



MINALOC



RWANDA FISCAL DECENTRALIZATION PROJECT

FINAL REPORT



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Foreword and Acknowledgments

Under recent fiscal decentralization policies, new responsibilities have been devolved to local governments. For decentralization to be successful, however, newly empowered local governments have to be effective and transparent, as well as enjoy some degree of fiscal autonomy and receive sufficient resources.

Beginning in September 2001, the USAID-funded Fiscal Decentralization Project (FDP) supported decentralization in Rwanda. The project worked closely with the Ministry of Local Government, Community Development and Social Affairs (MINALOC), other national- and local-level officials, and—most importantly—local citizens. Participation and self-motivation are key elements for successful implementation, ensuring that the needs of citizens and local-level governments are indeed incorporated into the fiscal decentralization process.

The successful implementation of FDP involved the collaboration, support, and consultations of numerous individuals. On behalf of the entire FDP Team, we are grateful for the following support. FDP wishes to thank the Hon. Minister of Good Governance, Mr. Protais Musoni, and Mr. Eugène Barikana, SG (MINALOC) for their guidance and support. We also acknowledge our key counterparts at MINALOC, including Mr. Paul Jabo, Mr. Desiré Nsabimana, Mr. Sam Rwahama, Mr. Alexandre Semarinyota, and Mr. Alexis Dukundane. Last, but not least, special thanks to Pierre Munyura of USAID for his tremendous support, understanding, and friendship.

— Henry Kellam III
Chief of Party



Acronyms

ATOT	Advanced Trainer of Trainers
CAS	Community Accountability Specialist
CDC	Community Development Committee
CDF	Community Development Fund
CIPFA	Chartered Institute of Public Finance and Accountancy
CEPEX	Central Public Investment and External Finance Bureau (Ministry of Finance)
CG	Central Government
CIPFA	Chartered Institute of Public Finance and Accountancy
CoK	City of Kigali
DS	District Services
FD	Fiscal Decentralization
FDD	Fiscal Decentralization Data
FDP	Fiscal Decentralization Project (USAID/ARD)
FM	Financial Management
GoR	Government of Rwanda
GTZ	Gesellschaft für Technische Zusammenarbeit
IDS	Institutional Development and Support
IFAC	International Federation of Accountants
IPSAS	International Public Sector Accounting Standard
LABSF	Local Authorities' Budget Support Fund
LG	Local Government
LGFD	Local Government Finance Department
MINALOC	Ministry of Local Government, Community Development and Social Affairs
MINECOFIN	Ministry of Economics and Finance
MINEDUC	Ministry of Education

MINIFRA	Ministry of Infrastructure
MINISANTE	Ministry of Health
NDIS	National Decentralization Implementation Secretariat
NGO	Nongovernmental Organization
Nyumba Kumi	The lowest-level administrative unit
PED	<i>Programme Paix et Décentralisation</i>
RALGA	Rwandese Association of Local Government Authorities
RICAM	Rwanda Increased Community Accountability Model
RRA	Rwanda Revenue Authority
SDF	Sustainable Development Fund
TOR	Terms of Reference
TOT	Training of Trainers

Project Background

Following the genocide in 1994, the Government of Rwanda (GoR) seized on decentralization as a key strategy in promoting national reconciliation, power-sharing, and participatory development at the local level. In 2000-2001, the GoR first adopted a National Decentralization Policy, and then a Fiscal and Financial Decentralization Policy. To support this reform effort, USAID selected ARD, Inc. to support the GoR via the Fiscal Decentralization Project (FDP), Task Order No. 805 under the USAID/ARD Governance – Decentralization, Participatory Government and Public Management Indefinite Quantity Contract (Contract No. AEP-1-00-00-00016-00).

ARD launched the FDP in September 2001. ARD/FDP worked in partnership with a number of Government of Rwanda counterparts in implementing this activity, the primary being the Ministry of Local Government, Community Development and Social Affairs (MINALOC). The Project ended 30 September 2004.



Expanded Activities in the Final Year

FDP was initially selected to work in four areas: Fiscal Decentralization Policy (FD), Financial Management (FM), Institutional Development and Support (IDS), and District Services (DS). A fifth component, Rwanda Increased Community Accountability Model (RICAM), was added in the final year.

From September 2001 until December 2003, FDP concentrated primarily on helping the GoR develop an appropriate approach to financial management for district governments, and then providing training and coaching to district-level officials in these systems. In January 2004, under a new Chief of Party and with a strengthened team, FDP increased activities. To plan for and launch final-year activities, in January 2004 FDP, MINALOC, and other partners held a four-day workshop in Ruhengeri Province. The workshop objectives were to build a shared vision and common understanding between the FDP Team and the GoR regarding: 1) the current state of fiscal decentralization in Rwanda; 2) key contractual deliverables for FDP; 3) priorities and implementation strategies and plans for major streams of activity for Year 3 of FDP; and 4) ongoing coordination framework for the FDP and GoR counterparts.

FDP Components

ARD/FDP supported the fiscal decentralization process in the following component areas:

1. **Financial management.** This component supported MINALOC in developing the overall framework for district-level financial management.
2. **Institutional development and support.** This component took the high-level framework for district financial management and translated it into training manuals and materials suitable for use at the local level. Then the component team provided in-depth training and ongoing coaching of district officials in the new systems and procedures.
3. **Fiscal decentralization policy.** This component assisted the GoR in developing key policies and programs related to fiscal decentralization, including revenue transfers to local governments.
4. **District services.** This component helped local governments to undertake newly devolved service responsibilities including by means of, most notably, pilot activities in solid waste collection and recycling.
5. **Rwanda Increased Community Accountability Model (RICAM).** This component sought to improve transparency at the local level via increased public accountability.

FDP: Key Accomplishments

Among its other impacts, FDP accomplished the following:

Financial Management / Institutional Development and Support

- ✓ Improved district-level financial management systems developed
- ✓ Virtually all District Accountants in Rwanda trained and coached on an ongoing basis
- ✓ Financial data captured from about 90 percent of districts and provided to the GoR

Fiscal Decentralization Policy

- ✓ Formulae for key revenue transfers (common development fund, equalization) developed; later incorporated into legislation
- ✓ Policy and legal guidance regarding formulation of a property tax

District Services

- ✓ Three associations in pilot districts in Kigali routinely collecting refuse from some 10,000 households, while collecting higher tariffs in association with City of Kigali
- ✓ Associations preparing and selling compost and fuel briquettes using recycled materials
- ✓ Decrease in solid waste sent to the landfill
- ✓ Expected decrease in deforestation as sale of cheaper briquettes reduces demand for charcoal
- ✓ Associations on verge of achieving sustainability due to increased revenues from tariffs and sale of new products*
- ✓ Some 340 persons employed in associations—mostly poor, low-skilled women

RICAM

- ✓ Innovative models to fight corruption via citizen participation piloted

Other

- ✓ A pool of 25 + consultants trained in participatory methods

* This goal was in fact achieved during a short (two-month) extension of project activities, following the formal close of FDP in September 2004.

FDP Component Deliverables

Under the contract for FDP, ARD was charged with carrying out a series of deliverables. We grouped those deliverables according to our five project components listed above.

Below we describe, component by component, our success at carrying out each contract deliverable. The submission of contractual deliverables is summarized in Annex A. Most of these deliverables were provided in their final form to MINALOC and USAID in a CD at the close of the project.

1. Financial Management (FM) Component

Following the “Fiscal and Financial Decentralization Policy” established in Rwanda in May 2001, it became necessary to provide new technical tools in financial management to the nascent local government authorities.

FM1. Options Paper on Financial Management System for Districts

Objective: To have a manual for Financial Management applied to the districts.

Achievements: MINALOC and FDP developed the “Financial Management and Accounting Procedures for Local Governments in Rwanda” manual. This was approved by Ministerial Decree No. 01/07/06 of 13/01/2004. The FM Component also submitted a preliminary analysis for “Budget Execution and Financial Position of Local (District) Governments in Rwanda” to Minister Musoni of MINALOC.

FM2. Procedure Manuals for FM Systems

Objective: To develop a series of manuals of procedures for FM systems, based on the core set of policies described above (FM1). This is a step toward the institutionalization of financial procedures in the districts, with resulting increases in accountability and transparency.

Achievements: Technical manuals on the three main financial systems were presented to MINALOC for their review and approval. The manuals and their main principles and contents are as follows.

Accounting

- ♦ Local governments in Rwanda will use the Modified Accrual Basis, as described by the International Federation of Accountants (IFAC). Under this basis of accounting, expenditures are recognized as soon as they are incurred while revenues are recognized only when they are actually received.
- ♦ IFAC and International Public Sector Accounting Standard (IPSAS) will guide the accounting.
- ♦ Information will be provided that is useful to members of the District Council and other stakeholders (Province, MINECOFIN, MINALOC) in their financial management decisions.
- ♦ Information will be provided about the economic resources of the district that is useful in predicting future (cash flows) and their likelihood.
- ♦ Revenues and expenditures will be reported accurately on a timely basis.
- ♦ Transaction rules are reflections of the accounting standards and charts of accounts, which, in turn, determine how business events are recorded and reflected.

- ♦ The bank reconciliation process helps to validate the overall reliability of accounting records maintained by the local government.

Budget

- ♦ The budget will reflect the community objectives identified at the planning level.
- ♦ The final document will be widely disseminated and with open access to revise the budget.
- ♦ The budget will be complete, meaning that no expenditures or revenues can be executed outside of the budget definition.
- ♦ Simple classification is introduced for identifying both expenditures and revenues.
- ♦ The funding concept will serve to identify the origin of resources and destination. This will help in identification and reporting to donors.
- ♦ The budget process seeks harmonization with budget procedures at the central government level.
- ♦ The forms allow for measurement of success according to objective indicators of completion. They also provide tools for budget evaluation.

Treasury

- ♦ These procedures follow the Code of Practice on Treasury Management developed by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- ♦ Establishment of the treasury system in the local governments of Rwanda will increase existing transparency, accountability, and anti-corruption practices.
- ♦ The treasury system is fulfilling the role of avoiding potential negative consequences resulting from excessive indebtedness of local governments by monitoring the course of revenues and expenditures, the lending strategy, cash management, and financial planning.
- ♦ Implementation will influence the process of budget preparation based on treasury reports, and will improve the budget evaluation process.
- ♦ Public finances will bring significant positive changes in the use of donors' and taxpayers' money. Changes will result in more transparent and above all less wasteful district budgets.
- ♦ The treasury system will help establish a close relation between accounting and budgeting systems by reducing existing discrepancies between budget formulation and real execution, reflected in accounting reports.

