

IMPACT OF DECENTRALIZATION POLICY ON GOVERNANCE FUNCTIONS IN RWANDA: A DESK REVIEW

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Abstract

Rwanda's decentralization policy, initiated in 2000, was a pivotal response to the need for enhanced local governance and community engagement following the 1994 genocide. This policy aimed to foster democracy and improve service delivery by transferring authority and resources to local governments. Over the years, Rwanda has made significant strides in local governance, achieving over 90% citizen participation in local forums and improving gender representation. Establishing a multi-tiered local government structure has facilitated better service delivery in health, education, and infrastructure, promoting community ownership and accountability. Despite these achievements, Rwanda's local governance faces several challenges, such as inadequate Citizen participation in planning and budgeting, a lack of sufficient staff and resources, and inadequate infrastructure that limits the potential for efficient service delivery. This study aimed to propose several solutions and recommendations to enhance the effectiveness of decentralization policy in Rwanda. Accordingly, after reviewing several related documents and reports, the study suggests the following recommendations. These include improving training programs for local officials to develop practical governance skills, strengthening citizen engagement through awareness campaigns, and reviewing the Joint Action Development Forum (JADF) for better stakeholder collaboration. Furthermore, reassessing the organizational structure of local governments and revising revenue frameworks are essential steps. In conclusion, while Rwanda's decentralization efforts have led to notable improvements in governance and service delivery, achieving sustainable progress requires addressing ongoing challenges.

Keywords

Decentralization policy, Local Government entities, Impact on Governance, Service Delivery

1. INTRODUCTION

Decentralization has been a crucial aspect of Rwanda's governance and development strategy, particularly following the 1994 genocide. The Rwandan government recognized that effective decentralization could enhance local governance, promote community participation, and facilitate economic development. In 2000, the Rwandan government initiated a decentralization policy to transfer authority and resources from the central government to local governments. This was part of a broader effort to promote democracy, increase accountability, and improve service delivery. The policy was designed to empower local authorities to address community needs more effectively and foster citizen engagement in governance processes.

Key milestones in this process include the establishment of local councils and the introduction of performance-based budgeting, which aims to improve service delivery at the local level. The government emphasized the importance of participatory governance, encouraging citizens to take active decision-making roles. This shift aimed to mitigate the concentration of power and promote transparency and accountability. Rwanda's decentralization has successfully improved health, education, and infrastructure. However, challenges remain, including resource constraints that impede service delivery and inadequate training for local officials. Overall, Rwanda's approach to decentralization reflects a commitment to rebuilding the nation and fostering sustainable development through local empowerment.

This assessment seeks to evaluate the current status of decentralization functions, identify challenges, and recommend strategies for improvement. Accordingly, this study aims to assess the impact of decentralization policy on Governance by addressing two critical research questions that have received insufficient focus:

- 1) What is the decentralization policy's effectiveness, and how does it impact governance at various administrative entities?
- 2) What strengths and weaknesses have been observed in governance since implementing the decentralization policy in Rwanda?
- 3) What are the actionable recommendations for enhancing the decentralization policy and improving governance effectiveness in Rwanda?

Furthermore, the findings of this study would help MINALOC better understand the status of decentralization policy in Rwanda and its impact on local governance. The study would also be of paramount significance for policymakers. So, appropriate policies would be designed to encourage Local governance practices in Rwanda. Moreover, the study would be critical in expanding the practice of global decentralization policy.

2. Methodology

The assessment utilizes a document review of pertinent policy documents, reports, and studies on decentralization in Rwanda, along with interviews involving key stakeholders such as government officials, local leaders, and community members. Additionally, field visits to selected districts will be conducted to observe the implementation of decentralization functions.

