

Section 5. Terms of Reference

GERMAN FINANCIAL COOPERATION WITH RWANDA /

THE NETHERLANDS EMBASSY

**Support to the Implementation of the Decentralisation and Good Governance
Programme (Project)**

**Consulting Services for
Project Implementation**

BMZ No. 2017 67 052

1. INTRODUCTION

Recent rapid economic growth in Rwanda has been one of the most important reasons for the reduction of poverty. The majority of the Rwandan population still lives in rural areas, where poverty is higher than in urban areas.

The Local Administrative Entities Development Agency (LODA), which was set up as a vehicle for funding Local Government development activities in Rwanda and to coordinate all development projects undertaken at the local level, has secured funding to support its decentralisation programme through the “Support to the Implementation of the Decentralisation and Good Governance Programme” (Programme) by the German Government through KfW Development Bank (Financial Cooperation, FC) and The Netherlands Embassy.

Through the Programme support to, and capacity development of, staff at District level and technical staff at LODA through an Implementation Consultant will be rendered during a transition phase of three years. Also, funding for local economic and social infrastructure for the population in all 30 Districts and City of Kigali will be provided.

The Local Administrative Entities Development Agency (LODA) will be the Project Executing Agency (PEA). The assignment contract will be concluded between the consulting company and LODA.

2. BACKGROUND

In May 2000, the Government of Rwanda (GoR) adopted the National Decentralization Policy which was later revised in 2011. The main thrust of the policy was to ensure political, economic, social, managerial, administrative and technical empowerment of local populations to fight against poverty by participating in the planning, monitoring and management of their development process. The Rwanda Decentralization Strategic Framework (RDSF), adopted in August 2007, provided the basis for furthering the decentralization process from 2008 to 2012 in a comprehensive and coordinated manner.

Decentralisation has even since been an implementing strategy of the overall development strategy as laid out in the Vision 2020, which is a national development plan with the goal to transform Rwanda into a middle-income country (MIC), and the “Economic Development and Poverty Reduction Strategy (EDPRS 2)” - refer to Annex A-1 - to execute the Vision 2020.

Since inception of the decentralization policy the GoR decided to implement the strategy in phases. The first phase (2001 to 2005) aimed at establishing democratic and community development structures at the District level and was accompanied by a number of legal, institutional and policy reforms, as well as democratic elections for local leaders.

The second phase (2006 to 2010) was conceived after a territorial restructuring in 2005, which considerably reduced the number of administrative entities (from 12 to 4 provinces, 106 to 30 districts, 1545 to 416 sectors, and 9165 to 2148 cells), and aimed at consolidating progress on national priorities, such as Vision 2020, and deepen the decentralization process by enhancing effectiveness in service delivery to communities. The 2nd phase also focused on trying to build capacities (human and financial) at local levels, and to boost local development. Enhanced upward accountability, particularly after introduction of the process of performance contracts “Imihigo”, has reinforced synergies, coordination and harmonization of interventions in local governments.

The ongoing third phase of decentralisation intends to respond to a number of challenges, which were found to hampering optimal functioning of the decentralization framework, in particular Local Economic Development, harmonization of local priorities with sector policies and human resource development within the different tiers of local government. The “Decentralisation Sector Strategic Plan 2013/14-2017/18” (DSSP), which is in place since mid-2013, is to align decentralisation to the priority thematic areas of EDPRS 2, set objectives accordingly and clarify the roles of different stakeholders involved.

The formulation of the next phase in decentralisation to 2024 is currently under preparation and will be laid out in the “Governance and Decentralization Sector Strategic Plan 2018/19-2023/24”.

To promote social and economic development at local level, the GoR is increasingly decentralizing funds and responsibilities to the local government level (the Districts) and has established enabling institutions such as the LODA. In addition to a Decentralization

Implementation plan (DIP); a Fiscal Decentralization Strategy (FDS) has been developed to guide the implementation of the Fiscal and Financial Decentralization Policy (FFDP).

Financial resources have over the years increased tremendously from RWF 47.9 billion in 2006 to RWF 151.2 billion which were mobilised by LODA in the financial year 2016/2017 as stated in the “LODA Annual Activity Report 2017/2017” (Annex A-2).

With regard to administrative decentralisation, the different subnational government levels vary in the decentralization mode: the district level is the main decentralized level and has the deepest mode of decentralization in form of devolution; all other decentralized levels (province, sector (Umurenge), cell and village) are based on a deconcentration mode, as they are only responsible for administration and implementation. Thus, the only decentralized level that can effectively execute quasi-autonomous authority in decision-making, finance and management and consequently lead development, is the district level. As acknowledged in the DSSP, Capacity challenges in Local and Central Government institutions are a major limitation to decentralisation.

While the development social and administrative services played a more prominent role in the first phases of decentralization, the focus has gradually shifted to economic development at local level, including the promotion of privatization and public-private partnerships. This shift is in line with the priorities of the second poverty reduction strategy, EDPRS 2.

According to the “National Investment Policy 2017” (Annex A-3) one prerequisite for an in time and on budget implementation of appropriate investments is a sound preparation process, requiring thorough screening and appraisal process by means of pre-feasibility and feasibility study. On Local Government Level LODA fulfils key functions in these planning, budgeting and monitoring procedures.

Experiences by the Development Partners (DP) supporting the decentralisation in Rwanda show, that the transformation of policies into strategies and regulations for project planning, implementation, operation and maintenance and monitoring at local level have improved, however are still lagging behind. Amongst others the Government of Germany through KfW, the Government of the Kingdom of the Netherlands through The Netherlands Embassy, BTC/enable, WB, UNDP, Suisse Cooperation and ADB are financing LED in via LODA.

In response to the above-mentioned scenario the “Support to the Implementation of the Decentralisation and Good Governance Programme” has been conceived with the financial support of KfW and the Government of The Netherlands and other partners to further strengthen LODA in its role.

An Implementation Consultant will support LODA and the Districts during a transition phase of three years in providing technical support and capacity building measures in the areas of District planning, project planning with a strong focus on improving the quality of feasibility studies and the built quality of projects, their operation and maintenance as well as strengthening of M&E function and systems at LODA and District level. It is envisaged

that the consultants in consultation with LODA and districts will propose a strategy on how implementation capacities can be developed in a sustainable manner in line with the decentralization policy.

3. OBJECTIVE, RESULTS AND INDICATORS

The Programme Objective is that public service delivery and provision of public infrastructure is improved and the population in the 30 Districts and City of Kigali is participating more in planning and decision-making processes.

The Project Outcome are that:

- (i) A contribution to poverty reduction by improving the living conditions of the target population in the districts has been made; and
- (ii) The District administration and service delivery in terms of effectiveness, efficiency and transparency has been improved.

The expected Project Outputs are that

- (i) The Districts have basic infrastructure facilities within the planned time and budget;
- (ii) The operation, maintenance and upkeep of the infrastructure and equipment are properly planned by the Districts; and
- (iii) Monitoring and evaluation as well as infrastructure-related administrative capacities of the Districts are strengthened at both LODA and District level..

The Programme is considered successful if, according to the "success indicators" specified in the "Result Matrix" (see Annex A-4), the target values have been achieved.

4. DESCRIPTION OF THE PROGRAMME

4.1 National Investment Policy

The Government of Rwanda (GoR), through its public expenditure program has played a crucial role in the process of promoting socio-economic reconstruction. More than two decades later, the country is aiming for long-term sustainable development, economic transformation and poverty reduction as elaborated in the Vision 2020 and the Second Economic Development and Poverty Reduction Strategy (EDPRS 2). Both, long and medium-term development strategies, aspire to lead Rwanda into middle-income category by 2020 and to accelerate progress to middle income status and better quality of life for all Rwandans through sustained average GDP growth of 11.5% and accelerated reduction of poverty to less than 20% of the population.

Public expenditure in general are to support the achievement of the goals highlighted in Vision 2020 and EDPRS 2. Public investment has a central role to play in this respect; first, through the creation of wealth itself, and second, through its capacity to facilitate the creation of wealth by enabling the private sector, thus facilitating private investment. Past experience has shown that economic growth has been an important contributor to sustainable reduction of poverty in Rwanda. Economic growth significantly depends on the volume and quality of investment among other factors. In this regard, including the private sector in the delivery of public investments via Public Private Partnerships and Joint Ventures can play a pivotal role in supporting the accelerated delivery of strategic national investments.

In general, there are three sources for funding and financing public investments in Rwanda: i) Internal funding sources, ii) external funding support and iii) borrowing as financing source with the requirement to be paid back at least partly.

While internal funding sources entail domestic tax and non-tax revenues, which are used to fund the recurrent as well as the development budget, borrowing is used for the recurrent as well as for the development budget

External funding support refers to Budget and Project Support from Development Partners to which the same lines of authority and procedures that govern the normal Rwandan budget are applicable. There are following main types of Budget Support in Rwanda: “General Budget Support” with no earmarking to a sector or program dealing with budget allocation; “Sector Support” for financing the realisation of development objectives in an identified sector; “Budget Support to Decentralization” to support for decentralized entities, channelled through the Local Administrative Entities Development Agency (LODA); and “Project Support”, which is directly targeting defined sets of activities under the development budget.