Component Impacts

1. The quality of accounting information that is now produced in a large share of districts creates a unique opportunity for better management of resources and higher levels of reporting.
2. Implementation of the Budget and Treasury Systems will allow the central government to have a coherent financial picture of the districts.
3. The manuals are based on high worldwide standards, but also take into consideration Rwandan reality and potential.
4. The districts account for more than 10 percent of the total government expenditure. Giving local governments enough capacity to properly manage such an amount will improve the global decentralization process in Rwanda.

Component Sustainability

1. The decentralization process is at an early stage in Rwanda; therefore, FM Component activities and deliverables should be continued.
2. Since highly qualified technical assistance is required to develop the manuals, it is advisable to have external support to provide such assistance on a sustained basis.
3. To achieve sustainability of the Financial Management Systems' implementation, it is necessary to have the whole set of FM System manuals developed, approved by MINALOC, and tested in the field.
4. Sustainability of the achievements accomplished to date is in jeopardy if the three systems together do not function in districts as an integrated core. No individual working of any system can last long.

Recommendations and Conclusions

Further support in the area of financial management, including the computerization of FM systems, will lead to increases in the levels of transparency and accountability in local governments.

Next Steps: After all the above procedure manuals are approved by MINALOC, they should be aggregated and complemented to produce a comprehensive FM manual. After this comprehensive manual is established, it is advisable to develop the following documents:

- ♦ Strategic and Operational Planning System
- ♦ Personnel Administration System
- ♦ Administration of Goods and Services System (includes Tendering Process)
- ♦ Roles and Responsibilities in FM at Local Governments
- ♦ Audit Control Manual
- ♦ Categorization of Codes and Descriptions used in FM Systems.

Technical assistance may be required to develop these financial systems to ensure that they follow international and accepted standards of transparency and accountability.

2. Institutional Development and Support (IDS) Component

This component takes systems and procedures developed by the previous (FM) component and adapts them to train local officials. Deliverables were as follows.

IDS1. Manual and Automated FM Systems Installed in Pilot Districts; Staff fully Trained

The Institutional Development and Support (IDS) Component is responsible for promoting capacity building and program sustainability among local government institutions by developing and providing an effective training program. Effective and transparent financial management is fundamental to the functioning of districts. It helps them to use resources effectively in providing basic services. Financial management capacity engenders the trust that helps to attract resources from citizens (taxpayers), the central government, and donors.

Achievements

1. **Nationwide coverage:** The ARD/FDP has played a big role in developing the financial management capacity of local governments. The project has trained 108 accountants in all the districts, and 15 inspectors in district finances at the provincial level.
2. **Initial in-depth training of accountants:** Accountants have benefited from this training. The two-week initial sessions addressed principles of accounting systems, problems, case studies, and practice on accounting books to consolidate accounting practices for preparation of reliable financial reports. By mid-2003, the FDP had provided this in-depth training to district accountants from all provinces (see below).

NO. OF ACCOUNTANTS AND INSPECTORS TRAINED BY FDP				
Province	Number of Districts	Accountants Trained	Inspectors Trained	Dates of Initial Training
City of Kigali	8	8	1	September 2002
Byumba	9	11	1	September 2002
Kibungo	10	10	2	November 2002
Cyangugu	7	7	1	November 2002
Butare	10	12	1	January 2003
Gikongoro	7	7	1	January 2003
Kibuye	6	6	2	March 2003
Gitarama	10	10	2	March 2003
Ruhengeri	11	11	1	June 2003
Gisenyi	10	10	1	June 2003
Kigali Ngali	10	9	1	August 2003
Umutara	8	7	1	August 2003
Total	106	108	15	

3. **Follow-up training and coaching:** In addition, during late 2003 and 2004, new accountants received follow-up training and coaching that enabled them to institutionalize their use of the new systems. Follow-up training targeted accountants from Buriza in Kigali Ngali; Bugarura in Ruhengeri; Mirenge, Cyarubare, and Kigarama in Kibungo; Kabare and Muvumba in Umutara; and Kayumbu and Muhanga in Gitarama.
4. **Training for Senior Officials and District Councils:** FDP provided additional training for senior officials and district councils to interpret financial reports and set policy. We developed a guide for interpretation on financial reports and function separation. This training was implemented in Byumba, Kibungo, Gitarama, Butare, Gikongoro, Kibuye, Gisenyi, Ruhengeri, and Kigali Ngali.
5. **Presentations of financial reports by accountants to the executive committees:** One-day presentations of the accounting system for members of executive committees were organized in districts in the Provinces of Byumba, Kibungo, Butare, Gikongoro, Gitarama, Kibuye, Gisenyi, Ruhengeri, and Kigali Ngali. Accountants presented an overview of the accounting system and the interpretation of the financial reports.
6. **Distribution of accounting ledgers for the accountants during 2004:** Ninety-three (93) percent of all the districts received accounting documents. The accounting books are organized as follows: Trial Balance Registers, Liabilities, Fixed Assets, Commitments,

Financial Reports, Journal and Ledgers, Revenues, Expenditures, Accumulated Surplus, and Program Budget Memorandums.

7. **Training of provincial inspectors:** In February 2004, FDP trained province-level inspectors on monitoring the accounting system and reviewing financial reports. This has helped the provinces to become more directly involved in the monitoring of the reporting system.
8. **Meetings with provincial authorities:** Emphasis was placed on meeting key provincial staff in order to increase the number of provinces actively involved in the follow-up of financial management. As a result, the number of monthly reports produced by the accountants increased greatly and the inspectors have started to send financial reports to the Ministry. Most provinces now hold regular meetings with accountants and executive secretaries of the districts to monitor the achievements by the districts.
9. **Training of district auditors and executive secretaries in collaboration with other partners:** FDP prepared training programs for auditors, executive secretaries, and vice-mayors on finance and economic development in Ruhengeri (in partnership with Helpage Rwanda), training of accountants and auditors in Kibungo (in collaboration with GTZ), and training of officials in Kibuye (in collaboration with the PED project funded by Suisse Cooperation).
10. **Financial data collection:** Using financial information produced by districts, FDP captured data from 90 percent of districts for the year 2003-2004 and transmitted that information to the Central Government. A preliminary analysis for budget execution and financial position of local government in Rwanda was possible.

IDS2. Manual and Training Curriculum Replicated and Disseminated to Other Districts

1. Training of Trainers in financial management at the introductory level took place in Kibuye in November 2002 and in Gahini in February 2003. These two training sessions aimed to improve the ability of trainers to deliver financial management capacity-building programs by using appropriate training and coaching techniques and materials, as well as to prepare, organize, and effectively manage workshops using adult learning techniques. An intermediate Training of Trainers session took place in Kinigi Ruhengeri in August 2003. Participants were trained in communication skills, training tools and methods, trainers' performance, coaching, and effective teamwork.
2. An advanced Training of Trainers session was held in Kibuye in May 2004. Participants were trained on training needs assessment, skills to analyze the target groups, detailed design, and other training matters.
3. A 'Budget Management Training Manual' was prepared by the FDP Financial Management Component to enhance the budget system for local governments.

Component Impacts

The IDS Component's primary goal was to build financial capacity and sustainability for local governments. In order to achieve this, the IDS Component helped districts to develop and maintain their own financial reports. The models, mechanisms, and materials used were based in the core guidelines developed with MINALOC under the Financial Management (FM) Component (see above). Because of this assistance, local governments are now able to make more reliable management decisions as well as prioritize needs for the preparation and execution of their respective budgets.

The ability of districts to thus generate reliable financial information has greatly raised the trust that the central government and donors place in the transparency and accountability of districts. As a result, districts are now capable of developing, maintaining, and using the following key financial tools:

- ♦ Comprehensive description of their financial situation;
- ♦ Comparison of their revenues and expenditures;
- ♦ Statement of their cash flow;
- ♦ Comparison of their appropriations, corresponding expenditures, and encumbrances that constitutes a budget execution and monitoring tool;
- ♦ Performance overview of their revenue collection; and
- ♦ Bank reconciliation of their statements.

This helps the local government sector to protect and consolidate its gains, paving the way for further decentralization in the future.

Component Sustainability

FDP has trained more than 25 local consultants in financial management. This pool of consultants will be available to help MINALOC in the future in ongoing training and coaching of local officials.

Recommendations and Conclusions

Although FDP has done considerable training in financial management, assisting local governments to embrace a system of internal control with different responsibilities will involve ongoing and expanded sensitization and formal training. Additional training in accounting will be necessary because of staff turnover.

MINALOC should collaborate with donors and NGOs to build on the achievements of FDP. In doing so, MINALOC should draw on the FDP 'pool of trainers' to help local governments sustain their financial management systems.

3. Fiscal Decentralization Policy (FD) Component

The Fiscal Decentralization Policy (FD) Component, as the name suggests, is considered the core of the Fiscal Decentralization Project (FDP). In the past eight months, the FD Component has conducted serious studies that have useful findings and caveats for the Government of Rwanda (GoR) and USAID. In addition to yielding substantial policy impacts, the component also sparked discussion and initiated fiscal policy debate amidst FDP stakeholders (e.g., the World Bank, IMF, and the rest of the bilateral donor governments).

The FD Component was mandated to advise the GoR through MINALOC on local government fiscal austerity measures, such as enhancing own-source revenue generation capacity of the local governments, identifying revenue-sharing dimensions, prioritizing the expenditure responsibility, minimizing the intergovernmental transfers, designing sustainable local government financial ability, and assessing the administrative costs of implementing fiscal decentralization for the GoR.

FD1. Fiscal Decentralization Data Manual (Revenue-Expenditure Model)

Objective: The Fiscal Decentralization Policy Component designed and organized Fiscal Decentralization Data (FDD). This data forms the basis for the Revenue-Expenditure Model

development. The data is organized at two levels. First, there is a central government-level data set that contains data collected from national agencies such as the Rwanda Revenue Authority (RRA), Common Development Fund (CDF), the Meteorology Unit, the Central Bank, and the Census Coordination Unit. This data set also includes information from Ministries including MINALOC, the Ministry of Economics and Finance (MINECOFIN), the Ministry of Health (MINISANTE), the Ministry of Infrastructure (MINIFRA), and the Ministry of Education (MINEDUC). Second, there is Local Government (LG) data, including monthly district financial reports and other district-specific characteristics data such as population, area, rainfall, and land physical features.

