



STATE OF LOCAL ECONOMIC DEVELOPMENT [LED] RWANDA

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This publication presents the state of art of Local Economic Development programs and projects it's a national report on current

Local Economic Development legislation and practices.

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List of abbreviations and acronyms

BDC	Business Development Centre
BDEU	Business Development and Entrepreneurship Unit
BTC	Belgium Technical Cooperation
CD	Community Development
CSOs	Civil Society Organisations
EDPRS	Economic Development and Poverty Reduction Strategy
GoR	Government of Rwanda,
ICT	Information and Communication Technology
JADF	Joint Action Development Forum
KfW	German Development Bank,
LED	Local Economic Development
LODA	Local Administrative Entities Development Agency
MIFOTRA	Ministry of Public Service and Labour
MIGEPROF	Ministry of Gender and Family Promotion
MINAGRI	Ministry of Agriculture and Animal Resources
MINALOC	Ministry of Local Government
MINECOFIN	Ministry of Finance and Economic Planning
MINEDUC	Ministry of Education
MINICOM	Ministry of Trade and Industry
MININFRA	Ministry of Infrastructure
NEP	National Employment Programme
NGOs	Non-Governmental Organization
NISR	National Institute of Statistics of Rwanda
OECD	Organisation for Economic Co-operation and Development
PACA	Participatory Appraisal of Competitive Advantage
PPD	Public Private Dialogue
PPP	Public Private Partnership
PSCBS	Public Sector Capacity Building Secretariat
PSF	Private Sector Federation
RALGA	Rwanda Association of Local Government Authorities
RCA	Rwanda Cooperative Agency
RDB	Rwanda Development Board
RDSF	Rwanda Decentralization Strategic Framework
RGB	Rwanda Governance Board
RLSDF	Rwanda Local Development Support Fund
RPPD	Rwanda Public Private Dialogue
SMEs	Small and Medium-sized Enterprises
WDA	Workforce Development Authority

Introduction

The republic of Rwanda faces many developmental challenges but in recent years has made remarkable progress in its development. According to the National Institute of Statistics of Rwanda's (NISR) Rwanda Poverty profile report, poverty fell to 39.1% in 2014, inequality is falling and GDP per capita rose 8% per annum from 2001 to 2014, when it was \$718. (National Institute of Statistics of Rwanda, 2015).

While the economy is growing and businesses and jobs are expanding particularly in rural areas (ibid.), the private sector still faces many challenges. Approximately 77% of the working-age population (16 years and over) estimated at 5 million people are farm workers and informal sector workers, many engaged in activities of extremely low productivity and earnings and precarious conditions which can be considered as vulnerable employment, implying that they are underemployed. Only a small proportion (approx. 7%) of the workforce is in stable employment in the public and formal private sector in terms of remuneration and working conditions. (Government of Rwanda, 2012 as cited in GoR, 2014)

In recent years, Local Economic Development (LED) has been a priority of the Government of Rwanda and supported by its Development Partners. The first steps were taken by the Rwanda Association of Local Government Authorities (RALGA) supported by the German Development Cooperation (GIZ), focussing on Capacity Building of Local Government and some LED planning. Further steps were then taken by the Government of Rwanda (GoR) when it developed a National Strategy for Community Development and Local Economic Development. In conjunction with this strategy, the Ministry of Local Government (MINALOC) set up an LED Technical working group to guide the implementation of the strategy.

In order to ensure that districts obtain the financial means to implement local priority projects as identified in the District Development Plans, the Government of Rwanda established the Local Administrative Entities Development Agency (LODA) under the Ministry of Local Government through which funds are channelled to the districts for implementation of the development projects.

The areas that are directly linked with the role and mandate of LODA are Local Development planning, Implementation of development strategies and social protection (including strategies for job creation), Sensitization, beneficiaries capacity building and participation, and Monitoring & evaluation. Within these areas, the topic of LED is incorporated and LODA is considered to be the Government Institution mainly responsible for the implementation of the LED strategy.

Development Partners supporting Local Economic Development currently include the Embassy of the Kingdom of the Netherlands, that has supported LED activities in RALGA in the past and is now planning to fund District LED activities through LODA; the Belgian Technical Cooperation, which commenced technical assistance to LODA in 2015, supporting primarily Capacity Building; and the German Development Bank, KfW, which mainly supports local infrastructure development.