3. Findings

The Rwandan Constitution of 2003 and the Organic Law on Local Administration established the legal foundation for decentralization in Rwanda. These documents delineate the roles and responsibilities of local governments, ensuring that authority is distributed across various tiers of governance. Furthermore, the Vision 2050 development strategy underscores the importance of local governance in achieving sustainable development, emphasizing that local entities must play a pivotal role in the nation's progress. The Rwandan government has adopted various policies to transfer authority and resources from central to local governments. This decentralization policy seeks to empower local governments, enhance service delivery, and improve accountability. By redistributing power, the government aims to create a more responsive and participatory governance structure that reflects the needs of local communities. By implementing the Decentralization policy in Rwanda, the following remarkable achievements have been made:

3.1. Improve Citizen Participation

Platforms for citizens' participation have been expanded and are more inclusive, contributing to citizens' empowerment. The G&D sector facilitated mobilization and effective participation by citizens in these spaces, enabling them to contribute to thinking

and decision-making about development activities and enhancing the spirit of patriotism, self-reliance, and social accountability. As a result, participation rates exceed 90% in citizens' forums, problem-solving-focused interactions, volunteering, and others (RGB, 2023) from an average of 65.63% in 2018 (RGB, 2018). LG entities were instrumental in mobilizing communities for agricultural production, increasing basic education, and leading the campaign to improve human security. These included providing shelter for the most vulnerable households and those most affected by climate-related disasters and combating malnutrition and child stunting. More infrastructure, such as classrooms, cell and village offices, health posts, etc., at the local level, has been constructed with substantial input from Umuganda (communal work), while primary health care provision is significantly supported by high subscription rates in community-based health insurance (CBHI), among others.

Considerable progress has been made in realizing gender parity in decision-making pertaining to local governance, but there remain gaps in critical leadership areas. Presently, women occupy 30% of mayoral positions, constitute 14.8% of Vice Mayors (Economic Affairs), and hold 46% of seats in District Councils. But they occupy more than 3 in 4 female vice mayorships in charge of social affairs. Structures for citizens' participation manifest gaps and could have worked better than they do to represent the thinking of their constituents genuinely. The voices of women, youth, and persons with disabilities (PWD) could be reflected more in decision-making by such platforms, articulating and ensuring the concerns of these groups are considered, such as in employment and participation in economic activities. Local Government councils are insufficiently equipped to enable councilors to mobilize, engage, and provide feedback to their constituents about the activities of councils, the decisions they make, and their achievements. There is also an argument for citizens to mobilize themselves and seek out their representatives if they have issues of public concern.

3.2. Build Institutional Capacity

Rwanda has established a tiered local government structure comprising districts, sectors, cells, and villages, each with defined roles and responsibilities. This framework allows for a more organized approach to governance, facilitating effective service delivery and local

administration. Each tier is tasked with specific functions contributing to overall community development, ensuring that local needs are met efficiently. To enhance the capabilities of local officials, continuous training programs are implemented, focusing on essential skills such as financial management, planning, and service delivery.

Local governments have significantly improved their capacity for public financial management (PFM), reflected in increased accountability and compliance with prudent financial management procedures. The number of decentralized budget entities (districts and the City of Kigali) receiving unqualified audit reports rose from zero in FY 2018/19 to 25 (89.3%) in FY 2022/23. This is attributed to improved financial reporting because of the roll-out of IFMIS at the sector level. Sectors and other expenditure centers, such as hospitals, health centers, and schools, are non-budget agencies (NBAs). The rolling out of IFMIS to NBAs, which now cover hospitals, health centers, and sector offices, enables Chief Budget Managers (CBM) to supervise effectively and monitor the planning, expenditure, and reporting of these entities as all financial and related transactions are undertaken within the system that they control, while financial reports are automatically generated.

However, some NBAs, such as secondary and primary schools that use the school data management system (SDMS) to plan, budget, and spend, often lack staff with the required accounting skills nor use any system to support expenditure and reporting. CBMs face challenges managing such expenditure centers, and the Office of the Auditor General (OAG) faces even more limitations in auditing them. The increased PFM capacity at the LG level has removed the disincentive created by capacity constraints to fiscal and financial decentralization and instilled greater confidence in devolving more resources to sub-national entities. These capacity-building initiatives are crucial for ensuring that local governments can operate effectively and meet the demands of their constituents. Additionally, mechanisms for inter-governmental relations have been established to promote coordination between central and local governments.