Achievements: These two levels of data have been compiled into a workable data set, which is available in SPSS statistical software. In addition to creating FDD, we also developed the following:

- ♦ 'Data Entry Software' based on CSPRO software. This has an advantage of simplifying data entry procedures and preparation of a portable data set.
- ♦ An FDD Manual explaining how to use this new data set. It will be useful to various stakeholders such as MINALOC staff, mayors, district executive secretaries, accountants, auditors, inspectors, policymakers, researchers, and analysts for informed decision making.

FD2. Rwanda Intergovernmental Equalization Formula and Conditional Grant

Objective: The FD Component was to develop a model based on revenue capacity and expenditure needs of districts. Bearing in mind the needs of the client, we completed this deliverable by helping the GoR develop an 'equalization formula' to facilitate the allocation of the two streams of transfers. The first transfer is a general fund that is unconditional and aims at supporting the local governments' budgets (LABSF). The other one is a conditional grant allocated by Common Development Fund (CDF) that seeks to bring equity among differing location jurisdictions. Together, these two grants will address horizontal and vertical equity issues that exist within the 11 provinces and their 106 districts in Rwanda.

Achievements: The developed formulae have many attributes that characterize a good transfer system. They use a minimum amount of readily available data. Proposed projects are discussed at the district and town levels, then at prefect-level meetings, and are finally approved by the Cabinet. Finally, to facilitate implementation, FDP created a 'toolkit' that calculates distributional shares based on inbuilt mathematical parameters.

FD3. Property Tax Installed in Two Districts

Objective: FDP helped the City of Kigali pilot property tax implementation in Nyarugenge District. The intention was to develop a local tax model that could be replicated in the rest of the country, and secondly, to test the applicability of the fixed asset tax law as implemented by a local government.

Achievements: The FDP team helped the CoK develop a Property Tax Register or Tax Roll for the Nyarugenge District, where about 6,000 houses/buildings are captured and established to be potential taxpayers. The FD Component completed the *Fixed Asset Tax Draft Manual* and then updated it based on the current laws. The FDP team provided technical support for the entire City of Kigali on how to run a taxpayer sensitization campaign; this is expected to result in increased revenue collection for 2004. In addition, FDP has examined Law No. 17/2002 as modified by Law No. 33/2003, that empowered the local governments to levy certain taxes, and proposed areas that need reform and loopholes that need to be plugged.

FDP participated in the property tax census activities for CoK and specifically assisted in capturing data for the pilot district (Nyarugenge).

FD4. Paper on Property Tax Implementation in Rwanda: Pilot Study

Objective: This study documents all the developments and lessons from implementation of the property tax in the pilot district mentioned above. Best practice examples from other countries have been drawn to offer a comparable analysis.

The study begins by reviewing the existing property tax system based on the pilot district. It covers the entire sequence of steps involved in administering the property tax including discovery and identification, valuation, rate setting, billing, and collection. The study recognizes that the property tax system is constrained by a narrow tax base. FDP recommends that the administrative cost to the districts of collecting this tax be as low as possible to allow for positive net revenues.

Next the study identifies and discusses sources of revenue losses, the number of properties missing from the tax rolls, valuation accuracy, setting of the nominal tax rates, granting of exemptions, and tax coverage and collections. It then analyzes the environment in which reform must operate. It assesses the pluses and minuses of the prevailing market system. Finally, the study outlines a property tax rehabilitation strategy, explaining the major phases of the work and the institutional arrangements for implementing them.

FD5. Paper on Setting Ranges for Rates of Local Taxes and Local Non-Tax Revenues

Objective: Laws define all the possible revenue sources for local governments. At the same time they are silent on the applicable rates except for the fixed assets, license fees, and rental taxes. FDP's study devised a workable approach to be used with local authorities in establishing these rates.

Achievements: The study develops an approach to rate-setting in Rwanda based on country-specific attributes.

FD6. Drafts of Legislation on Various Components of Intergovernmental Finance

Objective: The objective here is to simplify and develop the legal framework associated with revenue transfers.

Achievements: The project assisted the GoR with both the conditional and unconditional revenue transfers. (The design of the formulae included in these decrees was discussed under FD2, above.) FDP assisted with the review, reform, and drafting of relevant decrees. The team collaborated with lawyers from MINALOC, RRA, and CDF in the reform and design process.

FD7. Paper on Sustainable Development Finance System

Objective: The study identifies alternative sources of revenue, which could help local governments meet their daily service responsibility expenditures.

Achievements: FDP suggested various innovative sources that are new to the districts, which would form good sources of alternative revenue apart from the traditional sources

expounded above. The study also noted the possibility of improving the efficiency of management as a way to enhance the financial sustainability of sub-national authorities.

FD8. Analysis of Administrative Cost of Implementing Fiscal Decentralization (FD) Policy

Objective/Achievements: The study was expected to ascertain the implementation costs of FD Policy for the whole country. Another donor was found to be supporting the MINICOFIN-CEPEX Unit in this exercise with greater resources. Therefore, we met with them and provided what information we had gathered for them to proceed. Hon. Minister P. Musoni instructed the FDP on how best to offer support.

Component Impacts

FDP contributed to a greater understanding of the fiscal position and performance of sub-national governments, including understanding of inter-jurisdictional inequalities. We supported development of the property tax as a cornerstone of local government finance, and appropriate revenue-sharing measures. Lastly, we supported development of the legal framework that underpins the implementation of decentralization policy.

Component Sustainability

Fiscal decentralization is not a one-time exercise. Whatever gains were realized in the past should be consolidated and cumulatively carried over to the future. Data collection and processing must be a continuous initiative to develop a time series of data. This will form the basis for updating the model results and studies developed above.

Recommendations and Conclusions

1. The initial results of expenditure suggest that estimation techniques are not well developed. Local governments need to concentrate on improving this skill.
2. There is a dire need to redouble efforts in capacity building in the fields of accounting and fiscal management, to improve financial reporting of the sub-national governments.
3. Property tax is a potential own source of revenue for districts and towns in Rwanda. The reform strategies advised should be treated as a priority.
4. Implementation of the other local taxes should be enhanced along with the fixed asset tax.
5. Legal reform should be carried out regularly to incorporate new developments.
6. Consultations, participation, and transparency involving all stakeholders should be a priority during the current period of implementing fiscal decentralization.

4. District Services Component: 'Solid Waste'

Note: The following reports on the status of FDP's District Services Component as of September 2004, the close of the project. Due to the enormous potential that all involved perceived in these pilot activities, ARD has continued this stream of activity with additional funding by USAID. Results of this follow-on activity will be reported on separately in the future.

The District Services or Solid Waste Management Component started by assessing the prevailing waste management situation in the City of Kigali. This was then followed by writing up a proposal, signing a Memorandum of Understanding with the City, and building consensus among the various stakeholders. It was not until the middle of June 2004 that activities started being implemented on the ground.

Project Perspective

There is an important change taking place in the paradigm for solid waste management in sub-Saharan Africa: a shift from techno-managerial approaches to holistic plans or approaches that recognize the importance of socio-cultural factors and consensus building for community involvement in solid waste management. The role of everyday behavior in waste generation and waste reduction is now seen as central to solving problems associated with increasing wastes and the costs of their disposal. There is a generally accepted hierarchy that lists activities related to waste management in terms of preference, starting with activities that have the lowest social, economic, and environmental costs and ending with those that have the highest costs. These activities are, in order: (1) reduce; (2) reuse; (3) recycle; (4) recover waste through either physical, biological, or chemical transformation processes; and (5) landfill disposal.

The success of the first three options is almost entirely dependent on the behavior of the citizens and the degree to which a community-based or informal waste sector flourishes. Only the last two options often require expensive technical equipment and are mostly under the jurisdiction of local authorities. If local authorities are to be involved in the earlier stages of the waste hierarchy, they must extend themselves to involve and educate citizens and support the informal waste economy. Up until now, this has not been happening in Rwanda.

FDP therefore decided to embrace the bottom-up approach in this project for all the deliverables. FDP started operations with “Nyumba Kumi” (the lowest-level administrative unit), through the zones, cells, sectors, and eventually the district. This is essentially what deepened decentralization is all about: letting the people help decide on the service delivery policy that is most applicable, relevant, cost-effective, socially and culturally acceptable, environmentally friendly, and of course best for their country and situation. The technical experts are merely facilitators when using the socio-cultural approach, whereas in the techno-managerial approach, they are solely in charge. There has been a move away from trying to solve solid waste management issues in sub-Saharan Africa with large capital investments in Western technologies or privatizations, due to the failure of these investments to solve the solid waste management issues and/or be economically feasible.

Project Strategy

For a sustainable solid waste management system to be established successfully, the key factor is commitment from the community or the residents concerned. The solid waste management system being implemented for the City of Kigali was and is demand-driven. This means that it can only be established where the local community has recognized the need for it and is fully prepared to support it. This requires the full participation of the local community at all stages of the planning. It is not sufficient that the planning and decision making are left to the City of Kigali, districts, sectors, cells, zones, executives, or opinion leaders, but rather all the stakeholders should be fully involved.

The first step towards establishing a sound and sustainable solid waste management system is to obtain buy-in from the community and/or residents to redefine system objectives and principles. An assessment must be made of the present solid waste management situation in Kigali; the existing opportunities in the city to improve the system; the capacity of the City of Kigali, districts, sectors, cells, and zones to support improvements in solid waste management; the willingness of the City of Kigali, districts, sectors, cells, and zones to establish and support an improved solid waste management system; and the willingness of waste producers, including households, enterprises, markets, hospitals, etc., to support

improvements of the solid waste management system including payment for provision of services.

The best way to make this assessment is to involve the whole community as much as possible. Community members know best the situation in their own localities—‘Nyumba Kumi’, zones, cells, sectors, and districts—and if they are involved, the plans made are likely to be more realistic and successful. To this effect, a consensus-building approach was used in the first phase of this project as a participatory tool to involve the community, local authorities, and the general public in solid waste management.

