Policy makers**: government at various levels (central, provincial, local structures) including elected or non elected officials who are in charge of setting general directions, supervising and monitoring the implementation of service delivery.

- **Service providers**: institutions (schools, universities, clinics, hospital, firms, etc.) both private and public (autonomous or not), local CSOs, and international NGOs that provide services.

The framework advocates that both policy makers and providers be accountable to citizens who should have strong influence over availability and quality of services. Efficiency, effectiveness and sustainability of service delivery will be a function of accountability between these three actors. The relationships of accountability between these three main actors (Voice, Client’s power and Contract) can be described as follows:

Citizens can exert their collective **Voice** (relationship between citizens and policy makers) as to influence policy, strategies and expenditure priorities at different levels of policymaking (national and local) according to their aspirations and preferences. Strengthening the Rwanda citizen’s voice enhances accountability of policy makers motivating them to be responsive to the needs of communities and stimulates demand for better public services from service providers.

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4 A sick child cannot go to school and a household without income cannot enrol in a health insurance scheme. Without safe drinking water, children will continue falling sick and miss school. A good road network is necessary for farmers to take goods to the market.
Citizens can also exercise power as users or clients (Client’s Power) over service providers and hold them accountable for the access, the quantity and the quality of services. Local communities in Rwanda have been empowered by law to recall their leaders, which motivate elected leaders to be more responsible to the needs of their communities.

Finally the policy makers exert influence on the providers through some implicit or explicit contractual relationship (Compact and Management). The provider is to deliver some given level of performance following administrative instruction or according to a contract, and the policy maker uses the instruments of financing, regulation and monitoring and evaluation to exert control. Rwanda has some experiences with contractual relationships in sectors like health, education, water, and economic development (see section 3.4).

Figure 2: The Framework of Decentralized Accountability Relationships

In a decentralized context such as Rwanda, it is important to recognize that the relationships of accountability will include policy makers from both the national and local level. For example, citizens may exert voice vis-à-vis national and local policy makers. Local policy makers are often closer to the day-to-day concerns of citizens, and hence may have an important role to play in getting better services. However, this not only implies that the respective voice mechanism works. It also means that these policy makers can translate these demands for better services through respective compact and complementary client power relationship. The same can be said within local government structures. District, sector, and cell structures should all have clearly defined roles and responsibilities for which they can be held accountable. For example, districts may need to ensure that they have an effective compact with sectors for the delivery of particular services (e.g., through allocations from the district budget and backstopping in term in the case of more complex tasks).

Ultimately, however, the quality of services will depend on the accountability of front-line service providers, including schools and clinics, be they public or private. Getting the conditions for these front-line service providers right will be the key challenge in each sector. What is the most effective way for Rwanda to ensure that roads are built and maintained? How can poor people access water while ensuring that the quality of water is adequately monitored and regulated? Who can most effectively provide market infrastructure for
farmers? Through what mechanism can clients – especially the poor – actually access, demand and afford better health services?

The previous questions already suggest that each sector will face different challenges. Each sector will have to take advantage of the existing state structures, in each case ensuring the government service remains lean and effective, without being encumbered or weakened by a host of duplicative structures. In the case of each service, it is important to underscore that different actors will have different roles to play in ensuring that citizens receive services.

3.2. Strengthening Client’s Power over Service Providers

What is expected from the service providers is to respond to the demand that reflects the interest of the users. This means building mechanisms that enhance the leverage of citizens over service provision including strengthening users’ cooperatives associations, users advisory and management boards, and providing financial help to the poor so as to enhance their financial leverage over providers. Rwanda made substantial progress towards that aim in the education, water and health sectors.

Parents and Teachers’ Associations (PTAs) have been given mandates to take charge of the school management together with school managers (head teachers). This arrangement has brought in the beneficiaries – parents in the management of schools. Through PTA’s involvement, parents and communities have improved their knowledge and skills in education management and have in some provinces (e.g. Kibungo) mobilized and recruited additional teachers (paid by the parents) to reduce the teacher/pupil ratio. Nursery schools to cater for pre-primary education, not provided by the Government, have been established through PTAs, which have also introduced subsidies to poor children to pay for secondary education grants.

Problems include insufficient flow of information, and lack of training for parents. Information flows on the transfers of funds to schools, for example, are sometimes irregular, which makes it hard for parents or communities to base their decisions on correct information. Moreover, PTAs and head teachers have little if any knowledge of planning, budgeting and financial management, and there has been little sensitization and training done to this effect.

In the water sector, local communities identify and select the sites for construction of safe water points. They also hire local technicians (Kanyamigezi) and mobilize funds for maintaining the water facilities. The vulnerable groups (very poor, widows, genocide victims/survivors, etc.) are exempted from such contributions. Sometimes the district authorities provide some funding but this is often limited.

Low technical and financial capacity is one of the main problems that still affects provision of water supply. The situation in rural areas is worsened by absence of rural based service providers. Most of the private contractors come from Kigali and this makes it difficult to supervise them.

In the health sector, one interesting pilot for improving client’s power is the Cyangugu experience of introducing performance-based incentives via contractual arrangements. Local NGOs manage funds for health service providers and issue guidelines for access of funds. Health providers have to explain in action plans how they will increase health coverage. The
funds are disbursed on the basis of demand - service providers are invited to compete for resources by submitting their action plans, and are paid on the basis of their performance. Community based organisations and individual members of the community are responsible for counter-checking claims by service providers.

The Cyangugu scheme has successfully doubled access to health services. Many private and public health care providers are involved and instead of waiting for patients (clients), they go out to the communities to mobilize them to come and attend health centres. Local communities no longer complain of poor attitudes of health workers as they see them as important and treat them well – incentives are based on numbers of clients attended to.

It should nonetheless be noted that the scheme has worked due to a number of conditions such as: availability of funding; qualified local NGOs, CBOs and private service providers. And there has been training and sensitization as part of the interventions.

The degree to which client power can improve service delivery in Rwanda also depends critically on the type of service, even within a sector. For example, the nature of clinical services (for example treatment of complex conditions) is quite different from a basic health service (for example encouraging the use of bed nets and hand washing). Citizen’s can play a strong role in ensuring that bed nets are made widely available and used in their community. At the same time, policy makers, providers, and citizens can work together to raise awareness and promote the broader diffusion of these services. Especially community groups and local governments can play a strong role in making sure these practices are being more widely adopted. In contrast, clinical services are far more complex, the patient often finds it difficult to assess whether they are receiving quality care, and the government cannot monitor every interaction between doctors and patients. Other forms of accountability such as doctors regulating doctors and stressing doctors’ own responsibility are critical. This is not to say that client power has no role in the provision of services. Patients should where possible be given choices (e.g., through health insurance schemes) and the ability to provide feedback concerning care.

3.3. Strengthening Voice for Equity and Reconciliation

The government is committed to put in place the appropriate participatory mechanisms to ensure full participation by the Rwandan citizen in the design and monitoring of programmes concerning them. Participation refers to a broad range of actions that citizens, communities and civil society organizations can use to hold government officials, bureaucrats and service providers accountable. These include citizen participation in public policy making, participatory budgeting, public expenditure tracking, citizen monitoring of public service delivery, lobbying and advocacy.

Local government structures play an especially important role in enhancing the voice of citizens. But to hold these various structures to account, citizens must be made aware of what the roles, responsibilities, and resources are of these various actors. For these structures to work effectively, compact and voice mechanisms must work in tandem. On the fiscal side, this means that local policy makers must have sufficient resources, either from their own tax base or transfers. This is part of an effective compact. Relying on own taxes may also have the advantage that it may make local officials more accountable, since citizen’s will be more sensitive to the fact that their money is being used. However, for reasons of effective assignment of taxes and equity, transfers from the higher levels of government will be
necessary. But if the compact with higher levels of governments involves the transfer of resources, these must be made accountable. In Uganda for example, tracking expenditures and disseminating the information through campaigns showed that it was possible to make quick wins that will have a long-term impact on the reform (see Box 2).

Box 2: The example of Uganda

The example of Uganda is instructive. In 1991, a public expenditure assessment revealed that only two percent of the money to fund grants for schoolchildren was being spent as intended. The rest of the resources disappeared through corruption and inefficiency. Many of the poorest schools received no funding at all. Public indignation forced the Ugandan government to act. New measures were introduced to explain to the public how the money was spent. Every month, newspapers and radio stations announced how much money had been given out. Schools pinned up notices saying how much they had received. New procedures were adopted to promote the publishing of information and public participation (e.g. parents committee). The results were impressive. By 1995, the amount of money reaching schools had risen to 26 percent. By 1999, this had risen further to more than 90 percent. The number of ghost employees fell by 15,000. Corruption was radically reduced.

(i) Community level structures

An example of a forum at the community level is the monthly general meetings held after the Umuganda to discuss general issues affecting the development of the cell. Umuganda (loosely translated as community work) is a traditional activity in Rwanda, where all residents of every village set aside one day of each month to collectively work on a project or an activity of community importance. Such activities include: general cleaning (waste clearing and disposal); opening up or repair bridges and/or roads; tree planting or repairing public building. After the community work is finished, there is usually a general meeting where residents discuss issues of community concern and evaluate their performance in terms of development. Although this arrangement is institutionalized, it is often underutilized. Another example is Ubudehe, which promotes participatory planning and budgeting at the village level. The Ubudehe process in Rwanda is a unique policy of nurturing citizens’ collective action in partnership with a government committed to decentralisation. Ubudehe has its roots in traditional collective working in the fields, but has been adapted to modern ways of planning and budgeting. It builds on the concept of poverty reducing strategies (PRS) and participatory poverty assessment (PPA). The Ubudehe for poverty reduction has taken several forms. In some cells, it has been used to create a benefit like access to water, a transport service, and a few credit programmes. In other cells it has been used for livestock rearing. The various forms reflect different priorities in different villages. All forms have a common denominator of collective community planning and budgeting. The success of the Ubudehe is to a large extent dependent on the Government’s program of training of trainers – local NGOs have trained one or two members from the communities, these in turn are training other community members to plan, budget, and prioritise in a collective way.

(ii) Sector level structure

The Community Development Committees (CDCs), were created in the first phase of the DIP at cell, sector and district levels. The Community Development Policy stipulates that CDCs are required to assume the local leadership of the community planning process.
(iii) District level

In order for decentralized service delivery to happen, local governments in Rwanda will incorporate participatory approaches at all levels to promote bottom-up planning where communities can decide what their development needs and priorities are. Some useful examples include Citizens Report Cards (CRCs) and Community Score Cards (CSCs). Both are designed to elicit feedback from citizens concerning services, and then to have these feedback into improving services. These are not intended as passive instruments for collecting information (e.g., for national policy makers), but to actively feed back into improving the situation on the ground.

The Citizen Report Card (CRC) and Community Score Cards (CSC) for administrative services were implemented in 2005 as an innovative participatory tool for monitoring people’s satisfaction with public services. The Government is using these tools to get clarity from the actual users on whether services are reaching the citizens and how they propose that services can be improved. Individuals and communities are involved in a participatory way in the process, which will ensure that M&E findings are relevant to the local context. The CRC/CSC promotes individuals’ and communities’ ownership of the evaluation outcomes. And, it broadens citizens’ understanding of policy strategies and processes. A CRC/CSC survey, focusing on health and education was implemented end 2005 on a sample of more than 700 people per sector, and in a total of four provinces. The intention of the Government is to scale-up this initiative to institutionalize the CRC/CSC as instruments for M&E and citizen empowerment.

As Rwanda deliberates the exact roles and responsibilities of its local government structures, including staffing, getting greater clarity on the intended accountability mechanisms among these structures should help underpin better service delivery. In this context, sectors and cells will have a major role in informing the bottom-up planning and budgeting processes of the district councils and executive entities.

