Ex post evaluation – Rwanda

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Sector: Public sector policy and administration (CRS 1511000)
Programme/Project: 2001 66 546*, 2008 65 873, 2007 65 768, 2009 66 242, 2010 66 604; CP Programme to Promote Decentralisation - CDF I+II
Implementing agency: Common Development Fund (CDF), since 2013: LODA

Ex post evaluation report: 2015

		CDF I** (Planned)	CDF I (Actual)	CDF II*** (Planned)	CDF II (Actual)
Investment costs (total)	EUR million	4.75	4.75	10.73	10.73
Counterpart contribution	EUR million	0.00	0.00	0.00	0.00
Funding	EUR million	4.75	4.75	10.73	10.73
of which BMZ budget funds	EUR million	4.75	4.75	10.73	10.73

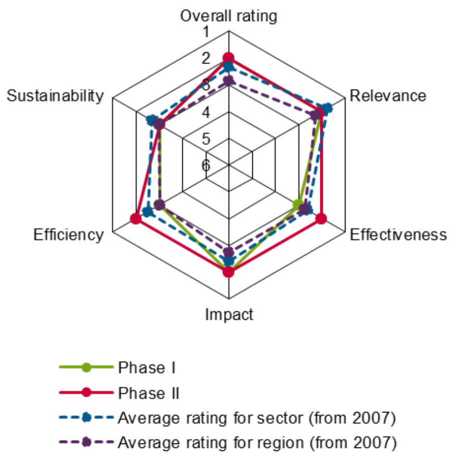
*) Random sample 2015
**) CDF I: BMZ No. 200166546, 200865873
***) CDF II: BMZ No: 200765768, 200966242, 201066604

Summary: As part of the Rwandan decentralisation policy, FC programmes CDF I and CDF II, which had identical concepts, supported the "Common Development Fund" (CDF), which financed municipal infrastructure measures at the district level and helped the districts with the planning, implementation and supervision of infrastructure projects. The implemented projects were based on the district development plans of all 30 districts, which were drawn up with the involvement of the population and their elected representatives. The infrastructure was constructed by local companies, and was mostly labour-intensive. The resources to fund the infrastructure measures were largely drawn from national funds and donor funds (Germany, Netherlands). The support to the CDF was implemented through two conceptually identical programmes, starting 2006, in cooperation with TC. German DC remains committed in the decentralisation sector.

Objectives: The overarching development objective (impact) of the programmes was to contribute towards an improvement in governance, putting local communities in a position to take part in fighting poverty and in the entire development process and thereby enhancing the living standards of the population. The programme objective (outcome) was to promote the capacity and further development of institutions at local level (district authorities) and central level (CDF). Promoting public participation and improving the supply of local infrastructure were additional objectives.

Target group: The target group was the predominantly poor population in the 30 districts of Rwanda.

Overall rating: 2 (both programmes)



Rationale: The CDF (now LODA) has established itself as a reliable partner, and the capabilities of the local administrations in implementing the infrastructure projects have improved. Over the years the programmes always became very well established within Rwanda's ambitious development strategy, and contributed to the success of the country's development at the relevant times.

Highlights: Specific goals have been determined yearly for each district in performance contracts (Imihigo) since 2006 (output indicators such as km of roads built). The contracts are concluded between the district and President Paul Kagame, and increase the competition between the districts, but so far they have not been linked directly with the CDF.

The high accountability at all levels of administration and the government's strong focus on results are worthy of note and key to the success of Rwandan development.

Rating according to DAC criteria

Overall rating: 2 (both programmes)

German DC made five commitments to the Common Development Fund (CDF). These are broken down into two conceptually identical programmes, CDF I and CDF II, and represent various tranches of these two programmes.

The programmes are convincing thanks to their high relevance and good developmental efficacy. Both CDF programmes are the same in terms of their design. Progress can be observed in the project implementation, which leads to a better assessment of the second programme in comparison to the first in terms of efficiency and effectiveness. Overall, both programmes were rated as good; there was no difference between the final ratings as both programmes followed the same approach and had a similar impact and level of sustainability.