Consensus Building Among Stakeholders

Before commencement of the project, a consensus-building approach was used to bring the community and all the stakeholders to a common understanding of the best approach for tackling the solid waste management problem in the selected pilot district. The consensus-building approach used sought to improve the quality of public participation in decisions by: (i) empowering the public, (ii) reaching a fair decision, and (iii) supporting the final decision as being the best that can be achieved in the circumstances. The designed consensus-building model for the District of Nyarugenge represented a move up the ladder of public participation from information provision and formal consultation to proactive involvement in influencing decisions. Traditional participatory methods are primarily reactive in that they require the formulation of plans and proposals prior to public involvement, and can be viewed as a means of legitimizing decisions. By contrast, the newly formulated consensus-building model sought to involve people in the decision formulation process itself.

The success or failure of community involvement is dependent on many factors, which include: (i) providing for an adequate amount of time for discussion before a decision is required; (ii) not precluding discussion by taking the decision before discourse is commenced; (iii) ensuring that all the parties taking part are in an equal position and that the emphasis is on achieving a consensus; and (iv) engendering a willingness to learn and, if necessary, to amend opinions on the part of all of those taking part.

The potential for effective adoption of consensus-building approaches presents a challenge not only to the traditional public participation requirements, and democratic processes of decision making in the City of Kigali, but also to the skills and general understanding of the techniques of public involvement among local authority officials, elected members, and private and informal sectors.

The Nyarugenge District Community Involvement Program

The District of Nyarugenge, within the City of Kigali consultation with USAID/ARD in April 2004, instigated a voluntary, proactive, public involvement program based on the above approach to examine the options for dealing with household waste. The program was also designed to seek a broad base of public support for a strategy that could be translated into new facilities.

A collaborative Memorandum of Understanding was signed among MINALOC; the City of Kigali; the District of Nyarugenge; the pilot community-based solid waste management associations of Muhima, Rugenge, and Biryogo Sectors; and their USAID/ARD solid waste management partners, so as to facilitate a smooth working arrangement with a common focus. A draft proposal was written which was to form the basis of the discussion. While it was made clear that the proposal would be changed in light of public comment, it has to be noted that the community involvement program commenced discussion around the need for

integration of options—a single option solution, such as “landfill,” was in practice going to be neither technically nor politically acceptable.

The key and unique component of this community involvement program in the District of Nyarugenge was the formation of a waste management committee in each cell. There were a total of 19 waste management committees corresponding to 19 cells in the sectors of Muhima, Rugenge, and Biryogo. The participants were selected following a community analysis and appraisal exercise involving the identification of various community groups and organizations. Each committee had a minimum of four members. For every two to three committees there was at least one member of the “Gacaca” Courts. The “Gacaca” Courts are community-based courts comprised of trustworthy and civic-minded persons, charged with the responsibility of dispensing fair and just judgments when solving community disputes—especially the ones arising from the 1994 genocide. It was therefore expedient to include a strong representation of the “Gacaca” Court members in the various committees formed.

The terms of reference charged the committees with: (i) providing a sounding-board for the development and adoption of a sustainable integrated waste management strategy, (ii) identifying issues and areas of concern about different waste management options and the most appropriate options for the District of Nyarugenge, (iii) providing feedback to the District, and (iv) commenting on the proposed range of options for communicating information to the general public.

Several meetings were held, each lasting about two to three hours over the period of April to June 2004. A noticeable success was the high attendance rate and enthusiasm of the committee members, although participants were not paid, as has been the case in similar programs in Nyarugenge District. It was quite clear that people were genuinely interested in the waste management problem and, despite the considerable demands on their personal time, were very willing to be part of the process.

At the end of the process, the committees jointly presented their findings in consultative meetings with the local authorities and USAID/ARD waste management experts. They highlighted the concern that all efforts should be put into waste reduction and recycling. At the same time, development of fuel biomass briquettes from organic waste should be seriously tested both to help reduce the large waste volumes emanating from the many households as well as to contribute to solving the problem of cooking fuel and deforestation in Rwanda. Currently, 98 percent of the Rwandan population use charcoal and/or wood fuel for cooking, and the annual deforestation rate is estimated to be anywhere from 8 to 12 percent, which is very high by any standards.

The joint committee agreed, without any reservations, that development of fuel biomass briquettes from organic waste would definitely be needed as part of an integrated waste management strategy. Furthermore, the activity would generate employment to many city residents, especially women who have little or no formal education necessary in the competitive job market. Also, there was a general consensus that the activity would result in a vibrant economy in the public, private, informal, and community-based sectors.

The Impact of the Consensus-Building Approach

The impact of the consensus-building approach to community involvement in Muhima, Rugenge, and Biryogo Sectors of Nyarugenge District can be summarized as follows. The approach: (i) provided for consensus among stakeholders that an integrated strategy for solid waste management was badly needed; (ii) opened up decision-making systems and decision criteria for public examination; (iii) raised the profile of solid waste management among interested stakeholders; (iv) improved the credibility of local authorities responsible for waste

disposal among citizens; (v) improved local authorities' understanding of public concerns; (vi) helped some key stakeholders to hear and become more aware of (if not entirely sympathetic to) the views of others; (vii) forced the District of Nyarugenge to slow down the normal local authority 'decision-making treadmill' to allow opinions to be expressed and to revisit the requirements for effective implementation of the strategy; and lastly, and most important of all, (viii) allowed people of Nyarugenge to say that they were consulted.

Lessons Learned from the Consensus-Building Approach

Effective public involvement is about empowerment; that is, helping people to achieve their own objectives by increasing their confidence and capacity. Empowerment of the public is not contrary to representative democracy, but rather should be viewed as a means to enhance effective decision making through an opening-up of the decision process to challenge and the exposure of decision makers to public views and concerns.

The consensus-building approach adopted for the District of Nyarugenge represents a first step on the road to public empowerment. The approach can be seen to have made a reasonably effective start, not the least of which was the impact on the local authorities' decision makers. However, the institutional barriers to effectiveness are significant and questions remain over the adoption of the public recommendations.

The proactive adoption of consensus-building approaches in solid waste management strategy development is essential, but is considerably more expensive and demanding of resources (skills, information, personnel, time) than traditional consultation methods and requirements. For this reason, consensus building often is not undertaken until other methods have proven to be inadequate. Unfortunately, by that point, distrust has already built up among stakeholders, making the achievement of consensus even more difficult to attain.

The sustainability and effectiveness of the unique community involvement program in the District of Nyarugenge in general, and the Sectors of Muhima, Rugenge, and Biryogo in particular, will ultimately be measured in terms of: (i) the extent to which there is a consensus, despite uncertainties, about the strategy as eventually implemented; (ii) the extent to which compromise has been incorporated into the decision to develop, install, and operate waste-processing facilities at designated areas so as to provide for the concerns and interests of the different stakeholders; and (iii) the degree of improvement of public credibility and trust in the District of Nyarugenge as the decision-making authority.

Community Action Plan for Solid Waste Management

There was a general consensus that communities and community organizations are in a perfect position to make a major impact on the amount of solid waste generated in their societies. It was generally agreed that the collective voices of the various stakeholders can persuade local authorities to notice the problem, and can influence the general public to be more mindful of their responsibilities. The community action plan for solid waste management in Nyarugenge District would entail: (i) coordinating activities with all the other stakeholders involved in solid waste management; (ii) developing partnership with the local authorities, and the private and informal sectors; (iii) monitoring and evaluating all solid waste management activities in the community; (iii) mobilizing, sensitizing, and educating people on sound and environmentally friendly solid waste recycling technologies; (iv) opening new lines of communication with the government on matters pertaining to solid waste management; and (v) using media to communicate important issues in solid waste management.

Mobilization, Sensitization, and Training of the Various Actors

There was a general consensus for the establishment of a sustainable solid waste management strategy in Nyarugenge District, focusing on the production of fuel biomass briquettes for household cooking and industrial use. To that effect, a joint recruitment exercise involving the local authorities and solid waste management associations was carried out. So far, 340 workers have been recruited from the Sectors of Muhima, Rugenge, and Biryogo.

The recruitment exercise was open, fair, and done in a transparent manner, and all the parties involved expressed satisfaction. The recruited persons included a General Field Director; three Field Operation Directors each for Muhima, Rugenge, and Biryogo Sectors; a Technical Director in charge of appropriate stoves development technology; supervisors in charge of waste and service fee collection; mobilizers; sensitizers; waste processors; and night watchmen. All the workers in the three pilot sectors have been vaccinated against tetanus, and provided with working and/or operational tools and protection gear, in accordance with the regulations pertaining to environmental workers' health protection.

A number of training programs were carried out for mobilizers, sensitizers, and waste collectors. Regular collection of source-separated waste and cleaning exercises are now taking place in 11,069 households. All the source-separated waste is transported to the processing sites for verification and recording, weighing, and processing. The unprocessed waste is deposited in our newly acquired green garbage-dumping curbs, and transported to the Nyanza landfill at least twice a week.

Two duplicate cards are provided to each household for filling in their bio-data and indicating in writing their willingness to pay the stipulated service delivery fees at the end of each month, after receiving the solid waste management services. The information on the cards serves as a contract between the household and the local authorities whose stamp and signature appear on both cards. One card is deposited in the local authorities' offices and the other copy remains with the household. This contract between the household and local authorities has significantly enhanced the rate of payment for the services delivered thus ensuring project sustainability.

The Muhima Sector has already collected service delivery fees from the households for three months and the results are quite encouraging, considering the project has been in existence for only four months. At the time of writing this report, the sector had already collected an average of Frw. 1,400,000 per month for the last three months, which is 80 percent of the expected total collection. Previously they used to collect only Frw. 500,000 per month from the whole sector. The Rugenge and Biryogo Sectors in the past two months have collected an average of Frw. 1,200,000 per month. All the workers have been receiving their regular monthly salary promptly. Since the project started only recently, a daily evaluation is being carried out and, so far, all the parties involved have been satisfied. This has been expressed by the workers verbally, in writing, and through radio talk shows, organized independently by respective individual associations without any influence by project coordinators. The associations have testified that this is the first time they have experienced such a well-coordinated working structure.