(iv) National level

The PRSP preparation has been an opportunity for Rwanda to develop its participatory practices for the policy design. Decentralization has been accorded an important role in realizing the objectives of the PRSP. But the policies and objectives set out by the PRSP have also accorded an important role of local government structures. The Ubudehe process has served not only to prioritize activities at the cell level, but also to encourage a participatory assessment of poverty across all of Rwanda. A series of Public Expenditure Tracking Surveys (PETS) in health, education, water, and agriculture have assessed whether resources are actually reaching the front-line, and given a number of bottlenecks, how they can be addressed. Perhaps most importantly, the PRSP process has managed to bring to national prominence a series of initiatives to encourage more effective and accountable development at the local level. All districts completed a Medium Term Expenditure Plan (MTEF) in close association with a participatory planning process. The notion of Citizen Report Cards and citizen monitoring of service delivery has found expression in the PRSP. The Common

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5 The citizen report card approach is a tool to get feedback on service quality, collected on an individual based through a sample survey. It provides quantitative feedback on user perceptions on the quality, adequacy and efficiency of public services.

6 Community Score Card is a qualitative monitoring tool that is used for local level monitoring and performance evaluation of services, projects and even government administrative units by the communities themselves. The information is collected through focus group discussions.
Development Fund (CDF) makes available resources to realize key infrastructure projects at the local level.

However, much remains to be done to ensure that these measures take deeper roots across all of Rwanda. The MTEFs will need to develop into a useful prioritization exercise at the district level, rather than what has in some districts become a rote exercise to satisfy top-down reporting requirements. Compact and voice accountability mechanisms must both work together to make these processes more useful. Citizens as well as national government should encourage districts governments to strengthen the links with implementation. The same must be said for the implementation of CDF funds. Citizens, as higher levels of government, must find practical ways to ensure that public resources are being used effectively.

### 3.4. Going for Results through Contracting: a New Accountability Relationship between Government and Service Providers

Appropriate incentives structures and systems have to be put in place to ensure efficient management of public services delivery by service providers. First, “compacts”7 should frame service delivery. The compacts specify the features of the service that will be delivered – access, quantity, quality and details on responsibilities, financing, other resources, performance supervision and monitoring. These features have to reflect the aspiration of the users of services – including the poor. Without compacts, it is hard to impose sanctions for inappropriate performance or provide rewards when performance is appropriate. Instructions to providers must be clear and backed with sufficient resources for adequate compensation.

The government is committed to enhancing the performance of services by introducing more contractual relationships, by generating and disseminating information on these contractual arrangements and by monitoring the outcomes.

Several sectors have already progressed substantially in developing a results oriented contracting approach. One example is the pilot case of contractual arrangements for health services in Cyangugu (see Section 3.2). Also in water provision and economic infrastructure (construction and repair of roads, bridges, markets, etc.), contractual relations have been imposed. More and more private providers enter the sector. Electrogaz, which is a state owned company for water and electricity provision in Kigali, has for example introduced a management contractual arrangement with a foreign firm. The new managers have improved piped water provision in the urban areas, which is part of the strategy to prepare for privatizing Electrogaz. Provision of water to the urban poor, however, will likely still need public subsidies even after privatization.

### 3.5. Which Services Where? Matching Services Nature and Decentralization

The 2004 World Development Report makes clear that services differ significantly. Recall our previous example of health services. The same case can be made for roads. Citizens will know whether roads wash away with the next rainy season, and hence their voice may be an important element in improving these services. But citizens may be less well placed to supervise the building of a complex bridge or national roads. This will need to rely on

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7 A compact may refer to performance managing contracts when the service is contracted out to public or private actors or other types of agreements on public sector provision when the government provides the service.
effective oversight through higher levels of government, and ensuring that these actors are themselves accountable for making these services work.

No single entity will ever provide a particular service on its own. In many cases, it will be useful to separate judge from jury, rowing from steering. Table 1 highlights some basic facets of providing services. The accountability arrangements we sketched out with the accountability triangle (see Figure 3) will ideally ensure that each of the actors carry out their roles in an effective manner. Who most effectively carries out a function will depend on the exact nature of a service (e.g., is it difficult to monitor, does it require very specialized skills to provide) and the context (i.e., what are the structures that are currently in place, what are the prospects for taking advantage of certain types of service provision arrangements, for example contracting out).

Table 1: Unbundling Service Provision

<table>
<thead>
<tr>
<th>Policy Making</th>
<th>Who sets the main policy guidelines for a service (e.g., free primary education as a national policy)?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standards Setting</td>
<td>Who sets the standards (e.g., national tests versus local building standards)?</td>
</tr>
<tr>
<td>Provision / Administration</td>
<td>Who is the primary government authority that administers services on a day to day basis?</td>
</tr>
<tr>
<td>Financing</td>
<td>Who provides the financing for services?</td>
</tr>
<tr>
<td>Production</td>
<td>Who actually produces the service (e.g., this can often be private)?</td>
</tr>
<tr>
<td>Regulation/Monitoring</td>
<td>Who regulates/monitors a service (e.g., professional accreditation in health)?</td>
</tr>
</tbody>
</table>

The exact combination of viable service delivery arrangements will depend on the nature of a given sector and specific service. Moreover, the best combination will in no small measure depend on what corresponding accountability mechanisms are most effective in a given context such as Rwanda. For example, certain services may be subject to externalities, e.g. their benefits may spread beyond particular localities. Hence they may be underprovided in a decentralized setting. Network infrastructure like national roads is one example. As local governments deliver services to their constituents, who in return pay taxes to their elected local bodies, decentralized local authorities are less likely to efficiently provide a service that has beneficiaries outside of their own boundaries. Immunization is another example. Protection of watersheds may also suggest higher levels of government take a important role in setting policy in environmental management, e.g., to control logging. However, districts governments may play an important role in monitoring the enforcement of the service regulations. These examples suggest that in many cases policy making for particular services should be vested in higher levels of government. But international experience suggests that administration and provision arrangements can take on any number of combinations, depending on the context.

Services differ in terms of key characteristics, which in turn influence how accountability mechanisms are best structured. In the matter, it is important to analyze whether a service is discretionary, whether it is transaction intensive (hours of teacher contact time versus a single successful immunization), and finally if there exists asymmetries of information (doctors versus patients). In education teacher attendance is best monitored at local level by parents and board, while quality and adherence to curriculum will remain with the central level through inspection. The user can monitor water quantity, whereas quality is to be regulated and monitored by the government.
3.6. Visions of Effective Service Delivery Assignment and Accountabilities by Sector

Our policy framework so far has stressed (i) the importance of achieving effective accountability arrangements, (ii) the need to understand the characteristics on specific services, (iii) the need to unbundle the process by which services are actually delivered, and (iv) the best assignment for these functions given prevailing structures. The proverbial devil will always be in the details in achieving what works best for Rwanda. However, a strategic vision in each sector of the objectives of public service delivery (including that dominated by private production/provision) will go a long way in achieving these objectives. Equipped with the decentralized accountability framework, we now turn to the key objectives, achievements and challenges in a number of key sectors.

For the purpose of comparative discussion, the policy note tries to briefly articulate (a) the sectoral vision, (b) the primary service delivery outcome challenges, (c) some key ingredients of the prevailing accountability framework, and (d) some options for enhancing accountability.

3.6.1. Education Sector

Vision: The Education Sector Strategic Plan (ESSP) 2005-2010 underscores the Rwandan government’s commitment to improve access, equity, and quality throughout the education system, in particular for basic nine year education. Expanding access to education was a key element in securing post-genocide reconstruction and promoting reconciliation.

Challenges: Rwanda has made significant progress in increasing enrolment rates. However, significant problems remain in retention rates and quality of education. Cohort analysis indicates that as many as a fifth to a quarter of students are dropping out at the end of the first year (P1) and at the end of the fifth year of primary (P5), suggesting that special attention needs to be given to P1 and P5 in overall efforts to improve the quality of provision of primary education. Low quality impedes progress toward universalizing nine years of basic education since the low primary school completion rate (42 percent) results in a small population base (18 percent gross enrolment) for effective transition to the first year of secondary. Problems with the quality of teaching (e.g., due to poorly trained or motivate teachers) may also be compounded by the absence of key inputs (e.g., textbooks, infrastructure, or even teacher absenteeism).

Prevailing Accountabilities: Figure 6 presents our accountability triangle for the case of basic education. Key actors in the accountability chain include MINEDUC which is responsible for setting standards and guidelines, the citizens (including parents and communities) through school boards which should be involved in planning services and monitoring results, and existing school facilities and their staff. Policy measures designed to concurrently strengthen compact and client power and address this problem include (i) increases in financing through the school capitation grant and link it to measures designed to improve quality and accountability in school, and (ii) efforts to professionalize teaching and enhance teacher quality. The capitation grant gives schools purchasing power to reduce barriers to participation by the poor; progress is evident in the rise of primary enrolment to 93 percent. The capitation grant for primary school was increased to 1000 FRW in 2005 and continues to be transferred successfully from the central government direct to primary school accounts.

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On compact side, school inspectors seconded by the central government to the district level can provide an important function in oversight. These top down modes of oversight are increasingly being completed with measures to enhance autonomy and accountability at the facility level, including strengthening the role of parent teacher associations. At the same time, district councils and staff can also serve to enhance the monitoring and promotion of service delivery objectives.

**Further Reform Options:** Increased facility level autonomy provides the scope for enhancing both compact and leveraging client power. A contract between local government and autonomous schools could further leverage a capitation grant against performance indicators. At the most basic level, this pertains to how many children a school educates. Primary day-to-day accountability would be subject to management by a school board or by PTAs. The advantage/disadvantage of each of these modalities would need to be discussed, as would how the members of these entities would be selected. But clearly enhancing accountability would stress leveraging the interest that local parents have in ensuring that their kids received a satisfactory education.

Figure 3: Key Accountability Actors for Basic Education

Local councils and school inspectors may also have important oversight functions in the functioning of schools. For example, inspectors may be able to monitor schools for dimensions of education provision that PTAs are less well placed/trained to do. But clarifying the role of these various actors will clearly be important in ensuring that their activities become complementary and not overlapping or unnecessarily duplicative.

Citizen Report Cards (CRCs) could serve as a further important mechanisms to enhancing accountability. Citizens would be allowed to assess service delivery along such basic dimensions as whether teachers are in their opinion at their assignment post, whether they have to pay and how much, whether the school facilities (ranging from the building to sanitation) are in good shape, and finally whether they feel that PTAs and schools facilities are responsive to their concerns.
At the national level, including in the context of the PRSP, information from a CRC could be used to prioritize particular dimensions of education sector service delivery. But for a CRC to be effective it much very much be catered to conditions at the local level. Very detailed questionnaires or abstract questions will likely find little resonance with local stakeholders.

The financing modalities of facilities, especially for wages, will also greatly influence how accountable for example teachers could be made. Currently the majority of teachers are paid through the deconcentrated provincial coffers. Increased autonomy on the part of schools to select teachers could improve accountability, including ensuring that teachers are present at their job and strive towards providing quality educational services. One potential mechanism would be to extend the present capitation grant to wages, and allow facilities to hire teachers and manage their payment. However, this presents some important challenges that would need to be addressed. For example, are Public Financial Management (PFM) systems present poised to support such a system?