Breakdown of total costs

The counterpart contributions (land, labour) of the districts (amounting to 10 % per infrastructure project) were omitted from the documentation in the course of implementation to simplify the process and bring the procedures of the Dutch and Rwandan governments into line with one another. The Rwandan government bears the majority of the costs for the projects financed by the CDF (approximately 80 % Rwanda, 10 % the Netherlands and 10 % Germany), each of which are assigned to a donor. Overview of measures financed by FC funds:

		CDF I Tranche 1	CDF I Tranche 2	CDF II Tranche 1	CDF II Tranche 2	CDF II Tranche 3
Costs	EUR million	3.00	1.75	2.01	3.50	5.22
CDF (infrastructure)	EUR million	2.54	1.75	2.01	3.15	5.02
Consultant	EUR million	0.46	0.00	0.00	0.35	0.20

By means of the CDF, local infrastructure projects were financed in a variety of sectors: roads (35 %), income-generating infrastructure such as markets or bus stations (18 %), energy projects (14 %), healthcare projects (7 %), environmental protection (6 %), water supply (6 %), administration buildings (5 %), schools (5 %) and other projects (6 %).

Relevance

Since the 1994 genocide, when the country was economically and socially devastated, Rwanda has come on in leaps and bounds in terms of development, for example reducing the proportion of the population living in poverty from 59 % in 2000/01 to 45 % in 2010/11 (Source: World Bank, more recent data is not available). The country's score on the Human Development Index has also improved consistently since 1995 (1995: 0.230; 2013: 0.506 or no. 151 out of 186). Nevertheless, Rwanda remains one of the least developed countries (LDC) in the world and is classified as a low-income country by the World Bank. Rwanda has neither access to the sea, nor any significant natural resources. More than 70 % of the Rwandan population works in agriculture. The need for public infrastructure such as roads, electricity, water, schools, health care, etc. has been and continues to be high.

In 2000, the Rwandan government adopted its Vision 2020 programme, a national development plan aimed at making Rwanda a middle-income country by the year 2020. In 2001, as part of this process, the Decentralisation Policy came into force. Donors responded to these first efforts towards decentralisation in the country by pledging funds (first BMZ No. from 2001). Decentralisation helps to alleviate the disparity between urban (Kigali) and rural areas. Nationwide approaches, like that of the CDF, are appropriate for preventing the potential for conflict resulting from the unequal distribution of resources in countries with fragile general conditions, such as Rwanda. The decentralisation process supports the development of local institutions, the provision of public services and public infrastructure and the participation of the local population. The provision of funds for the autonomous implementation of infrastructure projects in the districts via the CDF (now LODA) represents a key element of the decentralisation strategy. The provision of 10 % of Rwandan public revenue for these measures highlights the level of commitment from the Rwandan government. The FC programmes fit in very well with national priorities.

The identically designed approach of the FC programmes, which has remained constant over the years, has at all times been well-suited to supporting the decentralisation process in Rwanda. By providing funds for selected participatory infrastructure projects, local administrations have been able to carry out their duties while at the same time improving the living conditions of the population. The first FC phase (BMZ No. 2001 66 546) was tested in 2004, with its implementation beginning in 2006, the same year as an administrative reform in the country which reduced the number of local authorities. The FC programmes were well complemented by the activities of GIZ, which has been involved in the decentralisation sector since 2004. While the focus of the TC was on the reintegration of ex-combatants during the first few years, it has been involved in a cooperation project with the FC in the area of decentralisation since 2007. In the current programme phase, which is still ongoing, the GIZ is addressing three central aspects of the decentralisation process: 1) citizen participation, 2) fiscal decentralisation and 3) capacity development.

In 2010, the Rwandan government defined a division of labour between the donors operating in the country. Since then, Germany and the Netherlands have been active in the decentralisation sub-sector, with Belgium joining their ranks in 2015. Donor procedures have been harmonised in cooperation with the CDF (e.g. in terms of reporting). Regular sector working group meetings are held for the overarching sector of Governance and Decentralisation, with MINALOC (chair) and all donors active in this sector in attendance. The German Embassy currently co-chairs this group.