Development of Appropriate Briquetting and Composting Technology

For any solid waste management system to be environmentally friendly and sustainable, technology development has to take center stage. Otherwise, the system would be one where waste is transferred from one place to another or from one household to the backyard of another household. That, in effect, is not solid waste management, but could rightly be termed as 'waste mismanagement.'

Source-separated organic waste will be processed into biomass fuel briquettes for household and industrial use. This has required that a complete briquetting technology, comprised of a torrefaction system, a grinding mill, and a screw-press briquetting machine suitable for processing the kind of waste generated by the residents of the City of Kigali, be designed and developed/manufactured.

Torrefaction Technology

A major concern expressed by many potential users of biomass fuel briquettes in other locales was the odor emanating from the briquettes, and the amount of smoke they emit during cooking. A pre-processing technology called 'torrefaction' was developed to remove the organic compounds in the solid waste that produce the bad odor and emit excessive smoke in briquettes.

Low-temperature carbonization of biomass to obtain roasted or "torrefied" products is a relatively recent development. Torrefied products can substitute for charcoal in a variety of applications. Torrefied briquettes have superior combustion characteristics compared to ordinary briquettes. They are easier to ignite, burn much faster with less smoke, and are essentially odorless.

The developed torrefaction technology is essentially a thermic fluid system comprised of: (a) a circulating pump; (b) an oil storage tank; (c) a furnace; and (d) piping, fittings, and instruments. The interesting thing about this system is its friendliness to the environment. It utilizes used car engine oil, which, at present, is a nuisance waste in almost all the gas stations in Kigali. When servicing vehicles, used oil is usually allowed to drain freely from the car engine to a container placed beneath the engine. The dirty, used oil is then disposed of in the soil where it can cause groundwater pollution, the unpleasant odor that characterizes most gas stations in the City of Kigali, and other adverse effects to the environment. Using this oil in the torrefaction system essentially cleans the environment. Second, the oil-heating furnace is fired using reject briquettes, which again perfects the waste recycling system.

The biomass is heated in a modified container system, through which hot, used oil is continuously circulated. The coil, which is meant to circulate the oil in the furnace, is specially designed. The oil gets heated in two sections of the furnace (i.e., the radiative and the convective zones). First, the oil enters into the coil placed in the convective zone and then goes to a portion of the coil in the radiative section. After the exit of the oil from the coil, its temperature depends upon the temperature of the furnace. The oil then goes to the pre-heater where the biomass gets heated up. The torrefied material is then conveyed to a grinder where it is pulverized before being passed into the briquetting machine for processing into biomass fuel briquettes.

Also, heating the biomass before processing serves the purpose of relaxing the inherent fibers in the biomass and apparently softening its structure, resulting in release of some bonding or gluing agent on to the surface. This phenomenon is also known as 'sweating the biomass.' The work requirement for densification can be reduced by a factor of about two by preheating the raw material. The preheating therefore lowers the power input. This phenomenon of softening the resistance of fibers through heating is also noticed in the everyday domestic activity of ironing cotton clothes. Only when the press (iron) is hot enough can the fibers in the cotton clothes be oriented in the desired direction with minimum effort. Once the biomass fibers are softened, a drop in resistance to briquetting results in: (a) reduced pressure required for briquetting, resulting in reduction in power consumption; (b) reduced frictional forces leading to a reduction of wear to contact parts, particularly the rotating screw; and (c) reduced resistance to flow leading to an enhanced rate of production.

Grinding Mill System

This system has been developed/manufactured and ready for mounting. Grinding mills are employed to pulverize and/or reduce the particle size of the feed material. This process results in an increase in the surface area of the material for easy, faster, and efficient processing, to achieve optimum briquetting results.

For biomass materials, it is essential to avoid gravity discharge from the grinding mills. FDP designed and developed a system that utilizes an induced draft blower to produce suction that draws and conveys the material pneumatically.

FDP manufactured a screw-press briquetting machine; as of the close of the project, it awaited mounting, testing, and calibration. Torrefied and pulverized organic waste material will be fed continuously into the screw, which forces the material into a cylindrical die. The die will be heated using a high resistance coil to raise the temperature to the point where lignin begins to flow.¹ Pressure builds up smoothly along the screw rather than discontinuously as is common with piston presses.

Advantages of the Torrefaction, Grinding, and Briquetting Systems

The above-described systems are homegrown, made by local people with outside guidance using local technologies and resources. The maintenance costs will be lower than imported systems. Since they are made locally, everything is known about the systems. They can be maintained easily, with no need to import any spare parts or expertise. Employment has been created, because in the workshop, we had no less than 10 technicians working at any given time. Monetary resources were ploughed back into the Rwandan economy as opposed to if the systems were imported from outside. More importantly, Rwanda stands a very good chance of starting to export this system to other neighboring countries, once production is scaled up. However, as Jamal Sanghir (Director for Energy and Water with the World Bank) remarked recently, “renewable energies have high upfront costs, and therefore access to financing is necessary to scale-up.”

Currently, most countries in sub-Saharan Africa are importing their briquetting machines from India and Europe. Most of these machines have been grounded due to high maintenance costs and lack of spare parts. Recent cases occurred in Rwanda and Zambia, where brand new briquetting machines imported from Europe and India stopped functioning just a few weeks after being mounted by experts from the exporting countries.

Economic Impact

The FDP's entire briquetting machinery comprised of a modern torrefaction system, grinding mill, and a state-of-the-art screw-press briquetting machine cost US \$21,900, inclusive of installation, training, and three to six months of maintenance. Investigations reveal that a similar system, if imported from India, Europe, or the U.S. would cost anywhere between US \$89,500 and \$92,300, excluding the cost of bringing in experts from the exporting country to install the system, train the locals, and provide maintenance for a limited period. The total cost would definitely be well above US \$100,000. By manufacturing the system locally, FDP not only saved about US \$82,000, but has also created employment, and ploughed resources back into the Rwandan economy. Above all, the project instilled pride in the fact that the

¹ Lignin is a glue-like, hard-to-decompose organic compound found in organic materials. At temperatures of about 250-350 degrees C, this compound can be released; this helps in the agglomeration of fine materials into briquettes.

equipment was manufactured in Rwanda by the Rwandese people. That is what constitutes empowerment of local people, and is in line with our principle of seeking local solutions to local problems.

Development of Appropriate Cooking Stoves for Briquettes

For biomass fuel briquettes to be accepted easily by the public, appropriate cooking stoves should accompany them. FDP's Research and Development Unit has begun to design and manufacture cooking stoves that utilize biomass fuel briquettes that are fuel-efficient, comfortable, and practical to use, and that emit virtually no hazardous gases.

Low-Tech Composting Facilities

FDP designed and constructed low-tech composting facilities in Muhima and Rugenge Sectors as an alternative waste-processing technology. The technology is now in place and has started generating high-value compost material, with a significant market potential. A number of individual and corporate clients have placed orders for the organic fertilizer.

Composting is essentially a controlled biological conversion of organic materials into high-value organic fertilizers useful in crop production, with no adverse consequences to the soil and/or seedlings. The objectives of composting are: (i) to convert biodegradable organic waste into a biologically stable product, while reducing the original volume of waste; (ii) to retain the nutrient content of the organic waste fraction (nitrogen, phosphorus, potassium, sulfur, and the micronutrients); (iii) to produce a product that can be used to support plant growth and improve soil structure; and (iv) to destroy pathogens or unwanted microorganisms, insect eggs, and weed seeds in the organic waste.

Composting technology is very new in Rwanda. The few associations currently engaged in the practice are using very rudimentary technologies that result in low-quality products, which cannot be sold in the market. Compost products have a very important role to play in the Rwandan agricultural-based economy. The cost of fertilizers is very high and compost products can serve as both fertilizers and soil amendments for optimal crop production, especially when well promoted and/or marketed. There is also an increasing demand for organically grown crops and ornamentals, especially in the European markets. High-grade compost materials are used in organic agriculture or production of organically grown crops. These organic products are currently fetching premium prices in the European markets; they cost three to four times the price of conventionally grown products. With the introduction of sound composting technology, Rwanda stands a good chance of beginning to export organically grown products. This, at the moment, is a virgin area not only in Rwanda but also in the entire sub-Saharan Africa, and definitely needs to be explored. FDP has the technology, expertise, and technical know-how to design, build, install, and operate state-of-the-art composting facilities in the City of Kigali, with very minimal capital and operational cost.

Training Manual

The team developed a community-based training manual for integrated solid waste management. The manual is a down-to-earth and simple to read document with demonstrative pictures. It takes into consideration the generally low education standards of the targeted end users.

Component Impacts on Rwanda

1. The project has started alleviating poverty among the citizens in the pilot sectors.
2. There is a decrease in prostitution and petty thefts in the pilot sectors.

3. The pilot activity has provided 340 city residents with regular jobs, and between 30 and 50 other residents with temporary jobs. Most of the employees are women who have little or no formal education.
4. The activity has significantly contributed to improved health conditions of the pilot residential areas, through provision of regular garbage collection and cleaning services.
5. The activity has reduced the amount of money the City of Kigali spends on garbage disposal by about 50 percent.
6. Eventually, when briquette production becomes optimal, there will be a decrease in the rate of deforestation as residents begin to use briquettes as an alternative source of cooking fuel.

Creation of Public-Private/Inter-sectoral Partnerships

1. Establishment of a new business-oriented working structure for the associations. Such a structure is necessary for project sustainability.
2. Creation of a new and effective collaboration between associations and local authorities, never witnessed before, using FDP's newly developed consensus-building model.
3. Associations trained in proper, sound, and sustainable holistic approaches to solid waste management.

Component Sustainability

The associations have three sources of income, namely collection of service delivery fees from households and businesses, selling of organic-based fertilizers from their newly established composting activities, and selling of fuel biomass briquettes from their briquetting plant. At present, household payment rate of service delivery fees stands at 85 percent, which almost covers salaries for all the workers. FDP's cash-flow production model predicts that, when both composting and briquetting operations will be optimal, the associations will be able to make a monthly net profit of at least Frw 2.1 million from the sale of briquettes and compost, and collection of service delivery fees. This will ensure sustainability of the project when fully operational. Also, ownership of the project by both the associations and local authorities, and the enormous support the project enjoys from the government, particularly the Ministries of Local Government (MINALOC) and Environment (MINITERRE), is a big plus in terms of project sustainability.