4.2 Local Administrative Entities Development Agency (LODA)

4.2.1 Legal Framework

The Project Executing Agency, Local Administrative Entities Development Agency (LODA) came into existence in 2013 with the enactment of the Organic Law N° 62/2013 of 27/08/2013, establishing LODA and determining its mission, organisation and functioning. LODA has legal personality, administrative and financial autonomy and it is governed in accordance with legal provisions governing Public Institutions.

The agency was set up as a vehicle for funding Local Government development activities in Rwanda. LODA is responsible for the coordination of all development projects undertaken at the local level. Beside the non-earmarked development budget from the Government of Rwanda (GoR) and funds from Development Partners (DPs) to Districts, LODA also assists in monitoring the earmarked transfers from line ministries. Moreover, LODA plays a supporting role in planning and supervising all District projects, as well as in the coordination between line ministries and the Local Government. Altogether, LODA focuses on local economic development, social protection, capacity building of local administrative entities, and monitoring & evaluation of the implementation process of programmes in Local Governments with the objective of increasing the capacity of decentralised entities as well as reducing extreme poverty in the country.

Therewith, LODA replaced and took over all responsibilities, mission and vision formerly assigned to the Rwanda Local Development Support Fund (RLDSF) in the framework of implementing the local economic and community development policies and strategies, social protection and poverty reduction programmes. RLDSF, in turn, had been established in order to merge the activities formerly handled by the Common Development Fund (CDF), the social protection programmes Vision 2020 Umurenge Programme (VUP) and Ubudehe as well as labour-intensive projects (HIMO). These programmes are mainly concerned with transfers to the most vulnerable individuals and communities.

LODA remains under the supervision of the Ministry of Local Government (MINALOC), which is in charge of development and monitoring of sector policies and strategies, and supervision of sector programs. The agency retains its own legal personality, but is bound to MINALOC through a performance contract, in which targets and obligations are stipulated that shall contribute to reaching the broader development objectives.

4.2.2 Mandate

LODA is combining different functions in its mandate to support local development. The agency is responsible for coordinating all development activities at District level and building capacities of local administrative entities. To this effect, it finances development activities in local administrative entities and is acting as an intermediary, specifically between DPs and Districts, allocating funds to the 30 Districts and Kigali City according to a formula (see also section on disbursement to Districts). At the same time, it is also actively involved in monitoring the use of funds allocated by LODA to development activities at District level. LODA has also been tasked (i) to specifically establish strategies for the creation of high labour-intensive activities and (ii) to contribute to sensitising population in analysing and solving their problems, to participate in development activities

and to increase savings and use the services of banks and micro-finance institutions. LODA's core business is thus providing support to local government entities in the areas of Local Economic Development (LED), social protection and poverty reduction. Specifically, in the field of LED, LODA is funding numerous public infrastructure projects related to poverty reduction and economic growth, including feeder roads, schools, electrification, agro-processing, water supply, health facilities that are likely to stimulate rural economic development and improving welfare.

The area of social protection, on the other hand, comprises the Vision 2020 Umurenge Programme and the Ubudehe Programme. VUP was launched in 2008 and consists of three components: 1) direct support in the form of unconditional cash transfers to those unable to work, 2) public works employment on community infrastructure projects and 3) financial services by providing access to savings and credit for enhanced livelihoods. The level of support families receive through government social protection programmes such as VUP is, then again, informed by the poverty categories of the Ubudehe Programme. The programme was launched in 2001 and places citizens into different categories according to their poverty level. However, the GFC support is limited to LED projects, while other DPs such as DFID are active in the social protection programmes.

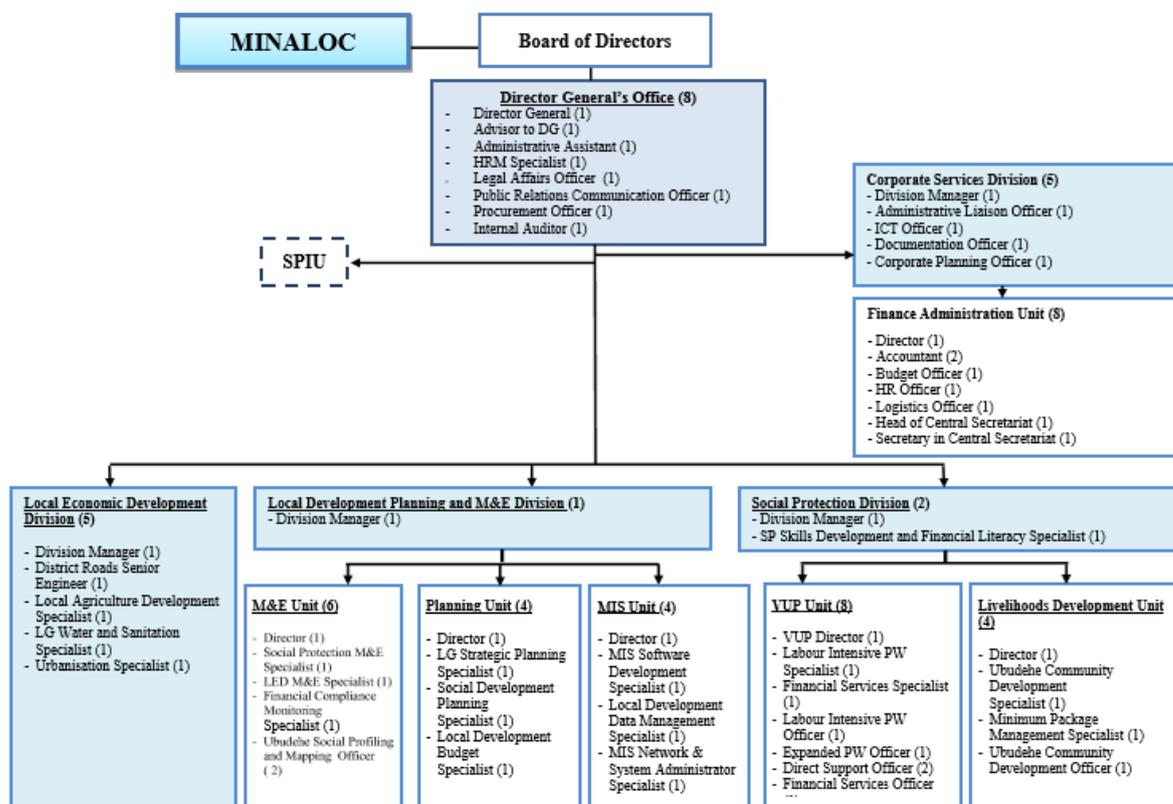
In the course of the recent revision of the National Investment Policy (NIP), adopted on April 2017, the scope of LODA's responsibilities was extended further to take over key responsibilities in the public investment process on Local Government level. Specifically, the Agency was formally assigned to support the planning and budgeting process in collaboration with MINECOFIN by screening project proposals and supporting Districts in preparing investment related spending plans (budget proposals). In terms of monitoring and evaluation, LODA will track expenditure and physical progress against budget approvals and implementation plans, carry out ex-post evaluations of projects and compile quarterly monitoring reports for PPPs on District level.

All infrastructure activities financed by LODA have the objective to meet the priorities of the District population. While some projects address basic needs such as water supply, health and education, others aim at increasing/generating income (agriculture and animal husbandry programmes, roads, markets, processing industries) or improving security (public lighting). In addition, the construction of administrative buildings contributes to better serving the population and improving administrative procedures.

4.2.3 Organisational Structure

LODA is a public institution under the supervision of the Ministry of Local Government (MINALOC). The organisational structure, which was recently revised comprises the Director General's Office and four divisions: The Local Economic Development Division, the Local Development Planning and M&E Division, the Social Protection Division and the Corporate Services Division (see Figure 1).

Figure 1: Organizational Structure of LODA



Source: Prime Minister’s Order N° 05/03 (February 2017)

LODA is headed by the Board of Directors (BoD), its governing and decision-making organ. The BoD consists of seven high ranking officials from other Ministries and Government institutions with at least 30% representation of women. Members of the BoD are appointed for a term of three years, renewable once.

The General Directorate is tasked with the day to day management of LODA and its activities. Four divisions, each headed by a Division Manager, are placed under the General Directorate. The Local Economic Division is responsible for supporting the implementation of LED projects in the Districts, and thus the most relevant counterpart Division for the Programme. The Local Development Planning and M&E Division is in charge of planning and follow-up of the implementation of development projects and programmes as well as monitoring and evaluation of all subsequent activities. The division is divided into the three sub-units M&E Unit, Planning Unit and MIS Unit. The Social Protection Division coordinates the implementation process of Vision 2020 Umurenge Programme (VUP) and Ubudehe Programme and consists of the VUP Unit and the Livelihoods Development Unit. The Corporate Services Division, which also includes the Finance Administration Unit, is in charge of budget preparation and execution, financial management, Human Resource management and assets management. In addition, certain administrative and financial

responsibilities are discharged by LODA staff who report directly to the DG and thus work parallel to the Corporate Services Division, such as legal affairs, procurement and auditing.