### Table 2: Implementing decentralized service delivery principles in education

<table>
<thead>
<tr>
<th>Current situation</th>
<th>Desired Accountability Service delivery mechanism</th>
<th>From here to there: filling the gap towards the vision</th>
</tr>
</thead>
<tbody>
<tr>
<td>The public sector is the predominant provider of primary, secondary &amp; tertiary education. Under the current situation:</td>
<td>In order to increase the accountability of LGs it is proposed that:</td>
<td></td>
</tr>
<tr>
<td>▪ LGs recruit education officers &amp; teachers but the teachers’ payroll is centralized. Payments are delegated to Provincial Administrations.</td>
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<tr>
<td>▪ LGs have no control on sanctioning the education officers and teachers. LGs have no incentive to monitor the performance of the staff.</td>
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<td></td>
</tr>
<tr>
<td>▪ Capitation grants are transferred directly to schools, where parents &amp; head teachers jointly make decisions on expenditures.</td>
<td>▪ MINEDUC is responsible for setting standards and guidelines; conducting inspections, with delegation to the provinces.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ LG oversees payroll and capitation payments, monitors the contract performance indicators of schools including staff attendance, teacher pupil ratio, prepares, controls request for financial transfers (cartons); oversees the budget for school building.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ School board (including parents and communities) recruit, discipline all staff in their school, are responsible for planning &amp; financial management of schools. School prepares and publicizes public reports.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Citizens monitor results through citizen report cards.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ School received capitation grant(s) for both wage and non wage recurrent costs. Investments are managed by the LG.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Here are the steps and actions required to improve decentralized service delivery:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Establish school management committees (SMCs) in which parents have greater representation (in addition to the PTAs); train &amp; provide guidelines to the SMCs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Empower sector administrations to conduct regular audits in schools;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ LGs to support school administrations in accounting &amp; financial management.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Publish information on school funds transfer;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Teachers’ payroll decentralization should start with districts where infrastructure for computerized systems exists, then scale it up gradually.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Responsibilities for hiring/firing teachers at sector level.</td>
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</tr>
</tbody>
</table>

### 3.6.2. Health Sector

**Vision:** To meet the progress towards the health MDGs and the purchase of essential basic health services, the GoR will need to increase financing through three types of contractual agreements: health centers, community schemes, and Mutuals. Strengthening compact, and by extension client power, through contract-out arrangements has been at the heart of the health sectors approach to enhancing basic health services.
**Challenges:** The actual level of resources reaching peripheral front-line facilities remains low, incentives for health workers need to be improved, and the contracting out approach needs to be further consolidated. Previously health districts did not correspond to administrative districts. It remains to see whether the territorial administration will improve this alignment, and offer prospects for further enhancing accountability.

**Present Accountability Arrangements:** The public health care delivery network currently comprises of 385 health centres (Government and Government aided not-for-profit), 34 district hospitals and 4 national referral hospitals. In addition, there are about 325 private dispensaries and clinics, a situation that underscores the role of the private sector in health care delivery. The main limitation, though is that nearly all private facilities are located in urban areas with about half (52%) situated in Kigali City alone. Under present arrangements, all health centers are already autonomous, but committees not always well functioning. Consequently there is a need to clarify composition and role of committees. Moreover, there is a need to further broaden the participation in management committees as the poor and women are underrepresented.

Rwanda’s health care delivery to communities involves a number of stakeholders. These include the central government through MINISANTE, civil society organisations (Faith-Based Medical/Health Centres), private sector and the communities/beneficiaries. The central government provides most of the medical personnel/staff, policy and operational guidelines, as well as medical infrastructure (Hospitals and Health Centres). CSOs have established medical centres, staffed and equipped them. The role of CSOs particularly FBOs has been significant, and in some areas (e.g. Kibuye) they are responsible for more than 40% of the health facilities.

The major health care delivery in the public sector is through communal health insurance scheme targeting poor households. The scheme is a subsidized form of cost sharing. To access the public health services, citizens need to be under Health Insurance Scheme (*Mutuelles de santé*) where each household subscribes Frw 3000 for the first 7 members of the household, and additional members are covered privately. Recent evidence suggests that the *mutelles* now cover 27 percent of Rwanda’s population.

Because of need for pool financing and need for expert monitoring, hospitals remain the responsibility of the central level or the province. Hence accountability arrangements are best subject to a contract between a central agency and hospitals. Key public goods programs/functions critical to health outcomes need to be managed centrally including: air and water quality control, immunization and control of epidemics, disease surveillance, monitoring of service quality and accreditation, monitoring of the technical aspects of the contract.
Table 3: Implementing decentralized service delivery principles in health

<table>
<thead>
<tr>
<th>Current situation</th>
<th>Desired Accountability Service delivery mechanism</th>
<th>From here to there: filling the gap towards the vision</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Health service delivery by autonomous or private (in urban areas) providers</td>
<td>▪ All households would be in a position to access health services, e.g., through insurance schemes</td>
<td>▪ Greater autonomy at local/facility level to attract and pay personnel could help address inter-regional inequities</td>
</tr>
<tr>
<td>delivery</td>
<td>▪ Options for health service delivery would be available throughout country (equity)</td>
<td>▪ Local/community actors could be made more aware of health service dimensions to enhance their capacity for better health outcomes</td>
</tr>
<tr>
<td>▪ Health insurance schemes \textit{(mutuelles)} cover a significant share of the population</td>
<td>▪ Monitoring capacity across various stakeholders would promote better health outcomes and service delivery</td>
<td></td>
</tr>
<tr>
<td>▪ NGOs/faith based organization play a significant role in the health sector</td>
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</table>

\textbf{Further Reform Options:} Given the autonomy of health facilities, performance based contracts offer an avenue for promoting more accountable service delivery. Useful examples include experiences in Cyangugu province. Options include a performance contract between the local governments (districts) and the health centers. These contracts would be oriented on standard national “base” contract for the MDGS/national indicators plus local features. Local governments would be responsible for monitoring performance. Additional options include a performance contract between the sectors and \textit{Mutuelles} providing subsidies to the poor as identified by Ubudehe.

\textbf{3.6.3. \textit{Water Sector}}

\textbf{Vision:} The development of a more efficient management of existing water supply systems, by promoting in all districts best management practices, by involving local operators contracted by district authorities, and by supporting the implementation of private management contracts, is at the center of the Government strategy in the water sector. The goal is to achieve the target of at least 10 percent of rural water supply systems being managed in 2007 by local private operators. To accelerate the decentralization of water and sanitation services, DEA will create a technical support unit for reinforcing the capacity at district level.

\textbf{Challenge:} In 2004, at least four of Rwanda’s seven million rural inhabitants had no access to safe potable water. Though the official rural coverage rate for safe drinking water was 57 percent, effective rural access was only 40 percent due to inadequate maintenance and poor cost recovery. The sector’s development prospects are constrained by insufficient financial resources and poor maintenance of existing systems. The sector suffers from poor budgeting and investment planning, lack of monitoring and evaluation capacity, and poor donor coordination (Germany/KFW, the EU, Belgium, Austria, AfDB, and the World Bank are the main donors in the sector).

\textbf{Prevailing Accountabilities:} The decentralization process transfers responsibilities and ownership of rural water supply systems to districts, but the transfer of financial resources to the districts still needs to be improved. The technical capacity at the provincial level is not adequate for assisting the districts in planning, executing, and managing water supply and sanitation systems at the community and district levels. Water resources management is retained at the national level. Substantial efforts have been made to establish an adequate and simple monitoring and evaluation system to measure progress and cost efficiency. A computerized database allows extracting sectoral achievements (on a semi-annual basis).
The ministry in charge of water and energy (MINITERE) and the water directorate (DEA) have initiated a sector-wide approach for scaling-up reform and investment to increase access to reliable, affordable, and sustainable water services in rural areas. The sector’s weaknesses are being addressed with budget support through the establishment of an operational framework for supporting districts financially and technically to plan, execute, and manage water supply and sanitation systems, and to implement water resources management activities at the community and district levels. Measures to enhance client power include strengthening users committees.

Further Reform Options: To accelerate the decentralization of water and sanitation services, DEA will create a technical support unit for reinforcing the capacity at district level. Substantial efforts have been made to establish an adequate and simple monitoring and evaluation system to measure progress and cost efficiency.

Table 4: Implementing decentralized service delivery principles in water

<table>
<thead>
<tr>
<th>Current situation</th>
<th>Desired Accountability Service delivery mechanism</th>
<th>From here to there: filling the gap towards the vision</th>
</tr>
</thead>
</table>
| • Difference in urban and rural service provision modalities  
  • In urban areas, the principal agency responsible for safe water supply is Electogaz, an autonomous parastatal which is also responsible for generation and supply of electricity and gas.  
  • In rural areas, the Department of Water and Sanitation (MINITERE/DEA) is, in addition to providing overall policy guidelines and strategy, responsible for promoting and providing safe water and sanitation services. The department also has the responsibility for hydrological surveys and monitoring of ground and surface water resources.  
  • Local government structures are responsible for planning and implementation of safe water and sanitation services  
  • Water committees sector-level are intended to manage water resources at sector level. Committees, which also handles sanitation, supported by water semi-technician (Kanyamigezi) who is a volunteer but is paid some allowances whenever s/he offers technical services.  
  • At the district level, Water Committees (Regie), elected by sector water committees, constituted of a Chairperson, Vice-chairperson, Secretary and Treasurer. The committee members have no remuneration but occasionally receive allowances. In terms of technical personnel, the district employs on permanent basis, a Water Technician (Kanyamigezi) under the supervision of the Officer in-charge of infrastructures. The Infrastructure Department provides technical support to the district and sector water committees. | • Local clients/communities prioritize water projects and ensure sustainability, with some funding available through the Common Development Fund (CDF)  
  • Prioritization is reflected in local development plans and MTEFs, and sufficient resources would ideally be available from own sources and transfers/CDF  
  • Effective maintenance of exiting water infrastructure, especially in rural areas  
  • Central agencies monitor and inform on local hydrological levels | • Enhance incentive mechanisms for the provision of water services to current underserved areas  
  • Promote local participation in the extension and maintenance of local water services |
3.6.4. Agriculture Sector

**Vision:** Agricultural services (extension and technology transfer, agricultural and veterinary inputs, agro-produce marketing, etc.) are essential economic services for the Rwandan population, considering that the livelihoods of the majority of the population depend on agriculture. In 2004 GoR focused on the formulation of the Agricultural policy and in consultation with districts and provinces, a Strategic Plan for Agricultural Transformation (PSTA) was elaborated. The PSTA’s ultimate objective is to contribute to national economic growth, improve food security and the population’s nutritional status, and increase rural households’ revenue.

<table>
<thead>
<tr>
<th>Current situation</th>
<th>Desired Accountability Service delivery mechanism</th>
<th>From here to there: filling the gap towards the vision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currently, MINAGRI is responsible for setting agriculture and livestock development policies while implementation is, since February 2005, in the hands of Rwanda Agricultural Development Authority (RADA) and Rwanda Animal Resources Development Authority (RARDA). The two are recently established semi-autonomous institutions under MINAGRI, with the former in charge of agriculture and the latter responsible for livestock development services.</td>
<td>Agricultural services match local demand</td>
<td>Assess degree of decentralization in the provision of agricultural services</td>
</tr>
<tr>
<td>Local authorities are now responsible for recruitment, remuneration and supervision of agricultural and livestock officers, although many of these position do not appear to be filled. They are responsible for extension, enforcing regulations and standards and identifying community development needs.</td>
<td>Client power, for example through local community and user associations/cooperatives, is enhanced</td>
<td>Explore potential for Swap type approach in the sector supported by further analytical work</td>
</tr>
</tbody>
</table>

**Challenges:** Poor rainfall and to a lesser extent the energy crisis have most recently impacted the sector. Often there appears to be a mismatch between the supply and demand of agricultural services. Centralized approaches still appear to be prevalent in the sector, compounding these problems. Knowledge and investment capital constraints appear to be significant, especially among poor farmers.

**Prevailing Accountabilities:** In order to keep policy making (guidelines, standards, outcomes) separate from its implementation, the PSTA includes an institutional reform that is underway. MINAGRI remains responsible for setting agriculture and livestock development policies while implementation is, since February 2005, in the hands of Rwanda Agricultural Development Authority (RADA) and Rwanda Animal Resources Development Authority (RARDA). The two are recently established semi-autonomous institutions under MINAGRI, with the former contributing towards the growth of agricultural production through the development of appropriate technologies, providing advisory, outreach and extension services to stakeholders agricultural production; and the latter responsible for animal production services.

In each case, the stakeholders include: New Regions, Districts, Sectors, NGOs, farmers and farmers organizations, private entrepreneurs. For RADA services are delivered through their...
satellite centres based in the different agro-ecological zones. For RARDA there are 3 Units: Genetic Improvement; Farm Management and Production Systems Unit and Epidemics and Epizootics Unit.

Regarding improvement in research, ISAR (Institut des Sciences Agronomiques du Rwanda), which is responsible for agronomic research, has established a unit in each of the 10 regional agricultural zones in the country. These are now becoming semi-autonomous with the intention of encouraging regional based research working with model farmers. In each district, the institute plans to establish a technology transfer centre from which farmers can practically learn about new technologies in farming. This arrangement is expected to ensure client oriented agricultural technology development and transfer. It should be noted, however, that the institutional arrangement under MINAGRI remains centralized and LGs have no input in their operations.