Recommendations and Conclusions

1. A comprehensive and enforceable legislation on waste management should urgently be enacted. This will greatly help in redefining roles and responsibilities of the various actors, and will fill in the gaps of important regulatory functions, necessary for sustainable development of solid waste management systems in Rwanda.
2. There is a need to create a Department of Environmental Management within MINALOC. A Director General who will report to a board of directors will head the department. This will facilitate a workable structure and/or pragmatic devolution of solid waste management services.
3. The Department of Environmental Management should facilitate establishment of inter-sectoral partnerships among the public, private, informal, and community-based organizations.
4. This pilot project should be scaled up and/or replicated in all the other districts of the City of Kigali, in order to achieve a substantial economic and environmental impact.
5. Solid waste management should be professionalized, through provision of appropriate training.
6. The government should recognize and oversee the activities of all the associations and/or organizations dealing with solid waste management.

7. A solid waste management cooperative movement should be established for economic advancement of all the workers in the solid waste industry.
8. Households should be involved in decision making at all stages of solid waste management, especially in source separation and payment of service delivery fees.
9. The government should promote use of both print and electronic media in sensitizing the citizens on sound, environmentally friendly solid waste management techniques.
10. The government should promote and/or encourage sound, appropriate, cost-effective, environmentally friendly, and sustainable solid waste recycling technologies.
11. The government should assist in the marketing of biomass-recycled products, which include briquettes and organic fertilizers.
12. Service delivery fees should be standardized throughout the City of Kigali, and incorporated into the monthly rental fee.
13. This project is viable and can be replicated and implemented with ease throughout the City of Kigali, as long as there is full support and collaboration from the government. The project has the potential to offer substantial economic and environmental benefits, which can readily transform the welfare of the most vulnerable citizens of the City of Kigali—mostly women with little or no formal education—while at the same time protecting the environment.

District Services: Market Administration Component

Pilot Study on Market Administration

Traditionally, markets form a major part of economic activities in the developing countries. Markets in the African context are outlets and sources of exchange of excess output and a place where various needs, such as household goods and services, are satisfied. In Rwanda, markets, in most cases, are organized informally and often in open spaces. They need to be improved and modernized if they are to be a source of income and livelihood to the local traders of agricultural produce and artisan goods. Once formally developed, the markets can be an important source of revenue to the local governments in terms of taxes. The market activities can then very easily raise the per capita district revenues and create a positive spillover effect in the health sector such as clean food, improved organization, source of employment, and sustainable source of income to the population. The more market activities a district has, the more funding can be expected to be allocated to modernize them.

This pilot study had three deliverables:

1. Review of current market situation in four selected pilot markets.
2. Development of an Options Paper on methodology for assessing local service costs and setting fees.
3. Development of an Options Paper on service delivery devolution policy.

Five pilot markets were selected from the City of Kigali and the town of Kibuye, as follows: three markets from the City of Kigali: Kicukiro in Kicukiro District, Kimisagara in Nyamirambo District, and Kimironko in Kacyiru District; and two markets from the town of Kibuye: Nyakariba and Kibirizi. Deliverables are listed in Annex A.

5. Rwanda Increased Community Model Component

Background: Anti-corruption activities were supported under the new Rwanda Increased Community Accountability Model (RICAM). Activities under RICAM only began under the FDP in May 2004, and will continue via other means after the end of the FDP. This five-year program will increase public accountability and oversight at the local level within local governments and public services by addressing the environment that enables corruption to flourish and allowing increased resources to flow transparently to local district governments.

USAID/Rwanda encouraged FDP to have a rapid start and achieve maximum impact with RICAM. This approach began in early May 2004.

Under FDP/RICAM, District Budget Department staff as well as Community Development Committee (CDC) members in three pilot districts (Nyarugenge, Kacyiru, and Kicukiro from the City of Kigali) received training in how to prepare development plans and budgets to make use of Community Development Fund (CDF) and donor resources to support decentralized community development projects. Oversight groups and committees also were to participate in this training and follow-up technical assistance activities, as were journalists and other media professionals. A basic understanding of local government budgets would allow community-based service improvement groups to learn how funds are programmed, what activities are expected to be completed, and what services should be delivered. Armed with this knowledge, local groups would provide oversight and adequately monitor outcomes. The training was also to include follow-up activities with civil society and central government ministries that monitor government services to guarantee quality and efficacy.

Major FDP/RICAM activities were as follows.

RICAM1. Pilot Workshop

Representatives of the three selected districts (Nyarugenge, Kacyiru, and Kicukiro) actively attended the first pilot two-day workshop (July 2-3, 2004) in Kigali in order to:

- ♦ improve knowledge on participation levels and related tools;
- ♦ improve skills to select appropriate tools for citizen participation;
- ♦ improve knowledge of the advantages/disadvantages of citizen participation tools, as well as on how to prepare/implement each of them;
- ♦ design a detailed action plan to implement participation tools as part of the budgetary development process;
- ♦ exchange experiences; and
- ♦ forge community ties leading to better cooperation.

RICAM2. Direct Technical Assistance

In each of the three selected districts, the team constantly advised on and monitored implementation of the action plan.

RICAM3. Participation in the National Anti-Corruption Workshop

The FDP/RICAM:

1. Provided support to the team on developing the draft strategy paper before the conference took place.

2. Developed objectives and strategies to fight corruption.
3. Advised on conference organization.
4. Helped compile and edit the draft strategy paper.
5. Helped facilitate the workshop.
6. Helped develop radio announcements and messages informing citizens about the workshop.
7. Helped assemble PowerPoint presentations.
8. Helped facilitate group discussions.
9. Organized views and ideas from group discussions for live presentation on national television.
10. Compiled and translated the final workshop resolutions.
11. Worked on the final workshop product with MINALOC.

RICAM4. Training of Trainers

To build local capacity building, 14 novice trainers from the Rwandese Association of Local Government Authorities (RALGA) (2), and from each of 12 Rwandan provinces were trained in a three-day workshop (August 24-26, 2004).

RICAM5. Follow-up Training

In late August, novice trainees and representatives of selected districts and civil society organizations that monitor government services to guarantee quality and efficacy received follow-up training.

To support the aforementioned tasks, the two Anti-Corruption Specialists developed an Accountability and Transparency Manual. The team also prepared sample budget brochures and other information materials to be used by the districts when sharing budget information with citizens. The team also produced a manual, “A Practical Guide For Participatory Processes Towards Accountability and Transparency,” which contains worldwide examples. This manual was very well received and has been widely distributed.

Relevant Obstacles

Several obstacles stand in the way of achieving RICAM objectives. While some aspects of the Rwandan cultural practices discourage corruption in general, there is a lack of tradition for transparency and accountability in Rwanda. The current institutional framework to fight corruption has not taken shape. National civil society suffers from organizational and structural weaknesses, while the media itself is self-censored. Transparency and accountability activities can be easily hijacked for personal reasons by individual politicians, and sometimes the client districts and provinces are reluctant to engage in very ambitious programs. Finally, both citizens and districts may be reluctant to pursue this issue—citizens because of limited knowledge about civil society and preoccupation with basic survival, and districts because some elected and appointed leaders might resist or manipulate citizen participation.

Component Impacts

1. The RICAM component of FDP was successful well beyond initial predictions. None of the obstacles mentioned above seemed pervasive or strong enough to inhibit ARD efforts—it was as if the country was ready for this initiative. Perhaps the transition to democracy and heightened interest in joining the more advanced group of African countries and in general aligning with the principles of a democracy worked in favor of this component.

2. Another helpful development was that the current national government made statements in support of client orientation in government service, and decided to support and implement anti-corruption mechanisms.
3. The most significant achievement of the RICAM was the Training of Trainers program that enhanced the local capacity and provided training plans in the area of transparency and accountability in each of the 12 Rwanda provinces. At this moment, each province possesses qualified trainers and ready-to-use training materials. RALGA and MINALOC have the list of these trainers and easily can involve them in any anti-corruption programs.
4. Citizens' opinion is being taken into account in the district 2005 budget in Nyarugenge, Kacyiru, and Kicukiro.
5. The decision-making process regarding the district budget has been made much more inclusive in pilot districts.
6. A large number of citizens were educated about budget process and value of participation.
7. District authorities and citizens became aware that together they could accomplish new objectives.
8. Citizens have become more active in seeking to improve public service delivery performance.

Recommendations and Conclusions

1. **Maintain the momentum.** The first step will be to sustain and spread the gains and momentum of the past few months. Two approaches are available to USAID/RALGA/MINALOC to achieve this objective. First, the collaboration with the three or more districts that will be central to the five-year RICAM must be of sufficiently high quality and impact to reinforce the concept and practice of transparency and accountability. They should also generate best practice experiences that can be spread widely. The second approach is for USAID/RALGA/MINALOC to ensure that the trainers actively lobby for transparency and anti-corruption measures, including appropriate legislation.
2. **Conduct an evaluation within the three pilot districts.** The results of the evaluation should be used to determine the next steps of the long-term RICAM project. This should be done before proceeding with any further RICAM activities.
3. **Assess the best way to implement RICAM nationwide.** The three pilot districts, which were urban, may not have utilized or generated the most appropriate models for districts in rural areas; this should be confirmed.
4. **Develop an initial project tracking mechanism for RICAM.** This mechanism should include a process of participatory self-evaluation to ensure that project aspirations are in tandem with changing community dynamics.
5. **Integrate transparency and accountability into other USAID projects.** We strongly recommend that USAID incorporate transparency concepts and practices into other USAID projects, including Decentralized Health and Finance. Further, a commitment to use accountability tools should be one of the criteria used in selecting cooperating district/provinces for such projects.
6. **Promote citizen responsibility and local council involvement.** Special attention should be given in the demonstration districts/provinces to: (1) educating citizens about their role in governance, and (2) involving local council members and national civil society groups in the anti-corruption process. For instance, citizens who agree to participate in a citizen advisory council should be trained on what is expected of them.
7. **Develop the legal framework for participation.** While there are government initiatives to establish new codes and streamline existing laws on corruption, the legal framework for anti-corruption in Rwanda is still very weak. Work proceeding in other countries to strengthen their legal frameworks for anti-corruption should be watched to see what might be learned that would be beneficial for Rwanda.