3.3. Improve Service Delivery

The decentralization framework has strengthened local governments to be effective governance and service delivery entities. Comprehensive Local Government legislation has enhanced citizen participation and empowered District Councils to engage in meaningful discussions and ensure accountability. Lower-level councils, including sector cell and village levels, are now more legitimate and legally recognized. Decentralization has led to significant improvements in health and education services at the local level. By empowering local governments to manage these services, Rwanda has seen enhanced access and quality of care. Local authorities are better positioned to identify community needs and tailor services accordingly, resulting in more effective health and education outcomes.

Infrastructure development is another critical area where local governments have made strides. With the authority to manage infrastructure projects, local entities have improved rural connectivity and access to essential services. This empowerment has enabled communities to undertake development projects aligned with their unique needs, fostering a sense of ownership and responsibility. Citizen feedback mechanisms, such as the "Umushyikirano" (national dialogue), promote accountability and responsiveness in service delivery. These platforms allow citizens to voice their concerns and provide input on local governance, ensuring that officials remain attuned to the community's needs. Such initiatives enhance transparency and foster trust between citizens and their local governments.

3.4. Improve Local Economic Development

Local Economic Development (LED) continues to be a flagship priority area of the G&D Sector. LED is a core component of Rwanda's decentralization process. The most significant contribution of the G&D sector in the context of national economic transformation is ensuring equitable economic growth across the country, creating jobs for the youth, women, and rural communities, and expanding the local revenue base for districts. Investments in LED-related activities over the NST-1 period contributed to equitable growth across the country, helping to create 942,324 jobs during the period 2017-2021. This represents 87.95% of the targeted (1,071,425) jobs during the first 5

years of NST-1. Corporate income tax (CIT) payers, an indicator of formal enterprises actively engaged in business, more than doubled from 64,856 in 2018/19 to 135,031 in 2022/23. Equally important was the increased spread to provinces outside Kigali (from 51% to 60%).

In the last seven years, critical economic infrastructure has been expanded and modernized across all districts in the sectors of transport (road networks), agriculture and rural development (establishment and maintenance of radical terraces and irrigation systems), trade and youth employment (integrated crafts production centers), and other strategic infrastructure in districts. Considerable infrastructure and other economic investments have been made to modernize the six secondary cities and position them as regional innovation and growth centers.

The Local Administrative Entities Development Agency (LODA) has contributed immensely to mobilizing and coordinating local development financing and facilitating investments in local development priorities across all districts. From starting as the Common Development Fund (CDF) in 2003 with only GoR financing commitments amounting to 1.5% of the previous year's revenue, LODA has coordinated significant resource mobilization and provided diversified financing support for infrastructure and other development domains across LG entities.

3.5. Increase Intergovernmental fiscal transfers and local government's own source revenues

Over the last seven years, despite economic challenges at the local, national, and international levels, worsened by the COVID-19 pandemic and the intensification of climate-related disasters. Local Government Own Source Revenue (OSR) collections increased from Rwf 60.6 billion in 2018/19 to 86.5 billion in 2022/23 (RRA, 2023). Several reforms and innovations brought this about, including cooperation arrangements with the Rwanda Revenue Authority (RRA), which improved revenue forecasting and assessments, taxpayer mobilization and education, and efficient recovery powered by ICTs. Local Government actors have, however, pointed at gaps, underscoring the need to review and adapt the collaboration framework to ensure that LGs retain responsibility for OSR collection and use as part of strengthening fiscal decentralization.

Local Government operations that earmarked funds do not cover continue to be hampered by meager block transfers, which have remained below the 5% threshold of the previous year's revenue set out by the law over two decades ago. In the medium-term expenditure framework (MTEF) for 2019/20-2022/23, block grant transfers were increased marginally from Rwf 59,215,473,965 in 2019/20 to Rwf 70,939,802,042 in 2022/23 (MINECOFIN & GIZ/GOPA, 2023). This level of funding is not enough to meet the administrative needs of the LGs, even staff salaries, for which most LGs allocate the entire block grant transfers. In 2019, for instance, salaries in LGs accounted for 103% of the transfers, and yet LGs are supposed to meet other operational expenditure priorities using these grants. MINECOFIN, MINALOC, and partners (GIZ) have embarked on reviewing the formula for allocating block grants. The new formula considers administrative burdens (e.g., number of lower-level administrative units) and is expected to be operational in FY 2024/25.