RALGA has much experience in LED in Rwanda, having trained ten trainers from relevant central government institutions, 25 District planners and 30 District vice Mayors with economic affairs in their attributions. RALGA has developed training materials and tools, conducted capacity building and awareness at the District level and contributed significantly to the National Community Development and LED strategy. Its experience is now being built on by LODA which has greater scope and size to support LED in Rwanda

This report aims to give an overview of LED in Rwanda, from a national and sub-national perspective, outlining success stories, challenges and the opportunities that lie ahead.

This report outlines the national and local enabling perspectives for LED in Rwanda; discusses interventions that characterize LED in practice and gives an overview of the stakeholders involved; informs about the skills and competences available for LED in the country; offers some ideas for thematic studies in LED; and draws conclusions reflecting on the context and looking at the future perspective of Rwanda's Local Economic Development.

National Enabling Perspective for LED in Rwanda

Economic Development and Poverty Reduction Strategy (EDPRS) I&II

Rwanda's medium terms development frameworks -Economic Development and Poverty Reduction Strategy (EDPRS) I and II- constitute milestones towards the achievement of country's long term "development aspirations as embodied in Rwanda Vision 2020, the seven year Government of Rwanda (GoR) programme, and the Millennium Development Goals(RALGA 2012).

EDPRS I comprised three flagship programmes which constitute LED pillars. These three flagship programmes are Sustainable Growth for Jobs and Exports, Vision 2020 Umurenge¹ and Governance. The second generation of the medium term framework, EDPRS II provides even a broader space for LED through 4 thematic areas: economic transformation, rural development, productivity & youth Employment and finally accountable governance.

Decentralization in Rwanda

Since the year 2000, Rwanda has adopted Decentralization policy which involved the transfer of responsibilities and resources to the lower levels of administration. In this process, the District is the decentralized entity that is responsible for political, administrative and socio-economic affairs. The specific responsibilities of the District include, among others ,the following:

- To implement Government policies;
- To deliver and assist Sectors and Cells in delivering quality services to the population;
- To elaborate, coordinate and implement development programs;
- To promote solidarity and cooperation with other Districts and institutions.

Rwanda is now implementing the third phase of decentralization which started in 2011, whereby many of the attributions of various sector Ministries and Government agencies at the central level and the related resources were transferred to the Districts in order to better address the poverty issue at the grassroot level and enhance service delivery to achieve good governance.

This transfer of responsibilities and related financial resources to the District implies highly skilled human resources. However, there is still a knowledge gap for public servants at the local level especially in relation to human and financial resources management as well as quality service delivery.

The legislative perspective for LED

Rwanda has a solid and continuously improving legislative setting. Of particular importance to LED is the progress the country has made in securing property rights enabling investors to procure land and be assured of its legality.

There is no specific legislation enforcing Local Economic Development processes specifically and no analysis has been conducted on the legislative environment surrounding LED but it can be said that the environment is strong with some elements enabling, while others are restrictive. One example of a restrictive law is the law banning plastic bags in Rwanda. This was introduced as a blanket ban meaning that processors could not pack in the plastic bags necessary for preserving goods. An amendment to the law is in the pipeline to facilitate producers but it has not yet been passed.

The legislative environment for LED is important in Rwanda, where rule of law is strong and the law is enforced systematically.

1 The program consists in releasing the productive capacity of the poor in rural areas through a combination of public works, promotion of cooperatives, credit packages and direct support

Ministerial responsibility for Local Economic Development

At the level of Government, MINALOC is responsible for Districts and should play a coordinating role for the many ministries that are, of course, implicated at the District level.

The *National Strategy for Community Development and Local Economic Development* calls for a National Steering Committee and a National Technical Committee for its implementation. These require ministers and technicians of key ministries respectively. The key ministries outlined are MINALOC, the Ministry of Agriculture, the Ministry of Finance, the Ministry of Trade and Industry, the Ministry of Infrastructure, the Ministry for Natural Resources and the Labour Ministry. (Republic of Rwanda, 2013- 2018).

LODA plays an important implementing role in LED as explained previously.