Relevance rating: 2 (both phases)

Effectiveness

The objective of the programme (outcome) was to promote the efficiency and development of institutions at the national (CDF) and local levels (district administrations/at programme appraisal: CDCs - Community Development Committees) as well as to encourage citizen participation and improve the provision of local infrastructure (see indicators).

The achievement of the project objectives defined at the programme appraisal can be summarised as follows (the values from 2012 are shown to evaluate the achievement of objectives in the first phase [CDF I]):

Indicator	Status PA	Ex post evaluation
(1) Three years after the end of construction work at the FC-financed projects, at least 75 % of the infrastructure projects realised are in use.	-/-	Achieved 2015: 100 % of the projects visited were in use. 2012: 87 % of the projects visited at the final inspection were in use and were of good quality (BMZ No. 2001 to 2009)
(2) Evaluation by the Office of the Auditor General of the financial project management (as part of governance) of the communities (type and number of objections).	-/-	Achieved. Positive development of public financial management according to Transparency International and the Office of the Auditor General. In 2011/12 there were still complaints made at the district level relating to incorrect accounting and non-compliance with procedures, as well as concerning fraudulent expenditure. The complaints focused on interactions with non-budget agencies (schools, hospitals), which lie outside the scope of the FC project management.

(3) Evaluation of the CDF (as a catalyst for community financing) by the Office of the Auditor General (number and type of objections).	-/-	Achieved; no objections from the Office of the Auditor General regarding the financial management of local infrastructure projects by LODA (successor institution of the CDF).
(4) Positive development of citizen participation	-/-	Achieved. Data only collected since 2012. 2014: 71.68 % 2012: 66.93 %

Sources: (1) Investigation during ex post evaluation.
(2) Transparency International Rwanda: Analysis of the Auditor General Reports of the Districts for the financial year ended June 2013.
(3) Report of the Office of the Auditor General on LODA for the fiscal year 2013/14. (4) Governance Scorecard

The institutions have undergone significant development at both the national and local levels. This is reflected in the positive development of the absorption capacity for FC funds. While the CDF had only EUR 300,000 of FC funds per year in the early years between 2005-2007, this figure had reached approximately EUR 5 million by the financial year 2014/15 (under LODA).

The CDF’s procedures have also developed positively, including the introduction of a distribution formula in 2009/10 which takes into account the population, poverty rate and size of the district. In addition, the application procedure has been abolished, and the available funds are allocated to specific projects from the district development plans as part of the budget planning process. However, the introduction of a performance-based distribution formula, which has been the subject of discussion for some time now, is yet to materialise – as is the introduction of web-based monitoring software.

The district administrations have increased their staff capacity substantially and are now able to implement the infrastructure projects autonomously.

Infrastructure has continued to improve throughout the country over the last 10 years. For example, the number of health care facilities increased from 549 to 748 between 2009 and 2012, access to clean drinking water improved from 70 % to 74 % of the population between 2005 and 2011, 60 % of roads (classified roads) were in good condition in 2011 compared to just 11 % in 2006, and the number of electricity connections doubled between 2006 and 2010 from 95,000 to 215,000, still only around 15-20 % of the population is connected to the mains grid. The FC programmes were able to contribute to this development with more than 350 individual projects across the 30 districts.

The programmes made a positive contribution to improving citizen participation. However, the results chain is relatively long in this regard. Nevertheless, the projects financed through the CDF were and are the only portion of the district budget over which the districts have any autonomy. The projects financed as part of the programmes originate from the district development plans developed by elected representatives.

The indicators established at the programme appraisal have now been achieved. The second phase of the programme is therefore rated as good. For the first phase of the programme, the achievement of objectives is evaluated as of 2012 and is rated slightly worse due to the weaker financial project management and citizen participation at the time.