The spirit of community action planning (Ubudehe mukurwanya Ubukene), successfully piloted in Butare province and currently being replicated in other parts of the country, has been successfully used to mobilize local people into cooperatives and associations, mainly around agricultural production interests. In a number of districts, these organized groups have benefited from savings and credit services; while others have received technical and financial support from external development projects. In some districts, local authorities have allocated land (marshlands) to local associations to engage in commercial farming activities.

Further Reform Options: Several best practice examples have emerged in the sector at the local level. The Local Government and local farmers in Bungwe district, Byumba Province, through a partnership with private investors, constructed a sale outlet (Comptoir de vente des produits agro-alimentaires à Maya), from where farmers sell their produce to private dealers, who then sell to the domestic market or are exported. The Cyangugu Fisheries Federation (IABACYA) provides an example of sustainable fishing measures in Lake Kivu. However, the sector does not yet seem to endorse a fully pronounced strategy to implement decentralized approaches to enhancing accountability for better service delivery.

4. EXPENDITURE AND REVENUE ASSIGNMENTS FOR THE NEW LOCAL GOVERNMENT STRUCTURE

The territorial reform has reduced the number of local governments to build up sound local government structures to support an accountable and sustainable decentralized service delivery system. Reforming the size of government is not sufficient in itself to create good government. International experience also demonstrates that reforming local government structures will have important financing and staffing implications. Good local government structures require a) a strong legal framework to avoid confusion in roles and responsibilities b) a sound local finance base which will ensure accountability and a balanced budget environment (hard budget constraints that will avoid deficits and overwhelming arrears etc.), c) autonomy and predictability over resources for the new local governments, d)

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9 HIGH ALTITUDE: Gikongoro: Sigira-Kitabi; Byumba: Kinihira (2); Ruhengeri: Kinigi; MIDDLE ALTITUDE: Kigali Ngali: Gasabo, Kabuga, Bicumbi (2), Nyamata, Gashora; Butare: Nyamure, Gikonko; MVK: Kanombe (Rubirizi); and LOW ALTITUDE: Umutara: Muvumba.
10 Genetic Improvement Unit: Dairy Basins (6): Byumba, Gishwati, MVK, Nyabisindu, Umutara, Ruhengeri Farm management and Production systems Unit: Genetic Improvement Farms; Cattle (5): Songa, Rukara, Gabiro, Gishwati, Congo Nile Crest; Goats (3): Songa, Kaniga, Busogo; Poultry Hatchery (1): Rubirizi; Fish Hatchery (1): Kigembe; Bee Centres (2): Gikongoro and Gitarama. Epidemiology and Control of Epizootics Unit: Satellite Laboratories (4); Quarantine Posts (5); Control Post (8)
a proper intergovernmental transfers system to provide vertical balance in the system, e) sufficient local autonomy to meet local demands and finally f) an effective, accountable and motivated decentralized workforce.

4.1. Local Government Reform

Rwanda’s current local administration is based on a five-layer structure i.e.:

- **Central government**, which is charged with designing national policies and programmes, mobilising local and external resources, institutional and capacity building, monitoring and evaluation.
- **Provincial administration**, which is a deconcentrated level of the central government. Currently, they are 12 in number and city of Kigali. One important role of the Provincial administration is to provide technical support to Districts;
- **Districts and urban authorities** – these are the local government entities and 106 in number. They are legal entities and are responsible for implementing decentralisation programmes, as well as development planning.
- **Sectors** – are 1545 in number, and are de-concentrated levels of the local government. They coordinate activities of cells. It is at this level that some administrative services like local justice (Gacaca, Abunzi,) are conducted and form the basis of development planning (district development plans).
- **Cells** – there are 2,148 cells, constituting the lowest levels of local administration. Their main responsibilities centre on community action mobilisation. For example, the cells would mobilize community workers for maintaining feeder roads.

Under the DIP phase 2, the GoR is strengthening the decentralised structures, with a focus on more effective service delivery. This, together with the findings of several evaluations (see section 1.4), has called for a review of the decentralization implementation strategies and for designing new strategies for implementation. One of the strategies considered by the GoR is territorial and administrative reform.

Building on the overall objectives of Rwanda’s decentralization policy, the recent territorial reorganisation intends to:

- Take services closer to the population by strengthening administrative levels that are within the reach of citizens. In this regard, the reforms target the sector level as the main point of service delivery; the cells serve as the main source of information on service delivery needs and satisfaction level and as the coordination point for community initiatives;
- Create more economically viable local governments, with requisite technical and institutional capacity to plan and coordinate service delivery;
- Establish administrative units that take advantage of economies of scale (wider population and lower per capita cost).
- In the long run, improve information flow, coordination, monitoring and evaluation by narrowing the gap between the central government and the point of service delivery (local government unit).

Under the adopted territorial reorganisation, the decision is to have 5 provinces including Kigali city; 30 districts; 416 sectors; and 2148 cells (see Annex 4 for a map of the new delimitations). It should be noted that in the long run, the reform aims at eliminating the provincial level and strengthening the Sector as the main point of service delivery.

The reorganisation of administrative units is in itself not new. The present structures are a result of earlier mergers, in which one layer between the province and communes (Sous-Préfecture) was removed and communes reorganised to form current districts.

Within the context of the reforms aimed at improving and enhancing good governance and ensuring effective and efficient decentralized service delivery, the various governmental and administrative entities have clearly defined roles, responsibilities and legal frameworks. This framework would also cover all organizations (including civil society and private sector) that are involved in service delivery to communities. This is to avoid overlapping roles and promote efficient accountability relationships. The new configuration of roles and responsibilities between levels is as follows (see Table 1 for a summary):

1. **Central Government**: the overall responsibility of the central government is to promote and ensure good governance for socio-economic development of the country and the general welfare of its citizens. In the context of decentralized service delivery, the CG will:

   a. Set the national development vision and conceive, design and formulate national policies and strategies to attain it;
   b. Ensure that sectoral strategies (i.e. health, education, etc.) at national level reflect the needs and priorities of the citizens as contained in the consolidated local government development plans;
   c. Mobilize resources from domestic and external sources;
   d. Set national standards, procedures and guidelines for planning, financing and implementation of service delivery;
   e. Establish legal and regulatory frameworks to ensure adherence to transparency and accountability in service delivery;
   f. Monitor and evaluate the relevancy of the standards set and the effectiveness of the strategy for delivery of services.

2. **Provincial administration (PA)**: as a deconcentrated level of CG, the PA is primarily responsible for ensuring that local government development planning is in line with the national policies; and promoting socioeconomic development of the province, based on its resource endowment. The specific roles in decentralized service delivery will be to:

   a. Consolidate district development plans and ensure that the planned activities are matched with available resources;
   b. Ensure that local governments within the province implement national policies on unity and reconciliation, transparency, empowerment and participation of citizens;
   c. Monitor and follow-up on local governance and administrative activities within the province;
   d. Data collection;
   e. Population mobilization – which includes priorities and needs identification at the grassroots level.

3. **Kigali City Council** (KCC): KCC has been enjoying the status of a Province and is responsible for:

   a. Strategic planning for urban development;
b. Coordination of the LG development plans;
c. Monitoring and evaluation to ensure uniform development of the city;
d. Providing services regarded as complex or cutting across jurisdictions of individual district authorities.

4. **Districts**: as a legal decentralized entity, the district is responsible for overall coordination of economic development and ensuring the coordination of planning, financing and implementation of service delivery at sector levels as well as promoting cooperation with other local governments. An elected council, a Mayor and an executive committee will run the districts. Each district will have 45 regular staff for general administration and the coordination and management of service delivery (see Annex 2 for a summary of positions). The specific roles of the districts are to:

a. Coordinate economic development and projects;
b. Consolidate sector development plans and ensure that the planned activities are matched with available resources and reflect the development needs and priorities of the communities. Each sector will be represented through a technical unit at the district level: Economic development; health and family protection; education, youth, sports and culture; good governance, etc.;
c. Promote development (urban and land use planning, housing and infrastructure);
d. Build capacities of sectors to enhance better service delivery; data collection and population mobilization.

5. **Sector levels**: The sectors will be responsible for the delivery of services, coordination and the management of several basic services such as local development planning, local tax collection, statistics, education and social affairs, land planning, housing, and local infrastructures, etc. Sectors will be run by an executive secretary and will have a total of 7 employees (see Annex 2 for a summary of job titles). The specific roles of the sectors are to:

a. Administer basic services plans, implement and monitor service delivery;
b. Manage community development;
c. Provide statistical data;
d. Mobilise the population to respond to Government policies.
e. Collect local taxes (50% of collected taxes by the sectors will be retained by the districts).

6. **Cells**: Their main responsibilities will remain the same: Community action mobilization.

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### Table 8: New Administrative Structures

<table>
<thead>
<tr>
<th>Entity</th>
<th>Number of units</th>
<th>Responsibilities</th>
<th>Administrative structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Province/ Kigali Council (KCC)</td>
<td>Prov. 4</td>
<td>Local Development Plans Coordination</td>
<td>Governor - Provinces/ Mayor - VK</td>
</tr>
<tr>
<td></td>
<td>KCC 1</td>
<td>Strategic Planning for urban development M&amp;E; provision of complex services &amp; those cutting across district LGs</td>
<td>Administrative units</td>
</tr>
<tr>
<td>District</td>
<td>30</td>
<td>Economic Development coordination Planning &amp; coordination of services</td>
<td>Elected council (Mayor) Executive Committee</td>
</tr>
</tbody>
</table>
### 4.2. Assigning responsibilities for a new decentralized service delivery framework

The theory and international good practice have shown that a sound intergovernmental system is grounded on a clear definition of spending and revenue responsibilities between each level of government. Failing to clarify assigned responsibilities will surely result in inefficiency and instability. Unfortunately, there is no “one size fits all” option to build up expenditures assignments across territorial levels. In order to design the right regulatory framework for expenditure and revenue assignments, each country has to develop its own model according to its reform objectives, its institutional architecture and general agreement among stakeholders.

As explained in the above, decentralization reforms must serve as the basis for (1) increasing accountability and transparency in the delivery of public services via responsive governments and (2) strengthening incentives for service providers to serve the population including the poor.

The final session of the National Conference on Decentralization, Service Delivery and Accountability assigned ten sectoral working groups to propose a new framework for service delivery according to the institutional architecture of Rwanda. In designing a decentralization policy the groups had to think across different government levels and separate different tasks and functional service delivery assignments: policy making, standard setting, administration, financing, service delivery, regulation, monitoring & evaluation. Each group subsequently presented potential assignments of responsibilities resulting from their working sessions, to the plenary.

Table 6 summarizes the working group results. Note that most groups discussed a number of sub-sectors (e.g., primary versus secondary education). Hence, the total number of sub-sectors where policy making functions were assigned is greater than ten (i.e., 25 sub-sectors). For example, the participants were effectively unanimous that the center needed to retain a predominant role in policy making (e.g., on the part of the sectoral ministries).
The main messages from the working groups were:

Central level must remain strong on policy making and on standards setting.

Local governments should take an increasing role in the day to day administration and contractual side of service delivery.

Local governments should be more involved in providing the financing for services (expenditure, collecting revenues, capital investments, wages, O&M, etc.).

The private sector and NGOs (“Other” in Table 6) should be called upon to provide financing and service delivery.

Special attention needs to be paid to a clear definition of tasks of each level of government, especially the districts.

Table 8 explains how, according to the working groups, responsibilities could be shared between districts and sectors. The results point out that the districts should be more involved in the administration, regulation and financing of services while the sectors should focus more on service delivery. According to the groups, both districts and sectors should evenly share the responsibilities for monitoring and evaluation of service delivery.
During the group presentations and the discussions, the propositions clearly integrated transparency and information enhancing mechanisms, monitoring & evaluation tools, performance-enhancing approaches with a clear separation of functions between the actors. Various speakers highlighted the risks attached to a decentralized service delivery framework. Empirical evaluations of decentralization have shown negative impacts when confusion in roles and responsibilities among levels occurs.