Coordination with other Stakeholders

FDP has made important coordination/collaboration agreements with other organizations in an effort to combine resources to promote stronger results and impacts. Minister Musoni has supported such agreements when they are in line with the overall decentralization policies. Notable successes realized by such agreements are as follows:

FDP and the Swiss/Kibuye Decentralization Project	<ul style="list-style-type: none"> Under the FDP Institutional Development and Support (IDS) and Financial Management (FM) Components, FDP has provided relevant Trainer of Trainers and Coaching and Training workshops to assist the Swiss/Kibuye Project in areas of integrated financial management processes and mechanisms for their ongoing program.
FDP and RALGA	<ul style="list-style-type: none"> In April 2004, RALGA approached FDP requesting technical and advisory support in various activities. FDP developed a Web site for RALGA. www.ralga.org.rw. FDP provided some financial support for the one-year inauguration held 22 April 2004. FDP is coordinating with RALGA (via MINALOC) on the RICAM Program and a FDP staff member (Community Accountability Specialist) is working closely with them on piloting anti-corruption activities.
FDP & Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	<ul style="list-style-type: none"> Under the FDP Institutional Development and Support (IDS) Component, FDP has provided training for auditors and executive secretaries and integrated financial management and budgetary processes and mechanisms for the GTZ/Kibungo Project.
FDP and Helpage	<ul style="list-style-type: none"> Under the FDP Institutional Development and Support (IDS) Component, FDP has provided training for auditors and executive secretaries and integrated financial management and budgetary processes and mechanisms for the Helpage/Ruhengeri Project.
City of Kigali (CoK) and Nyarugenge	<ul style="list-style-type: none"> FDP is coordinating with CoK (via MINALOC) in areas of property tax implementation, RICAM, solid waste management, and market administration.

FDP Support to LGFD

To be effective, fiscal decentralization requires ongoing coordination and support. The GoR Cabinet approved a new Local Government Finance Department (LGFD) within MINALOC. The LGFD began operations in August 2004 under Mr. Paul Jabo, Director of the Department.

ARD/FDP provided the necessary hand-over support to the nascent LGFD in order to help them: 1) evaluate the performance of local governments in revenue and financial management; 2) play a lead role in policy formulation, technical guidance, and capacity building for revenue collection and financial management among local governments; 3) provide advice to the Minister responsible for local government finance on policy and legislative reform required for effective functioning of local government finance; 4) provide monitoring and evaluation of the fiscal decentralization process; and 5) facilitate coordination with key stakeholders on matters regarding local government finance.

Following Cabinet approval of LGFD, MINALOC received financial support from USAID/Rwanda to help the LGFD meet its running costs for one year in order to get on their feet. The key positions for the LGFD are now filled; support equipment has been procured by USAID. FDP's highest priority in August and September 2004 was to transfer knowledge and assets to LGFD to support its initial operations.

Annex A: Submission of Final Contractual Deliverables

Section 1.6 of the USAID/ARD Contract for the Rwanda Fiscal Decentralization Project (AEP-I-805-00-00016-00, Task Order No. 805) lists a series of technical deliverables. The list of contract deliverables was slightly modified in Contract Modification No. 4, effective June 2, 2004. In January 2004, we organized the Project into several components, and assigned deliverables to those components. Since then we have been reporting on progress via quarterly reports according to this reclassification.

Below, therefore, contractual deliverables are presented according to component. The emphasis of the following is on deliverables that are documents, with dates for formal delivery to USAID. For information we have also listed other major activities (e.g., training in the field) that are not always associated with a formal document deliverable.

General

Deliverable	Comments/Documents, Reports, or Manuals	Date submitted
Project implementation plan (1.1) ²	Was submitted early in the project.	2001-2002
Work plans (1.2)	Submitted periodically, the last following the work planning retreat in Kinigi in January 2004.	Most recent Early 2004
Study tour (2.7)	We were not able to complete this deliverable. One factor was the preference to take the MINALOC Local Government Finance Unit on the study tour, but this new unit was not established until the final weeks of the project.	--

Financial Management Component

#	Deliverable	Comments/Documents, Reports, or Manuals	Date submitted
FM1	Options paper on financial management system for districts (3.1)	1. "Financial Management for Local Governments in Rwanda."	Sept. 27, 04
		2. "Proposed Roles and Responsibilities for Financial Management for Local Governments in Rwanda." Also submitted in a French Version: "Proposition des rôles et responsabilités concernant la gestion financière dans les administrations locales du Rwanda."	Sept. 27, 04
		3. "Guide to Financial Reports for Local Governments in Rwanda." Also submitted in a French Version: "Guide d'interprétation des rapports financiers pour les administrations locales du Rwanda."	Sept. 27, 04
FM2	Procedures manual for FM systems (3.2)	1. "Accounting Manual for Local Governments in Rwanda." Also submitted in a French Version: "Manuel de formation Comptabilité pour les administrations locales du Rwanda."	Sept. 27, 04
		2. "Budget Management Manual for Local Governments in Rwanda." Also submitted in a French Version: "Guide sur la gestion budgétaire des administrations locales du Rwanda."	Sept. 27, 04
		3. "Budget Execution and Financial Position of Local Governments in Rwanda."	Sept. 27, 04
		4. "Treasury Management Manual for Local Governments in Rwanda." Also submitted in a French Version: "Guide sur la gestion du Trésor des administrations locales du Rwanda."	Sept. 27, 04

² Numbering according to Section 1.6 of original Contract shown in (parentheses). For example what is listed as Task one, in subtask one in the contract is shown here as (1.1).

Institutional Development & Support Component

#	Deliverable	Comments/Documents, Reports, or Manuals	Date submitted
IDS1	FM systems installed in pilot districts; staff fully trained (4.1)	1. "Accounting TRAINING Manual A for Local Governments in Rwanda: Participants Handbook A" (Submitted both in French and English to MINALOC September 2002)	Sept. 27, 04
		2. "Accounting TRAINING Manual B for Local Governments in Rwanda: Participants Handbook B" (Submitted both in French and English to MINALOC March 2003)	Sept. 27, 04
IDS2	Manual and training curriculum replicated and disseminated to other districts (3.3)	1. "Intermediate Program Guide for Trainer of Trainers" (Submitted both in French/English to MINALOC August 2003) 2. "Advanced Trainer of Trainers Participant's Handbook" (Submitted both in French/English March 2004) 3. "Manual for ATOTs on Property Tax"	Sept. 27, 04 Sept. 27, 04 Sept. 27, 04

Fiscal Decentralization (Policy) Component

#	Deliverable	Comments/Documents, Reports, or Manuals	Date submitted
FD1	Revenue and expenditure model (2.1)	"Fiscal Decentralization Data Manual." Training of MINALOC LGFD on use of database began 9 September 2004.	Sept. 24, 2004 Sept. 9-30, 04
FD2	Options Paper on revenue sharing and service responsibilities (2.2)	1. Satisfied by "Intergovernmental Transfers Reform and Equalization Formula Design." 2. Toolkit (software) for equalization formula provided to MINALOC. 3. Toolkit (software) for CDF to be provided to Board of CDF in September 2004.	Sept. 24, 2004 Sept. 24, 2004 Sept. 24, 2004
FD3	Property tax installed in one district (4.3)	1. Provided ongoing advice to Nyarugenge District on formation of property tax roll and register. 2. "Fixed Asset Manual" (Original November 2002, revised June 2004). 3. "Advanced Trainer of Trainers Manual on Property Tax in Rwanda" (Based on R. Almy's "Fixed Asset Manual").	Sept. 24, 2004 Sept. 24, 2004
FD4	Options Paper on fixed asset (property) tax system (2.4)	"Options Paper on fixed asset (property) tax system."	Sept. 24, 2004
FD5	Options Paper on setting ranges for rates of local taxes (2.3)	"Rate Setting for Local Taxes and Local Non-Tax Revenues: A Case of Rwandan Local Governments."	Oct. 15, 2004
FD6	Drafts of legislation on various components of intergovernmental finance (2.5).	1. Provided technical inputs to "Decree that Set the Distribution of Government Support to Districts and Towns," gazetted 9 July 2004. 2. Provided technical inputs to similar decree on Common Development Fund (CDF), approved by Board of CDF 8 September 2004 (not yet passed into law). 3. Substantial FDP involvement in draft decree related to the formulation of the Common Development Fund; extensive input to proposed legislation restructuring the property tax.	All completed by September 22, 2004
FD7	Options Paper on sustainable development finance system (5.2).	"Alternative Sources of Revenues for Financial Sustainability: A case of Local Governments in Rwanda."	Oct. 15, 2004

#	Deliverable	Comments/Documents, Reports, or Manuals	Date submitted
FD8	Analysis of administrative cost of implementing GoR/FD policy (1.3) (Original wording of Contract: "rough analysis of administrative cost of implementing the GOR fiscal decentralization policy, to be delivered within 90 days.")	The MIFIN Central Public Investment and External Finance Bureau (CEPEX) has been undertaking a comprehensive study of similar scope. So as not to duplicate efforts, FDP met with them on 10 September 2004 and provided them with information as an input to their work. Therefore we will not complete this item.	

District Services Component

#	Deliverable	Comments/Documents, Reports, or Manuals	Date submitted
DS1	Service delivery implemented in two services in each of the districts (4.4).	ARD/FDP assisted in improving the provision of solid waste management/recycling in three sectors (Women's Associations) of Nyarugenge District of the City of Kigali, and in improving the provision of market administration in five pilot markets (three in the City of Kigali and two in Kibuye District) 1. "Community Involvement in the Development of a Sustainable Solid Waste Management System in the City of Kigali, Rwanda: A Case Study of Muhima, Rugenge, and Biryogo Sectors of Nyarugenge District." 2. "Community Based Manual on Integrated Solid Waste Management." 3. Review of current market situation in four selected pilot markets.	Sept. 27, 04 Sept. 27, 04 Sept. 27, 04 Sept. 27, 04
DS2	Options Paper on service delivery devolution policy (5.1).	ARD/FDP satisfied this item through the following documents: 1. Options Paper on methodology for assessing local service costs and setting fees. 2. Options Paper on service delivery devolution policy.	Sept. 27, 04 Sept. 27, 04

NOTE: The District Services Component prepared three additional deliverables: 1) "Community Involvement in the Development of a Sustainable Solid Waste Management System in the City of Kigali, Rwanda: A Case Study of Muhima, Rugenge, and Biryogo Sectors of Nyarugenge District"; 2) Technology Development and Implementation in Briquetting and Composting; and 3) a "Community Based Manual on Integrated Solid Waste Management."