Since 2015, LODA also has a Single Project Implementation Unit (SPIU) that is mostly financed by DPs, such as DFID, UNICEF, The Netherlands, enable and the World Bank. It consists of 13 staff whose role is to plan and effectively manage specific projects funded by DPs (such as the Rwanda Urban Development Project (RUDP) co-financed by the World Bank). In comparison with the previous organisational structure of LODA, the following major changes can be discerned:

- An entire division is now dedicated to Local Economic Development, before the introduction of the new organisational structure all tasks related to LED projects were handled by a smaller unit;
- MIS becomes an entire unit with four permanent staff, prior to the reorganisation the competences were spread across different units; and
- A new Planning Unit is established where previously only one Planning Officer existed.
- A new Monitoring and Evaluation Unit is established where previously Planning, monitoring and evaluation were grouped together in one unit

In this sense, the new organisational structure exhibits some improvements: The establishment of a separate MIS Unit along with the significant enlargement of IT staff reflects better the organisational challenge to operate systems such as the MEIS, CMS and other databases. Another positive aspect is the creation of a separate department for Planning, since the role of planning and budgeting is crucial for the successful implementation of development projects. In spite of those recent improvements, the organisational set-up of LODA continues to be hampered by major weaknesses. Districts Engineers have increased in numbers through the creation of the One stop centers unit and the restructuring of district staff from 42 to 85 staff. However, skills required to adequately support complex infrastructure projects are still to be built. Overall, the staffing of LODA is not sufficient in the light of the evolving responsibilities and expanded mandate as well as the additional programmes (e.g. RUDP) and increasing budget to be managed by LODA. As a result, the staff is overburdened and unable to effectively complete all assigned task, such as controlling the quality of planning documents, monitoring project implementation progress and following up technical monitoring and contract management during works implementation.

Over the last years, LODA has considerably expanded its staff from 11 in 2004 to 62 by May 2017 (incl. 13 SPIU staff), however, the heavy workload and overburdening of staff remains a challenge for LODA. The technical capacities necessary to adequately support Districts in planning, implementation and monitoring of infrastructure projects are still not enough, and especially economists, engineers, procurement and financial compliance specialists will be needed.

4.2.3 Budget & LG projects Fiscal Year 2016/2017

According to the LODA - Annual Activity Report 2016/2017 In Fiscal Year 2016/17, the overall development budget allocated by LODA has passed RWF 145.0 billion, out of which approximately 80% were covered by GoR and the remaining amount by development partners.

In the FY 2016/17 LODA has supported the implementation of 499 LG infrastructure projects (in addition to 402 VUP Classic Public Works projects) out of which 36% (179 projects) were finally/provisionally received by districts and the City of Kigali. 55% of projects were still in the implementation phase, while 7% and 2% of the projects were in project design phase and procurement phase, respectively. Uncompleted projects were carried forward in the 2017/18 financial year.

According to the three clusters (Economy, Social and Governance) the main number of projects executed in fiscal year 2016/2017 are as follows:

- Economic cluster: Agriculture 76, Transport 132, Energy 32, Urbanization and rural Settlement 64, Environment and Natural Resources 32, Private Sector Development 20;
- Social cluster: Water and Sanitation 67, Education 38, Health 18
- Governance Cluster: Decentralisation (office construction): 7

Annex A-5 shows a 'Summary of Details of LODA - supported Infrastructure Projects FY 2016/2017' excluding Social Protection projects as excerpt of LODA's Annual Activity Report 2016/2017.

During the preparation of the forthcoming Fiscal Year (2018/19), the 30 districts and the city of Kigali have submitted 783 PPDs, covering an investment amount of RWF 348,161,875,226 billion.

4.3 Related Institutions in the Decentralisation Sector

A range of different Government ministries and institutions play a role in the implementation of the decentralization policy and strategy:

The Ministry of Local Government (**MINALOC**) has the overall mandate to develop and supervise the implementation of the decentralization policy and strategy. The leading role in the development and implementation of the fiscal and financial decentralization policy, however, is entrusted to the Ministry of Finance and Economic Planning (**MINECOFIN**) which is also in charge of the elaboration and monitoring of the Economic Development and Poverty Reduction Strategy II (EDPRS II) in which Governance and Decentralization have been identified as key sectors.

The Rwanda Governance Board (**RGB**) is responsible for promoting the principles of good governance and decentralization, monitoring the practices of good governance in public institutions and conducting research in civic, political and corporate domains related to governance questions. It is also the focal institution for conducting the Joint Governance Assessment by Government and Development Partners. Furthermore, RGB is also the chair of the thematic area "accountable governance" and monitoring all indicators related to

this area. The Governance Scorecard¹, which is published annually by RGB, is giving important insights into justice, service delivery, accountability and participation.

The National Fund for Environment and Climate (**FONERWA**) is responsible for the financing and coordination of the national Green Growth and Climate Resilience Strategy and to support Rwanda's vision to become a low-carbon, climate resilient economy by 2050. This also includes the funding of projects related to climate adaptation and mitigation at District level. Germany is supporting the implementation of projects at local level through FONERWA since 2014. However, the parallel engagement of LODA and FONERWA at the District level can be seen as complementary and mutually reinforcing, even though similar projects (e.g. terracing) might be financed through both agencies. While LODA focuses on financing LED projects as outlined in the DDS, FONERWA's funding is allocated to additional projects, anchored in the national Green Growth and Climate Resilience Strategy that supports climate and environment protection as well as adaptation measures to climate change. As a first step to enhanced coordination and harmonisation of activities, FONERWA is supporting the integration of greening in the DDS.

Most importantly, the responsibility for the implementation of development projects and the decentralization policy in Districts lies with the **Local Administrative Entities** themselves. At local level, the District Executive Committee (DEC)² is reporting to the District Council whose members are the elected representatives of all sectors (as administrative category) of the District, as well as representatives of women and youth. The District Council is responsible for approving DDS, annual action plans, budgets, donations and debts that the District may contract, for monitoring of the activities of the DEC and the management of District property and for establishing of the District tender committee. The Council is the most important decision-making organ of the District and its members remain in close contact with their sector constituencies. Audit reports from the Auditor General on Districts identified the lack of value for money and delayed service delivery from public expenditure, mainly arising from weaknesses in contract management, an increasing trend of idle assets and cases of wasteful expenditure as major weaknesses in the management of public funds by the Districts. There were however improvements in some Districts (Ngoma, Nyagatare, Rwamagana, Gisagara, Kirehe and Gakenke) and City of Kigali which shows that Local Governments have the potential to further improve in management of public funds.

Local accountability and participation of the population and **civil society** in District development affairs occurs through the established structures from village, through cell and sector level representatives in the District Council, as well as through Joint Action Development Forum (JADF) meetings that also include private sector representatives. Districts also hold "open door" or accountability days during which District activities and

¹ The Rwanda Governance Scorecard is an annual publication that seeks to accurately gauge the state of governance in Rwanda. The comprehensive governance assessment tool is constructed from data based on over 200 questions, which are structured based on a set of 8 indicators, 35 sub-indicators and 143-sub-sub-indicators.

² The DEC's are composed of the mayor and two vice mayors (finance & economic development and social affairs), of each of the 30 Districts of the country.

the budget are presented publicly. Performance contracts (Imihigo³) are signed between all levels of administration to fix development objectives and increase efforts to achieve them. In addition, LODA recently has developed a Citizen Monitoring System (CMS) meant to strengthen citizen participation in planning and monitoring the implementation of specific local development projects. The system offers a platform enabling citizens to express their opinion on development projects and further serves as a systematic complaint and feedback system on maintenance of District infrastructure. The system has yet to be launched and LG staff will need to be trained in the use of the system in order to ensure its effective and sustainable implementation.

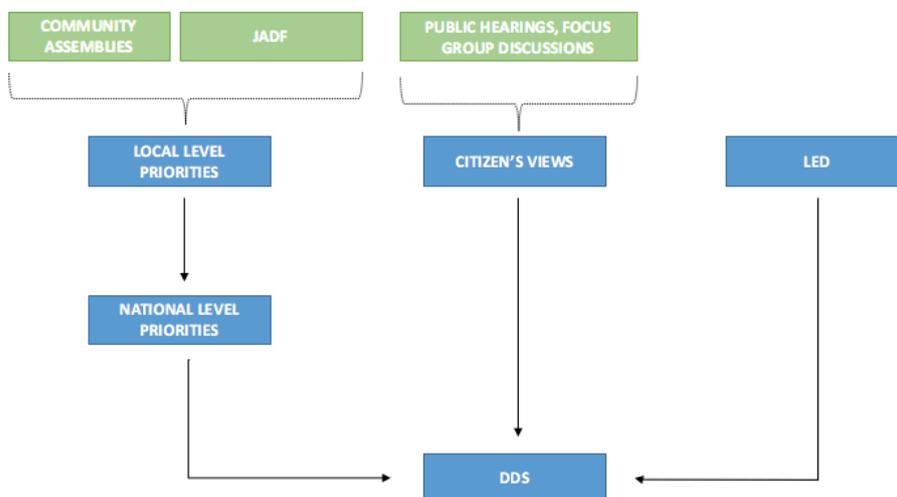
4.4 Planning and Budgeting Cycle

4.4.1 Selection of Projects

The selection of projects is based on the available resource envelope communicated by LODA to the Districts, on the priorities of the Districts as stipulated in the District Development Strategies / DDS (former District Development Plans / DDP) and the annual action plans approved by the District Council.