Ministers of key sectoral service delivery ministries identified the main challenges as lack of resources, particularly financial, at the local level and the need for training and capacity building to achieve full sectoral decentralization. Even in the social sectors where decentralized management is more advanced, the Situational Analysis underlined that weak fiscal bases and lack of skilled personnel in local governments hampers the effective management of services. These elements call for reinforced control/oversight of the decentralized process by the central government and an investment in critical skills to be developed, but also proper incentives to serve the poor or help the poorer regions. One of the most important issues is the consistency between responsibilities and resources.

### 4.3. Ensuring Adequate Financing for Basic Expenditure Assignments

The basic principle of a sound intergovernmental system is that financing should follow expenditure assignment. In other words, each level of government needs the appropriate resources to finance its expenditure responsibilities. Ideally local governments will finance a significant part of local expenditures from own source revenues. At the most basic level this could contribute to enhancing local accountability, and local citizens most directly associate the burden of local taxes with the benefit of local services. For a number of reasons, local own source revenues are typically not enough to finance even the most basic expenditure assignments and sectoral priorities assigned in the previous section.

First, some of the most buoyant revenues may be most effectively collected at higher levels of governments (e.g., customs revenues are better collected at the national rather than district level, whereas the resources for education are ultimately required at the local level).

Second, even if localities are exercising similar levels of revenue collection, there may be significant disparities across localities in fiscal capacity. To ensure a basic level of national
“horizontal” equity, a number of financing and grant mechanisms from higher levels of government will be necessary.

Finally, in a country such as Rwanda international donor funds continue to play a significant role in supporting front-line services and local development. For the same reasons of national cohesion and equity, mechanisms to most effectively allocate these resources in tandem with domestic resources are critical.

Even Rwanda’s “richest” localities (e.g., Kigali) do not appear to be in a position to finance all basic local services and development priorities from their own assigned resources. Local own revenue generation is low in nearly all local governments and inadequate to support substantial proportion of service delivery. The Situational Analysis of decentralized service delivery in Rwanda pointed out that local governments have underutilised fiscal potentials that could substantially increase revenues. All existing legal tax options have to be fully exploited and alternative revenue options have to be identified.

Intergovernmental transfers will remain the main source of revenues for local governments. The design of these transfers is of crucial importance for the success of the reform. The current systems of intergovernmental transfers is based largely on a recurrent block grant to finance largely establishment costs (e.g., including salaries) and a development grant (through the CDF) to fund capital projects. In addition to these flows, a significant level of international funds contributes to local development priorities on either an on or off-budget basis.

Good intergovernmental financing design in a context such as Rwanda raises a number of questions, which can benefit from principles and international experiences. Once expenditure assignments, and own source revenue base assignments have been made, this raises the question of how many resources should on aggregate, as well as to specific localities, be transferred to decentralized entities. These can respectively be termed the vertical and horizontal shares.

A general principle is that transfers should not undermine local revenue effort, while at the same time accounting from differences in presumed fiscal capacity (i.e., an urban center like Kigali, other things being equal, has a greater fiscal capacity and hence need for transfers than a poor rural community). In short, localities should not be penalized for greater revenue effort by less transfer, but some account of differences in fiscal capacity is likely to be in order. In practice, however, central governments will lack sufficient information to effectively distinguish between revenue effort and capacity in a very precise manner. Hence own fiscal capacity needs to be accounted for in a proxy manner, which is ideally not directly tied to actual collection (e.g., estimates of overall local income rather than actual taxes collected.

A further principle is that central transfers should not undermine the hard-budget constraint of localities. In the most obvious case, localities should not be tempted to run into irresponsible debt or arrears under the expectation that central governments will bail them out. In short, local policy makers should not be allowed to assume that others are responsible for their expenditures. However, at the same time, localities need to be able to count on a reasonable and reliable flow of transfers to ensure that they make responsible expenditure decisions.
Preventing future deficits at the local government level will require imposing hard budget constraints on districts financial framework (monitoring tools and enforcement mechanisms – sanctions in the form of intercepts for instance), as well as an effective establishment and enforcement of borrowing restrictions (linked to the actual capacity to repay – through LGs’ own revenues sources).

Overall, the issue of debt/arrears can only be minimized by setting up realistic financing arrangements – sufficient financing through own source revenues and transfers, that will both follow expenditure assignments.

**Box 3: Local Government Debt**

Local governments in Rwanda are subject to a significant level of debts/arrears. In part, these had been inherited from their predecessor communes. Achieving a sustainable hard-budget constraint will require putting these debts, and their servicing, on a sustainable footing. The debt stock of 3.5 million Rwf. is about the same as annual Minaloc recurrent transfer. Figure 4 describes the structure of the existing local government debt. About a quarter of these arrears are for social security payments (CSR).

Given pressing expenditure needs and Rwanda’s challenging recent history, Rwanda’s localities appear to be saddled with a significant level of debts and arrears. To design a good intergovernmental system, and to allow current transfers to fund pressing expenditure needs, every effort needs to be made to put these liabilities on a transparent and sound footing.

Enhancing the predictability of intergovernmental transfers system is a critical element to instituting a hard-budget constraint for local governments. This is one major problem already identified in the Situational Analysis. The transfers are also often unpredictable given the over-reliance on donor support. Fiscal information data will be necessary to rationalize the system and to develop a clear and predictable definition of allocation formulas for intergovernmental transfers.

A further question is how much control should higher levels of government exercise over the resources transferred to local government and how these resources are used. Block grants, passed on simple and transparent criteria based on considerations of local expenditures needs and fiscal capacity, are attractive in that they devolve the onus of decision making to local constituencies, very much in line with some of the principles set out in the foregoing accountability framework. However, specific grants may seek to promote the meeting of
particular service delivery objectives and priorities at the sectoral level (e.g., universal access to education). Too many of these tied sources of funding might undermine local decision making and overwhelm local capacity.

Other forms of higher level control over local expenditures could pertain to staffing arrangements. For example, are all local governments expected to employ and pay for a set number of staff? Are local governments expected to follow national pay scales in remunerating these staff? If the national government decides to increase wage over time, do all localities need to follow suit?

The approach set out in this paper has emphasized that services should be accountable and oriented towards performance. These principles should also be considered in the design of financing arrangements. Rather than conditioning transfers based on inputs (e.g., number of staff, books purchased), funding design should pursue innovations around outcomes (e.g., based on minimum standards or performance standards set between providers, users and policy makers). The functional assignment exercise conducted at the workshop was a good first step but it will need to be followed-up by further technical work.

### 4.4. Staffing Needs for Local Governments

Public sector human resources are a critical element of successful service delivery. Local governments are labour intensive, and hence managing these costs effectively is of special concern at the decentralized level. More critically, civil servants need to be held accountable and be highly motivated. Another key issue is the ability of local governments to attract critical skills, especially in important cross-cutting areas such as public financial management. International experience, as presented by Prof. Fox, suggests that the amalgamation of provincial and local governments will not necessarily lead to reductions in costs. Hence, the transition will need to place special emphasis on ensuring that needed positions are filled and unneeded staffs are able to transition as smoothly as possible into the labour market. Those functions that are deemed necessary should be clearly defined so that skills can be matched to support better outcomes.

Bill fox pointed out other transition costs arising from moving people, merging systems (telephone, computer, etc.) and converting the physical environment to accommodate more people in the same location. Another expected cost is the delicate task to merge different working cultures and build unique and coherent team. If not handled well, these factors can lead to inefficiencies. Change management and organizational support will be important to accompany the transition in staffing levels and qualifications. Government will have to develop strategies for anticipating these changes and monitor its implementation. Further adjustments will most likely be warranted once the core principles of the reform are implemented. Also, one has to incorporate these transitions costs related to human resources into the overall cost estimate of the transition period.

Prior to the territorial reform, the size of the decentralized civil service was estimated at just over 5,000. A better understanding of potential functional assignments allows one to project how large the needed civil service might be (e.g., how many teachers are needed if basic education is assigned at a given level?). Combined with information on respective wage costs and their evolution over time provide some sense of how costly decentralized staffing would be. Figure 8 provides two very different scenarios for building new local government staff. Under option one, initially, only the absolute minimum number of people needed to run operations during the transition would be retained (“Big Bang”). Then, local governments would be allowed to again build up their manpower (not necessarily from the same pool of original workers but based on required skills profiles). Option two pursues a more gradual approach. It assumes that some savings in the total number of staff may be possible. However, these reductions may not necessarily translate into reduced costs. First, the new
The new cadre organique will have to tackle several issues related to human resources. Local governments are labour intensive. Changing the size and responsibility assignments of various levels of territorial administration requires adjustments in the numbers, location and skills mix. This transition will have to be well planned, managed and – once implemented – monitored to allow for further adjustments as necessary. To this end, several steps will have to be undertaken. First of all, there needs to be a precise and up to date human resource database on which to base analysis of policy options. The second step will be to identify the actual human resources needed within the new local government structures in terms of number of staff and qualifications. Job descriptions will have to be written that spell out clearly the responsibilities of the position, reporting arrangements, performance indicators and the required qualifications and experience for each post. In a third step, the new requirements need to be mapped against the number and qualifications of existing staff. As a result, one would have identified those who (i) would remain in their positions; (ii) could be transferred to a different locality; (iii) would be (re-)trained and deployed within the local government; (iv) would be retrenched. Finally, any gaps would be those positions that would require new hires. Fourth, all changes would have to be thought through carefully as to avoid unnecessary disruptions, confusion and uncertainty amongst public servants. For those to be transferred one would have to design an incentive scheme that would attract the right people into different localities. This incentive scheme as well as the move will carry costs which would need to be estimated. For those to be (re-)trained, appropriate training courses would have to be identified, organized and paid for. For those to be retrenched an adequate severance package would have to be designed which could include transition measures to alternative forms of employment. For this category of staff it is of utmost importance that the criteria for selecting retrenchees are perceived as transparent and logical. Having had a tradition of performance evaluation helps; in its absence, – and in any case – early, repeated and clear communication is key, which clearly spells out the rational for the territorial reform overall, the anticipated benefit for Rwanda’s citizens and mitigating measures against any negative...
impact on individuals. It needs to be kept in mind that retrenchment carries high short terms costs, which need to be assessed carefully at the beginning of the process and factored into the overall cost analysis of reforms. Planning ahead for the last category of new recruits is equally important. As human capacity is scarce and even central government suffers from a severe shortage of “rare skills” such as IT, M&E, accountants, auditors, managers etc., local governments need to assess carefully what type of skills are available on the local labor market and craft its recruitment strategy accordingly. Pay might have to be substantially increased for select positions to attract qualified candidates and provide an extra incentive to live in the countryside as opposed to the capital or major urban areas. As the fifth and final step, the implementation of the policy should be monitored and evaluated periodically to assess its impact and make necessary adjustments.

In sum, costs are expected to rise substantially during the transition period. Whether in the medium to long term costs will come down below pre-reform levels will depend on the overall stock of civil servants as well pay levels compared to previous levels. Disruptions and as a result, inefficiencies, can be kept to a minimum if the transition is planned for and implemented carefully and comprehensively – the human resource side of the equation being one of the most important dimensions. Finally, social cost (i.e. confusion, uncertainty and fear) could be minimized by pursuing a continuous communication strategy that spells out the objectives of reform, the overall reform path, its cost and benefit for ordinary citizens and the individual civil servant (including transparent criteria for hiring and firing) and process.

5. KEY ISSUES FOR POLICY IMPLEMENTATION

As seen in the previous section, the success of the reform will rely on a sound policy design, taking into account financing and staffing implications of reforming and empowering a new local government and service delivery structure.

Further, as explained in the next sections, an efficient policy implementation and a sound change management strategy, which will both ensure a smooth transition. If the transition is well managed, there are great opportunities to generate stronger local government capacities, better availability of resources and a redefinition of tasks across government layers.