Effectiveness rating: 3 (first phase) and 2 (second phase)

Efficiency

After initial delays (programme start in 2006 instead of 2005), payments for the programme improved significantly over time. At the project level there were various minor and major delays due to a wide range of factors such as rain, problems with construction companies and the clarification of property rights. The microeconomic efficiency of the project is rated as satisfactory. The quality of the infrastructure complies with local standards and provides a largely satisfactory price-performance ratio. Technical plans were created in preparation for the project, but no feasibility studies with analyses of the requirements, situation, etc. were carried out. As a result, there was some oversizing (e.g. of markets), as well as some location and transport failings (e.g. no access road to the market) in individual cases. The problem of a lack of feasibility studies was addressed by the FC in 2012 and a handbook was developed on the subject.

Projects were selected according to the needs of the local population in the districts. Measures were implemented in several sectors. All infrastructure projects visited during the evaluation were in use (FI 2012: 87 % in use and of good quality) and the positive impacts of the improved living conditions for the population were directly tangible. Allocation efficiency can be assumed to be good on the whole. Since the available funds were divided among the 30 districts of Rwanda, the average amount available for each project was low. This led to individual projects being divided up into stages lasting several years each, without this affecting the sectoral mix. The broad distribution of resources should, however, also be viewed in a positive light, as it serves as a means to avoid stirring up potential conflicts due to the unequal distribution of funds.

In summary, there is still potential for improvement in terms of the efficient use of funds (rapid implementation, detailed planning). Nevertheless, a good cost-benefit ratio can be assumed and the efficiency is therefore rated good for Phase II and satisfactory for Phase I due to the slow start-up phase.

Efficiency rating: 3 (first phase) and 2 (second phase)

Impact

The overarching development objective (impact) of the project was to contribute towards an improvement in governance, putting local communities in a position to take part in fighting poverty and in the entire development process. The wording of the overarching development objective was taken from the Rwandan 'Decentralization Implementation Plan, 2004-2008' in order to underline the alignment with national priorities.

Improving governance is not an end in itself, but serves the overall objective of improving the living conditions of the population. This is particularly relevant because the programme has contributed directly to the improvement of living conditions by providing local infrastructure (e.g. health care, schools, access to water), and has also supported the development of economic activities (e.g. electricity supply, markets, roads). Furthermore, since the level of infrastructure was very low at the programme start, the positive impacts of the programme can be assessed as good.

The programme's contribution to the implementation of decentralisation in Rwanda can also be assessed as good since it supported the autonomy of the districts and contributed to the development of capacities in the district administrations. No data was available for the indicator 'Development of the number of districts which can provide 80 % of the services for which they are responsible', as defined at the project appraisal. The implementation of decentralisation in Rwanda is currently in its third phase (consolidation). The legal framework is in place. However, the districts lack the internal income (less than 7 % of the district budget) or the capacity to collect the revenue that they are entitled to.

In Rwanda, participation is often understood to mean collaboration. The labour-intensive design of construction projects or the involvement of local communities in operation and maintenance must be assessed as positive since there is no alternative. However, an approach like Umuganda (unpaid community work on the last Saturday of every month) also illustrates the strict expectations of each individual, which it is important to keep a critical eye on. When it comes to the preparation of district development plans, the population (as in many countries) is involved indirectly through the election of their representatives, or through civil society forums such as the Joint Action Development Forum (JADF), although this has only a minor influence on the preparation of the district development plans.

Overall, both phases of the programme have demonstrated good developmental impacts. The achievement of objectives in the first phases is assessed on the basis of the values from 2012.

Indicator	Status PA	Ex post evaluation
(1) Implementation of fiscal decentralisation: a) Increase in district transfers	-/-	Achieved: The national budget increased by an average of 21 % each year between 2006 and 2014/15. Transfers from central government to

(block transfers) greater than or equal to total budget growth. b) Increase in earmarked financial transfers from the national budget to the communities in comparison to the total budget at the national level.		the districts increased over the same period by an average of 33 %. 2014/15: Increase in national budget: 5 %; increase in transfers to districts: 10 % 2011/12: Increase in national budget: 14 %; increase in transfers to districts: 69 %
(2) Improvement of governance at the local level: a) Increase in percentage points of the proportion of the population expressing confidence in and satisfaction with local government. Supplemented by: b) Governance Scorecard: Quality of Service Delivery in Local Administration (national target: 75 %).	-/-	a) 2010: 84 % expressed confidence in local government; no other data available b) 2010: 67.7 %, 2012: 77.3 %, 2014: 71.1 %.