The elaboration of the DDS (the existing DDPs will end in June 2018) will be conducted through an enhanced participatory and consultative process as depicted in Figure 2.

Figure 2: Elaboration of District Development Strategies (DDS)



As shown in Figure 2, the DDS will consider the planning already undertaken in the framework of the District Local Economic Development (LED) strategies. The LED strategies are a recently established planning instrument at District level with the aim of developing infrastructure projects that help the local community to develop their economic potential.

³ Imihigo (Kinyarwanda for “to vow to deliver”) describes the pre-colonial cultural practice in Rwanda where an individual sets targets or goals to be achieved within a specific period of time. Today, it is used across government as performance contract and to ensure accountability.

In this sense, the LED strategies contain concrete projects that will feed into the DDS and provide a more holistic vision by employing a value chain approach.

The non-earmarked transfers for District development projects provided by the GoR as contribution to investment projects (10% of the national revenue of the previous year) are managed by LODA while payment to districts is administered through the national treasury in MINECOFIN. DP contributions (from Germany and the Netherlands) continue to be channelled through LODA special accounts to finance infrastructure projects at District level. Apart from that, LODA receives support from DFID for the social protection programme and from the World Bank as part of the broader programme to support secondary cities. LODA has continued to allocate and plan for both Government and DP funds and to monitor the implementation of the projects on the ground.

The planning and budgeting process exhibited some challenges in the past, which is partly due to the fact that a two-year planning cycle, which entails a preparatory phase to conduct comprehensive feasibility studies, is not applied by Central and Local Governments. Assigning sufficient time and financial resources to the undertaking of feasibility studies would allow more realistic budgeting and planning as well as to build up a pipeline for feasible District projects. Against this background, LODA earmarked a budget for the elaboration of feasibility studies which, however, is not yet sufficient to conduct proper feasibility studies for all projects. In addition, limited staff capacity at District level to assess and provide quality assurance to all feasibility studies further hampers proper planning and budgeting. On that note, LODA also developed planning and budgeting guidelines for the Districts and established a no-objection function to put insufficient District projects already in the planning stages on hold. The new NIP further strengthens LODA's mandate in screening and evaluating projects submitted by the Districts, which will increase the efficiency of budget planning by reducing the high quantity of new (often non-feasible) projects and instead increase project quality by selecting those projects that are based on professional feasibility studies.

4.4.2 Disbursements to Districts

Rwanda's fiscal transfer system consists of several different streams of transfers to Districts: non-earmarked block grants for recurrent costs (mainly for local salaries), non-earmarked grants for capital/investment projects and earmarked sector grants for the implementation of specific projects of line ministries. This is complemented by the Districts own revenues from local taxes and fees. The Government of Rwanda has committed itself to allocate 10% of the domestic revenue of the previous fiscal year to Districts as non-earmarked development grants. The allocation of development funds to Districts is following a formula with three weighted variables: (i) population size (40%), (ii) surface area (20%) and (iii) poverty (40%). Districts prepare and execute tenders and hire the selected contractors based on the funds allocated to Districts for capital investment, the District Development Strategy and feasibility and technical studies, as well as the environmental impact assessment, if required, and in accordance with national procurement procedures. In order to supervise the contracted works, Districts hire

specialized companies. Districts then request the first disbursement for the project from LODA and MINECOFIN, At LODA level, the transfer of next instalment is released based on the submission of the (i) contract between District and contractor, (ii) the tender documents and relevant studies, (iii) the tender evaluation report, (iv) the technical and financial offer and (v) a performance bond. An advance payment (usually 40% of the contract value) is then transferred to the Districts' special account. Before the second disbursement is transferred from LODA to the Districts, the Districts prepare a report on the physical progress of work, including invoices and payment receipts for the effected payments. After completion of the project, the final report is prepared, progress is verified and the outstanding amount is disbursed. Since FY 2012/2013, all District projects are listed and published in the national budget framework. Thus, transparency of financial flows for development projects at District level has been further increased. Besides, the ownership of the Districts with regard to the planned projects has improved, since District officials now have to present and defend their budgets in parliament.

4.5 Supporting the Project Life Cycle

4.5.1 Planning and Budgeting

LODA developed, with the help of Development Partners, a wide range of tools to support **planning and budgeting** in the Districts: 1) Feasibility Studies Guidelines, 2) Planning module in Monitoring and Evaluation Information System (MEIS), 3) Guidelines in Budget Call Circular (BCC) document about participatory planning process. The tools are complemented by user training for the District staff. However, LODA has insufficient resources to follow up on the preparation and quality of all Feasibility Studies at District level and Local Government still does not fully apply the guidelines and do not provide feasibility studies (or a Simplified Feasibility Assessment) for all budgeted projects. Moreover, procurement guidelines are implemented insufficiently due to limited capacities at District level and the fact that LODA's financial and human resource capacities are not yet sufficient to provide adequate technical support to Districts according to its mandate. The recently approved NIP provides further guidance on the role of LODA during the planning process. It is now stipulated in the policy that LODA in collaboration with MINECOFIN will carry out an initial screening of all submitted projects. Findings and recommendations are then presented to the Local Government Projects Advisory Committee (LGPAC) which will advise on the priorities for investment. Finally, District councils will review and approve investment decisions. In addition, more long-term Local Economic Development / LED strategies are developed to complement the DDS.

Despite the significant efforts made a number of challenges occur during the planning and budgeting process:

- There are inconsistencies between different planning documents submitted (e.g. between SAP and PPD and vice versa, PPD templates are not fully filled, etc.);

- Several individual projects are aggregated, not allowing an in-depth analysis of the particular project (e.g. construction of 3 modern markets does not allow to analyse if all three are economically justified);
- The results orientation and logical framework approach are not well understood: Outcomes / development impact often not clearly defined, outputs are often not quantified even if a Feasibility is available;
- Maintenance cost estimates are often too low;
- The PPDs do not provide information on the technical design and dimensions of projects, while the estimates on employment results are rather optimistic;
- Pre-feasibility or feasibility studies to be submitted with the PPDs are not available, or of such bad quality, that they cannot be used

Complementary efforts are still required to support LODA and Districts to making all developed tools full operational in order to respond to increasing demand for sound projects planning and budgeting.

4.5.2 Monitoring and evaluation

With regard to project **monitoring and evaluation**, LODA developed M&E Guidelines and the Monitoring and Evaluation Information System (MEIS) as well as a technical monitoring tool which is being applied in Districts and City of Kigali. Following the final approval of MEIS in April 2017, LODA embarked on training District staff in operating and using the system with currently 400 LG staff trained. However, the system is still not fully used, nor is the M&E manual applied at District level. The reason behind this is that the monitoring and evaluation function is yet to be thoroughly applied throughout projects implementation processes. As the new National Investment Policy has officially mandated LODA to monitor and evaluate District projects and report to Cabinet through MINECOFIN, continuous support is still needed to strengthen the monitoring and evaluation function at Districts level. This include support to LODA to better monitor projects implementation on one hand, and the Districts to fully use the existing Monitoring and Evaluation Information system (MEIS).