Finally, at the local level, it is the District ‘Business Development and Entrepreneurship’ Unit (BDEU) that is mainly responsible for LED although the Director of Planning and the Vice Mayor of Economic Affairs play key roles.

Government engagement in and commitment to LED

As the section above illustrates, the GoR is very committed to Local Economic Development. However the point of departure is low. Ministries do not all have the same understanding of what LED means and the LED Technical Working Group, while functioning, needs much support in order to be able to coordinate activities well.

Capacity Building in LED

As mentioned earlier, in the past RALGA has led the charge of Capacity Building for LED in Rwanda. Now LODA is taking the lead supported by BTC. In LODA’s Capacity Building Plan it focuses not only on training facilitators and Districts in LED but also on supporting the process of LED Planning in 5 pilot Districts. Furthermore, the work it has already done on improving the M&E framework in the Districts will continue and will ensure a continuous learning process in LED. The Capacity building elements have been captured in the project masks linked to this report.

The National Employment Programme

In 2014, a 5-year national employment programme (NEP) was designed. The NEP aims to create sufficient jobs that are adequately remunerative and sustainable across the economy, equip the workforce with vital skills and attitude for increased productivity that are needed for the private sector growth, and provide a national framework for coordinating all employment and related initiatives and activities in the public, private sector and civil society.

The NEP has four pillars:

- Entrepreneurship and Business Development
- Skills Development
- Labour Market Intervention
- Coordination and Monitoring & Evaluation

The Ministry of Trade and Industry is currently considering how the NEP can be coordinated and implemented at the District level. Its effective implementation will foster LED.

Rwanda Public Private Dialogue (RPPD)

One of the great success stories in LED in recent years has been the success of Public Private Dialogue (PPD) at the local level. In 2012, the Rwanda Development Board and the Private Sector Federation joined forces to create the RPPD initiative and secretariat. With the support of the GIZ Eco-Emploi programme, a taskforce for Local PPD was set up and a programme of technical assistance to support dialogue between the public and private sectors at the District level followed. Since then there have been over one hundred resolutions agreed, the majority having been implemented. The project masks identify some of these resolutions and successes, including a nation-wide agreement to include the private sector federation in District councils, the formation of cooperatives to increase security and income for women, improved land title practices and more participative infrastructure planning.

The process of PPD at the local level is now being funded by LODA and written into District performance contracts. This, together with the extensive Capacity Building that has taken place, will ensure the sustainability of PPD at the local level/

The Rwanda Small and Medium-sized Enterprises (SMEs) Development policy

The Rwanda SMEs policy is designed to complement other economic interventions in Rwanda and the idea of such a policy arises from the reality that SMEs account for over 95% of all firms and 60-70% of employment in OECD countries. (Government of Rwanda, 2010).

The policy focuses on improving the business enabling environment in Rwanda. The key policy objectives are:

1. Promote a culture of entrepreneurship among Rwandans
2. Facilitate SME access to development services including
 - a. Business Development Services
 - b. Access to local, regional and international markets and market information
 - c. Promote innovation and technological capacity of SMEs for competitiveness
3. Put in place mechanisms for SMEs to access appropriate business financing
4. Simplify the fiscal and regulatory framework for SME growth
5. Develop an appropriate institutional framework for SME development

Local Enabling Perspective for LED in Rwanda

The power of Local Government

As outlined previously, Rwandan Government operates a decentralized system, linking villages to cells to sectors to Districts to Central Government with the provincial level playing a coordinating role.

While Local Government has the political power to implement LED activities and foster the local economy, this power is limited by two factors:

- a. The capacity of Local Government in LED: Although Capacity Building programmes to support planning and skills are ongoing, among others, the District staff structure is new and officers are just learning their new roles. Much Capacity Building is required to get the staff fully operational before then ensure they have the true capacity to foster LED.
- b. The degree of central control over District funds: This is covered in the next section.

Local Government finance

In Rwanda, most taxes are collected at the national level, while rates and fees are collected locally. Funds are then distributed to Districts to implement projects. However, the majority of funds are earmarked for specific activities or activity areas, dispensed through LODA, with a small degree of flexibility within those funds.

Mostly LED activities are and will be controlled through LODA. However, LED provides an opportunity because increased revenue in the local economy will, in turn, increase District revenues and enable Districts to further invest in LED.