Sources: (1) Minecofin, Presentation on Fiscal Decentralization in Sector Working Group,17 February 2015 (2 a) Rwanda Reconciliation Barometer 2010 (2b) Governance Scorecard

Impact rating: 2 (both phases)

Sustainability

The successes achieved with the support of the FC programmes in providing local infrastructure and in terms of institutional development are based on the level of commitment and the Rwandan government's focus on results, which remain high. It is expected that the decentralisation process will be continued and that the provision of local infrastructure as a foundation for poverty reduction and local economic development will remain a focus for the government. Whether or not these successes are sustainable depends to a large extent on the stability of the country. As it stands, the constitution does not allow incumbent president Paul Kagame to run for a third term in the 2017 presidential elections. This results in the risk of political unrest, which could adversely affect sustainability.

The internal revenues of the districts are very low at less than 7 % of the district budgets (with the exception of Kigali) and limit the autonomy of the districts. On a positive note, there is clear potential for the collection of taxes and fees. As of this year, the central government has been supporting the districts with collection through the Rwanda Revenue Authority.

The projects visited during the evaluation were all in operation and in an acceptable condition. Maintenance and servicing should, however, be regarded as critical as in many decentralisation projects. The corresponding planning and necessary funding are lacking. Where possible, operation and maintenance are handled by local communities. The funds that the districts visited have earmarked for operation and maintenance currently make up less than 1 % of the total budget. Something which can be regarded as positive for the future is that the subject seems to be systematically tackled both in the districts (training) as well as at the national level (study by the Ministry of Infrastructure).

The sustainability of the infrastructure still shows significant weaknesses, while the sustainability of the achievements of the decentralisation process is difficult to predict. We therefore assess the overall sustainability of the programme as satisfactory.

Sustainability rating: 3 (both phases)

Notes on the methods used to evaluate project success (project rating)

Projects (and programmes) are evaluated on a six-point scale, the criteria being **relevance, effectiveness, efficiency** and **overarching developmental impact**. The ratings are also used to arrive at a **final assessment** of a project's overall developmental efficacy. The scale is as follows:

Level 1	Very good result that clearly exceeds expectations
Level 2	Good result, fully in line with expectations and without any significant shortcomings
Level 3	Satisfactory result – project falls short of expectations but the positive results dominate
Level 4	Unsatisfactory result – significantly below expectations, with negative results dominating despite discernible positive results
Level 5	Clearly inadequate result – despite some positive partial results, the negative results clearly dominate
Level 6	The project has no impact or the situation has actually deteriorated

Rating levels 1-3 denote a positive assessment or successful project while rating levels 4-6 denote a negative assessment.

Sustainability is evaluated according to the following four-point scale:

Sustainability level 1 (very good sustainability): The developmental efficacy of the project (positive to date) is very likely to continue undiminished or even increase.

Sustainability level 2 (good sustainability): The developmental efficacy of the project (positive to date) is very likely to decline only minimally but remain positive overall. (This is what can normally be expected).

Sustainability level 3 (satisfactory sustainability): The developmental efficacy of the project (positive to date) is very likely to decline significantly but remain positive overall. This rating is also assigned if the sustainability of a project is considered inadequate up to the time of the ex post evaluation but is very likely to evolve positively so that the project will ultimately achieve positive developmental efficacy.

Sustainability level 4 (inadequate sustainability): The developmental efficacy of the project is inadequate up to the time of the ex post evaluation and is very unlikely to improve. This rating is also assigned if the sustainability that has been positively evaluated to date is very likely to deteriorate severely and no longer meet the level 3 criteria.

The **overall rating** on the six-point scale is compiled from a weighting of all five individual criteria as appropriate to the project in question. Rating levels 1-3 of the overall rating denote a "successful" project while rating levels 4-6 denote an "unsuccessful" project. It should be noted that a project can generally be considered developmentally "successful" only if the achievement of the project objective ("effectiveness"), the impact on the overall objective ("overarching developmental impact") and the sustainability are rated at least "satisfactory" (level 3).