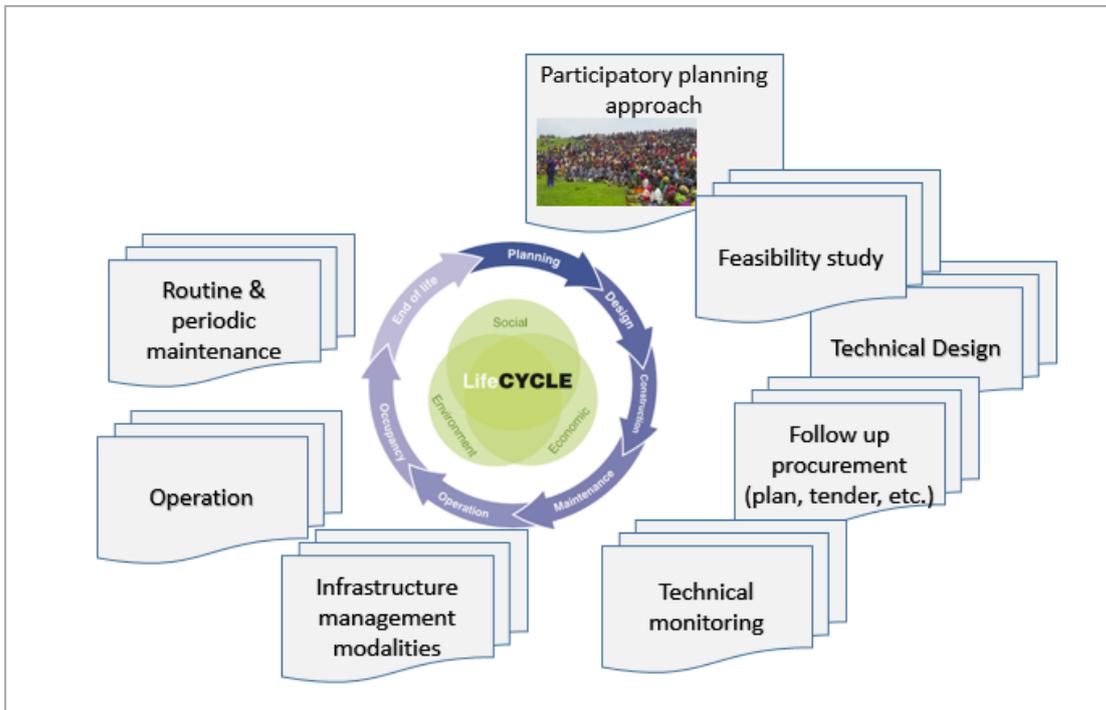
4.5.3 Operation and Maintenance

LODA published Operation and Maintenance (O&M) Guidelines in 2013 and attributed an O&M lump sum budget dedicated to each District to improve **operation and maintenance**. Unfortunately. Based on the results of O&M surveys conducted in February 2017, routine maintenance is performed for almost 80% of the projects completed in recent years. However, improvements can be made on the quality of the routine maintenance performed. In addition, the vast majority (95%) of the Districts does not plan for periodic maintenance in advance nor perform condition surveys.

Altogether, LODA developed a large number of tools to improve the project life cycle, however, available tools are not yet used in a harmonised and systematic manner due to heavy workload of LODA staff and limited capacity at District level. Further training and

capacity building at District level is needed in order to ensure overall application of tools in the Districts. Figure 3 summarises the different instruments already developed by LODA

Figure 3: LODA’s instruments to support project life cycle



Source: Presentation LODA Appraisal Mission, German Cooperation May 2017: Current status, progress made and remaining issues during present phase (May 2017)

4.5.4 Monitoring and Evaluation Information System (MEIS)

To improve the quality and timeliness of the data provided by the Districts for its regular reporting, LODA operationalised in the FY 2016/17 a **Monitoring & Evaluation Information System (MEIS)** (<http://meis.loda.gov.rw/meis/>) to collect data from districts and the City of Kigali on LG infrastructure projects and some of their social protection programs, eliminating the use of an Excel-sheet based system. With the new system LODA’s reporting team can download reports generated from the system and, after an analysis of the data entered, use the information to generate quarterly and annually reporting to MINALOC and the development partners. The MEIS is also sound reference for existing and new staff and can also serve to explain to potential partners how internal processes work and how they can be integrated with other planning and monitoring systems. Annex A-6 shows the “MEIS Menu Description”. Fact Sheets of the currently available MEIS modules of the MEIS are currently in preparation.

While the system is fully functional at LODA level the quality and quantity of data entered at District level varies. Continuous training activities by LODA for the users of the MEIS has significantly improved the acceptance and quality of data entered, however ongoing trainings and coaching of District will be required to further improve the data entered. The system requires continuous operation support, which is currently rendered by LODA’s own

staff with some support of the consultant of the current phase. In the long run the outsourcing of some aspects of these services should be considered.

4.5.5 Guidelines and Manuals

Apart from the MEIS and other guidelines, LODA has elaborated its own Procedures Manual, based on the general statute and issued in February 2014, covering all the main financial and administrative processes in operation at the agency.

Altogether, the following manuals and guidelines were developed by LODA in order to assist the Districts in planning, implementation and monitoring of infrastructure projects:

- Feasibility Studies Guidelines
- Planning and Budgeting guidelines
- M&E Guidelines
- O&M Manuals
- Procedures Manual
- Environmental and Social Management Framework (ESMF)
- LG Projects management manual

In addition to its own manuals and guidelines, LODA also refers to MINECOFIN guidelines issued on budgeting and financial management, as well as procurement rules, and guidance as elaborated by the Rwanda Public Procurement Agency (RPPA).

4.5.6 Outcome Monitoring

So far, the M&E framework in LODA and the districts has been limited to implementation monitoring (input and outputs) with less effort on results/outcome monitoring at project level. Results are qualitatively estimated on the basis of external evaluations that are conducted after three years or even more. Such evaluations are often limited on quantitative aspects by lack of monitoring data at outcome and goal level, as well as lack of baselines data.

Both LODA, and DPs agreed that there is need to develop a methodology to allow results monitoring at project and program level. Such methodology of results monitoring at project level would facilitate programme stakeholders (districts, LODA and DPs) to learn from approaches which work or do not work in order to effect informed necessary improvement in the program and might also allow informed adjustments to be made in the projects and programs on time.

While implementation monitoring is quite advanced, e.g. a manual has been developed, MEIS is in place and reports that capture implementation monitoring data are produced every quarter and year, field visits have so far been the most common source to confirm that results beyond outputs are being achieved in the program without a comprehensive systematic methodology behind. Currently, districts collect implementation monitoring data using papers forms and enter the data in the MIS once back from the field, which delays the availability of real time data in the MEIS.

To this end The Netherlands Embassy has made available some funding for a short-term consultancy to elaborate on the required methodology for results monitoring at project and program level, including establishing of results indicators and developing tools for data collection to be piloted and tested in three districts and a limited number of project categories. This exercise will be complemented by a review and update of the whole output and outcome indicators matrix that is already set in the MEIS in order to align them with the M&E matrix of different sectors (line ministries and agencies).

4.6 Development Partners support to LODA

Partner support to decentralisation in Rwanda has a long history. LODA is currently financing the implementing local development and infrastructure projects with contributions of the German Government through KfW and the Government of the Netherlands and the Rwandan Government Budget. Further, LODA is also implementing social protection programmes as well as other donors' interventions, whose contributions target different areas of local development through different modalities. All interventions operate under the Rwandan policy framework, the elements of which are periodically reviewed.

Support through German Financial Cooperation (FC) dates back to 2005/06 and to date more than EUR 40 million have been dedicated to the implementation of local infrastructure and development projects in the 30 Districts of Rwanda and the City of Kigali through LODA and its predecessors, the Rwanda Local Development Support Fund/RLDSF and the Common Development Fund (CDF). In the upcoming support phase, the German Government through KfW Development Bank, has made available a total amount of EUR 12.0 million for the provision of local economic and social infrastructure and support to capacity development of staff at District level and technical staff at LODA through the services of an Implementation Consultant. The current third phase of German support, which is also supported by an Implementation Consultant, will end at the end of November 2018.

The Government of the Kingdom of the Netherlands has supported LODA since 2008. However, the Government of the Kingdom of the Netherlands has so far not supported LODA with the services of a long-term consultant, however under the upcoming Programme, KfW and the Government of the Kingdom of the Netherlands will jointly finance the services of the Implementation Consultant.

The Belgian Government is currently in the process of developing a new country programme. One of the sectors targeted is "Inclusive and sustainable economic development", which is based on the positive experience of the previous programme of support to decentralisation with LODA. Due to the increasing urbanisation in Rwanda the focus of the programme will lay on cities. The sector interventions will have following focus:

- Support to urban economic development

- Infrastructure development with a focus on economic development in urban centres
- Contribute to enhanced planning and management of infrastructure
- Support business development services and workplace learning for SMEs including financing mechanisms; and
- Support to business associations.

4.7 Implementation Arrangements of the Programme

Aiming at further improvement of Local Government (LG) project management efficiency, effectiveness and impact, LODA, KfW and The Netherlands Embassy agreed on the following:

4.7.1 Planning and budgeting cycle

- In order to minimize fragmentation of funds, the proportion of DP funding in the total financing of a single LG project shall not be less than 30%. The minimum contribution per project shall not be less than EUR 60 000.
- The preparatory phase of LG projects shall be increased from one year to two years, especially for LG projects that require a comprehensive FS. This extension will contribute to more realistic budgeting and planning and allow building up of a pipeline of feasible LG projects.

4.7.2 Monitoring and Evaluation

- Improve monitoring of development projects to comply with increased demand for accountability from both government and donors
- Strengthen the use of MEIS as proven reliable monitoring system and continue its awareness to executive managers of Districts
- Harmonization of MEIS with other monitoring systems/Sector Monitoring Frameworks
- Capacity building in projects monitoring and evaluation

4.7.3 Feasibility Studies

- LG projects that require FS will only receive DP funding if a FS of a quality, compliant with the LODA FS Guidelines, has been undertaken. The quality of the FS shall be scrutinized by LODA who will then evaluate the FS according to the FS guidelines. Tender documents shall be analysed by LODA to check the compliance with the procurement law prior to any funding decision. The process will be supported by the Implementation Consultant.
- When planning LG investment projects, a “piecemeal approach” shall be avoided. To this end, the ToR for the FS shall duly consider a proper needs assessment and a longer-term investment planning horizon.