Stakeholder engagement and Business liaison

A number of initiatives have been tried over the years to improve relations between public and private stakeholders locally. Two forums are now embedded in the Districts:

1. The Joint Action Development Forum (JADF): JADF is an organ set up by ministerial order to bring Local Government, the private sector and Civil Society together to discuss issues regarding the socio-economic development of the District. It exists and is functional at the District level and also has an organ at the sub-District Sector level. The success of the JADF has been varied but it is a permanent forum that at least ensures that stakeholders meet each quarter.
2. Public Private Dialogue: As mentioned above, PPD has brought success stories to LED and is gradually being institutionalised into the Districts. The continued political will for this forum is a key success factor and the resolutions that have been agreed and implemented mean that the private sector is bought-in and sees this organ as a true instrument for change and improving the business environment. Prior to PPD, LED initiatives were difficult as participation at the District level was not producing effective outcomes as it does now. PPD sets a good point of departure for LED projects.

LED in practice in Rwanda

Types of interventions of LED in Rwanda

A thorough analysis of LED interventions in Rwanda including projects implemented in all thirty Districts and the City of Kigali as well a systematic categorisation of these interventions is outside the scope and capacity of this report and unfortunately no such analysis exists to date.

Many projects qualify as LED projects in the Districts of Rwanda including infrastructure, Capacity Building, Entrepreneurship support and agricultural interventions. It is difficult to do a statistical analysis.

In the project masks, 20 projects have been identified. The selection has aimed to give a good cross-section of typical LED activities in Rwanda. Three categories are clear: interventions at District Level; interventions at national level; and PPD results that contribute to LED

Typical interventions at District Level

At the District level, typical interventions in LED

- Capacity Building in Entrepreneurship (especially for women and youth)
- Skills Development (although most of this is controlled nationally)
- Infrastructure Development such as agricultural processing and collection centres. The examples of horticulture collection centres in Rwamagana and a leather processing unit in Nyamagabe are just examples.
- Infrastructure Development of markets.
- Public Works programmes. Although employing local people in public works is not really sustainable LED, it is a common intervention in Rwanda and is seen to contribute to LED because it creates employment. Therefore, it is important to include it here.

Typical interventions at National Level

At the national level, as already discussed, LODA is the main implementer of LED. The capacity of LODA to coordinate LED is crucial, not only so that the national framework for LED is enhanced, but also because LODA controls the funds that are earmarked for projects at the District level.

- Typical interventions at the national level include and will include²:
- Supporting the steering of LED at the national level including high-level sensitization and agreement of concepts
- Capacity Building of the LED technical working group to coordinate interventions in Rwanda
- Development of national and District-Level LED facilitators who can support LED processes in the Districts
- A pilot programme of LED planning including feasibility studies in 5 Districts in Rwanda
- Support to the Monitoring and Evaluation of LED interventions and projects in the Districts and in LODA so that a continuous learning process is in place

PPD results that contribute to LED

Many local discussions through PPD have led to resolutions improving the business enabling environment in those Districts and, indeed, in Rwanda. Below are some examples:

- Reduced parking fees for business owners at their place of work
- Participation of the private sector in District Council meetings
- Formation of cooperatives to improve income and security of women
- Elimination and reduction of corruption in public tender processes
- Improving payment processes for public tenders
- Increasing private sector participation in economic infrastructure planning
- Increase access to public tenders for women
- Improved access to finance

Donors/ funders of projects and active players in LED

The following are the key funders of LED activities in Rwanda

Funding source	Spatial priorities	Programmatic priorities
LODA	National	<input type="checkbox"/> Capacity Building of LED
KfW	National	<input type="checkbox"/> Local Infrastructure Development Infrastructure Development
BTC	National	<input type="checkbox"/> Capacity Building
Netherlands Embassy	Poorer Districts	<input type="checkbox"/> LED Planning <input type="checkbox"/> Pro-Poor LED
GIZ	National Coverage with focus on secondary cities	<input type="checkbox"/> Vulnerable Groups <input type="checkbox"/> PPD
World Bank Group	Secondary Cities	<input type="checkbox"/> NEP support <input type="checkbox"/> Urban Development
International NGOs	Mainly poorer Districts	<input type="checkbox"/> Local entrepreneurship programmes
Private sector	Many Districts	<input type="checkbox"/> Business sites Business projects

2 LODA is currently developing a funding proposal to the Embassy of the Kingdom of the Netherlands and some ideas are included here.