3.6. Leveraged Information and Communication Technologies (ICT) to deliver essential services to citizens

This has enabled the country to reap dividends through consistently high satisfaction levels with public services. It has enabled efficient execution of some public sector transactions and improved decision-making. The infrastructure capacity gaps, notably unreliable electricity, internet affordability, inadequate coverage of basic infrastructure for ICT services in some areas, and, more importantly, low levels of digital literacy, with only 31.5% of the population aged 15 years and above being considered digitally literate, could slow down the vision of ensuring universal access to services. The local Government's capacity to deliver full-scale digital services remains limited, especially at the cell level.

Digital expansion has significantly expanded access to services for the Rwandan community abroad (RCA). In 2023, Rwanda developed the Rwanda Community Abroad Management Information System (RCA-MIS) to provide Rwandans living abroad access to information and opportunities while improving service delivery. This platform aims to enhance communication and support for the diaspora community, ensuring their needs are met efficiently. A portal developed for self-registration and consular card requests by

RCA members through embassies and the Diaspora Unit has helped streamline member registration.

Local Governments have improved data collection and storage infrastructure by introducing multiple automation systems. They include management information systems ranging from integrated financial management information (IFMIS) and land management information systems (LMIS) to social data and education management information systems. These digital tools strengthen the evidence base, which could be further enhanced when further integration of these information systems is realized.

3.7. Increase the Participation of Civil Society

Civil society is a critical partner and has significant potential to contribute to advancing good governance, citizens' mobilization, awareness raising, and empowerment. This would lead to meaningful participation by citizens in governance processes and development efforts and promote transparency. The National Policy on Civil Society (MINALOC, 2018) recognizes the contribution of CSOs across the spectrum in the transformation journey of the last three decades, from emergency humanitarian support and psycho-social and basic welfare support to citizens' mobilization, service delivery and empowerment processes.

Many civil society organizations, including faith-based groups, have been working to complement LGs in service delivery, while some, albeit very few, are involved in policy advocacy and activism. Impact of CSO-supported interventions on citizens' participation, rights-based programming, and local accountability, especially around policy implementation and decentralized budget monitoring to enhance efficiency and citizen-centered service delivery, needs to be documented and used to inform the formulation of progressive governance and development policies.

3.8. Increase the Role of Media in Citizen Participation

Vibrant independent media are an essential actor and catalyst in promoting civic education, enabling and enhancing citizens' access to information, and compelling local governments to be transparent and accountable. Over the last seven years, diverse media platforms have evolved with varying editorial orientations, ownership, and

geographical spread. Records from the Rwanda Media Council (RMC) and the Rwanda Utilities Regulatory Authority (RURA) indicate that, as of January 2023, there were at least 19 Television (TV) stations, 33 radios, and 148 registered online publications, among others. There are, however, questions about how they contribute to creating awareness about LG issues among citizens and, as a result, to promoting or enhancing accountability.

3.9. Expand Diplomatic Reach

Rwanda has expanded its diplomatic reach, enhancing its visibility, positioning, and contribution to international peace, security, and global trade. It has also enhanced service delivery to citizens abroad. Rwanda championed the signing of the African Continental Free Trade Area (AfCFTA) Agreement in 2018, which entered into force on 30 May 2019. As of August 2024, 54 out of 55 countries had signed the agreement, while 47 countries had ratified it.

In addition, the GoR has, since 2019, established 14 new diplomatic missions in Accra, Amman, Bangui, Budapest, Conakry, Doha, Harare, Islamabad, Jakarta, Maputo, Rabat, Warsaw, Prague, and Riyadh. This increased the number of Rwandan diplomatic missions to 47, significantly enhancing the country's global presence, capacity for international engagement, and provision of essential services to citizens and potential visitors in different geopolitical landscapes. The Diplomatic missions are increasingly positioned to enhance inclusive, accountable governance and catalyze accelerated socioeconomic transformation through mobilization platforms for citizens abroad and potential visitors and investors, showcasing cultural, social, and economic opportunities, facilitating institutional twinning and cooperation at different levels, among other services.

