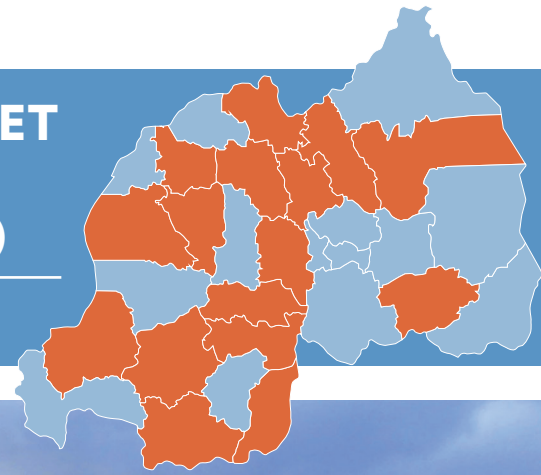




CONTRIBUTION TO THE BASKET FUNDING FOR PRO-POOR DEVELOPMENT (PPD-BASKET)

RWA/029



SECTOR | Socio-economic development

DURATION | 43 months (interim phase December 2023-June 2024, and full phase July 2024-June 2026)

TARGET GROUPS

Local communities, Small and Medium Enterprises (SMEs), and entrepreneurs in the most disadvantaged districts.

SECTORIAL POLICIES AND REFERENCE STRATEGIES

- Rwanda's Vision 2050
- National Strategy for Transformation
- Local Economic Development Strategy

INSTITUTIONAL ANCHORAGE

Ministry of Local Government (MINALOC) and Local Administrative Entities Development Agency (LODA)

BUDGET | EUR 35.03 MILLION

(Luxembourg government: EUR 3.03 million; AFD (loan): EUR 16 million, KfW (grant): EUR 16 million)



Rwanda's rural areas lag significantly behind on urban areas in public investment, economic development, and access to essential services. The PPD-Basket Fund aims to bridge this gap by financing investment in local projects that promote inclusive growth and improve the well-being of communities in the most vulnerable districts. The project focuses on addressing infrastructural deficits and promoting sustainable development practices to foster economic opportunities and enhance living conditions in rural areas.

OBJECTIVES

The PPD-Basket project's primary objective is to support Local Economic Development initiatives that reduce poverty and inequality. It aims to enhance infrastructure, promote sustainable agricultural practices, and improve access to public services like health, education, water, and sanitation. Additionally, the project seeks to strengthen local governance and build the capacity of local authorities to manage and implement Local Economic Development projects effectively.

The PPD-Basket operates through a multi-faceted approach, organised into three complementary pillars:

- improvement of regulatory and operational frameworks;
- financing and implementation of Local Economic Development projects;
- technical support and capacity building.

GEOGRAPHICAL COVERAGE

The PPD-Basket project is implemented in Rwanda's 16 most disadvantaged districts, selected based on population, poverty levels, and geographic size. The project aims to ensure an equitable distribution of resources and opportunities across these districts, focusing on both urban and rural areas. The 16 targeted districts are Gisagara, Nyanza, Ngoma, Nyaruguru, Gatsibo, Nyamagabe, Ruhango, Kamonyi, Rulindo, Gakenke, Burera, Gicumbi, Rutsiro, Nyabihu, Ngororero, and Nyamasheke.

BENEFICIARIES

The intermediary beneficiaries of the PPD-Basket fund are district authorities and local authorities responsible for selecting and implementing Local Economic Development projects, usually through community-based approached and through tenders. The final beneficiaries are local communities, as well as MSMEs and entrepreneurs involved in local economy. A special emphasis is placed on supporting women and youth, ensuring their active participation and leadership in economic activities.

EXPECTED CHANGES/RESULTS

- Improved infrastructure and services: enhanced access to essential public services such as health, education, water, and sanitation in the targeted districts.
- Inclusive economic growth: increased economic opportunities for local communities through improved infrastructure, in particular through roads and bridges, water adduction or agriculture-related collective infrastructure.
- Strengthened local governance: enhanced capacity of district authorities to manage and implement Local Economic Development projects effectively.
- Reduced poverty and inequality: tangible improvements in the living conditions and economic well-being of the most vulnerable populations.
- Enhanced climate resilience: updated technical specification for infrastructure resistance to climate events, and modified budgetary allocation between districts based on climate vulnerability indicators. Promotion of sustainable and climate-resilient development practices.

MAIN ACTIONS

- Technical assistance implementation consultant:
 - develop and implement policies that support Local Economic Development,
 - strengthen institutional capacities to manage Local Economic Development projects;
- Financial support for Local Economic Development projects:
 - allocate funding to districts for Local Economic Development infrastructure projects. The selection of projects is based on the infrastructure investment priorities set by the districts,
 - ensure projects are inclusive, sustainable, and promote long-term growth;
- Technical assistance and capacity building to LODA and to districts:
 - enhance LODA's ability to manage the PPD-Basket and support districts,
 - offer training programmes and implementation support for district authorities and local communities, related to the selection and implementation of the Local Economic Development infrastructure projects,
 - develop and implement regulatory reforms and policies supporting Local Economic Development.
- Community engagement and participation:
 - engage local communities in project planning and implementation,
 - promote inclusive decision-making processes to ensure the needs of vulnerable groups are addressed.

ACHIEVEMENTS AND NEXT STEPS

The PPD-Basket started in December 2023, allocating EUR 8.5 million to 16 districts authorities to cover the financing of 48 Local Economic Development projects. The projects were selected based on an allocation key, and on priorities expressed by the district authorities. Before the start of a technical assistance (interim phase), restrictive eligibility criteria were used to reduce risk. The preparation process, including calls for tenders, is conducted by the district authorities in 2024 first semester, to start implementation in the fiscal year 2024-2025.

After the start of the technical assistance in June 2024, and until June 2026, new cohorts of Local Economic Development infrastructure projects are expected to be selected twice a year, following Rwanda planning process and fiscal year cycle. A second cohort of 52 projects has already been submitted to the Steering Committee.

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