Rwanda Increased Community Accountability Model (RICAM)

#	Deliverable	Comments/Documents, Reports, or Manuals	Submitted to MINALOC
--	Contract Modification No. 4 added RICAM to our Scope but did not specify document-type contract deliverables.	1. "Accountability Action Plan for the Budget Process" for Nyarugenge, Kacyiru, Kicukiro Districts in City of Kigali. 2. "Participatory Processes Towards Accountability and Transparency: A Practical Guide for Training of Trainers."	Sept. 27, 04 Sept. 27, 04

Annex B: Anti-Corruption Performance Indicators ³

Indicator	Definition and Unit of Measurement	Relevance of Indicator	Data Collection Methods	Associated Activity
Objective 1: Increasing knowledge of budget preparation and implementation at the local level				
1) # of participating organizations that attend and participate in the National Anti-Corruption Workshop.	200 participants first day of organizations represented at the National Anti-Corruption Workshop.	Indicates range of local-regional organizations desiring to learn more about the budgetary process.	Review of sign-in sheets by organization type.	National Anti-Corruption Workshop (12-13 August 2004 – MINALOC demonstrate principles of transparency and accountability.
2) Approximately 200 ⁴ persons that attend and participate in the National Anti-Corruption Workshop.	# of persons that attend the Anti-Corruption Workshop.	Will document the variation by gender and job titles of persons in attendance at workshop.	To be compiled from attendance sign-in sheets.	Merger of AC efforts into integrated action plan as part of ongoing FD Program in Rwanda.
3) 80% of the local leaders attending the workshop implement recommendations from the workshop in their respective local governments. ⁵	% of local leaders that attend the workshop	Points to the level of commitment by local leaders to fight corruption from grassroots	Monitoring reports from districts and provinces	
Objective 2: Improve the fiscal capacity of Rwanda institutions to become more transparent and accountable				
1) # of trainers trained in a fiscal transparency and accountability workshop.	# of trainers who can carry out ongoing training of trainers (TOT) for improving local-regional capacity of Rwanda organizations to be more transparent and accountable in their fiscal affairs.	Demonstrates the breadth and depth of capacity to improve organizational fiscal responsibility at the local level.	Quarterly reports of number of training activities carried out by trainers and subsequent trainings by TOT methods.	Demand for training in fiscal transparency/ accountability procedures will demonstrate improved capacity of local organizations to manage funds from central government.
2) 95% of technical district leaders from three pilot districts trained in accountability and transparency – participatory		Same as above	Reports from training workshops	

³ Note: Anti-Corruption Efforts were carried out by the ARD/FDP in Rwanda, June-September 2004 under the USAID-funded Rwanda Increased Community Accountability Model (RICAM).

⁴ The officially registered number is 135 people. Most of the government officials and some other individuals did not register, but did participate. The 200 number is arrived at based on the fact that the conference hall capacity was 200 and it was more than full.

⁵ It is estimated that about 20 percent of the local leaders might not be able to implement the workshop recommendations due to limited human resource as well as financial capacity.



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Indicator	Definition and Unit of Measurement	Relevance of Indicator	Data Collection Methods	Associated Activity
processes in local finance.				
2) 12 trainers from all over the country trained in accountability and transparency in local financial management.	# of trained trainers from provinces.	Demonstrates interest by the government and local leadership in strengthening decentralized anti-corruption capacity.	Reports from ARD and MINALOC.	
3) At least two further trainings and training action plans for each of the 12 provinces developed for the districts by the trained trainers.	Approximate % of trainers that carry on the training in the provinces.	Same as above	Provincial and district monitoring reports.	
4) Approximately 252 ⁶ persons from 12 provinces trained and assisted in accountability and transparency in local financial management.	# of persons trained and assisted from all districts of 12 provinces.	Indicates commitment by local authorities and MINALOC to build and strengthen accountability and transparency in local and public/national resource management.	Provincial and district quarterly reports. Monitoring reports from the National Decentralization Implementation Secretariat (NDIS).	
5) At least 60% of the local pilot district budgets financed by taxes from the community members.	% of pilot district budgets financed locally.	Increased level of participatory and transparency practices by the leaders. Improved understanding of the value of decentralization. High levels of confidence among community members.	Quarterly district financial and reports. Surveys from the districts.	
6) Approximately 95% ⁷ of the pilot district authorities hold sessions to obtain citizen input on community development needs, budgetary process, and participation.	% of pilot district leaders that hold public citizen sessions to obtain views and ideas for budget development process.	Better understanding of the use of citizen participation in public decision-making process. Shows improvement in skills in local governance by local leaders.	Surveys and good governance evaluation assessments.	
7) 80% of local resources going to community-identified priority needs.	% of local resources invested in community-identified priority needs.	Indicates confidence in and commitment of local leaders in community development. Also demonstrates an improved relationship between the common citizen and the leaders.	Quarterly district budget reports. District development and evaluation reports.	

⁶ This number is derived from some of the provincial training plans developed during the TOT on August 24-26, 2004 in Kigali.

⁷ This percentage is based on the number of meetings conducted in all sectors of the three districts.

Indicator	Definition and Unit of Measurement	Relevance of Indicator	Data Collection Methods	Associated Activity
2) # of communities requesting fiscal transparency and accountability training.	# of communities requesting training assistance.	Reflects demand for improving local capacity to manage funds.	(Same as above)	Training provided to improve local-level capabilities to manage fiscal affairs as well as training other organizations.
Objective 3: Carry out pilot studies in three communities on the efficacy of the training provided and the extent to which transparency and accountability procedures have been adopted as policy in these communities				
1) # of fiscal procedures adopted in each pilot community.	# of fiscal procedures adopted in each pilot community for demonstrating transparency and accountability in fiscal matters to the community population.	Shows how many and what procedures are deemed relevant to the fiscal decentralization process.	Focus group interviews with community leaders and a review of community meeting notes.	Documentation of the adoption of transparency and accountability procedures that are in keeping with Rwanda's Fiscal Decentralization Program.
2) About 80% of action plans developed and adopted by the three pilot districts to implement participatory tools in the budgetary process are fully implemented.	% of action plans developed and implemented by the pilot districts.	Shows an improvement in participatory work planning and implementation of decentralized action plans.	Monitoring of and reporting on district implementation plans.	
3) About 600 budget brochures developed in the three pilot districts to inform citizens on the local budget are distributed.	# of brochures developed and distributed in sectors prior, during, and after public meetings.	Indicates the extent and capacity of local districts to involve citizens in the budgetary and other public resource management processes.	Attending cell, sector, and district public meetings. Meeting minutes records of attendance and no. of brochures used during the meetings.	
2) % of key community leaders in each pilot community that express ongoing support for adopted procedures.	2) % of key community leaders in each pilot community that express ongoing support for adopted procedures; this support will demonstrate that procedures will be sustained in community affairs.	Demonstrates local support and projected continuity of adopted procedures.	Individual interviews with key community leaders using a standardized questionnaire format.	Part of the overall Fiscal Decentralization Program seeking to improve fiscal transparency, accountability, and elimination of corrupt behaviors.



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Indicator	Definition and Unit of Measurement	Relevance of Indicator	Data Collection methods	Associated Activity
3) Approximately 50% of community engagement in district budgetary planning process at all levels of the district.	% of community engagement in district budgetary planning process.	Shows increased citizen interest in decentralized development.	Interviews with district councilors.	
4) About 80% of the community members in the pilot districts ask for regular financial reporting from district leaders.	% of citizens asking leaders for district financial accountability.	Indicates improved citizen awareness about their role in public accountability and making their leaders accountable to them.	Interviews with leaders. Gathering views and opinions from public meetings.	
5) About 95 % of citizens' opinions incorporated into the financial management decisions.	% of citizens' opinions incorporated in the financial management decisions.	Increased level of leadership accountability to citizens' role in development.	Public meeting minutes and final financial management policy documents.	
6) 95% of pilot district policy documents reflect citizens' views.	Same as above	Same as above	Same as above	
8) 80% of key community leaders in each pilot district express support for the use of adopted procedures.	% of key community leaders in each pilot community that express support for the use of adopted procedures.	This support will demonstrate that procedures will be sustained in community affairs.	Interviews with community leaders, and focus group interviews with citizens and district technical teams using those procedures.	

Annex C: ARD/FDP Staff and Technical Support Advisors

NAME	POSITION	START DATE
1. Dr. Henry H. Kellam III	Chief of Party	January 2004
2. Dr. Ludovick Shirima	Coordinator of Fiscal Decentralization Component	January 2004
3. Dr. Mussolini Kithome	Coordinator of District Services Component	January 2004
4. Antoinette Uwimana	Coordinator of Institutional Development & Support	2002
5. Micheline Niyonsaba	Training & Coaching Specialist	2002
6. Claude Rubango	Training & Coaching Specialist	2001
7. Antoinette Kanyundo	Office Administration Support	2001
8. Veronique Gakwaya	Head of Administration & Accounting	December 2003
9. Alphonsine Ntabana Sheri	Solid Waste Management Specialist	February 2004
10. Abu Singirankabo	Chief Custodian	2002
11. Johan Cornet	IT and Database Specialist	February 2004
12. Walter Espinoza	Budget/Treasury Specialist (FM Component)	March 2004
13. Eugene Nyirigira Gatari	Community Accountability Specialist (CAS) / RICAM	June 2004
14. Jean Bosco Kaigire	Driver	September 2003
15. Jules Karangwa	Driver/SSA Rental	March 2004
FDP SHORT-TERM CONSULTANTS AND OTHER ADVISORS		
16. Robert Kehew	Sr. Technical Advisor (ARD/DC Sub-Office)	2001
17. Marc Companion	Project Manager/Back Stop ARD/VT Office	November 2003
18. Ricardo Valderrama	Sr. Advisor in Financial Management	2002
19. Claudia Pamfil	Trainer of Trainers Advisor	2002
20. Richard Almy	Property Tax Specialist/Advisor	2002
21. Daniel Serban	Trainer of Trainers Advisor	2002