Rwanda pursued new bilateral partnerships and strengthened existing ones with various countries across different regions, focusing on trade, investment, security, and development cooperation. This has opened opportunities for business and employment and enhanced youth access to knowledge and skills development. Over 66 Joint Permanent Commissions were established with various countries, including inaugural sessions with Mali, Zimbabwe, Botswana, Angola, and Senegal. These triggered

enormous benefits reflected in the numerous MoUs and agreements signed, such as General Cooperation Agreements, Double Taxation Avoidance Agreements, Bilateral Air Services Agreements, etc.

Rwanda is host to at least 45 resident foreign diplomatic missions and 72 non-resident diplomatic missions. This has further expanded opportunities for international cooperation in various development domains. As a result, the various international meetings and conferences hosted in Kigali are expected to support LED positively. Rwanda has expanded and sustained its multilateral engagements through, inter alia, active membership in at least 201 international organizations, of which it hosts 35 regional and international organizations. It has also actively engaged in various multilateral forums relevant to the sector. These include the East African Community (EAC), Economic Community of Central African States (ECCAS), African Union (AU), United Nations (UN), and Commonwealth and Common Market for Eastern and Southern Africa (COMESA), among others.

3.10. Local Governments remain central to Rwandans' achieving their long-term aspirations

The central government and non-state partners have depended heavily on LGs to make public investments in health care, education, agriculture, and infrastructure, contributing to the remarkable economic growth and progress in human development under NST-1. However, gaps in the policy and institutional environments undermine their performance and sustained progress, particularly in the coordination and collaboration framework with line ministries and other central government agencies.

4. DISCUSSIONS

4.1. Low Citizens' Participation in Planning and Budgeting

Despite progress in citizen participation, significant improvements are still needed to incorporate citizens' voices fully into planning and budgeting. Citizen Participation in planning and budgeting is currently low (65.6%), which affects funding priorities. The participation of diverse groups like youth, women, and people with disabilities in planning and budgeting is limited.

4.2. Need for Restructuring of Local Government Structure

Currently, Local Governments are overwhelmed by heavy workloads amidst frequent demands from multiple stakeholders, particularly central government institutions. They continue to be understaffed and logistically constrained. The local government structures need restructuring to perform their functions properly. For example, only two staff at the cell level are insufficient to improve service delivery at the ground level. The six secondary cities recently increased to nine with the addition of Kayonza, Kirehe, and Karongi, and the two satellite cities of Rwamagana and Bugesera have unchanged organizational structures. This implies that these districts have not been facilitated in adapting their structures and functions to the needs of the envisioned urban hubs of business and varying economic demands.

4.3. Budget Constraints

Local governments in Rwanda often face budget constraints that can impede service delivery. Limited financial resources restrict their ability to implement projects and meet the needs of their constituents. This challenge underscores the necessity for a more equitable allocation of resources to support decentralized governance. Local governments (LGs) struggle to address citizen-identified priorities in their annual action plans due to budget constraints, which limit their financial autonomy.

4.4. Gaps in Local Government Capacity Development

The Gaps in Local Government Capacity Development are institutional, organizational, and individual gaps:

a) Institutional Gaps

Local Government Capacity Development struggles with institutional gaps, including poor coordination between central and local governments and outdated legal frameworks, which hinder effective governance. Additionally, the lack of a National Qualification Framework and insufficient budgeting for capacity initiatives obstruct professional development and progress, underscoring the need for a more supportive capacity-building environment.

b) Organizational Gaps

Organizational gaps, including poorly defined job descriptions and inadequate infrastructure, hinder LGCD's effectiveness by causing confusion and reducing productivity. Furthermore, lack of coordination in capacity development, budget constraints, and inefficient application processes limit access to training opportunities, ultimately stifling local governance growth and efficiency.

c) Individual Gaps

Gaps in training and orientation lead to inadequate preparedness among local government staff, as inconsistent onboarding and specialized training often overlook their unique needs. Additionally, weak leadership capabilities and a mismatch between training content and relevance hinder effective decision-making, highlighting the need for tailored interventions that address the specific demands of local governance.