5.1. Capacity Building to Strengthen Accountability Mechanisms

The decentralized service delivery approach instils profound changes from the current public service culture and practices at all levels of governance. Local governments still have few skilled personnel and require further training. They also lack financial capacity to afford the necessary material and equipment to sustain their efforts. Ordinary citizens and the civil society organizations that participate in participatory approaches do not always have the capacity to fully play their roles. Low literacy levels, limited knowledge of the right to receive services at appropriate quality, and limited power to voice concerns are often obstacles to effective participation.

Some lessons learned from the Uganda experience (see box 2) can be summarized in three steps:12 The first step towards accountability is building the information system. The second step is to enable the environment for transparency (facilitating access to information) and regulatory reforms oriented towards increased control over the decisions and resources by community groups. The third step is to support beneficiary groups to have access to the

12 Uganda has made substantial progress in social and economic development in the 1990.
Nonetheless, significant governance and development challenges remain.
relevant information and to take part in the decision that affect them with the tools and resources to supervise, monitor and evaluate the delivery of local services.

In order to strengthen accountability mechanisms in Rwanda, the government is committed to:

- Take new measures to allow the publishing of information on program, compacts and financial information so that people can get involved in the supervision of projects and programs. The information management strategy will put in place clear guidelines, procedures and formats for reporting by local government and support the creation of databases and resource centres in each district.

- The government will also design a training program that will help the beneficiaries to better understand their role and to take part in a decentralized service delivery system.

- The government is committed to scale up the existing participatory tools that are currently used to evaluate how the public services are delivered through Citizen Report Cards, Community Score Cards, and other participatory instruments.

- The government will develop the capacity to write and monitor contracts, both central and LG levels.

- The government is committed to clarify the rules and the consequences for inappropriate service performances for the line ministries, the local government and other service providers. If the rules are not being followed, the government is committed to impose the adequate sanctions. Sanctions can be from disciplinary sanctions on civil servants, to recalling policy makers under serious mismanagement performance (like corruption) or imposing commercially meaningful sanctions on service providers if the contractual obligations are not respected.

### 5.2. Financing Decentralized Service Delivery

As seen earlier, inadequate funding remains a pressing challenge facing decentralised service delivery. Although the central Government has increased grant transfers to Local Governments, these still remain grossly meagre and often unpredictable considering the reliance on donor support. Local revenue generation is generally low in nearly all districts and far inadequate.

The CDF provides a framework for coordinating the mobilisation and management of grant resources without the complexities and bureaucracy from Government and Donors. However, CDF access is conditional to submission of well elaborated development projects and many of the districts – particularly institutionally weaker ones – are unable to access these funds because of the lack of the requisite capacity to elaborate or hire consultants to elaborate fundable projects. The recent decision to channel the bulk of CDF resources through budget support to LGs could significantly address the resource gaps that face most districts.

Recurrent expenditures for wages and running costs are meant to be covered by own source revenue mobilization and recurrent transfers from the central government. Many challenges for effective and adequate local revenue mobilization remain. MINALOC has implemented a solid formula for the distribution of recurrent transfers to LGs, but the absence of comprehensive fiscal data makes it difficult to tell the degree to which localities are underfinanced. Anecdotal evidence suggests that this is the case. Moreover, skilled personnel may simply not be available in many localities. Hence, GoR needs to closely link the design of its intergovernmental transfers system with the design of its civil service structures (i.e., the cadre organique).
It is to be noted that the concern of weak LG capacities for projects preparation has been addressed by reviewing the CDF operational procedures to include a percentage to enable weak LGs to outsource technical expertise to elaborate projects. The concern with this strategy is that it does not aim at building local capacities and is therefore not sustainable. As a strategy to enable the LGs develop capacity for resource mobilisation, broader support to capacity building should be done by MINALOC or other line ministries – perhaps in collaboration with CDF where necessary.

In order to improve the LGs financial capacity and fiscal decentralization, the government is committed to:

- Improve the fiscal decentralization and the financial management system of local governments. For instance, the CDF will move towards budget support financing to create better financial management, facilitate monitoring and improve the budgeting process.
- The financial management systems in local government will be strengthened and a transparent and accountable system will be set up when the number of districts are reduced and their capacity augmented.
- The government will encourage the local governments to explore their revenue potentials through better revenue collection systems and new taxation options and interventions to exploit their resource endowments.
- Finally, the government will establish coordination mechanisms between the line ministries, MINALOC, MINECOFIN and MIFOTRA to support a real sectoral decentralization for service delivery. This implies greater involvement of line ministries in coordinating with the local government policy formulation, budgeting, budget execution and other resources such as decentralized personnel. Some actions are already ongoing. The consolidation of sector-wide approaches (Swap) in education and health will provide a mechanism for better coordination of sectoral programs and intervention but should be decentralised. Effective collaboration with decentralisation focal points (which brings together representatives from line ministries) will address the issue of intra and inter-sectoral dialogue on decentralized service delivery.

### 5.3. Sectoral Collaboration and Integrated Management Tools

#### 5.3.1. Sectoral Collaboration

In decentralised service delivery, sectoral coordination should be undertaken to facilitate:

- **Harmonization of inter-sectoral activities** to enhance standardization, avoid duplication of effort and wastage of resources (including financial and expertise): For instance, safe water and sanitation, nutrition and public health issues constitute important quality indicators (and components) of the Education sector strategic plan (ESSP), yet ideally these should be planned, financed and implemented within the national water and sanitation strategy and the health sector strategy respectively. Similarly, livestock development embraces aspects of water, veterinary services, marketing and public health, among others. Government will build the capacity of policy makers and planners at all levels to appreciate and incorporate relevant aspects from other sectors into the process of formulating and monitoring policies and strategies.

- **Resource mobilisation and reallocation to priority areas.** The GoR’s main resource mobilization tool is the PRSP and the DDPs are expected to be the main framework for mobilizing and financing decentralized services. Resources are also mobilized at sectoral
level through project interventions and other mechanisms, while at the decentralized levels, some service delivery activities are undertaken outside the framework of the DDP. The GoR will strengthen the Sector-wide approaches (SWAs) to promote coherence in sectoral activities so as to bring together all actors within a sector and assist LGs to analyse how much resources go into various sectors (whether through the budget or separate NGO projects or local initiatives). This includes techniques to monetize inputs especially under local initiatives.

- **Enhance capacity of LGs to coordinate with the ministries.** The structure of LG planning and service delivery implementation is such that the overall administration of services is coordinated by the Office of the Executive Secretary, who is the accounting officer. Service delivery units (7 technical units) shall be supervised by and are accountable to the Executive Secretary. This arrangement will assist to manage available resources in an optimal way even where external support is provided through projects rather than the LG budget. But the GoR will take into consideration lessons from elsewhere which indicate that funds earmarked for activities in specific sectors (e.g. education or health) can be diverted to other often non priority issues if the service managers in particular sectors have little voice in the management of their unit budgets, and if there are no explicit guidelines to follow.

<table>
<thead>
<tr>
<th>Box 4. Improving Service Delivery through Sectoral Collaboration</th>
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<tbody>
<tr>
<td>This inter-connectedness of services must be entrenched at policy level but this will require a shift of thinking among policy makers, planners, service providers, and even donors, from institutional (or sector) oriented to client focused. And, the most appropriate mechanism to effect and manage this change process is through the PRSP and the MTEF for two reasons – poverty reduction is multi-sectoral and is the main framework for resource mobilization and allocation. Secondly, medium term sectoral budget allocations could provide the right incentives for enforcing compliance.</td>
</tr>
<tr>
<td>The LGs are in an even better position, given that the new district organigram places all administrative and service delivery coordination under the Executive Secretary. In this regard, incentives and capacity building support are required to encourage integrated service delivery management through the DDP process. As things stand, however, the main challenges in this respect, is that most policy makers and service managers perceive decentralization only from the perspective of political and administrative issues, and LGs have to shed the perception that they are under and answerable to MINALOC and make initiatives to work with sector ministries. This perception is held not only by the sectoral ministries but also by the LGs. This service delivery policy dialogue should be utilized to agree on the right path.</td>
</tr>
</tbody>
</table>

Annex 3 introduces additional practical examples of current and desired situation of decentralized services delivery in the following sectors: health, agriculture, and water and sanitation.

5.3.2. **Integrated Management Tools**

In Rwanda, integrated service delivery management can be promoted through sectoral collaboration (see Box 4). The main national and local frameworks for integrated management have been developed. The PRSP, the DDP and Community level structures are good examples of integrated management tools that must be followed and implemented in order to align sectoral strategies with policies and resources (see Figure 5).

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13 In 1997, in one of the districts in Uganda, local councillors forced the Chief Administrative Officer to divert funds from the Education Vote (for teachers’ salaries) to pay their sitting allowances.
Figure 4: Bottom-Up and Top-Down Linkages in the Planning Process for Service Delivery

(i) The PRSP

It is to be recalled that the poverty reduction strategy programme (PRSP) is the main framework used by the GoR to plan, mobilize resources and implement poverty reduction activities in a more coherent and integrated way. Subsequently, therefore, all sectoral policies, strategies and plans are expected to be designed and implemented in an integrated way, if service delivery strategies are to be effective.

(ii) District Development Plan (DDP):

1. The DDP is the framework in which community development needs are prioritized and financed, and when the Common Development Fund (CDF)14 shifts from project to budget support (as is anticipated), development grants will be based on priorities reflected in the DDP. If the District Development Plan (DDP) process is strengthened, it should be an appropriate model for managing decentralized services in an integrated way. Some of the areas for strengthening the DDP process are:

   - Strengthening the capacity of Community Development Committees (CDCs) to properly identify and prioritise development needs, identify and strategies for

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14 The CDF is an important mechanism for mobilising local development resources. Development programs are financed by central government transfers or donor resources through CDF. A number of donor agencies have expressed interest to provide budget support to LGs through the CDF, and some donors (e.g. the Netherlands, German Government through KfW) have already provided funding.
addressing them. At the moment, there are perceptions that the DDPs do not adequately reflect the community needs;

- The local council’s capacity to represent the voice of their people and play their accountability roles through setting the right development priorities expenditure oversight;
- Mobilizing other actors (e.g. NGOs) to work through and support the DDPs.

5.4. Donors’ Harmonization and Coordination

2. The diverse interests and approaches of donors, which sometimes do not tally with the GoR’s preferred systems remain one of the challenges in decentralisation. The task of coordinating different projects, with different funding, implementation modalities and M&E arrangements is a difficult one for Rwanda’s young and still developing institutions. In fact, this has tended to erode rather than strengthen the institutional capacities. Nonetheless, the GoR recognises that it has the primary responsibility to coordinate all actors and to guide the process. For instance, there is need to put in place and work through established frameworks (for instance the DIP). The GoR will adopt a fourfold principle in strengthening donor coordination to improve service delivery:

- Encourage donors and other intervention agencies to work together and within a government-established framework (such as CDF). In this respect, and where realistic, the GoR will address the concerns of donors e.g. ensuring that there is adequate capacity at LG level to manage basket funds.

- Develop and strengthen coordination systems for programme design and financing; implementation and monitoring.

- Strengthen the capacity of Government institutions to coordinate donor operations both at national and local levels. The immediate challenge to be addressed is to strengthen the capacity of NDIS to effectively coordinate and act as a Secretariat of donor clusters and focal points, to improve information flows between the various actors.

- Promote transparency as a good practice so that all stakeholders are constantly consulted and briefed.

5.5. Planning an M&E System for Decentralized Service Delivery

One of the inherent weaknesses of the decentralization process is inadequate monitoring and evaluation. Without this, it remains difficult to appreciate the achievements of the various interventions and the impact they have created. But most importantly, a comprehensive monitoring and evaluation is needed to identify and learn lessons on what is working and what is not; where gaps exist and what strategies can be considered under different conditions. The five-year decentralization implementation strategy highlights M&E as a key component but does not seem to take M&E beyond the decentralization programme. It is important to stress that decentralization, as a mechanism for service delivery should be analysed beyond formal institutions to cover all aspects of livelihoods, as the population are the ultimate target. The M&E framework should emphasise participation of all actors; and establish functional dialogue between policy (National and Local Governments), implementation (service providers), beneficiaries (citizens) and other stakeholders (usually facilitators of the process) to strengthen accountability. The government envisaged the following actions:

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15 Basket funds; budget support; strategic development frameworks e.g. District Development Plan; Five year DIP; etc.
The government will adopt performance benchmarks and indicators, to enable resource inputs to be traced to outputs and measured or evaluated on outcomes and impacts.