4.7.4 PPP Projects

- For the time being, the German Cooperation (through KfW) and the Government of the Kingdom of the Netherlands through The Netherlands Embassy will not fund

PPP investment projects (joint ventures). This decision might be revised once binding regulations for LG PPP projects are in place.

- PPP arrangements that refer to the operation of LG projects⁴ are still eligible for DP funding, provided that such arrangements are advantageous. This shall be evidenced by the respective FS. For LG PPP projects which are co-funded by Germany, the respective PPP arrangements shall require KfW's no-objection.

4.7.5 Procurement

- Within its mandate, LODA shall assess the procurement documents and where necessary LODA will provide capacity building on procurement to districts related to project under financing. In this regard, LODA and the districts shall receive support from the IC.
- The Rwandan Public Procurement Authority (RPPA) shall be adequately involved in the CB activities, if deemed necessary.
- A joint MoU shall clarify LODA's mandate in terms of procurement (current version of MoU "LODA commits to ensure proper use of funds").

4.7.6 Environmental and Social Impact Assessment (ESIA)

- For all local development projects to be implemented by the Districts and coordinated by LODA, it will be ensured that potential negative environmental and social impacts are minimized, while striving to enhance benefits for local communities and the environment, by applying the Environmental and Social Management Framework (ESMF) developed by LODA.

⁴ This refers especially to modern markets, selling points and similar district projects.

5. SCOPE OF SERVICES

While preparing his tender, the Consultant shall bear in mind that the list of tasks and activities is not necessarily a complete and comprehensive description of the Consultant's duties and additional tasks might require the support of the Consultant as the Project advances. It is the Consultant's responsibility to critically review the scope of services mentioned and to extend, reduce or amend it wherever he deems this to be necessary on the basis of his own professional judgment and the knowledge he will acquire during the preparation of his proposal. It is understood that the Consultant shall perform all tasks necessary to achieve the objectives of the Project in close coordination with LODA.

The Implementation Consultant will support LODA and the Districts during a transition phase of three years in priority areas which are related to the above-described mandate of LODA.

While the first three phases of FC support focused on the development of procedures, systems and manuals, such as Planning, Monitoring and Evaluation, Operation and Maintenance and Feasibility Studies and the development of an Environmental and Social Management Framework (SMEF) Monitoring and Evaluation Information System (MEIS), the new phase of the joint support Programme shall focus on quality assurance and on strengthening capacities at LODA and District level and making use of the tools previously developed. Further support to LODA shall be rendered in developing further tools, manuals and the MEIS, following an assessment as to how existing tools are currently used.

To fully understand the status quo of LODA framework, an institutional assessment is to be conducted in November/December 2018, supported by KFW. The current structure and available internal capacities are not yet sufficient to efficiently manage national and DP funds according to their respective requirements. This is especially the case regarding infrastructure management, in the field of financial and economic analysis, technical planning, environmental and social safeguards.

This institutional assessment should be taken as a starting point to further develop the institution towards its long-term strategic objectives. As an affiliated agency working in several sectors, LODA does not develop its own Sector Strategic Plan like other state organizations in Rwanda. This leads to a gap as regards the formulation of strategic long-term objectives for institutional development. Based on the findings of the institutional assessment, the Consultant shall support the LODA management to develop its long-term and medium-term organizational development objectives. Once the vision of LODA has been defined, the Consultant shall support LODA to develop a communication and branding strategy that supports this vision and the organizational values of LODA. The current information tools available within LODA (website, brochures, etc.) are outdated and need further updating to attract new investors and development partners.

Using new strategic objectives as a foundation, a gap analysis with existing human resources and organizational knowledge can be conducted and fields identified, where further organizational development is required. Based on these findings, the Consultant

shall support LODA management to elaborate an adjusted organizational structure and standard processes for each unit and department. In the next step, the capacity building programme can be elaborated and after approval of all parties concerned (LODA, KFW, other stakeholders) capacity building can be started. The Consultant shall then be responsible to implement the proposed capacity building plan. In case a restructuring of LODA should be beneficial to achieve the organizational development goals, the Consultant should support LODA during the administrative process to be followed.

The consolidation of activities refers to the implementation recommended procedures and good practices as well as capacity building at sub-national level and overall quality assurance of the projects implemented. Quality assurance refers to the following dimensions in particular:

- Planning of individual projects in line with GOR policies including the preparation of feasibility studies;
- Following of technical standards and guidelines for environmental and social impact assessments during project preparation and implementation,
- Monitoring of processes and results; and
- Assuring maintenance is planned and budgeted for from the beginning of the project.

The overall methodological approach for the capacity development activities and on training, coaching and follow up at central as well as sub-national level, shall follow a learning-by-doing approach to be developed in close coordination with the Capacity and Employment Services Board (CESB).

An international consulting firm, together with a team of local consultants will support LODA and the Districts in the following key support task:

Support Task 1

General project cycle support: Support to LODA, the districts and City of Kigali by streamlining the planning processes, procurements and financial management, implementing monitoring, construction supervision and outcome monitoring; and support in developing urban and rural development plans.

Support Task 2

Monitoring Evaluation Information System (MEIS): Operation and monitoring the full and efficient use of the existing MEIS.

Support Task 3

Institutional Review and Strategy Development of LODA: Institutional Review and development of a Business Plan.

Support Task 4

Technical Capacity Building of staff at LODA and District level

Support Task 5

Development of LODA Communication's Strategy

Support Task 6

Urban Planning: support in developing urban and rural development plans

Support Task 7

General Programme implementation support to LODA

Support Task 8

Support the development of a concept note for internship program for new young graduates

5.1 Support Task 1: General project cycle support

Support to the Districts in project preparation, planning and implementation, including construction supervision of LG projects for better quality, monitoring and evaluation as well as adequate operation and maintenance of projects according to guidelines and manuals developed.

5.1.1 General

- Support LODA in developing its strategic plan and the District's and the City of Kigali branding and marketing strategies, implementation of Local Economic Strategies;
- Updating of the districts' local economic potentialities;
- Assessment of the unit costs for LODA intervention sectors; and
- Undertake an assessment of which and how systems, procedures and tools prepared by LODA are currently used in the districts and how their use can be improved.

5.1.2 Planning and budgeting

- Support in planning and budgeting processes for Districts and their sub-entities including the elaboration of tools and guidelines;
- Assist the training of LG staff by LODA in multi-annual framework planning;
- Support Districts to thoroughly submit Cells and Sectors priorities through MEIS;
- Additional support in projects formulation, establishing consistency between IFMIS and MEIS as well improvement in budget allocation (budgeting) will be provided;
- Training of LG staff in strategic development planning: from project planning to district development planning;
- Revision of the district development strategies as well as the national LED strategy, while ensuring the quality of the districts' development strategies;
- Support in the implementation of District Development Strategies and LED Strategies; and
- Support the process of district performance contract development and quality assurance.

5.1.3 Procurement

- Support LODA within its mandate in providing capacity building (CB) to the District staff in all areas of its support to ensure quality assurance. The Rwanda Public Procurement

Authority (RPPA) and other institutions shall be adequately involved in the CB activities, if deemed necessary;

- Continued support to LODA in monitoring of procurement of development projects: compliance with Public Procurement Law and MoU signed between LODA and Development Partners with regard to the financial management;
- Produce a compiled report on recurrent flaws in Districts procurement proceedings to be discussed with RPPA and Districts; and
- Organize annual training/workshop to discuss measures to overcome observed flaws.

5.1.4 Feasibility Studies

The Strategic Guidance for Investment Planning provided by the National Investment Policy stipulates that “feasibility studies will be used to assess proposed projects in detail on a quantitative basis requiring comprehensive analysis of market conditions, technical, social, environmental, financial and economic issues depending on the nature of the project in order to determine the optimal project design and form of implementation. Requests for feasibility studies have to be submitted according the standard planning and budgeting guidelines issued by MINECOFIN to be screened by the respective Investment Committee”.

Furthermore, “Guidelines for commissioning and managing feasibility studies” published by LODA state that the purpose of a Feasibility Study for the development projects of Local Administrative Entities is to provide a basis for deciding in a professional way how to best use the valuable and financial resources of a District provided under the decentralised capital investment budget.

A Feasibility Study shall help answer a set of basic questions:

- Are there possibly alternative options how the objectives and expected outputs of a project can be achieved?
- Which of the options or alternative solutions makes best use of the resources available?
- What are the longer-term consequences of implementing the project? Can the project be sustained throughout its whole lifespan?
- What will be the costs of operating and maintaining the project through its whole lifespan? Which income or revenue can be expected from the project?
- Is the proposed project doable and does it make sense?
- Shall we proceed with the proposed project?

All activities of a Feasibility Study should be geared towards answering these basic questions. It shall analyse the ability to complete and sustain a project successfully.