4.5. Low Digital Literacy, Inadequate Support Infrastructure Coverage, and Limited Digital Capabilities of Local Governments

Low digital literacy (31.5%), inadequate infrastructure, and limited local government capabilities hinder the scaling up of digitalized service delivery despite high mobile phone penetration (95.3%). Initiatives like the Connect Rwanda Initiative aim to improve access by providing smartphones to marginalized groups, but challenges such as poor internet connectivity and insufficient local government resources continue to impede effective service delivery. Infrastructure limitations significantly hinder the implementation of decentralization policies due to inadequate technological and physical resources and skill gaps. These challenges, inconsistent regulations, and financial constraints create uncertainty and prevent effective community engagement with decentralized systems.

4.6. Civil Society still faces Challenges that need to be addressed

Civil society in Rwanda has seen growth and clearer roles, yet it still faces significant challenges, particularly at the local level, where its contributions are underwhelming. Local CSOs grapple with internal governance issues, lack clear missions, and face resource constraints, hindering their ability to engage effectively in public policy initiatives despite a more supportive operational environment.

4.7. Media Capacity Deficit

Despite diversification, media struggles with limitations that hinder its effectiveness in policy dialogue and citizen engagement, as highlighted in Vision 2050, which envisions a vital role for media in promoting participation and accountability. A new National media policy aims to enhance access to information and address the challenges posed by digital platforms, but significant capacity gaps among media institutions and practitioners remain obstacles to leveraging opportunities for governance transformation.

4.8. Inadequate Coordination and Integration

Some LG officials have difficulty coordinating between different levels of government, which can lead to potential overlaps in responsibilities and inefficiencies. Inadequate coordination and integration severely impede decentralization, causing fragmentation of efforts, inefficient resource allocation, and communication barriers, ultimately undermining local governance's goals.

4.9. Ineffective Monitoring and Evaluation System

The absence of an effective M&E system hampers decentralization by undermining accountability and resource allocation, leading to inefficiencies and corruption. Additionally, it limits feedback mechanisms and data-driven decision-making, which can erode public trust and hinder capacity building in local governance.

5. CONCLUSION

5.1. Summary of the Main Findings

Rwanda's decentralization journey has shown promise in enhancing governance and service delivery. The efforts to empower local governments and promote citizen engagement reflect a commitment to inclusive development. However, addressing the challenges and leveraging opportunities will be crucial for achieving sustainable and inclusive development at the local level. By focusing on capacity building, resource allocation, and citizen participation, Rwanda can continue strengthening its decentralization efforts and fostering resilient communities.

5.2. Recommendations

Enhancing training programs for local officials is essential to improving the effectiveness of decentralization in Rwanda. Focusing on practical skills and management training will better equip them to tackle the challenges they face in governance and service delivery.

Strengthening citizen engagement through targeted awareness campaigns is crucial for encouraging active participation in governance. Educating citizens about their rights and responsibilities can enhance community involvement and accountability in local decision-making processes.

A comprehensive review of JADF's operations is essential to identify factors affecting its effectiveness and to improve collaboration among civil society, local government, and other local actors.

Reviewing the local government organizational structure is important to align its framework with functions, enhance the capacity of service delivery entities closest to citizens, and improve responsiveness and efficiency in meeting community needs.

The institutional framework for local own-source revenue (OSR) needs to be reviewed to put LGs at the center and improve revenue administration efficiency

Civil society organizations (CSOs) should enhance their technical capacities and strategic communication while collaborating with local governments and stakeholders to effectively complement government services, analyze policies, disseminate information, provide civic education, and monitor policy implementation.

Establishing robust monitoring and evaluation frameworks is vital for assessing the effectiveness of decentralization initiatives. Regular evaluations can provide insights into successes and areas for improvement, guiding future policies and practices.

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