LED Stakeholders and their roles

The following table is taken and adapted from the National Strategy for Community Development and Local Economic Development which identify the stakeholders in Community Development and LED and if they play Key roles or supporting roles.

Stakeholders and their roles

	Stakeholders	LED	CD	Support systems	Role/s
Local Level	Community & Civil Society Organizations	Yellow	Green	Green	<input type="checkbox"/> Ultimate Beneficiaries <input type="checkbox"/> Own and implement processes <input type="checkbox"/> CSOs: mobilize citizens & represent interests <input type="checkbox"/> Monitor & Evaluate
	Private Sector Businesses, cooperatives, Representing Bodies (PSF, RCA etc.) -	Green	Yellow	Yellow	<input type="checkbox"/> Direct Beneficiaries of LED <input type="checkbox"/> Main implementers of LED <input type="checkbox"/> Representation & mobilization of members
	Local Governments Officials – umudugudu, cell, sector, district Economic Commissions BDCs RALGA	Green	Green	Green	<input type="checkbox"/> Ensure Buy-In from local stakeholders <input type="checkbox"/> Facilitate agenda setting <input type="checkbox"/> Finalize and disseminate plans <input type="checkbox"/> Implementation of assigned activities in National Strategy and local plans <input type="checkbox"/> Enable CD and LED <input type="checkbox"/> RALGA: Support District in activities
	JADF Economic Commissions Social Commissions Development Partners	Green	Green	Green	<input type="checkbox"/> Mobilize stakeholders & ensure equal share of voice <input type="checkbox"/> Kick start planning and implementation <input type="checkbox"/> Mobilize funds (Development Partners) <input type="checkbox"/> Monitor and Evaluate
National level	MINALOC & its agencies RLDSF RGB (RALGA)	Green	Green	Green	<input type="checkbox"/> Ensure Buy-In from national stakeholders <input type="checkbox"/> Own the National Strategy & Action Plan <input type="checkbox"/> Monitor & Evaluate <input type="checkbox"/> Implement assigned activities <input type="checkbox"/> Coordinate national stakeholders <input type="checkbox"/> Link local and national processes <input type="checkbox"/> RALGA: Support District in activities
	MINECOFIN & agencies PSCBS NISR	Green	Green	Green	<input type="checkbox"/> Finance the National Strategy <input type="checkbox"/> Adjust earmarked funds to local plans <input type="checkbox"/> Fund capacity building <input type="checkbox"/> Information for M&E
	Sector Ministries & agencies especially :				<input type="checkbox"/> Cooperate with Districts in CD & LED <input type="checkbox"/> Align sector strategic plans to CD & LED <input type="checkbox"/> Cross-sectoral consultation <input type="checkbox"/> Implementation of National Strategy and Action Plan
	MINICOM & RDB	Green		Yellow	
	MINEDUC			Green	
	MIFOTRA & WDA			Green	
	MINAGRI	Yellow			
	MININFRA			Green	
MINIYOUTH	Yellow	Green	Green		
MIGEPROF & GMO	Yellow	Green			
Development Partners/ NGOs	Green	Green	Green	<input type="checkbox"/> Financing <input type="checkbox"/> Technical Assistance <input type="checkbox"/> Capacity Building	

Yellow	Role to fulfill
Green	Key role
	No straightforward role

Source: Adapted from National Strategy for Community Development and Local Economic Development 2013-2018

Spatial intervention

Whether LED ‘happens’ at a more urban or local level is not so much the question. The level of LED intervention is driven more by the District and how well organized the interventions are, the number and quality of partners and the level of participation at the District level. A case in point is Nyamagabe.

“Nyamagabe is one of the poorest rural Districts of Rwanda. As a result, it has received attention from many international organizations such as World Vision International, Concern, Caritas and others. Its Civil Society organizations are also well organized and participation in planning is higher than in most Districts in Rwanda. It performs well in ‘Imihigo’ performance contract rankings and the District, together with its partners implements many projects that are classified as LED projects.”