The government is committed to scale up the existing participatory tools that are currently used to evaluate how the public services are delivered through citizen report cards, community score cards and other participatory assessment tools.

The government will ensure extensive information sharing: as the ultimate aim of M&E activities is to take stock of actions and learn lessons to improve the development process, the M&E information so generated should be genuinely shared and should be a basis for decision making at all levels.

The government will reinforce the reporting system. The system must encourage regular interaction or dialogue between information givers and receivers; and there must be clear guidelines and formats for reporting – so that those who give information know what is required and what it will be used for.

The government will build capacity of central, local government and community level actors to monitoring and evaluation of decentralised service delivery.

6. CHANGE MANAGEMENT STRATEGY – BEST PRACTICES AND CRITICAL FACTORS

Decentralized service delivery in Rwanda raises the challenge of changing the behaviours that characterize the current management culture of the public service. Such reform must expect some resistance along the way, as there will always be some winners and losers, although the long-term result is a win-win situation. Some countries have addressed change management with some new approaches that combine learning leadership building and concrete results (see Box 5).

Change may also fail for other reasons: poor vision, inadequate communications, insufficient planning and resources, failure to make a compelling case, and inconsistent messages with leaders not following through. This is why a change management strategy must be carefully designed with the idea of assessing and controlling the risks of failure. To be effective, the change management strategy will need to address the following issues and opportunities:

1. **Leadership**: One of the most important issues will be the level of support behind the policy from the high level management (president, cabinet, parliament, ministers, secretaries généraux, etc.). Reforms are medium and long-term operations and they need strong and consistent commitment by the high level policy makers and civil servants. The executive need to understand the needs for the reform, share a common aspiration and agree on a common implementation strategy.

2. **Employee readiness and resistance**: Change management may represent a threat for the civil servants already in place. The territorial reform will involve retrenchments and displacements (e.g. from previous districts to merged districts and from districts to sectors). It is important to understand the situation and the insecurity generated by the reform. The more informed the employees will be, the more likely they will contribute to the success of the policy implementation. For instance, they need to know early in the process the measures and the benefits to which they can access in case of dismissal (training, loans, and financial compensation) to minimize insecurity. For those who will keep their jobs, it will also be important to communicate with them about the new role they will play in the success of the reform and its implementation.

3. **Vision and strategy**: The policy note is in itself a change management tool. When finalised, it will represent the vision of the government for decentralized service delivery.
and the priority strategies intended to implement the vision. The final policy note will be useful to communicate effectively the intended changes to the high level management and to all the stakeholders concerned or affected by this policy reform.

**Box 5: Change Management via Continuous Learning: the Case of Madagascar**

Since 2003, the Government of Madagascar has adopted a series of regular high level learning retreats. These learning retreats are focusing on implementation issues as well as on continuous learning within government to improve performance and achieve development results. Special focus is placed on achieving results in service delivery in the social sectors, agriculture and governance.

In February 2005 the government launched its Rapid Results Initiative. The approach was introduced to facilitate the mobilization of multi-sectoral stakeholders—centrally, regionally and at commune level—in participatory program design and implementation. The third Learning Retreat in May 2005 focused on-the-ground implementation of strategies and policies evidenced by concrete outcomes. The Rapid Results Approach was used as the main framework for the retreat and led to the establishment of shared and monitorable institutional and individual accountabilities over a 100 to a 150 days time horizon. The fourth Learning Retreat will include follow-ups on the Rapid Results Initiative and will learn lessons from the ongoing experience. Learning retreats are now part of an ongoing series of activities to build the knowledge and leadership of Madagascar while getting results.

4. **Roles and responsibilities in implementation**: Once the vision and the strategic plan has been developed, a key issue for change management and policy implementation will be to identify who is responsible for what. This is crucial to ensure accountability through the process. For instance, the five-year DIP already incorporates a section on partnership arrangements, roles and responsibilities. What will make each actor accountable for the policy reform is the coordination mechanism that will be put in place to monitor the tasks execution by each stakeholder. NDIS will have a key role to play for that coordination.

5. **Empower stakeholders for action**: The decentralized service delivery approach is a relatively new concept that will need capacity building support and training. Training will support new expected behaviours during the transition period and will provide tools to implement the new management practices. This will also be an instrument to lower the stress of all stakeholders involved in the transition.

6. **Generate short-term wins**: Ambitious and complex reforms often fail because the outcomes can take times before being visible. Comprehensive plan such as this policy note can also be intimidating for those in charge of implementing it because it involve too many processes, actions, and complex operations to be tackled at the same time. As many other strategic documents or action plans, there is always a high probability that this policy reform can be shelve before its complete achievement. This is why the momentum of a reform has to be sustained by short-term results. Those in charge of the reform and the beneficiaries have to see evidence that the policy is working within a few months (3, 6 and 12 months).

The best way to achieve short term results would be to find a public service area where visible results can be easily monitored and make sure that these priorities receive full political and management support along with substantial amount of resources (human and financial) dedicated to these short-term wins. Electricity and access to water are two examples of public utilities that are visible and easy to monitor. The decentralized service delivery method could be used so people involved in these short-term wins will learn how to integrate these principles into the management practices. While consolidating previous
gains, the experience will be scaled up to other sectors or reform areas using the short-term wins model to get visible improvement in performance and outcomes.

7. **Milestones and sequences:** Within this model, the traditional linear calendar could be substantively shattered. The goal is to create milestones where people get a sense of urgency to achieve concrete results. Some rapid results approaches (those used in Madagascar for instance) adopt a model where the results will be measured within 30, 60 and 150 days. There is no place for complacency, cynicism and resistance within such time frames. There is no space for letting events or other pressures divert from the expected outcomes as the teams should be rewarded on the basis of concrete results. This kind of approach may also have impact on the sequence (priorities) and on budget resources. The reform will be implemented by sequence and top priorities will receive more resources at the beginning until visible results are achieved and the credibility gained from the quick-wins push the reform forward and faster.
### ANNEX 1
POLICY NOTE SYNTHESIS

<table>
<thead>
<tr>
<th>Vision of the government to achieve decentralized service delivery</th>
<th>The government of Rwanda’s vision for decentralized service delivery seeks to ensure effective and sustainable use of public resources, to guarantee transparent, accountable and participatory decision making, and to enhance delivery of basic services. Underlying this vision is the firm belief in a society which offers a peaceful environment to its people along with the conditions for developing collective and individual potentials of all Rwandans to contribute to poverty reduction and economic development.</th>
</tr>
</thead>
</table>
| Three main principles of decentralized service delivery | • Putting the beneficiaries at the center of service provision.  
• Strengthening the incentives for providers to serve the poor and to improve accountability and transparency.  
• Increasing the effectiveness of all resources available. |
| The framework of accountability relationships | The framework model advocates, beneficiaries have strong influence over availability and quality of services. They can influence policy, strategies and expenditure priorities at different levels of policy makers (national and local) according to their aspirations and preferences. They can exercise power over service providers and hold them accountable for the access, the quantity and the quality of services. Strengthening beneficiaries’ voice motivates policy makers to be responsive to the needs of communities and stimulates demand for better public services from service providers through regulation, contracts-compacts, monitoring and evaluation systems. |

### DECENTRALIZED SERVICE DELIVERY FRAMEWORK

| The main actors in Rwanda’s service delivery system are | • Citizens: population and communities making private choices as users (or clients) of services and actors in decisions over collective choices in their role as citizens involved.  
• Policy makers: government at various levels (central, provincial, local structures) including elected or non elected officials who are in charge of setting general directions, supervising and monitoring the implementation of service delivery.  
• Service providers: institutions (schools, universities, clinics, hospital, firms, etc.) both private and public (autonomous or not), local CSOs, and international NGOs that provide services. |
| The framework of accountability relationships | The framework model advocates, beneficiaries have strong influence over availability and quality of services. They can influence policy, strategies and expenditure priorities at different levels of policy makers (national and local) according to their aspirations and preferences. They can exercise power over service providers and hold them accountable for the access, the quantity and the quality of services. Strengthening beneficiaries’ voice motivates policy makers to be responsive to the needs of communities and stimulates demand for better public services from service providers through regulation, contracts-compacts, monitoring and evaluation systems. |
| Strengthening Voice and Client Power | In order for decentralized service delivery to happen, local governments will incorporate participatory approaches to promote bottom-up planning where communities can decide what their development needs and priorities are. |
| Strengthening Compacts for Service Delivery | The government is committed to disseminating information on the implementation of new contractual arrangements and by monitoring their outcomes. |
| Vision of effective service delivery in the education sector | The Education Sector Strategic Plan (ESSP) 2005-2010 underscores the Rwandan government’s commitment to improve access, equity, and quality throughout the education system. Several actions required to improve decentralized service delivery in education are presented in the note:  
• Enhancing accountability would stress leveraging the interest that local parents have in ensuring that their kids received a satisfactory education.  
• Citizen Report Cards (CRCs) could serve as a further important mechanisms to enhancing accountability.  
• One potential mechanism would be to extend the present capitation grant to wages, and allow facilities to hire teachers and manage their payment.  
• A contract between local government and autonomous schools could further leverage a capitation grant against performance indicators. |
Vision of effective service delivery in the health sector

Strengthening compact, and by extension client power, through contract-out arrangements has been at the heart of the health sectors approach to enhancing basic health services. Several actions required to improve decentralized service delivery in health are presented in the note:

- Given the autonomy of health facilities, performance based contracts offer an avenue for promoting accountable service delivery.
- Hospitals remain the responsibility of the central level or the province. Hence accountability arrangements are best subject to a contract between a central agency and hospitals.
- For the health centers, options include a performance contract between the local governments (districts) and the health centers. Local governments would be responsible for monitoring performance.
- Additional options include a performance contract between the sectors and Mutuelles.

Vision of effective service delivery in the water sector

Developing of a more efficient management of existing water supply systems, by promoting in all districts best management practices, by involving local operators contracted by district authorities, and by supporting the implementation of private management contracts, is at the center of the Government strategy in the water sector. Several actions required to improve decentralized service delivery in water are presented in the note:

- Initiating a sector-wide approach for scaling-up reform and investment to increase access to reliable, affordable, and sustainable water services in rural areas (ongoing project).
- Budget support through the establishment of an operational framework for supporting districts financially and technically to plan, execute, and manage water supply and sanitation systems, and to implement water resources management activities at the community and district levels.
- Measures to enhance client power include strengthening users committees.
- Create a technical support unit for reinforcing the capacity at district level (ongoing).

Vision of effective service delivery in the agriculture sector

The GoR Agricultural policy and Strategic Plan for Agricultural Transformation (PSTA) were elaborated in 2004 through strong participatory processes and needs assessments. The PSTA’s ultimate objective is to contribute to national economic growth, improve food security and the population’s nutritional status, and increase rural households’ revenue. To achieve this, there has been institutional restructuring in order to provide stakeholders with a comprehensive and strengthened support system which is accountable at decentralized levels. The note identifies several ongoing actions that could be scaled up to contribute to better service delivery and accountability in the agricultural sector:

- Creation of RADA (Rwanda Agricultural Development Authority) and RARDA (Rwanda Animal Resources Development Authority). Both responsible for providing agricultural and animal production advisory, outreach and extension services to stakeholders in agriculture (e.g. New Regions, Districts, Sectors, NGOs, farmers and farmers organizations, private entrepreneurs). They operate through their satellite centres in different agro-ecological zones.
- The restructuring of ISAR (Institute of Science and Agricultural Research) which focuses on the scientific and technological development and capacity building of Rwanda agriculture and animal production and now operates through satellite centres.
- The spirit of community action planning (Ubudehe mukurwanya Ubukene), successfully piloted in Butare province and currently being replicated in other parts of the country, has been successfully used to mobilize local people into cooperatives and associations, mainly around agricultural production interests. In a number of districts, these organized groups have benefited from savings and credit services; while others have received technical and financial support from external development projects. In some districts, local authorities have allocated land (marshlands) to local associations to engage in commercial farming activities.
- The Local Government and local farmers in Bungwe district, Byumba Province, through a partnership with private investors, constructed a Sale outlet from where farmers sell their produce to private dealers, who then sell to the domestic market or are exported.