Against this backdrop, the Consultant shall provide the following services:

- Facilitate the dialogue between LODA and RPPA for the access of Districts to qualified local FS consultants by establishing a database of qualified local FS consultants, based on a proper rating of their performance. This database shall be made available to the Districts upon their request prior to tendering FS consulting services;

- Enhance professional level of local FS Consultants through feasibility study training to national FS consultants, based on LODA's FS Guidelines;
- Revise and simplify the FS Guidelines from a visual and didactical point of view. Possibly more summarised the chapter on economic viability/cost-benefit-analysis (CBA);
- Undertake an assessment whether the entire FS process can be integrated into the MEIS; and
- Improve the districts staff's capacity in assessing the quality of Feasibility Studies.

5.1.5 Environmental and Social Management Framework (ESMF)

- With reference to the national legislation and the donor specific requirements, review and develop a training module for the recently developed Environmental and Social Management Framework (ESMF) for LG projects funded by LODA;
- Render training to LODA and LG staff in the application of the ESMF;
- Analysis of the national legislation for Health, Safety and Environment (HSE) and their application in standard contract documents for contractors and how these are implemented onsite; development of a relevant HSE manual; and
- Assistance in the supervision of Districts with regard to compliance to the Rwandan guidelines, standards and procedures relating to environmental and social impact assessments and related mitigation measures.

5.1.6 Construction supervision and operation and maintenance (O&M)

- Assist LODA and the Districts in construction supervision of the DP-funded projects and selected LG-funded projects;
- Technical support in the operationalisation and O&M of infrastructure projects in all of LODA's key areas of the LED interventions, such as non-functional water and sanitation (WS) systems, health centres and schools which are not connected to the electricity system, O&M planning and budgeting etc.; and
- Provide technical support to a critical mass of LG projects, not only DP-funded projects. Technical support shall be replicated in the other projects.

<h3>5.2 Support Task 2: Monitoring Evaluation Information System (MEIS)</h3>

- Implementation and Results Monitoring:
- Continued support in the operationalization of MEIS for projects implementation monitoring. Development of an awareness campaign among District staff, especially the executive managers, on the benefits of using the MEIS;
- Training of District executive managers (ES, DM) on the use of main features of MEIS;
- Continued support to outcome monitoring in preparation to its integration into MEIS with emphasis on knowledge transfer to LODA staff;
- Enhancement of monitoring plans and reporting systems at LODA level to comply with new requirements and the mandate given to LODA by the National Investment Policy;
- Update of M&E framework for implementation and result (output and outcome) monitoring of infrastructure projects and introduction of monitoring data collection using tablets and smartphones;

- Liaise with sector ministries and government agencies for harmonization of monitoring tools and systems and keep track of eventual policy change and/or update; and
- Continuous capacity building in projects monitoring and evaluation.

5.3 Support Task 3: Institutional Review and Strategy Development of LODA

- Support LODA in undertaking and institutional review for its future and strategic development of implementation capacities after the end of the transition phase to address day-to-day but also unexpected issues (landslides, unexpected events, ...) in the framework of its mandate.
- Support LODA management in the elaboration of long-term and medium-term organizational development goals.
- Analyze if the present structure supports the achievement of these goals and if not, elaborate proposals on how to improve the organizational structure in the medium- and long-term.
- Develop a Business Plan for LODA to be in the position to pro-actively formulate its position during policy discussions.
- Fine-tune the proposal made for the internal distribution of works and tasks between LODA's departments and units.
- Describe standard processes to implement tasks defined and amend the organizational handbook of LODA accordingly.
- Conduct gap analysis between required skills to achieve the organizational development goals and the current human resources capacities.
- Based on the gap analysis, elaborate a proposal for a medium-term capacity building plan of LODA staff over the implementation period and present it to LODA and KFW for approval.
- After approval, implement capacity building plan; and
- Train LODA management (from lower to upper management) how to monitor the compliance with proposed standard procedures as well as progress made towards the achievement of strategic goals defined.

5.4 Support Task 4: Capacity building of staff at LODA and District level

- Consider institutional capacity development of districts and City of Kigali as high staff turn-over is frequent. Training should be done to support / capacitate available systems and along procedures rather than only focussing to strengthen staff expertise;
- Assist the districts to improve their performance through organisational experts; analyse the bottlenecks for performance and consider design a road map to achieve required outcomes;
- Improve the districts performance against the requirements of the imihigo in a strategic way; and
- Assist knowledge transfer and organising of study tours.

5.5 Support Task 5: Development of LODA's Communication Strategy

- Development of a communication / outreach strategy for LODA for event management, conferences, workshops & awareness campaigns;
- Conduct a branding of LODA by providing updated logos and templates reflecting the character of the organization. The Consultant shall make a proposal on the details of the branding strategy latest during the inception phase. This proposal should be presented to LDOA and KFW for no-objection;
- Develop a LODA style guide;
- Develop templates for LODA information material such as leaflets, brochures, etc.
- Elaborate information material and leaflets (printing of leaflets for the 2nd and 3rd year of implementation);
- Revamp and re-structure the LODA website according to the branding concept,
- Train LODA's communication officer and selected IT staff on how to update and extend the website;
- Train LODA permanent staff and SPIU staff in the use of the developed tools and templates; and
- Facilitation of at least one event per year.

5.6 Support Task 6: Urban Planning

- Assist LODA to support Districts in better urban planning processes;
- Review policies and develop blue prints, including design guidelines for urban planning processes;
- Support Districts and City of Kigali in the development and implementation of urban area master plans; and
- Support districts and City of Kigali to upgrade the urban and rural areas or/and reduce informal settlement.

5.7 Support Task 7: General Programme Implementation support to LODA

- Technical and financial project management support and reporting, including disposition fund management; and
- Harmonisation Reporting requirements by LODA to all DP.

5.8 Support Task 8: Elaboration of a concept note for an internship program for new graduates

- Support the elaboration of a concept note for an internship programme for new graduates in relation to assess costs, number of students, duration, skills and profiles.

6. STAFF REQUIREMENTS

In order to ensure sustainability a close collaboration between an international and national consulting firms is required. Both shall offer highly qualified and experienced international and local (national) staffs that will work together to ensure transfer of knowledge and capacity.

The consultancy services shall be rendered as a long-term international and national expert assignment of up to 36 months. The final composition of staff assignments offered will be dependent on the detailed technical concept proposed and the strengths and availability of the offered staff.

The team must be qualified in areas relevant to the Project and have profound experience of all matters related to Decentralisation and Good Governance, capacity building of Government staff and LG infrastructure project cycles, preferably in Rwanda or the region. Experience in managing DP-funded projects and on-the-job training are also an important aspect. Efficient and experienced management and backstopping staff shall be made available to supervise the team at home base and abroad.

The Consultant team shall comprise at one long-term international Engineer / Decentralisation Expert, with substantial experience in decentralisation and good-governance projects, who will act as Team Leader (TL). A second long-term international M&E Expert with decentralisation experience in big institutions shall also be foreseen. A long-term national Engineering Expert shall act as Deputy Team Leader (DTL). The expertise of these three key staff members shall preferably complement each other. Other fields of expertise to be covered by the team members are Public Financial Management, Rural infrastructure engineering, Monitoring and Evaluation, Environmental & Social Management, Administration and Procurement; and Capacity Development & Training.

For budgeting purposes, approx. 95 expert-months are assumed for the International Team Leader (33 months) and other international experts. In addition to the international experts approx. 240 person-months have been assumed for national experts with 33 months for the Deputy Team Leader. The Consultant's services shall be scheduled in accordance with the project duration of approx. 36 months with an assumed commencement of services in the last quarter of 2018.

The consulting firm's team shall have the following profile. The figures in brackets below show the tentative number of expert-months (EM) assumed to implement the project. For the purpose of a comparative financial tender evaluation however, consulting firms are obliged to consider the tentative number of expert-months (EM) for their methodological approach and preparation of financial offer. Besides bidders are encouraged to propose in parallel a justified, alternative methodological approach for the expert's input (including corresponding working and staffing schedule), which might be deemed more suitable and less costly.

International Staff (long-term)

- International Team Leader: Engineer / Decentralisation Expert in rural development (33 EM)
- M&E Expert with decentralisation experience in big institutions (27 EM)

International Staff (short-term)

- Civil Engineer (1) (12 EM)
- Procurement expert (1) (8 EM)
- Expert in Development Economics (1) (8 EM)
- Social and Environmental Expert (1) (7 EM)

National Staff (long-term)

- Senior Infrastructure Engineer (DTL) (1) (33 EM)
- Procurement Expert (1) (33 EM)
- Social & Environmental Expert (1) (33 EM)
- M&E Expert (1) (33 EM)
- Urban Planner (1) (33 EM)

National (short term)

- Urban Planner (5) (30 EM in total)
- Civil Engineer (5) (30 EM in total)
- M&E expert (1) (5 EM)
- Public Financial Management Expert (1) (5 EM)
- Capacity Development and Training Expert (1) (5 EM)

Expert Pool international/national

- Specialist Engineers/Experts [agriculture (1), health (1), transport (1), WATSAN (1), Public Buildings (1), architects (1)], Urban Planner (1), ICT (1), Capacity Development Expert (1)

The international Team Leader must have:

- At least a Master's Degree in rural development economist or related field of expertise with at least ten years of proven project relevant professional experience in one or more of the following areas: 'public financial management', 'rural development', 'capacity development', 'Institutional / organisational development', project management in Governance and Programme development;
- Experience in supporting Central- and LG-level institutions;
- Managing multi-disciplinary teams of experts;
- Experience in financial management of international donor-funded projects and management of disposition funds, preferably projects of German FC;
- Working experience in various developing countries, particularly in East Africa, and in French-speaking countries;
- Working experience in Rwanda, preferably in the same area of expertise, is considered an asset;
- Excellent knowledge of relevant computer programmes;
- Fluency in English; knowledge of French is considered an asset.