Fleur Siri, Former GIZ Development Advisor in Nyamagabe District

There is, however, a national focus on secondary cities in Rwanda. Six secondary cities have been identified across the four provinces of Rwanda. The World Bank is supporting the urban development of these cities

Project size, budgets and timeframes?

Projects vary in size and budget depending on their nature. The issue is not so much about the size or budget of the project but more around the lack of an integrated approach to interventions. For example, a District that provides a horticulture collection centre needs to ensure that a value chain analysis is done first, understanding the markets for products, the size and geographic location of the supply base and the issues along the chain. The construction of a centre should be identified to upgrade the value chain. Assuming this has been done, the centres must be planned together with potential operators and considering supplier and market needs. The logistics to and from the centres must also be taken into consideration and any capacity building for its operation must be considered.

Some LED interventions cost little or no money as they are simply a facilitation of decisions, while infrastructure projects can range of several thousand USD to several hundred thousand.

Timelines: One challenge in Rwanda at the local level is that projects are mainly planned for one year, entered into annual action plans and yearly performance contracts. Capacity Building by LODA to support LED plans in 5 Districts to be incorporated into 5-year District Development Plans for elaboration in 2017 will hopefully change this for the better. The National Strategy for Community Development and Local Economic Development is also a 5-year strategy, which thus has a more medium-term focus.

The pipeline for LED in Rwanda

This report is being written at a time when long-awaited technical assistance to LODA has finally come on-stream, the LODA Capacity Building Plan is in place, training materials are in place and consultants and trainers are available.

Furthermore, at the time of writing, LODA is elaborating its LED proposal for funding by the Embassy of the Kingdom of the Netherlands for a four-year funding programmes to the value of EUR 30 million. Ideas are being developed for sensitizing high-level Government on the topic of LED and getting common understanding among central Government are being considered in this proposal as well as ways to strengthen the LED Technical Working Group, which is co-chaired by the Embassy.

All interventions at national level aim to implement the 2013-2017 National Strategy for Community Development & LED. This level of coordination is a very positive aspect and raises hopes for the effectiveness of LED interventions in Rwanda. Furthermore, as Local Public Private Dialogue continues to gain momentum, support will continue for the model, and the USAID-funded *Private Sector Driven Agricultural Growth* project will support local (and indeed national) dialogues specifically on agricultural issues, further expanding the potential to improve the business environment.

LED Practitioners, Competency Centres, skills availability

Where are the communities of practice, capacity building etc.?

The main expertise and capacity has been built up by RALGA over the past seven years. RALGA has trained District Councillors, Vice Mayors of Economic Affairs, District Planners, members of JADF and others, helping to change the mindset for Local Economic Development.

In 2011/2012, RALGA conducted a training of Trainers in Rwanda and development LED materials to support trainers - A more elaborated handbook as well as an LED Quick-Guide which was distributed to Districts and stakeholders.

Approximately 12 trainers were trained, some of whom work as consultants at present, some are still working at RALGA and others have moved on to different institutions. The commitment in the LODA Capacity Building Plan to training facilitators will strengthen the national capacity.

What tools known or used? (Many known, few used)

While many tools may be known by trainers including PACA and other facilitation tools, few are in use. The main instruments in use to foster LED in Rwanda are the tools for stakeholder dialogues and PPD, developed by the Collective Leadership Institute and some Rapid Economic Appraisals have also been conducted.

What skills are available?

Due to intensive Capacity Building programmes, many skills are available at national and local level that can be used to implement LED. Facilitation skills are available at the local level, currently being used in PPD; planning skills are constantly being developed through Capacity Building and coaching programmes; M&E skills are a focal area of LODA to improve in the District; LED facilitators are being trained; and the LODA Capacity Building strategy works on the local ability to procure and analyze feasibility studies for LED projects.

Furthermore, there are national and international consultants operating in Rwanda, who are familiar with the context and capable of implementing initiatives in the countries. The international consultants who developed the RALGA training materials are based in South Africa and also available to support LED interventions in the future.

Ideas for LED Thematic Studies

Thematic studies could really help Rwanda in LED. While there are many structures and institutional elements in place, implementation is a challenge.

Where to start with LED?