ADMINISTRATIVE SUPPORT: LOCAL GOVERNMENT REFORM AND SECTORAL COLLABORATION

Local government reforms

Under the territorial reform, there will be 5 provinces including Kigali City Council; 30 districts; 416 sectors; and 9165 cells.

<table>
<thead>
<tr>
<th>New responsibilities structure</th>
<th>Province and Kigali City Council (5)</th>
<th>Districts (30)</th>
<th>Sectors (416)</th>
<th>Cells (9165)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Local Development Plans Coordination</td>
<td>• Economic Development coordination</td>
<td>• Administration of basic services;</td>
<td>• Community action mobilization.</td>
<td></td>
</tr>
<tr>
<td>• Strategic Planning</td>
<td>• Planning and coordination of services</td>
<td>• Manage community development</td>
<td></td>
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<tr>
<td>• Monitoring and Evaluation</td>
<td></td>
<td>• Provide statistical data</td>
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<td></td>
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<td>• Collect taxes</td>
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</tbody>
</table>
### Sectoral collaboration
- Harmonization of inter-sectoral activities. Government will build the capacity of policy makers and planners at all levels to appreciate and incorporate relevant aspects from other sectors into the process of formulating and monitoring policies and strategies.
- Resource mobilization and reallocation to priority areas. The GoR will strengthen the Sector-wide approaches (Swaps) to promote coherence in sectoral activities so as to bring together all actors within a sector and assist LGs to analyze how much resources go into various sectors (whether through the budget or separate NGO projects or local initiatives).
- Enhance capacity of LGs to coordinate with the ministries. The structure of LG planning and service delivery implementation is such that the overall administration of services is coordinated by the Office of the Executive Secretary, who is the accounting officer. Districts’ service delivery units (7 technical units) shall be supervised by and are accountable to the Executive Secretary. This arrangement will assist to manage available resources in an optimal way even where external support is provided through projects rather than the LG budget.

### Integrated management tools
The PRSP, the District Development Plan (DDP) are good examples of integrated management tools that must be followed and implemented in order to align sectoral strategies with policies and resources.

### Key issues for policy implementation

#### Capacity building to strengthen accountability mechanisms
In order to strengthen accountability mechanisms, the government is committed to:
1. Take new measures to allow the publishing of information on program, compacts and financial information so that people can get involved in the supervision of projects and programs.
2. The government will also design a capacity building program (see previous section) that will help the beneficiaries to better understand their role and to take part in a decentralized service delivery system.
3. The government is committed to scale up the existing participatory tools that are currently used to evaluate how the public services are delivered through citizen report cards, community score card, and other participatory instruments.
4. The government will develop the capacity to write and monitor contracts, both national and local levels.
5. The government is committed to clarify the rules and the consequences for inappropriate service performances for the line ministries, the local government and other service providers. If the rules are not being followed, the government is committed to impose the adequate sanctions.

#### Key issues for financing decentralized service delivery
In order to improve the LGs financial capacity and fiscal decentralization, the government is committed to:
1. Improve the fiscal decentralization and the financial management system of local governments.
2. The financial management systems in local government will be strengthened and a transparent and accountable system will be set up when the number of districts are reduced and their capacity augmented.
3. The government will encourage the local governments to explore their revenue potentials through better revenue collection systems and new taxation options and interventions to exploit their resource endowments.
4. The government will establish coordination mechanisms between the line ministries, MINALOC, MINECOFIN and MIFOTRA to support a real sectoral decentralization for service delivery. This implies greater involvement of line ministries in coordinating with the local government policy formulation, budgeting, budget execution and other resources such as decentralized personnel.

#### Key issues for donors’ harmonization and coordination
The government will adopt a fourfold principle in strengthening donor coordination to improve service delivery:
1. Encourage donors and other intervention agencies to work together and within a government established framework (such as CDF). In this respect, and where realistic, the GoR will address the concerns of donors e.g. ensuring that there is adequate capacity at LG level to manage basket funds.
2. Develop and strengthen coordination systems for programme design and financing; implementation and monitoring.
3. Strengthen the capacity of Government institutions to coordinate donor operations both at national and local levels. The immediate challenge to be addressed is to strengthen the capacity of NDIS to effectively coordinate and act as a Secretariat of donor clusters and focal points, to improve information flow between the various actors.
4. Promote transparency as a good practice so that all stakeholders are constantly consulted and briefed, to improve the process.
### Key issues for planning an M&E system for decentralized service delivery

To emphasise participation of all actors, and establish functional dialogue between national and local government, service providers, beneficiaries and other stakeholders, the government envisaged the following actions:

1. The government will adopt performance benchmarks and indicators, to enable resource inputs to be traced to outputs and measured or evaluated on outcomes and impacts.
2. The government is committed to scale up the existing participatory tools that are currently used to evaluate how the public services are delivered through citizen report cards, community score cards and other participatory assessment tools.
3. The government will ensure extensive information sharing. The M&E information should be genuinely shared and should be a basis for decision making at all levels.
4. The government will reinforce the reporting system. The system must encourage regular interaction or dialogue between information givers and receivers; and there must be clear guidelines and formats for reporting.
5. The government will build capacity of central, local government and community level actors to monitoring and evaluation of decentralised service delivery.

### Change Management Strategy

#### Main steps for a change management strategy

Change management and organizational support will be important to accompany the transition in staffing levels and qualifications. Government will have to develop strategies for anticipating these changes and monitor its implementation. Further adjustments will most likely be warranted once the core principles of the reform are implemented. Also, one has to incorporate these transitions costs related to human resources into the overall cost estimate of the transition period. To be effective, the change management strategy will need to address the following issues and opportunities:

1. Leadership: One of the most important issues will be the level of support behind the policy from the high level management (president, cabinet, parliament, ministers, secretaries généraux, etc.).
2. Employee readiness and resistance: Change management may represent a threat for the civil servants already in place. It is important to understand the situation and the insecurity generated by the reform. The more informed the employees will be, the more likely they will contribute to the success of the policy implementation.
3. Vision and strategy: The policy note is in itself a change management tool. When finalised, it will represent the vision of the government for decentralized service delivery and the priority strategies intended to implement the vision. The final policy note will be useful in order to communicate effectively the intended changes to the high level management and to all the stakeholders concerned or affected by this policy reform.
4. Roles and responsibilities in implementation: Once the vision and the strategic plan has been developed, a key issue for change management and policy implementation will be to identify who is responsible for what? What will make each actor accountable for the policy reform will be the coordination mechanism that will be put in place to monitor the tasks execution by each stakeholder.
5. Empower stakeholders for action: The decentralized service delivery approach is a relatively new concept that will need capacity building support and training. Training will support new expected behaviours during the transition period and will provide tools to implement the new management practices. This will also be a instrument to lower the stress.
6. Generate short-term wins: The momentum of a reform has to be sustained by short-term results. Those in charge of the reform and the beneficiaries have to see evidence that the policy is working within a few months.
7. Milestones and sequences: The goal is to create milestones where people get a sense of urgency to achieve concrete results. The reform will be implemented by sequence and top priorities will receive more resources at the beginning until visible results are achieved and the credibility gained from the quick-wins push the reform forward and faster.
## ANNEX 2

### CURRENT AND DESIRED SITUATION OF DECENTRALIZED SERVICE DELIVERY IN SELECTED SECTORS

<table>
<thead>
<tr>
<th>Sector</th>
<th>Current situation</th>
<th>Desired Accountability Service delivery mechanism</th>
<th>From here to there: filling the gap towards the vision</th>
</tr>
</thead>
</table>
| **Education** | The public sector is the predominant provider of primary, secondary & tertiary education. Under the current situation:  
  - LGs recruit education officers & teachers but the teachers’ payroll is centralized. Payments are delegated to Provincial Administrations.  
  - LGs have no control on sanctioning the education officers and teachers. LGs have no incentive to monitor the performance of the staff.  
  - Capitation grants are transferred directly to schools, where parents & head teachers jointly make decisions on expenditures. | In order to increase the accountability of LGs it is proposed that:  
  - MINEDUC is responsible for setting standards and guidelines; conducting inspections, with delegation to the provinces  
  - LG oversees payroll and capitation payments, monitors the contract performance indicators of schools including staff attendance, teacher pupil ratio, prepares, controls request for financial transfers (cartons); oversees the budget for school building  
  - School board (including parents and communities) recruit, discipline all staff in their school, are responsible for planning & financial management of schools. School prepares and publicizes public reports  
  - Citizens monitor results through citizen report cards  
  - School received capitation grant(s) for both wage and non-wage recurrent costs. Investments are managed by the LG | Here are the steps and actions required to improve decentralized service delivery:  
  - Establish school management committees (SMCs) in which parents have greater representation (in addition to the PTAs); train & provide guidelines to the SMCs  
  - Empower sector administrations to conduct regular audits in schools;  
  - LGs to support school administrations in accounting & financial management.  
  - Publish information on school funds transfer;  
  - Teachers’ payroll decentralization should start with districts where infrastructure for computerized systems exists, then scale it up gradually.  
  - Responsibilities for hiring/firing teachers at sector level  |
| **Health** | Health service delivery by autonomous or private (in urban areas) providers delivery  
  - Health insurance schemes (*mutuelles*) cover a significant share of the population  
  - NGOs/faith based organization play a significant role in the health sector | All households would be in a position to access health services, e.g., through insurance schemes  
  - Options for health service delivery would be available throughout country (equity)  
  - Monitoring capacity across various stakeholders would promote better health outcomes and service delivery | Greater autonomy at local/facility level to attract and pay personnel could help address inter-regional inequities  
  - Local/community actors could be made more aware of health service dimensions to enhance their capacity for better health outcomes |
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<td>Agriculture</td>
<td>Currently, MINAGRI is responsible for setting agriculture and livestock development policies while implementation is, since February 2005, in the hands of Rwanda Agricultural Development Authority (RADA) and Rwanda Animal Resources Development Authority (RARDA). The two are recently established semi-autonomous institutions under MINAGRI, with the former in charge of agriculture and the latter responsible for livestock development services.</td>
<td>Agricultural services match local demand</td>
<td>Assess degree of decentralization in the provision of agricultural services</td>
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<td>Fundamental to all decentralized services</td>
<td>- Delegated responsibilities but real authority not decentralized;</td>
<td>- Mechanisms for coordination of information flow are required, but should not compromise the need for free flow of advocacy, awareness raising &amp; networking between CSOs &amp; communities.</td>
<td>- Empower decentralized structures with real authority so that they can be held accountable.</td>
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<td>- Reporting is one way – there is limited if any feed back between the centre &amp; decentralized levels.</td>
<td>- Regular evaluations involving all actors including beneficiary communities (service delivery surveys, citizen report cards);</td>
<td>- LG officials (Mayors &amp; Councilors) should be sensitized to provide policy guidance to services in different technical areas;</td>
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<td>- Sectoral ministries/ agencies have not provided the needed capacity building &amp; supervision support to decentralized service delivery entities.</td>
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<td>- Strengthen dialogue between LG leaders with sectoral Ministries, by reducing the bureaucracy of having to pass through MINALOC or PA.</td>
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<td>- Motivate sectoral ministries to carryout M&amp;E, capacity building &amp; supervision support.</td>
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<td>- Sector ministries (including crosscutting ones) should have capacity building plans for decentralized entities by the next budget.</td>
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<td>- All LGs should submit copies of their work plans/reports to sector ministries. The quickest means should be exploited (new districts are expected to have ICT facilities).</td>
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ANNEX 3
NEW DELIMITATION OF DISTRICTS AND PROVINCES

CARTE ADMINISTRATIVE DU RWANDA:
PROVINCES, DISTRICTS ET LA VILLE DE KIGALI

Légende
- Bureau de la Province
- Limite de la région et la Ville de Kigali
- Limite de District
- Parc
- Lac

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