The national Senior Infrastructure Engineer (DTL) must have:

- At least a Bachelor's Degree in a relevant field of expertise e.g. Civil Engineering;
- At least ten years of project relevant professional experience;

- Experience in rural development projects and the planning and construction supervision of physical infrastructure projects;
- Working experience in Rwanda;
- Excellent knowledge of relevant computer programmes;
- Be fluent in English.

The international- (a) M&E /MIS (b) Specialist Engineers (c) Capacity Development (d) Procurement, (e) Social & Environmental (f) Public Financial Management Experts must have:

- At least a Master's Degree in a relevant field;
- At least ten years of project relevant professional experience;
- Experience in the implementation of similar projects and with similar tasks;
- Experience with relevant computer programmes;
- Fluency in English; knowledge of French is considered an asset.

The national- (a) Capacity Development (b) Procurement, (c) Social & Environmental (d) Public Financial Management, (e) Rural Development, (f) Project management (g) Civil Engineer, (h) M&E Experts must have:

- At least a Bachelor's Degree in a relevant field;
- At least ten years of project relevant professional experience;
- Experience in the implementation of similar projects and with similar tasks;
- Experience with relevant computer programmes;
- Good knowledge of English and French.

The exact timing and tasks to be undertaken by the expert(s) will be agreed between the Consultant, the PEA, KfW & The Embassy of the Netherlands. Assignments will focus on Programme priorities and in those areas where particular technical support has been identified.

It is essential that the staffing schedule (bar chart) presented in the technical proposal is in accordance with the tender document showing clearly the times and places of effective assignment for each professional. The chart shall be completed or accompanied by a table stating the precise periods of duty for each professional by places of assignment.

Working hours and holidays for the Consultant's personnel will be the same as observed by LODA personnel and may include work outside of normal business hours. The candidates must be willing to work on holidays and weekends, if required.

7. DURATION OF THE PROJECT

Assuming the start of the project in January 2019 the consulting services will end in December 2021.

In his proposal the Consultant shall develop a detailed Project Implementation Schedule clearly showing products, activities and milestones and how these will be achieved with

the foreseen staff resources. A tentative project implementation plan has been provided in Annex A-7.

8. LOGISTICS

The Consultant will be based in Kigali for the duration of the project, however with frequent travel into the Districts. The Consultant will be provided with an office at LODA in Kigali.

A lump-sum amount of EUR 10,000 shall be foreseen by the Consultant in the financial proposal for the procurement of non-expandable equipment and furniture-

The Consultant shall allow for a reimbursable amount of EUR 140,000 for the procurement of four vehicles for his staff to travel into the districts. Operational costs of the vehicles shall be calculated in his financial proposal.

The Consultant must budget for all national and international travel of his staff in relation to the implementation of the Project.

9. REPORTING

The Consultant must prepare the following reports in English. The reports shall be submitted to LODA in two (2) hardcopies and in one (1) hardcopy each to KfW and the Embassy of the Netherlands, and in one (1) electronic copy in MS Office and/or pdf format to the three said organisations. The table below provides details on the required reports:

Required Report	Submission deadline	Recipient	Number of copies	Format
Inception Report	8 weeks after commencement of services	LODA	2	Electronic & Hard copy
		KfW	1	Electronic & Hard copy
		Embassy of Netherlands	1	Electronic & Hard copy
Short Monthly Reports	One week after end of reporting period	LODA	2	Electronic & Hard copy
		KfW	1	Electronic & Hard copy
		Embassy of Netherlands	1	Electronic & Hard copy
Quarterly Progress Reports	Four weeks after end of reporting period	LODA	2	Electronic & Hard copy
		KfW	1	Electronic & Hard copy
		Embassy of Netherlands	1	Electronic & Hard copy
Special Reports	As the case arises	LODA	2	Electronic & Hard copy
		KfW	1	Electronic & Hard copy
		Embassy of Netherlands	1	Electronic & Hard copy

Project Completion Report	Four weeks after the end of the Project	LODA	2	Electronic & Hard copy
		KfW	1	Electronic & Hard copy
		Embassy of Netherlands	1	Electronic & Hard copy

Inception Report

An Inception Report shall be prepared by the Consultant and submitted 8 weeks after the commencement of services.

The report shall present a comparison of the framework conditions for the implementation of the Project found on the ground to the specifications made in the ToR. This comparison shall provide clarity whether an adaptation of the planned concept is necessary or not. If an adaptation is required, the Consultant shall present an appropriate proposal in an updated Project Implementation Concept of the proposed services. Indicators (Results Matrix) shall be further developed / verified. The Consultant shall also discuss problems and challenges identified during the mobilisation period and propose suitable solutions and provide a revised work programme and staffing schedule and any information of importance for the Project implementation.

In the Inception report the Consultant shall propose a detailed Table of Contents of the Quarterly Progress Reports and the Project Completion Report.

Short Monthly Progress Reports (SMR)

The SMRs shall be prepared by the Consultant and be short (2 pages) and concise and report on the following key issues on a monthly basis:

- Implementation Schedule incl. updated Staffing Schedule;
- Outputs;
- Costs; and
- Disbursement of Funds / Payments.

As a matter of principle these topics should always be based on the comparison between target (planning) / actual (current status) and, as the case may be, the update of the planning values for all four main topics. All other requirements listed in the ToR with regard to the content of the reports can either be placed directly (or subordinated) to one of the above-mentioned four points or, in any case, be assigned to a lower priority.

The first report will cover the first month after commencement of the Consultant's services.

Quarterly Progress Reports (QPR)

Quarterly Progress Reports shall be submitted four weeks after the end of the reporting period until the completion of the project. The main section of the reports will need to be kept as brief and factual as feasible and report on the following key issues during the past quarter:

- Executive Summary incl. Programme Management Dashboard;

- Implementation Schedule incl. updated Staffing Schedule;
- Outputs;
- Costs; and
- Disbursement of Funds / Payments.

As a matter of principle these topics should always be based on the comparison between target (planning) / actual (current status) and, as the case may be, the update of the planning values for all four main topics. All other requirements listed in the ToR with regards to the contents of the reports can either be placed directly (or subordinated) to one of the above-mentioned four points or, in any case, be assigned to a lower priority.

Should there be discrepancies between the target and actual the reasons for these must be explained.

Special Reports

Throughout the contract period the Consultant may be asked to produce reports on specific technical issues, anomalies or unpredictable situations or related to the preparation of Manuals, Guidelines, etc.

Project Completion Report (PCR)

A Project Completion Report shall be prepared and submitted four weeks after the completion of the Project. The main section of the report shall cover the following key issues, covering the entire Project duration:

- Executive Summary;
- Implementation Schedule incl. updated Staffing Schedule;
- Outputs;
- Costs; and
- Disbursement of Funds / Payments.

As a matter of principle these topics should always be based on the comparison between target (planning) / actual (current status) and, as the case may be, the update of the planning values for all four main topics. All other requirements listed in the ToR with regard to the contents of the reports can either be placed directly (or subordinated) to one of the above-mentioned four points or, in any case, be assigned to a lower priority.

The above-mentioned information shall be shown in summary tables / graphs / diagrams. The **PCR** shall be both descriptive and analytical. In the descriptive section the Consultant will discuss:

- Outline of intended Project concept and the goals to be achieved;
- Describe the point of departure / initial plan;
- Briefly discuss Project implementation, problems encountered, other issues of interest;
- Describe the Project's end result.

In the analytical section the Consultant will discuss:

- Deviations, if any, from the original Project concept;
- Deviations, if any, from the Project's targets;
- Deviations, if any, from the original time schedule;
- Deviations, if any, from the original budget and cost-distribution plan.

In each case the deviations should not only be defined quantitatively but the Consultant shall also give the reasons / explanation for such deviation.

The PCR shall include a chapter discussing the "**Lessons Learnt**" - i.e. what went wrong, what should have been done differently, which changes should apply if there were to be a new project of similar nature.

Comments by LODA, KfW and the Embassy of the Netherlands on the Draft PCR will be provided within two weeks after submission of the PCR. The Consultant shall take these comments into account when preparing the Final Report which is to be submitted within 2 weeks after the receipt of comments.

10. CONTRIBUTION BY THE PEA/EMPLOYER

LODA will support the Consultant with all the information, documents, maps, aerial photographs, etc. in his possession and necessary for the completion of his services, free of charge, for the duration of the project.

LODA will ensure that the Consultant has all the necessary permits to obtain further documents, maps and aerial photographs and will support the Tenderer in obtaining all the necessary working permits, residence permits and import licences.