The first challenge that a thematic study could address is that it is difficult to know the point of departure for LED in Districts. Going to Districts and starting with LED Capacity Building and supporting LED plans, when good planning and participation have not yet been achieved, is too early. This is possibly why Local PPD initiatives have had more success than LED initiatives. The basic elements need to be in place first. An in-depth participate study to determine current capacity for LED and identify the gaps and challenges to be overcome in order to be able to implement LED in the Districts of Rwanda would be useful.

Analysis of legal Environment

A second study that would be useful is an analysis of the legislative environment surrounding LED in Rwanda. As outlined earlier, there are many laws in place but the impact of these laws on local economic development is unclear. An analysis could help identify the restrictions of the legal environment, the opportunities it offers and gaps in legislation that could be filled in order to maximize the enabling environment for Local Economic Development.

Conclusion

Rwanda has a considerable number of key elements in place for fostering Local Economic Development

LED is a relatively new concept in Rwanda. However the concept is little understood. There is political will for economic development and poverty reduction and there are steps to improve and create platforms for participation. But participation, decentralized structures and the economy need to improve at this point.

Key projects and types of LED support provided or supported by the municipality include:

- Building markets and collection centres to support farmers
- Improving infrastructure especially roads and ICT.

Rwanda's National Strategy for Community Development and Local Economic Development demonstrates the political will for LED. Key aspects of this framework include:

- A **Favourable Policy Environment** which supports LED
- The **Vision 2020** has six pillars which include the promotion of regional economic integration and cooperation.
- The **EDPRS 2** (Economic Development and Poverty Reduction Strategy), has four thematic areas all relevant to LED
- The **decentralization policy** seeks to entrust power for planning and decision making in the hands of the local population. Because LED entails a process where the population and the stakeholders in the locality plan together, prioritize, implement and provide accountability, the decentralization policy provides a favourable environment for the operationalization of LED.
- The **institutional framework** sees local governments evolving as capable institutions to guide the development process in their localities. Whereas local planning, budgeting, implementation and accountability are the prerogative of local governments, national government institutions are a source of capacity building, policy prescription and monitoring and evaluation. This division enables government to operate as one system for a common purpose.

LODA's role as implementing partner is being well supported by Development Partners to ensure the Strategy can be operationalized.

The current planning framework eases the integration of LED projects into the District **development plans** to ensure that LED projects do not stretch the existing capacities of the Districts in terms of planning and implementation.

Reflections on LED in Rwanda

Clear challenges: While there is a strong legislative context and political good will, other factors affect the successful implementation of LED in Rwanda including: Poor capacity to develop implementation and action plans; Lack of incentives to keep stakeholders together; Weak understanding of LED and participatory planning

Strong political will: Vision 2020 and EDPRS emphasize reducing poverty and transforming growing Rwanda's economy. These, together with the creation of supporting institutions are a strong testimony of political will for LED.

Existence of potential partners for LED: Public, private, and non-governmental actors bring together various skills and resources. There will be need to streamline working relationships and structures that fully engage all the stakeholders.

LED is difficult to achieve if private individuals are not well mobilized. It is not the public or the non-government sector, but rather the successful private sector that creates wealth, jobs and improved living standards in local communities.

Perspective for the future

Some of the initiatives and projects outlined in this report are pertinent for the future of fostering Local Economic Development in Rwanda. The following are the Key Success Factors needed in Rwanda's locally driven pro-poor economic growth:

- ✓ **A well-coordinated steering system for LED initiatives.** LODA, with the technical assistance of BTC and the Netherlands Embassy will play an important role in gaining common understanding of and commitment to LED. Stakeholders' capacity to steer LED will need to be supported and political will enhanced.
- ✓ **Strong Capacity for Planning at the District Level:** Capacity Building Gaps at the District level must be filled and ongoing coaching of planning teams ensured. Districts must be capable of general District planning in order to have any competence for LED planning.
- ✓ **Continued support and political will for PPD:** Another pre-requisite for fostering LED anywhere is to have strong public-private relations. PPD is becoming the backbone of these relations in Rwanda and it is crucial that this success continues.
- ✓ **A comprehensive programme of support to develop tools for LED in Rwanda:** The BTC is supporting LODA in piloting LED initiatives in 5 Districts in Rwanda. However, it is well known that no one model fits all, so it will be important that the initiatives are monitored and evaluated so that context-specific tools can be developed to allow for sustainable LED in Rwanda.

Appendices

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